

Committee Name and Date of Committee Meeting

Audit Committee – 16 June 2026

Report Title

Publication of unaudited Statement of Accounts 2025/26

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

No

Executive Director Approving Submission of the Report

Judith Badger, Executive Director of Corporate Services

Report Author(s)

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Corporate Services Directorate

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Ward(s) Affected

Borough-Wide

Report Summary

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

The report to Audit Committee in January 2026 highlighted the approach to be taken by the Council in ensuring that the draft unaudited Statement of Accounts would be published in accordance with the Accounts and Audit (Amendment) Regulations 2024.

The draft unaudited Statement of Accounts 2025/26 were published on the Council's website on 10 June 2026, slightly later than the original target of 31 May 2026. The delay was to allow for effective quality and assurance checks to be performed. The Council complied with the statutory deadline for the publication of draft accounts by 30 June 2026. The intention was for the final audited accounts to be presented to Audit Committee at the end of September 2026 in line with the former statutory deadline, however, Grant Thornton have indicated that due to capacity constraints it is likely to be November 2026 for the completion of the audit of the accounts. A report on the Grant Thornton audit plan is on this meeting agenda.

Recommendations

1. The Audit Committee is asked to receive the draft unaudited Statement of Accounts 2025/26.

List of Appendices Included

- Appendix 1 Narrative Report 2025/26
- Appendix 2 Highlights Report setting out key matters reported in the 2025/26 accounts
- Appendix 3 Unaudited Statement of Accounts 2025/26
- Appendix 4 Informing the Audit Risk assessment 2025/26

Background Papers

CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2025/26
Accounts and Audit (Amendment) Regulations 2024
Audit Committee meeting – 13th January 2026

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 2025/26 together with the Accounts and Audit (Amendment) Regulations 2024 set out the accounting and statutory framework for local authority financial reporting.
- 1.2 Under the Accounts and Audit (Amendment) Regulations 2024, local authorities are required to publish their unaudited accounts no later than 30 June accompanied by a Narrative Report and draft Annual Governance Statement. This triggers a period of 30 working days for local electors to exercise their rights to inspect the accounts and supporting records and to ask questions of the external auditor.
- 1.3 A timetable for the production of the Council's accounts was presented to Audit Committee in January 2026, indicating the Council's draft accounts would be published by 31 May 2026. The draft unaudited Statement of Accounts 2025/26 was published on the Council's website alongside the Narrative Report and draft Annual Governance Statement on 10 June 2026, later than planned to allow for further quality and assurance checks to be performed. The period for local electors to exercise their rights has commenced on 11 June 2026 and will cease on 22 July 2026.
- 1.4 Where appropriate, Grant Thornton will set out any material adjustments made to the accounts and any uncorrected differences of a non-trivial nature. Grant Thornton have indicated in their audit plan that the accounts materiality for planning purposes is £16.70m (£15.20m in 2024/25). Individual transactional level materiality was set at £835k in 2025/26. Grant Thornton will revisit these materiality figures in July 2026 and confirm the final figures.
- 1.5 Audit Committee will be asked to formally approve the audited Statement of Accounts for publication having regard to Grant Thornton's findings and opinion on whether the accounts give a true and fair view of the Council's financial performance for the year and its financial position at the end of the year and whether they have been prepared in accordance with proper practice. Grant Thornton have indicated that due to capacity constraints it is likely to be late November for the completion of the audit of the accounts.

2. Key Issues

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

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

- 2.2 The accounts have been produced in accordance with The CIPFA code of practice.

Pension Fund Estimates

- 2.3 Although the Pension Fund is subject to regular triennial actuarial valuations, which are used to determine contribution rates for the 3 years covered by the triennial valuation, when preparing annual accounts, the Pension Fund and actuaries are required undertake a separate annual valuation of the Pension fund in accordance with International Accounting Standard (IAS) 19 – Employee Benefits. This provides an indication of the liabilities and assets within the pensions fund for the past financial year.
- 2.4 The latest triennial valuation was as at March 2025, which was undertaken by the actuary Hyman Robinson LLP. This calculated the Council's assets and liabilities in detail, using individual membership data and actual cashflow data for the Council's share of the Fund. This formal valuation showed an improvement in the fund's position with the Council's share of the Fund surplus on the scheme increasing from £248 million at the previous actuarial valuation in 2022 to £425m in 2025.
- 2.5 The position as at the March 2025 Triennial Valuation was rolled forward for the IAS 19 annual exercise. The 2025/26 IAS 19 actuarial exercise identified a surplus on Rotherham's share of the Fund of £422m. That is, the actuaries assessed that the present value of the defined benefit obligations within the Fund were less than the fair value of plan assets held by the Fund. This compares with a surplus of £379m in the IAS 19 exercise for the 2024/25 accounts.
- 2.6 The IAS 19 valuation is not used to determine either refunds of past contributions or the level of future contributions to the Fund (following the 2025 valuation the Council's employers' contributions have been decreased from 17.3% to 12.1% for the three financial years covered by the valuation) and, in accordance with the guidance within IAS19 on the application of an asset ceiling the surplus identified in the IAS19 exercise has been reduced to nil in the Council's Balance sheet.

