

Appendix A

# **ROTHERHAM METROPOLITAN BOROUGH COUNCIL**

## **Annual Governance Statement 2024/2025**

## **ROTHERHAM MBC ANNUAL GOVERNANCE STATEMENT 2024/2025**

### **1 SCOPE OF RESPONSIBILITY**

- 1.1 Rotherham Metropolitan Borough Council (the Council) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently, and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness (the Best Value duty).
- 1.2 In discharging its overall responsibilities, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and ensuring there are effective arrangements in place for the management of risk.
- 1.3 The Council has a Code of Corporate Governance in line with the principles of the CIPFA/SOLACE Framework: Delivering Good Governance in Local Government.
- 1.4 This Annual Governance Statement meets the requirements of the Accounts and Audit Regulations 2015 in relation to the publication of an Annual Governance Statement.

### **2 THE GOVERNANCE FRAMEWORK**

- 2.1 The Council's general governance arrangements include a range of policies, procedures and activities that are designed to be consistent with the expectations for public sector bodies. They are drawn together by the Council's Code of Corporate Governance which was refreshed and approved by the Audit Committee in November 2024 and again in September 2025.
- 2.2 The Council's overall strategic direction is determined by the Council Plan 2022-2025 and the associated Year Ahead Delivery Plan, which is refreshed each financial year. The Council Plan was approved in January 2022 and is framed around five themes:
  - Every Neighbourhood Thriving
  - People are Safe, Healthy and Live Well
  - Every Child Able to Fulfil Their Potential
  - Expanding Economic Opportunity
  - A Cleaner, Greener Local Environment
- 2.3 The Council Plan and Year Ahead Delivery Plan together form the basis of the strategic direction of the Council throughout the financial year. Progress on the

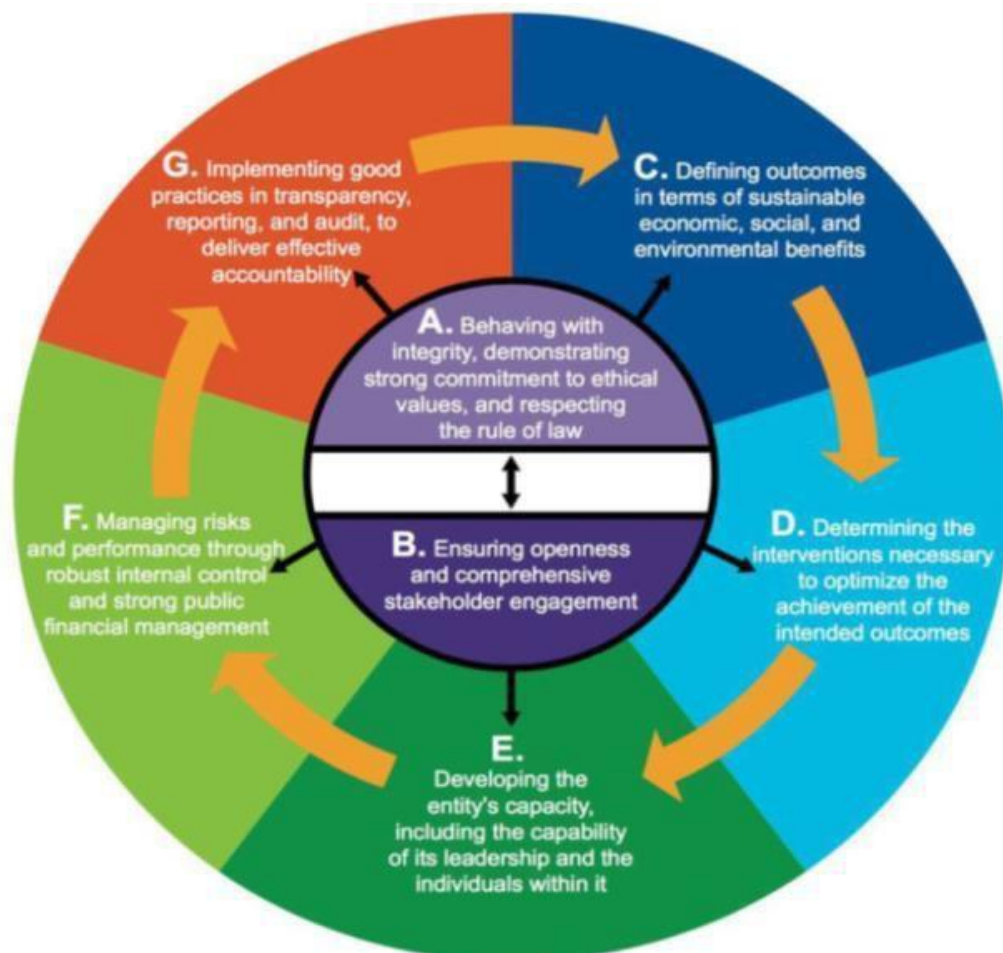
milestones and measures contained in the Plans is formally monitored quarterly and reported publicly twice a year. The six monthly public report on progress was presented to the Council's Cabinet on 20<sup>th</sup> January 2025 and focused on progress from 1<sup>st</sup> April 2024 to 30<sup>th</sup> September 2024. A final report for the year was presented in July 2025.

