

<b>This report is public.</b>	
<b>Draft Statement of Accounts 2024-25</b>	
<b>Committee</b>	Accounts, Audit and Risk Committee
<b>Date of Committee</b>	16 July 2025
<b>Portfolio Holder presenting the report</b>	Deputy Leader and Portfolio Holder for Finance, Property & Regeneration Councillor Lesley McLean
<b>Date Portfolio Holder agreed report</b>	2 July 2025
<b>Report of</b>	Assistant Director of Finance (Section 151 Officer)

## **Purpose of report**

To provide an opportunity for review of the draft 2024/25 Statement of Accounts which were published on the council's website on 27 June 2025.

### **1. Recommendations**

The Accounts, Audit and Risk committee resolves:

- 1.1 To note the report and publication of the draft statement of accounts 2024/25 (Appendix 1).

### **2. Executive Summary**

- 2.1 The draft statement of accounts 2024/25 were published on 27 June 2025. Section 15 of the Accounts and Audit Regulations 2015 require the statement of accounts to be published by 30 June, to allow the public inspection period to include the first 10 working days of July. A public inspection notice was published on the council's website alongside the draft accounts, which declared that the public inspection period commenced on 30 June 2025 and will end on 8 August 2025.
- 2.2 The draft statement of accounts for 2024/25 are now being presented to the Accounts, Audit and Risk committee for review (Appendix 1).

## **Implications & Impact Assessments**

<b>Implications</b>	<b>Commentary</b>
<b>Finance</b>	There are no financial implications as a result of this report. Joanne Kaye, Head of Finance (Deputy S151), 2 July 2025
<b>Legal</b>	The statement of accounts is required under the Accounts and Audit Regulations 2015. There are no legal implications arising directly from this report.

	Denzil Turbervill, Head of Legal (Deputy Monitoring Officer), 2 July 2025			
<b>Risk Management</b>	There are no risk implications arising directly from this report. Celia Prado-Teeling, Performance Team Leader, 3 July 2025			
<b>Impact Assessments</b>	Positive	Neutral	Negative	Commentary
<b>Equality Impact</b>				Not Applicable
<b>A</b> Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?				Not Applicable
<b>B</b> Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?				Not Applicable
<b>Climate &amp; Environmental Impact</b>				Not applicable
<b>ICT &amp; Digital Impact</b>				Not applicable
<b>Data Impact</b>				Not applicable
<b>Procurement &amp; subsidy</b>				Not applicable
<b>Council Priorities</b>	Not applicable			
<b>Human Resources</b>	N/A			
<b>Property</b>	N/A			
<b>Consultation &amp; Engagement</b>	No consultation necessary.			

## Supporting Information

### 3. Background

- 3.1 All local authorities must produce a statement of accounts annually to help ensure that there is appropriate stewardship of public finances. Section 15 of the Accounts and Audit Regulations 2015 require the statement of accounts to be published by 30 June to allow the public inspection period to include the first 10 working days of July. A public inspection notice was published on the council's website alongside the draft accounts on 27 June 2025, which declared that the public inspection period commenced on the 30 June 2025 and will end on the 8 August 2025.
- 3.2 The statements of accounts are produced according to accounting standards to ensure that they are produced on a consistent standard and are comparable with other statements of accounts. Local Authority statements of accounts are produced by following the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The Code occasionally overrides International Financial Reporting Standards (IFRS) where public sector adaptations are required, or where statute takes precedence over accounting standards.
- 3.3 The Statement of Accounts is made up of the following elements:
- The Narrative Statement - an introduction to Cherwell District Council (CDC) and what it has achieved over the year.
  - The main financial statements:
    - Expenditure and Funding Analysis (EFA)
    - Comprehensive Income and Expenditure Statement (CIES)
    - Movement in Reserves Statement (MIRS)
    - Balance Sheet
    - Cashflow Statement
  - Supporting Notes to the Accounts
  - Collection Fund accounts – setting out the Non-Domestic Rates and Council Tax collected and distributed by the council as the billing authority.
  - Group accounts and explanatory notes – a set of accounts where the subsidiaries within the group have been consolidated with the council's accounts.
  - Annual Governance Statement – an annual assessment of the governance arrangements for the council which is required to be published alongside the financial statements.