Prior year restatement

- 2.7 The 2024/25 figures have been restated to reflect a correction in accounting treatment for existing Right of Use assets (assets previously classified as a finance lease or PFI agreement) on the transition to IFRS16 in the revaluation reserve and capital adjustment account balances in 2024/25. In preparing 2024/25 financial statements incorporating IFRS 16 transition adjustments, the accounting treatment applied was in advance of clarification guidance issued by CIPFA in June 2025, which specified that downward movements in valuation should first be charged to the revaluation reserve.
- 2.8 The impact of this misstatement has been determined to be an overstatement of the revaluation reserve and a corresponding understatement of the capital adjustment account. The Council has not adjusted 2024/25 published financial statements, but restated 2024/25 figures in 2025/26 financial statements.
- 2.9 This resulted in a £2.842m increase in the Capital Adjustment Account and an equivalent reduction in the Revaluation Reserve, with no overall impact on unusable reserves. The CIES has also been restated to reduce charges above the line, leaving total comprehensive income and expenditure unchanged. As a result, related statement and notes, including the Movement in Reserves Statement, Expenditure and Funding Analysis and disclosures on Property, Plant and Equipment have been updated but the overall net book value on the balance sheet remains unchanged.

Indexation

- 2.10 The CIPFA code for 2025/26 introduces changes to the way Local Authorities are required to value non-current assets in their financial statements. This change was issued as “CIPFA Bulletin 22 – Indexation application guidance”. The main changes introduced to the 2025/26 Code are as follows:
- 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. Alternatively, a desktop valuation in year three in rare cases where no index is available.
 - Transitional arrangements when applying these changes so they will be applied retrospectively, with no restatement of prior year figures.
 - To assist authorities, an existing adaptation has been removed to allow both options permitted by IAS 16 for the treatment of accumulated depreciation when assets are revalued. This aligns with existing arrangements in the financial reporting manual (FReM).
 - A clarification to ensure that undertaking a full revaluation should not be a default process to demonstrate there has not been a material impairment of an asset and to comply with IAS 36.

2.11 The changes in the 2025/26 code apply to the following asset categories:

- Other land and buildings
- Vehicles, plant, furniture and equipment
- Surplus assets
- Right of use assets measured at current value

2.12 The following approach for these asset classes has been followed in preparing the 2025/26 statement of accounts.

Land and Buildings

For land and buildings valued on a depreciated replacement cost (DRC) it is recommended that we use the latest BCIS index for these assets to carry out the indexation.

For buildings which are held at existing use value (EUUV) or fair value (FV) we class 2025/26 as year one as 20% of these assets have been valued. For 2026/27 to commence indexation pending the Valuation Agency Office (VOA) indices being available for use.

We also have material assets which are normally valued on an annual basis. The BDR Waste facility is held at fair value and has been valued for 2025/26. We will need to agree with Barnsley MBC and Doncaster Council that a desktop exercise is carried out in year 3 (2027/28) and that no further annual valuations take place. For Riverside House, Forge Island and the Markets these have also been valued for 2025/26. We are proposing to cease annual valuations for these sites and carry out a desktop review in year 3 (2027/28) or if the VOA indices are available in 2026/27 we review this and consider if this is an appropriate indexation that could be used annually instead.

Vehicles, Plant, Furniture and Equipment

No change to existing practice. No annual valuations, assets held at depreciated historic cost.

Surplus Assets

All surplus assets have been valued for 2025/26, so we have updated these valuations into the asset register and classed this as year one. Given the lack of appropriate indices, we will then carry out a desktop review of assets in year 3 which will fall in 2027/28. We will cease annual revaluations of this asset class.

Right of Use Assets

There is no change proposed as the current approach is compliant with the code. Our right of use assets are measured at current value as per section 4.1 of the Code.

3. Options considered and recommended proposal

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

4. Consultation on proposal

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

5. Timetable and Accountability for Implementing this Decision

- 5.1 The statutory deadline for publishing the draft unaudited Statement of Accounts for 2025/26 by 30 June has been met. The statutory deadline for publishing the audited financial statements for 2025/26 is 31 January 2027.

Financial and Procurement Advice and Implications

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

6. Legal Advice and Implications

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

7. Human Resources Advice and Implications

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

8. Implications for Children and Young People and Vulnerable Adults

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

9. Equalities and Human Rights Advice and Implications

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

10. Implications for Partners

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

11. Risks and Mitigation

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

12. Accountable Officer(s)

Judith Badger (Executive Director of Corporate Services)

Approvals obtained on behalf of:-

	Named Officer	Date
Chief Executive		Click here to enter a date.
Executive Director of Corporate Services (S.151 Officer)		Click here to enter a date.
Service Director of Legal Services (Monitoring Officer)		Click here to enter a date.
Service Director of Human Resources (if appropriate)		Click here to enter a date.
Head of Human Resources (if appropriate)		Click here to enter a date.

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