- 2.4 A new Council Plan for the period 2025-2030 was presented to Cabinet on the 19<sup>th</sup> May 2025 and approved by Council on the 21<sup>st</sup> May 2025. Monitoring of the new Plan will continue throughout the 2025/2026 financial year, with public reports planned for January 2026 and July 2026.
- 2.5 The governance framework comprises the systems, processes, values and behaviours by which the Council is directed and controlled. It also comprises the activities through which the Council is accountable to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.
- 2.6 The Council also has a system of internal control which is a significant part of the governance framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore provide proportionate and not absolute assurance of effectiveness. The system of internal control is designed to:
  - identify and prioritise the risks to the achievement of Council policies, aims and objectives,
  - evaluate the likelihood of those risks being realised and assess the impact should they be realised, and
  - manage the risks efficiently, effectively, and economically.
- 2.7 The table below sets out the key elements of an effective governance framework, and how these were delivered in the Council throughout the financial year.

| <b>Council Committee or group</b>                                                                                                                                                                   | <b>Governance Function</b>                                                                                                                                                                                                                                                                                              |
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| Full Council                                                                                                                                                                                        | Endorses the Constitution.<br>Approves the policy and financial frameworks.<br>Approves the Budget and sets Council Tax.<br>Approves the Council Plan.<br>Elects the Leader of the Council.                                                                                                                             |
| Cabinet                                                                                                                                                                                             | Primary decision-making body of the Council.<br>Comprises the Leader of the Council and Cabinet.<br>Members who have responsibility for specific areas.                                                                                                                                                                 |
| Audit Committee                                                                                                                                                                                     | Considers all issues relating to internal and external audit matters.<br>Monitors and reviews the effectiveness of risk management systems, including systems of internal control.<br>Oversees financial reporting and financial statements and the annual governance process.                                          |
| Standards and Ethics Committee                                                                                                                                                                      | Promotes high standards of conduct by elected members and monitors the operation of the Members' Code of Conduct.                                                                                                                                                                                                       |
| Overview and Scrutiny Committees                                                                                                                                                                    | Reviews and scrutinises the decisions and actions taken in connection with any functions of the Council, including "pre-Scrutiny" of some recommendations due to be considered by Cabinet.<br>Makes reports or recommendations to the Council or Cabinet with respect to the discharge of any functions of the Council. |
| Chief Executive, Strategic and Assistant Directors, including s151 Officer and Monitoring Officer                                                                                                   | Sets and monitors governance standards.<br>Leads and applies governance standards across the Council.                                                                                                                                                                                                                   |
| Internal Audit                                                                                                                                                                                      | Performs independent and objective reviews within all Directorates of the Council.<br>Undertakes fraud and irregularity investigations and proactive anti-fraud work.<br>Produces Head of Internal Audit opinion each year, summarising work done.                                                                      |
| Areas or disciplines which are not directly responsible for delivery of services, for example Performance Management, Risk Management, Finance, HR, Legal, Information Security, Health and Safety. | Responsibilities include designing policies, setting direction, and ensuring compliance.                                                                                                                                                                                                                                |
| Management. Assurance at this level comes directly from those responsible for delivering specific objectives, projects or operational areas.                                                        | Responsibilities include identifying risks and improvement actions.                                                                                                                                                                                                                                                     |

### 3 HOW THE GOVERNANCE FRAMEWORK IS APPLIED

- 3.1 The principles set out in both the CIPFA/SOLACE Delivering Good Governance Guidance and the Council's own Code are shown in the diagram below:



- 3.2 The table below indicates the detailed governance arrangements in place during the year and their operation, with reference to these principles:

| Principle                                                                                                                | Arrangements at Rotherham MBC                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
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| Principle A - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law | <p>The Council has a constitution and a supporting set of rules and procedures that govern its activities in accordance with legislative requirements.</p> <p>All key decisions require review by Legal and Financial Services to ensure all relevant requirements and considerations are taken into account.</p> <p>The Council has arrangements for encouraging the reporting of suspected wrong-doing. The Council's Whistleblowing policy is in line with current national guidance.</p> |

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|                                                                                  | <p>The Council has a Member/Officer Protocol which has been adopted by the Council. It is communicated to all Members and is emphasised through training on the Code of Conduct which forms part of the induction programme for Members and their continuous development programme. Codes of Conduct for Members and Officers define conflicts of interest and how they should be treated. There has been an extensive programme of training and induction for all members following the “all out” elections in May 2024.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <p>Principle B – Ensuring openness and comprehensive stakeholder engagement.</p> | <p>The Council is committed to openness and acting in the public interest. A Council Plan 2022-25 and associated Year Ahead Delivery Plan were developed after consultation with stakeholders as part of the development process. The Year Ahead Delivery Plan is refreshed each year with the Plan covering the 2024/2025 financial year being approved in July 2024. A new Council Plan and the associated Year Ahead Delivery Plan covering the 2025/2026 period and beyond was developed in the course of the year. These Plans are available on the Council’s website and performance reporting against the Plans is presented in public meetings of Cabinet.</p> <p>Delivery of the vision in both the Council Plan 2022-25 and the Year Ahead Delivery Plans is embedded in day-to-day activities across the Council and is monitored through the performance management arrangements which are underpinned by an established framework.</p> <p>The Council conducts a Residents’ Satisfaction Survey every twelve months, based on the Local Government Association’s national model. The results are checked and challenged against other Councils and have been reported through the performance management framework.</p> <p>The Thriving Neighbourhoods Strategy was published in 2018 and updated in November 2022, covering the period 2018-2025. The Strategy sets out the way in which the Council will work with and listen to its communities. It commits the Council to listening and acting on feedback and working with partners to plan for the future. This Strategy has become embedded in the Council’s methods of working. As part of this, a series of regular ward newsletters were issued to improve public awareness of developments in their local areas and improve community engagement.</p> <p>Regular email newsletters are also produced for Council members with additional ‘special’ bulletins produced to cover significant topics in-between. These summarise key developments and issues in the Council to enable them to perform their roles effectively including latest news, member development information, forthcoming meetings and consultations.</p> <p>The Consultation and Engagement Framework was refreshed in 2022. This document sets out the Council’s commitment to consult and engage with the public and states that the Council will listen. This document sets out the Council’s commitment to consult and engage with the public and states that the Council will listen,</p> |