### 4. Details

- 4.1 The council's draft statement of accounts for 2024/25 are attached at Appendix 1. This report will provide an overview of what the main financial statements say about the council.
- 4.2 **Expenditure and Funding Analysis**

- 4.2.1 The objective of the Expenditure and Funding Analysis (EFA) is to demonstrate to council taxpayers how the funding available to the council (i.e. government grants, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices.
- 4.2.2 The EFA also shows how this expenditure is allocated for decision making purposes between the council's directorates within the General Fund. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the CIES.
- 4.2.3 All figures shown in the EFA are net expenditure or (income) figures. Therefore, a figure without brackets shows a net cost and a figure with brackets is a net income item.
- 4.2.4 The council reported to its Executive Committee a balanced revenue outturn position for 2024/25 in June 2025. This position did not (and should not have) included the statutory accounting adjustments found in the EFA. The overall surplus on the General Fund and Earmarked Reserves for the provision of services for the year was (£4.2m). This consists of a (£0.2m) surplus on the General Fund, and (£4.0m) contribution to Earmarked reserves. In total there were £11.2m of adjustments between the net expenditure chargeable to the general fund and net expenditure in the CIES. These are statutory adjustments between the funding basis for the council and the accounting requirements of the CIPFA code. The adjustments are as follows:

- **Capital Statutory adjustments of £7.0m**

This adjustment adds in capital items not chargeable to the general fund such as depreciation, impairment, revaluation movements and capital grant income. It also removes statutory charges for capital financing such as the Minimum Revenue provision as these are not chargeable under generally accepted accounting practices.

- **Pensions Statutory adjustments of £1.6m**

This adjustment removes the pension contributions chargeable to the general fund under statute and replaces with the accounting charges based on estimated changes in the net defined benefit pension liability as calculated by the pension scheme actuary.

- **Other Statutory Adjustments of £2.5m**

Consisting primarily of the difference between what is chargeable to the general fund under statutory regulations for Council Tax and Non-Domestic Rates and the income recognised in the CIES under generally accepted accounting practices in the Code. This is a timing difference, as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

#### 4.3 **Comprehensive Income and Expenditure Statement**

- 4.3.1 The CIES shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The

expenditure funded from taxation position is shown through the EFA and the Movement in Reserves Statement (MIRS).

4.3.2 All figures shown in the CIES with brackets are income and without brackets are expenditure.

4.3.3 Table 1 below compares the Net Expenditure/ (Income) for the council for 2023/24 and 2024/25

<b>Table 1: Comparison of Net Expenditure / (Income) for the council between 2023/24 and 2024/25</b>	<b>2023/24 Net Expenditure /(Income) £m</b>	<b>2024/25 Net Expenditure /(Income) £m</b>	<b>Increase/ (decrease) £m</b>
Communities	19.8	23.3	3.5
Resources & Transformation	11.6	21.3	9.7
<b>Cost of Services</b>	<b>31.5</b>	<b>44.6</b>	<b>13.1</b>
Other Operating Expenditure	5.9	6.2	0.3
Financing and Investment (Income) and Expenditure	(1.4)	(1.3)	0.1
Taxation and Non-specific Grant (Income)	(40.6)	(42.6)	(2.0)
<b>(Surplus) or Deficit on Provision of Services</b>	<b>(4.5)</b>	<b>7.0</b>	<b>11.5</b>

4.3.4 The primary factors in the £11.5m increase in net deficit on provision of services are as follows. There was a £5.9m increase in expenditure across services due to downward valuations of the council's assets. Across the directorates in cost of services there was an increase in the IAS19 pension adjustments of 5.5m. Note that both the change in valuation of the council's assets and the IAS19 pensions adjustments do not impact on the general fund (i.e. in-year costs to the council tax payer) due to statutory overrides. The changes in net expenditure/(income) are broken down in table 2 below:

**Table 2: Breakdown of reduction in net deficit on provision of services**

	<b>IAS19 Adjustments £m</b>	<b>Revaluation of the council's assets £m</b>	<b>Other Net movements</b>	<b>Total Increase / (Decrease)</b>
Communities	0.0	1.3	2.2	3.5
Resources	5.5	4.6	(0.4)	9.7
<b>Cost of Services</b>	<b>5.5</b>	<b>5.9</b>	<b>1.7</b>	<b>13.1</b>
Other Operating Expenditure	0.0	0.0	0.3	0.3
Financing and Investment (Income) and Expenditure	0.0	0.0	0.1	0.1
Taxation and Non-specific Grant (Income)	0.0	0.0	(2.0)	(2.0)
<b>(Surplus) or Deficit on Provision of Services</b>	<b>5.5</b>	<b>5.9</b>	<b>0.1</b>	<b>11.5</b>

- 4.3.5 Other net movements include changes in grant income, council tax income, budgeted increases in staff costs and other small changes. For more detail on some of the other net movements see the 2024/25 Outturn report taken to Executive on 10 June 2025.

