

Committee Name and Date of Committee Meeting

Audit Committee – 13 January 2026

Report Title

Closure of the Accounts 2025/26

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

No

Strategic Director Approving Submission of the Report

Judith Badger, Strategic Director of Finance and Customer Services

Report Author(s)

Sarah Driver (Principal Finance Officer)
Finance & Customer Services Directorate
01709 254299 sarah.driver@rotherham.gov.uk

Ward(s) Affected

Borough-Wide

Report Summary

The principal objective of the Council's annual financial statements is to make the Council accountable to a range of local and national stakeholders over the stewardship of its resources.

It is therefore important that the Council's financial statements are prepared in accordance with recognised accounting standards so that they can be relied upon by users of the accounts.

This report brings to Members attention the main changes to the local authority accounting framework in 2025/26, including their effect on the Council's accounting policies, and to the statutory framework for preparing and reporting local authority financial statements (the Accounts and Audit Regulations 2015).

The report also sets out the Council's timetable for the production of the financial Statements. Members of the Audit Committee, as the body in the Council charged with governance, are required to formally approve the audited Statement of Accounts by the 31st January 2027, based on the revised regulations which apply until 2027/28. However, in line with the best practice, the Council's financial reporting timetable will remain in line with the 2024/25 timetable, and Members of the Audit Committee will be asked to formally approve the audited Statement of Accounts by the 30th November 2026.

Recommendations

That Audit Committee;

1. Note the timetable for the production of the Council's financial statements.
2. Note the key accounting issues and main changes to the accounts in 2025/26 listed in Appendix A;
3. Note the Council's revised Accounting Policies attached in Appendix B.

List of Appendices Included

Appendix A Key accounting issues and changes to the accounts in 2025/26

Appendix B RMBC Accounting Policies

Background Papers

CIPFA Code of Practice on Local Authority Accounting 2025/26

Accounts and Audit Regulations 2015

The Accounts and Audit (Amendment) Regulations 2024

Consideration by any other Council Committee, Scrutiny or Advisory Panel

No

Council Approval Required

No

Exempt from the Press and Public

No

Closure of the Accounts 2025/26

1. Background

- 1.1 The Code of Practice on Local Authority Accounting (the Code) together with the Accounts and Audit Regulations set the accounting and statutory framework for local authority financial reporting.
- 1.2 The Code is based on internationally recognised accounting standards (International Financial Reporting Standards (IFRS)). These form the basis for large private sector companies financial reporting. However, the funding of Local Government by central government and local tax payers is in some key aspects very different from that under IFRS. This makes local authority financial statements complex and difficult to interpret due to the need to reconcile the Council's financial performance and financial position under IFRS with that under the arrangements for funding local government.
- 1.3 The introduction of the faster closedown requirements from 2017/18 presented challenges and as part of meeting the challenges CIPFA encourage local authorities to focus on material items only in their financial reporting. Materiality for financial reporting purposes is fundamental. It determines the amount by which items or disclosures within the financial statements would need to be misstated before it would influence the understanding or a decision a reader of the accounts might make. An item is not material if its omission or misstatement would not influence such decisions or understanding. The Council's materiality level for 2025/26 hasn't yet been confirmed by Grant Thornton but for information the overall materiality for the 2024/25 accounts was £15.2m, with differences of less than £0.760m being considered trivial.

2 Key Issues

Timetable

- 2.1 The Accounts and Audit (Amendment) Regulation 2024 extended the publication of final audited accounts to 31st January 2027 for 2025/26 accounts and then 30th November 2027 for 2026/27 and 30th November 2028 for 2027/28 accounts. The draft accounts are required to be published by the 30th June 2026, for 2025/26 accounts. The deadline extension has been introduced to address the national backlog of local authority audits. It should be noted that the Council has no backlog having kept up with the requirements for accounts publication and production.
- 2.2 In line with best practice, the Council's financial reporting timetable will remain in line with the 2024/25 timetable. This includes publishing draft accounts by the end of May 2026 (presented to Audit Committee in June 2026) with the fully audited accounts to be published in November 2026 following approval at the November Audit Committee, however, this depends on the available capacity of the Council's auditors.

2.3 Based on the amended deadlines, the Council's key dates on the timetable for the production of the accounts 2025/26 are as shown below.