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|                                                                                                              | <p>inform and work in partnership with service users and stakeholders, including their views in the shaping, commissioning and delivery of services wherever possible. The Framework is underpinned by a consultation toolkit for services to use so that they comply with the Policy.</p> <p>In order to continue to strengthen the Council's approach to consultation, it was agreed in 2024/25 to purchase new software. New software has now been procured and is currently being implemented, with a focus on improving the customer experience for our residents and the Council's ability to engage with residents through digital mechanisms, in addition to existing approaches.</p> <p>The Rotherham Together Partnership is well established. The Partnership strategy, The Rotherham Plan 2025, which was originally published in early 2017 was refreshed in December 2022. A new strategy is being developed during 2025 for approval by the end of the financial year.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <p>Principle C - Defining outcomes in terms of sustainable economic, social, and environmental benefits.</p> | <p>In January 2022 the new Council plan 2022-25 and associated Year Ahead Delivery Plan were approved by Council. The Year Ahead Delivery Plan is refreshed each year, with the Plan for 2024/2025 being approved in July 2024. All the plans have been monitored throughout the year in line with the Council's Performance Management Framework, which was itself revised in April 2022. This monitoring involves quarterly consideration of the outcomes and public reports to Cabinet and the Overview and Scrutiny Management Board twice a year. A new Council Plan for the period 2025-2030 was presented to Cabinet on the 19th May 2025 and approved by Council on the 21st May 2025. This has a new Year Ahead Delivery Plan for 2025/2026 alongside it. Sitting alongside the Year Ahead Plans are numerous other strategies which set out more detail around the required outcomes. These include the Rotherham Housing Strategy, Rotherham Economic Growth Plan, Safer Rotherham Strategy, Rotherham Local Plan Core Strategy, Municipal Waste Management Strategy and the Rotherham Health and Wellbeing Strategy.</p> <p>Service Plans that link to the Council Plan and into individual Personal Development Plans were in place for all services during 2024/2025. Work is underway to complete Service Plans for 2025/26.</p> <p>In addition to the above, the Council's Risk Management framework links to the relevant plans and enables Strategic and Directorate Leadership Teams to monitor and respond to the risks around each key element of the plan that they are accountable for.</p> |

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| <p>Principle D - Determining the interventions necessary to optimise the achievement of the intended outcomes.</p>               | <p>As set out above, the Year Ahead Plan and associated Service Plans form the basis for all interventions planned by the Council. All business decisions are accompanied by a business case and options appraisal and the corporate report templates require information explaining the legal and financial implications of decisions.</p> <p>Delivery of the Plans continues to be monitored through Quarterly Monitoring reports and the Council has a suite of performance reports which are aligned to the Year Ahead Plan priorities. The Council uses this information as part of a continuous improvement process, whereby the Plans and reports are regularly reviewed, refreshed and adapted for the next year's cycle.</p> <p>All decisions need to be taken in the context of the Medium-Term Financial Strategy, the Capital Programme and the Revenue budget process.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <p>Principle E - Developing the entity's capacity, including the capability of its leadership and the individuals within it.</p> | <p>The Member Development Programme is continually being refreshed with elected Members encouraged to provide topics of interest that they would like to see included and delivered in the most appropriate manner. The Member &amp; Democratic Panel oversee the Member Development Programme, which continues to support all members to increase their knowledge base in specific areas. 'Need to Know' Sessions have been introduced and highlighted as key for prioritising their attendance. A comprehensive training programme for members following the May 2024 elections is being delivered.</p> <p>The roles of the Leader, the Cabinet, all Members and the Statutory Officers are included in the Constitution.</p> <p>Job descriptions are in place for all posts throughout the Council and these are supported by recruitment and appointment policies and procedures. There is a Workforce Strategy 2022-25 which is being refreshed. Alongside this there is a management development programme which was launched in 2025. The Workforce Strategy aligns with the Council Plan and this is being refreshed to align with the new Council Plan. Each Council employee has a My Year Ahead Plan (Personal Development Plan) which links to their service's Service Plan and is reviewed at regular intervals.</p> <p>All new starters to the Council are provided with an induction programme. There is a commitment to continuous learning and development, in addition there is service specific training which supports staff to be technically competent and able to undertake their duties with due regard to health, safety and wellbeing.</p> <p>A series of workstreams and projects are in place to deliver transformational change across the Council as part of the "One Council" (formerly) Big Hearts, Big Changes Programme. These are drawn from the Council Plan and are cross-cutting big ticket items. Many are designed to increase the Council's capability and capacity to achieve ambitions and adapt to changing demands."</p> |