#### **4.4 Movement in Reserves Statement**

- 4.4.1 The MIRS shows the movement from the start of the year to the end of the year for the different reserves held by the council, analysed into 'useable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves' (e.g. the Revaluation Reserve which holds unrealised gains and losses from the revaluation of assets or the Capital Adjustment Account which holds adjustments between the accounting basis and funding basis under regulations).
- 4.4.2 This statement shows how the movements in year of the council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The net (Increase)/Decrease line shows the statutory General Fund Balance in the year following those adjustments.
- 4.4.3 The MIRS combines both levels of reserves held (balances) and changes in the level of reserves that have happened through the year. Where there is a change in the year that contributes to - (increases) - a reserve this is shown with brackets. Where there is a use of - decreases - a reserve this is shown without brackets.
- 4.4.4 The council's general reserve levels increased from (£6.2m) to (£8.0m). Other usable reserves have increased from (£37.1m) to (£38.6m), meaning total usable reserves as at 31 March 2025 are (£46.6m). The increase relates primarily to contributions to earmarked reserves agreed by Executive throughout the financial year.
- 4.4.5 Total unusable reserves have decreased by £14.1m from (£16.2m) to (£2.1m) as at 31 March 2025. The decrease is due to a £5.2m decrease in the pension reserve, a £4.7m decrease in the Capital Adjustment Account, a £2.5m decrease in the Collection Fund Adjustment Account and a £2.0m decrease in the Revaluation Reserve. The decrease in the pension reserve is due to a £5.2m increase in the net pension liability, as the reserve mirrors the liability (see section 4.5.5 for detail on the pension liability movement). Similarly the decreases in the Capital Adjustment Account and Revaluation Reserve reflect changes in capital assets such as Property, Plant and Equipment, Investment Property and Intangible assets on the balance sheet. The decrease in the Collection Fund Adjustment Account is due to the in-year deficit on business rates of £1.5m compared to a £1.2m surplus in the previous year.

#### **4.5 Balance sheet**

- 4.5.1 The balance sheet shows the values as at 31 March 2025 of the assets and (liabilities) recognised by the council. The net assets of the council - assets less (liabilities) - are matched by the reserves held by the council, analysed between 'useable' and 'unusable' reserves, shown in the bottom portion of the Balance

Sheet. Assets are shown without brackets, whilst (liabilities) are shown with brackets.

4.5.2 The Balance Sheet is split between long-term and short-term items (also referred to as non-current and current respectively). Long-term items are expected to last or mature after a period of more than 1 year. Short-term items are expected to last or mature within 1 year of the balance sheet date.

4.5.3 A high-level breakdown of the balance sheet is shown in table 3 below, for a full breakdown please see the balance sheet as presented on pg28 of Appendix 1.

**Table 3 – High-Level Balance Sheet**

<b>Category</b>	<b>2023/24 £m</b>	<b>2024/25 £m</b>	<b>Movement £m</b>
Long term Assets	288.8	282.1	(6.7)
Current Assets	35.5	18.1	(17.4)
<b>Total Assets</b>	<b>324.3</b>	<b>300.1</b>	<b>(24.2)</b>
Current Liabilities	(78.9)	(67.8)	11.1
Long Term Liabilities	(185.9)	(183.7)	2.2
<b>Total Liabilities</b>	<b>(264.8)</b>	<b>(251.5)</b>	<b>13.3</b>
<b>Net Assets</b>	<b>59.5</b>	<b>48.7</b>	<b>(10.8)</b>
<b>Total Reserves</b>	<b>(59.5)</b>	<b>(48.7)</b>	<b>10.8</b>

4.5.4 The decrease to net assets of £10.8m is largely attributed to a (£5.2m) increase in the net pension liability in long term liabilities and a (£5.0m) decrease in value of property, plant and equipment in long term assets. Due to the statutory overrides in place these changes then flow through to unusable reserves.