Statement of Accounts Timetable - Amended Dates

Action	Amended Date
Unaudited Accounts, Narrative Report & Annual Governance Statement presented to Audit Committee and then published by: (Will be presented to Audit Committee in June 2026)	31 May 2026
Public Inspection of Draft Accounts	1 June to 11 July 2026
External Audit of the Council's Accounts	June to September 2026
Audited Accounts, Narrative Report & Annual Governance Statement presented to Audit Committee and then published by: (Will be presented to Audit Committee November 2025)	30 November 2026
Councils Value for Money audit completed by:	TBC by Grant Thornton

Accounts and Audit Regulations 2015 – Local elector rights

2.4 The Local Audit and Accountability Act 2014 confers on local electors the right to inspect the accounting records, books, deeds, vouchers, contracts, bills and other documentation relating to the financial year in question. It also gives them the right to question the auditor about the accounting records or make a formal objection on a matter of public interest or because they think an item of account may be unlawful.

2.5 Under the Accounts and Audit Regulations 2015, local electors can only exercise their rights of inspection and to question the auditor or make formal objections for a single period of 30 working days commencing the day after the unaudited accounts have been published.

2.6 As accountability to the local electorate is an important part of the governance of the Council, notice of the inspection period will be advertised on the Council's website in advance of the unaudited financial statements being published.

2.7 A further consideration is that in order for the inspection period to commence, the Annual Governance Statement and Narrative Report (introduced by the Accounts and Audit Regulations 2015) will need to be published alongside the Council's unaudited financial statements on the Council's website. The timetable for preparing the Annual Governance Statement and Narrative Report is therefore being co-ordinated with the publication of the draft unaudited Statement of Accounts to meet this requirement.

Local Authority Accounting Framework

2.8 In the 2025/26 CIPFA Code of Practice there is an accounting change due to CIPFA/LASAAC having regard to HM Treasury's Thematic Review on Non-investment Assets. The main changes included in the Code are:

- A revaluation expedient for property, plant and equipment, requiring valuations once every five years or on a five-year rolling basis and supported by indexation in intervening years.
- Intangible assets to be held at historical cost only.
- Transitional arrangements when applying these changes so they will be applied prospectively, with no restatement of prior year figures.

2.9 The Council is reviewing its valuation processes to ensure compliance with these new requirements. It is not anticipated that a significant change in the valuation process will be required.

2.10 Major changes to service delivery that have taken place in 2025/26 will also have a bearing on the financial statements. This includes the continuing effect of schools converting to academies.

2.11 The Council's Statement of Accounting Policies is attached as Appendix B. These policies are reviewed and updated where necessary.

2.12 There is a national issue with Local Authority treatment for infrastructure assets. This relates to the way components of infrastructure expenditure are derecognised when new expenditure is incurred. A statutory override came into force in December 2022 that allowed LA's to assume that the carrying amount to derecognise is zero. This enabled auditors to give an unqualified audit opinion on the Council's accounts. This override has been extended to 1st April 2029. The Council will utilise the override again for the 2025/26 accounts. The Council is working to assess the processes that need to be put in place to ensure the treatment of infrastructure assets is compliant when the statutory override expires.

3 Options considered and recommended proposal

3.1 There is no discretion on whether to comply with the Code or the Accounts and Audit Regulations. The purpose of the recommendations is simply for Audit Committee to note the changes to the local authority accounting framework in 2025/26 and to note the actions being taken by officers to ensure that they are being implemented.

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 Accounts and Audit (amendment) Regulations 2024 came into force on 30th September 2024 and revised the statutory deadline for publishing the audited financial statements as noted in paragraph 2.2. The deadline for the Council to produce and publish draft accounts has been extended to 30th June as noted in paragraph 2.1. Deadlines for accounts from 2028/29 and subsequent accounts will revert to deadlines as per the Accounts and Audit Regulations 2015 unless additional amendments legislation is approved.

6 Financial and Procurement Advice and Implications

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

7 Legal Advice and Implications

7.1 None, other than ensuring compliance with the requirements of the Accounts and Audit Regulations 2015.

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 Partners

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

12 Risks and Mitigation

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

13 Accountable Officer(s)

Judith Badger (Executive Director of Corporate Services)