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| <p>Principle F - Managing risks and performance through robust internal control and strong public financial management.</p> | <p>The Council has a Risk Management Policy and Guide which is fully embedded. The Guide was reviewed in November 2024 and the Policy was formally approved by Cabinet in January 2023. This Policy requires the Strategic Risk Register to be reviewed at regular intervals by the Strategic Leadership team and for Directorate and Service level risk registers to be reviewed at least quarterly.</p> <p>Corporate report templates all contain 'risk implications' sections and Risk Management also links closely to Service Plans. The Audit Committee reviews risks and the Risk Management process at every meeting. Performance Reports are aligned to Council Plan priorities and are considered in public and are also linked to the Risk Policy.</p> <p>The Council has an Anti-Fraud and Corruption Policy and Strategy which complies with the CIPFA Code of Practice and an Internal Audit function which issues an annual opinion on governance, risk management and internal control. The Council also has a Corporate Information Governance Group which reports into the Assistant Directors Group and is responsible for improving its approach to securing information. This group is supported by a dedicated Information Governance team as well as ongoing monitoring of Data Protection Act / Freedom of Information compliance.</p>                                                                                                                                                                                                                                              |
| <p>Principle G - Implementing good practices in transparency, reporting, and audit to deliver effective accountability.</p> | <p>The Council's approach to transparency includes the publication on its website of details around budgets and spending, Senior Officer remuneration, Performance Information and reports, the Annual Report and Statement of Accounts and the Annual Governance Statement.</p> <p>The Code of Corporate Governance is refreshed annually in accordance with CIPFA/SOLACE principles and any amendments proposed for publication are scrutinised and approved by Strategic Leadership Team, and Audit Committee prior to publication.</p> <p>The Head of Internal Audit presents an annual report to Audit Committee to inform members of Internal Audit activity that has taken place during the year. The Audit Committee meets six times a year and receives reports from both Internal and External Audit. The Audit Committee Terms of Reference are based on CIPFA guidance and were updated in May 2023. Minor amendments were made in 2025 to update the reference to the new Global Internal Audit Standards.</p> <p>The Council is subject to regular inspections from regulatory bodies, including Ofsted, Care Quality Commission etc. The outcomes of these inspections, together with the Council's responses are reported to the relevant Overview and Scrutiny Committee and made available via the website.</p> <p>An appropriate financial control and reporting framework for the Council is in place, with all aspects of revenue and capital spending compared to budget plans being routinely reported throughout the year to the officer Strategic Leadership Team and Cabinet.</p> |

## **How is the effectiveness of our Governance Arrangements monitored?**

3.3 The Council reviews the effectiveness of its governance framework, including the system of internal control, every year. The ten key elements of assurance that inform this governance review are:

- 1) The Chief Executive, Strategic and Assistant Directors whose roles include:
  - Corporate oversight and strategic planning;
  - Annual corporate governance assessment which is informed by annual Assurance Statements from each Strategic and Assistant Director;
  - Implement and monitor regulatory and other governance protocols.
- 2) Monitoring Officer who has oversight of:
  - Legal and regulatory assurance;
  - The operation of the Constitution.
- 3) The Section 151 Officer who has oversight of the proper administration of the Council's financial affairs.
- 4) Information Governance, which is monitored by:
  - The Designated Senior Information Risk Owner (SIRO);
  - Data Protection procedures;
  - Information Security and Records Management procedures.
- 5) The Overview and Scrutiny Management Board, who carry out policy review and challenge as well as have an overview and carry out scrutiny of specific topics.
- 6) The Audit Committee which;
  - Reviews the effectiveness of internal and external audit;
  - Considers the adequacy of the internal control, risk management and governance arrangements;
  - Oversees financial reporting and financial statements and the annual governance process.
- 7) Internal Audit who produce;
  - An annual opinion on the adequacy and effectiveness of internal controls, risk management and governance arrangements;
  - An Internal Audit plan, reports and audit action tracking, all reported to Audit Committee.
- 8) External Audit and other external inspections which include:
  - Financial statements audit;
  - Value for Money conclusion;
  - Care Quality Commission, Ofsted, etc.
- 9) Risk Management which incorporates:
  - A Risk management policy and strategy;
  - Quarterly monitoring and reporting of Strategic Risks to Strategic Leadership Team;

- Regular monitoring and reporting of Risk Registers to Directorate Leadership Teams.

10) Counter Fraud work, which includes:

- Anti-Fraud and Corruption and Whistleblowing arrangements;
- Anti-Money Laundering Policy and supporting arrangements;
- Codes of Conduct for Officers and Members;
- Financial and Contract Procedure Rules.

### **What specific assurances does the Council receive about the effectiveness of its Governance Arrangements?**

3.4 The Council receives a number of specific assurances around its governance arrangements from the following:

#### **Chief Financial Officer (Section 151 Officer)**

3.5 The CIPFA Statement on the Role of the Chief Financial Officer (CFO) in Local Government (2016) demands that assurance is provided on a number of governance arrangements relating to the organisation including financial control, reporting, the approach to decision making, compliance with relevant codes and the influence of the CFO within the organisation. These have been considered within the context of this Statement and it has been established that the Council's arrangements conform to the CIPFA requirements, and the Section 151 Officer has no significant additional concerns.

#### **Monitoring Officer**

3.6 The Monitoring Officer is required to report to the Council in any case where it appears that any proposal, decision or omission by the Authority has given rise to or is likely to or would give rise to any contravention of any enactment, rule of law or code of practice or maladministration or injustice in accordance with Sections 5 and 5A of the Local Government and Housing Act 1989; (LGHA 89). These have been considered within the context of this statement and the Monitoring Officer has no significant additional concerns to report.

#### **Internal Audit**

3.7 It is a requirement of the UK Public Sector Internal Audit Standards (PSIAS) that there is an annual internal assessment of Internal Audit's conformance with the standards, verified externally at least every five years. In late 2020 the external verification was completed. Internal Audit was assessed as generally conforming to Public Sector Internal Audit Standards. This is the highest classification used by CIPFA. The internal assessment at the start of 2025 confirmed that this standard has been maintained.

3.8 It is also a requirement of PSIAS that an annual report is produced setting out the work performed by Internal Audit and the opinion of the Chief Audit Executive (at Rotherham this is the Head of Internal Audit) on the Council's internal control environment.

- 3.9 Work has been undertaken during the year preparing the Internal Audit team for the implementation of the Global Internal Audit Standards (UK Public Sector) from the 1 April 2025. This has included the provision of regular information and training sessions and a revision of documentation and processes supporting the audit function. This work will continue during 2025/26, particularly surrounding the revision of the Audit Manual and preparation for the external assessment towards the end of the financial year.
- 3.10 The Annual Internal Audit report was presented to the Audit Committee on 17<sup>th</sup> June 2025. For the year ending 31 March 2025, based on the work undertaken, Internal Audit concluded that Rotherham Metropolitan Borough Council had overall an adequate framework of governance, risk management and control. This should be considered overall to be a broadly positive opinion.
- 3.11 A higher proportion of partial/no assurance audit reports have been issued during the year. It is on this basis that the effectiveness of the framework is considered to have diminished as some weaknesses, and evidence of non-compliance with controls or ineffective controls have been identified. This relates to a minority of service areas within the Council and cross cutting themes, for example health and safety and asset management. It is important to note that most partial or no assurance opinions have arisen in cases where management has proactively requested audit assurance in response to identified concerns. This reflects a strong awareness of areas needing improved oversight or enhanced compliance with internal controls. The work undertaken during the year has clearly focused on the key risk areas of the Council and was targeted to specific areas of concern. This demonstrates the dynamic nature of the audit plan and added value of the audit service.

### **External Audit**

- 3.12 The Council's external auditor is required each year to carry out a statutory audit of the Council's financial statements and give an assessment of the Council's value for money arrangements. Grant Thornton issued an unqualified opinion on the Council's financial statements for the year ended 31<sup>st</sup> March 2024 on 17<sup>th</sup> January 2025.
- 3.13 In their Annual Report relating to 2023/2024 issued in January 2025, Grant Thornton found no significant weaknesses in the Council's arrangements for financial sustainability and governance although one improvement recommendation was made relating to financial sustainability. Two key recommendations were made relating to significant weaknesses in Housing Revenue Account health and safety compliance and asset management and operational building compliance. Action was recommended to address the gaps. These issues are also referred to within section four of this Annual Governance Statement.
- 3.14 Grant Thornton will issue their opinion on the 2024/2025 financial statements and a conclusion on the Council's arrangements to secure economy, efficiency and effectiveness once their work is complete.

## **Compliance with Financial Management Code (FMC)**

- 3.15 The Council complies with the financial management standards as set out within the CIPFA Financial Management Code (FMC). The Council's Financial and Procurement Procedure Rules (FPPR's) provide the bedrock of the Council's financial governance, setting clear principles as to how the Council manages and controls its financial decision making. These FPPRs are routinely reviewed to ensure they are kept up to date with the current financial environment, new financial standards and the ever-changing local authority financial conditions.
- 3.16 The Council's current Budget and Medium-Term Financial Strategy set out how the Council will finance the current requirements of services, whilst effectively planning for the delivery of agreed savings and continuing to stabilise and improve the Council's level of reserves. However, any significant longer-term planning is reliant on a financial settlement that is greater than a year ahead.
- 3.17 The Council's Capital Programme planning and investment levels are directly linked into the revenue budget planning to ensure that any new use of corporate resources is affordable over the longer term, in terms of financing borrowing and major repairs provision charges. Whilst the Council does annually review and make additions to the capital programme, typically with new use of corporate resources, the Council actively looks to maximise its access to and use of, government grant funding and other external contributions. The links between the revenue budget and capital programme are tightly controlled to ensure that the Council sets a Treasury Management Strategy that is both prudent and compliant with the Prudential Code for Capital Finance.
- 3.18 The Council sets an annual budget through Cabinet and Council which is then monitored closely during the course of the financial year. The Council's Strategic Leadership Team receive monthly updates on the financial position with regular updates taken to Cabinet throughout the financial year. These updates include key updates on the delivery of the investments and savings agreed within the Budget. This reporting process culminates with a financial outturn report post the end of any financial year, this report sets out how that outturn impacts the future financial planning of the Council, in particular the impact on reserves and delivery of planned savings.

## **Delivering the Financial Strategy**

- 3.19 The Council faced some significant financial challenges during 2024/25, due to the longer term impacts of the economic uncertainty that has been present in recent years, with energy prices holding at a significantly higher level, periods of high inflation increasing the Council's base costs and the impact of the Local Government Pay Award. In addition, the Council faced challenges

in rising demand for social care, increased market costs of social care, rising pressure within Home to School Transport, inflation impact on Schools Catering and rising homelessness demand. For example, the financial impact of the Local Government Pay Award 2024/25 was £3.2m greater than anticipated, increasing the Council's base budget moving forwards.

- 3.20 As a result of the demand and inflation challenges seen the Council has seen cost pressures leading to an overspend of £12.8m across the core directorates services, however, these directorate overspends were partially offset by the planned £6.9m corporate budget risk contingency within Central Services approved within the Council's Budget and Council Tax Report 2024/25. Taken with savings delivered from the Council's Treasury Management Strategy, the final underspend in Central Services was £12.5m, which reduced the Council's overall outturn to a £0.3m overspend. This was an improvement of £2.8m from the December Financial Monitoring reported to February Cabinet and a £5.8m improvement from the worst projection reported to Cabinet July 2024. The improvement is as a result of action the Council has taken to ensure service areas delivered savings ahead of year-end, maximised grant allocations, improvements in income were recognised and the Council generated further savings in Treasury Management.
- 3.21 Whilst the Council has managed these pressures effectively with strong financial planning, robust responses and action taken to manage emerging issues, the Local Authority sector is still turbulent. As indicated by the underlying pressures within the Council's core directorates, principally within social care.
- 3.22 Since setting the 2024/25 Budget the Council's delivery of planned savings as part of Budget have progressed very well with £5m delivered by the end of the 2024/25 financial year against the £9.9m plan. The biggest challenge on delivery related to CYPS Placements which has resulted in the Council being unable to fully deliver its savings programme by 31st March 2025.
- 3.23 The Council has faced some wider financial challenges for 2024/25, across a number of areas listed below. The Council has and continues to work hard to take firm action to reduce the level of overspend in these areas as much as possible in order to bring the Council's position back on track and help with longer term sustainability.
- 3.24 The Council's overspends during 2024/25 across Directorates are due in the main to the following overall issues:
- Placement pressures within Children and Young People's Services and Adult Social Care;
  - Home to School Transport pressures within Regeneration and Environment and Children and Young People's Services;
  - Provider inflation impacting Children and Young People's Services, particularly in relation to payments for Independent Fostering Agencies (IFAs) and external residential placements.

- Increased costs of homelessness due to increased demand and subsequent need to use high-cost placements;
- Pressure across waste management on staffing and vehicle costs, disposal costs and related income.

- 3.25 Given these challenges, the starting position in setting the Budget for 2025/26 was for the Council to keep focus on mitigating the impact on residents as far as possible and trying to protect basic services. This was in order to continue support the community through a cost of living crisis, along with the Council's ambitions for the Borough, with specific regard to the environment and social care; and to maximise the opportunities that the new financial settlement for 2025/26 presented the Council, with over £14m of new funding being allocated to the Council for 2025/26.
- 3.26 The Autumn Statement and Policy update, along with the Final Financial Settlement, have given the Local Authority sector a much needed boost in terms of the funding package available. The confirmation of £1.3bn additional grant for the sector was much needed, with £0.68bn towards Adult Social Care (£3.8m for RMBC) and £0.7bn to be provided through the new Recovery Grant allocated on a deprivation basis (meaning £8.7m of new un-ringfenced grant for RMBC). Whilst some smaller grants have been removed to support this £1.3bn national uplift, overall, the funding package represents a substantial increase in Local Authority funding. This settlement represents the most significant increase in core funding in the last 15 years and the Council will be around £14m better off in 2025/26 than was expected a year ago.
- 3.27 Though the position for Local Authority Funding has shifted positively, the Council remains committed to increasing efficiency and delivering on the priorities of residents. As such, in order to invest in key priorities, the Budget included Budget savings proposals of £2.6m aimed to increase the efficiency of service delivery and reduce or remove spending on services that are no longer required or can be delivered differently, for example, through maximising grant funding opportunities in Childrens Services or route optimisation within Waste Management.
- 3.28 In recognition of escalating cost pressures within Adult Social Care, relating to increased complexity of care and rising demand for the service, market inflation and transitions, the Council provided approximately £17m of additional funding to support the delivery of Adult Social Care services. Further investment of £4.3m was also provided to address unavoidable cost pressures in complying with Home to School Transport requirements and £1.5m for unavoidable Waste Management costs. In addition, the Budget provided some additional investments to help support people and to support with delivering on

the Council's ambitions for the Borough with specific regard to the Council Plan aims.

- 3.29 The development of the Council's Budget proposals for 2025/26 and the further update of the MTFS took into account prevailing economic factors, most notably significant rises in demand, inflation and stubbornly high energy prices during 2024/25. Following the Council's technical MTFS updates and the impact of the Final Financial Settlement, the Council was able to set a balanced Budget for 2025/26 and 2026/27 but faced a £3.2m funding gap for 2027/28. A further technical update to Cabinet on 17<sup>th</sup> November 2025 shows there is now a balanced position for 2026/27.
- 3.30 As part of the budget process, the Council had to consider the following areas:
- Further increases in fees and charges;
  - Increases in Council Tax above assumptions within the approved MTFS;
  - Further use of reserves;
  - Further savings proposals.
- 3.31 As detailed within the Council's 2025/26 Budget report, these financial pressures that the Council faced were mitigated through the benefits of the Financial Settlement 2025/26, proposals to increase fees and charges at 2%, and the development of further savings proposals to be delivered during 2025/26. However, the Council's overall reserves balance at the end of 2026/27 is projected to be £10m higher than the projection for the same point when setting the 2023/24 Budget.
- 3.32 These proposals have allowed the Council to set out a balanced budget position without increased use of reserves, allowing a greater level of reserves to be held to guard against the significant risk and uncertainty that still exists in the UK and global economy around inflation, energy prices and demand for Council services.
- 3.33 The delivery of the 2025/26 Budget is progressing well. As of September 2025, the Council's financial position for 2025/26 remains positive. Whilst there is still a forecast overspend of £0.9m, this is an improvement of £1.5m since the reported position in July, as positive management activity takes effect. The forecast position is made up of a Directorate overspend of £6.2m, offset by a projected Central Service underspend of £5.3m. Whilst this is an overspend, the Council expects to be able to manage this pressure further during the year and return to a balanced position following mitigating actions.
- 3.34 As of September 2025, the Council currently estimates an overspend against the Directorates of £6.2m for the financial year 2025/26. This is largely due to demand and market pressures in relation to Children's residential placements and placement types. Market prices are increasing at above inflation levels, placing further pressures on the Council's Budget. These pressures were anticipated, and a corporate provision was maintained within Central Services as part of the Budget and Council Tax Report 2025/26.

- 3.35 The Local Government Pay Award was agreed at 3.2% at all pay bands up to senior officer. The impact of this is a cost of £2.3m above the budget that was allocated when setting the Council's Budget. The Council has no control over the level of pay award agreed.
- 3.36 Central Services is forecasting an underspend of £5.3m, reflecting use of the £5.4m Social Care Contingency approved within the Council's Budget and Council Tax Report 2025/26, the impact of the Local Government Pay Award and savings generated within the Council's Treasury Management Strategy.

#### **4 UPDATE ON MATTERS REFERRED TO IN THE ANNUAL GOVERNANCE STATEMENT FOR 2023/2024**

##### **Information Governance**

- 4.1 The rate of completion for Freedom of Information Requests and Right of Access Requests have improved over the past 12 months. Monitoring of performance levels is undertaken monthly by all Assistant Directors via the Corporate Information Governance Group and any areas of concern are addressed immediately either on a corporate or directorate level as appropriate. There are no ongoing concerns in relation to Freedom of Information Requests, which over the past 12 months are at the highest ever on time completion rate. Extra resources continue to be used to improve the performance of Right of Access Requests. The backlog of these requests continues to reduce gradually and the additional resource will continue to remain in place until at least March 2026. An annual report is also shared with the Audit Committee.

##### **Special Educational Needs and/or Disabilities (SEND) Inspection in Rotherham**

- 4.2 An Area SEND inspection of Rotherham Local Area Partnership took place between 30<sup>th</sup> September 2024 to 4<sup>th</sup> October 2024. The outcome was published on 14<sup>th</sup> November and stated that "the local area partnership's special educational needs and/or disabilities (SEND) arrangements typically lead to positive experiences and outcomes for children and young people with SEND. The local area partnership is taking action where improvements are needed." This is the highest possible rating under the new framework and is a positive reflection of the work undertaken across the partnership since 2021.
- 4.3 The new SEND and Alternative Provision (SENDAP) Strategy was approved at Cabinet in February 2025. This sets the future direction for the Partnership for the next 5 years and includes specific reference to addressing the 2 areas of improvement action required by the October Inspection. These are that:
- Leaders across the partnership should continue to improve the quality of EHC plans to ensure that there is consistent and clear information from health, education and social care; all EHC plans reflect the views of children, young people and their families; EHC plans contain the support that the child or young person needs to prepare for adulthood;

- and all outcomes include detail and are measurable so that children and young people receive consistent support;
- Leaders across the partnership should continue to strengthen its work to reduce the long waits for neurodevelopmental assessment; pathways. In addition, leaders should intensify service improvements for occupational therapy and speech and language therapy at a universal and targeted level to reduce waiting times. This will ensure that children and young people receive support at the right time.

Progress against the Strategy and individual actions will be monitored by the SEND executive board and periodic reports to Cabinet and Place Board.

### **Health and Safety Executive**

- 4.4 As stated in the 2023/24 Annual Governance Statement, the Council was prosecuted by the Health and Safety Executive in connection with hand arm vibration. In the year, a hearing took place which was concluded with a fine of £60k.
- 4.5 The Council has put in place various mitigations to avoid any such prosecutions in the future. A gap analysis has taken place to identify an action plan to ensure that the management of Health and Safety is effective and this action plan will be further developed in 2025/2026. Health and Safety has been moved into a corporate department and a new position of Head of Health and Safety has been created and appointed to in a full time capacity, as opposed to previously being a split role.
- 4.6 Following this issue and the subsequent actions to secure improved systems, the Council has been corresponding with the Health and Safety Executive to address another issue raised with them by a member of the public. Through the new arrangements the Council has responded to the HSE and provided information that is intended to address their concerns. The Council will continue to engage positively with regulators to ensure that robust arrangements are in place both for securing safety for the public and employees and for ensuring that the arrangements put in place to secure safety are fully implemented.

### **Tree Management and Green Spaces**

- 4.7 Following the Internal Audit review in March 2023, which reported an opinion of 'No Assurance', a follow-up Internal Audit review in January 2024, gave an opinion of 'Substantial Assurance'. A follow-up audit concluded in May 2025. The Tree Service continues to work to embed the improved practice, and this is monitored by the Culture Sport and Tourism Service Management Team through a performance and escalation dashboard. A wider review of Green Spaces is complete and an Improvement Plan is being implemented. This has included an Internal Audit of Green Spaces, published in July 2024, with an opinion of 'Reasonable Assurance'. Four risks were identified, all of which have been addressed by the service.

## **Property and Facilities Services**

- 4.8 Property and Facilities Services is now established within the Finance and Customer Services Directorate. An initial improvement plan was developed, and this is now being delivered against, with priority around health, safety and compliance of all Council assets. New policies and procedures (Fire, Water, Gas) have been developed, and where required, approved by Cabinet. A new role of Duty Holder has been created, with correct and appropriate professional qualifications, and new team members are being recruited to ensure that the right capacity and capabilities are in place to drive forward improved services and standards.
- 4.9 Through the process of evaluation of services and the improvement plan, greater management, contract compliance, governance and control is now in place in order to support the Council's School Private Finance Initiative (PFI) Contract. Work will continue to improve the contract and relationships with schools over the coming year, ensuring that the PFI delivers good value for money.

## **Housing Services**

- 4.10 In the 2023/24 Annual Governance Statement, it was highlighted that health and safety compliance was a key risk area. This remained the case during 2024/25, and in line with the new consumer standards, the Council referred itself to the Regulator of Social Housing in relation to certain compliance issues that had been identified in June 2024. Significant progress has been made during 2024/25 to the extent that the level of assurance available to the Council and tenants that health and safety responsibilities are being met is much improved. Key actions have included significant investment in staff and IT resources to support compliance activities and further strengthening of performance monitoring and governance, including data published on the Council's website. The Housing Regulatory Assurance Board chaired by the Chief Executive continues to oversee this area.
- 4.11 A related area of concern is the data available on the age and quality of the Council's housing stock and the consequent lack of assurance available in relation to hazards and decency within council stock and investment needed in the stock to achieve Decent Homes standards. The Regulator is aware of these issues and satisfied that the Council is taking the necessary steps to address them as quickly as possible, chiefly through the delivery of a comprehensive stock condition survey and an expanded capital investment programme.

## **5 OTHER SIGNIFICANT ISSUES ARISING DURING 2024/2025**

### **Equal Pay**

- 5.1 In line with local authorities nationally and regionally we have been contacted with concerns about the approach and implementation of our systems for ensuring that there are not pay differentials. Several claims have been made against the Council that may give rise to an Equal Pay liability, however, at this moment the validity of those claims and any

associated impact remain unknown. It is therefore appropriate to recognise this in the Council's accounts as a contingent liability.

## **6      SIGNIFICANT EVENTS OR DEVELOPMENTS AFTER YEAR END**

- 6.1      On 22<sup>nd</sup> June 2025, the previous Chief Executive left the Council with a new Chief Executive commencing on 23<sup>rd</sup> June. The Assistant Chief Executive left on 31<sup>st</sup> July and the services within that department are temporarily reporting to the Strategic Director Finance and Customer Services pending review and relevant recruitment processes.
- 6.2      On 15<sup>th</sup> July 2025, the Care Quality Commission commenced their inspection of Local Authority Adult Social Care Service. The outcome rating is awaited.
- 6.3      Between the 28<sup>th</sup> October to the 7<sup>th</sup> November Ofsted undertook their Inspection of Local Authority Children's Services. The report and outcome rating has not yet been received.

## **7      LEADER AND CHIEF EXECUTIVE STATEMENT 2024/25**

- 7.1      This Annual Governance Statement fairly reflects the position at Rotherham Metropolitan Borough Council during the year and up to the date of signing.
- 7.2      As Leader and Chief Executive, we have been advised on the results of the review of the effectiveness of the Council's governance framework. We have also specifically considered the new significant issues noted in section five and their potential impact on our overall governance. Our final overall assessment is that this Annual Governance Statement is a balanced reflection of the governance environment, and the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.
- 7.3      We are also satisfied that, over the remainder of this financial year, the Council will take appropriate steps to address the significant governance issues and we will monitor their implementation and operation as part of our next annual review.

*Signed*

**Councillor Chris Read,  
Leader, Rotherham MBC  
Date:**

*Signed*

**John Edwards,  
Chief Executive, Rotherham MBC  
Date:**