4.5.5 The net pension liability increase of £5.2m is primarily due to an increase in the effect of the asset ceiling. This was caused by the actuary's estimate of the projected service cost falling from 19.4% for 2023/24, to 13.8% in 2024/25. As a result, the difference to the council's effective pension contribution rate has increased, and so there is a larger effect of the asset ceiling. However, as noted in note 35 of the accounts, the council does not expect the liability in relation to the effect of the asset ceiling to materialise. This is because the asset ceiling calculation is based on the assumption that employer contributions will not change over the funding 'time horizon', but contributions are reviewed every 3 years and the council is already in discussions with the pension fund to agree reduced contributions in the next review.

4.5.6 Long term assets have decreased by (£6.7m). This is primarily due to a (£5.0m) decrease in value of property, plant and equipment, largely relating to downward valuations of the council's land and buildings. The movements in property plant and equipment consist of £11.4m of additions, (£10.1m) net downward valuations, (£5.5m) depreciation, (£1.0m) disposals and £0.2m transfers from assets held for sale. The largest downward valuation was of the Castle Quay centre by (£9.0m). (£6.4m) relates to the main shopping centre area, and (£2.6m) for the waterfront side.

4.5.7 Current assets have decreased by (£17.4m). This is in relation to a (£13.1m) decrease in short term investments and a (£3.7m) decrease in cash and cash

equivalents. Short term investments have matured in year, and there have been fewer new short-term investments and a reduction in cash and cash equivalents due to repayments of borrowing and other changes in working capital.

4.5.8 Current liabilities have decreased by £11.1m. This is in relation to a £9.8m decrease in short-term borrowing as the council repays some of its borrowing, and a £1m reduction in the council's overdraft.

4.5.9 Long term liabilities have decreased by £2.2m due to a combination of factors. As discussed above, the net pension liability has increased by £5.2m. In addition, long-term borrowing has reduced by £6.0m as the council repays some of its borrowing. Other movements include a £2.0m decrease in capital grants received in advance, as the council applies the grants to its capital expenditure.

## 4.6 Cash Flow Statement

4.6.1 The Cash Flow Statement summarises the changes in cash and cash equivalents during 2024/25. The statement shows how the council generates and uses cash and cash equivalents by classifying cash flows as operating, investing, and financing activities.

- Net cash flows arising from operating activities is a key indicator of the extent to which the operations of the council are funded by way of taxation and grant income or from the recipients of services provided by the council.
- Investing activities represent the extent to which net cash flows have been made for resources which are intended to contribute to the council's future service delivery.
- Net cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the council.

4.6.2 Increases in cash - (inflows) - are shown with brackets. Reductions in cash – outflows – are shown without brackets. A high-level summary of the cashflow statement is shown in table 4 below.

**Table 4 – Cashflow Statement**

	<b>£m</b>
Net Cash Flows from Operating Activities	(5.3)
Net Cash Flows from Investing Activities	(2.5)
Net Cash Flows from Financing Activities	10.6
<b>Net (Increase) / Decrease in Cash and Cash Equivalents in the Period</b>	<b>2.7</b>

4.6.3 The (£5.3m) net cash inflow from operating activities is primarily driven by the overall surplus on the General Fund and Earmarked Reserves for the provision of services for the year of (£4.2m). The £10.6m cash outflow from financing activities is largely due to repayment of £15.8m of borrowing, offset by £7.0m of capital grant income recognised. For a full breakdown of the movements see the full cashflow statement on page 29 of Appendix 1.



## 5. Alternative Options and Reasons for Rejection

- 5.1 There are no alternative options as the council is required by the Accounts and Audit Regulations 2015 to produce and publish its statement of accounts for 2024/25 which has already been completed. This report is to give members the opportunity to comment or raise any queries so these can be discussed with officers.

## 6 Conclusion and Reasons for Recommendations

- 6.1 The statement of accounts has been prepared according the CIPFA code and represents a true and fair view of the council's financial position. The Accounts, Audit and Risk Committee is invited to note the draft statement of accounts and discuss these with officers to get an understanding of the statements.

### Decision Information

Key Decision	N/A
Subject to Call in	N/A
If not, why not subject to call in	N/A
Ward(s) Affected	All

### Document Information

Appendices	
Appendix 1	Draft Statement of Accounts 2024-25
Background Papers	None
Reference Papers	Accounts, Audit and Risk Committee report on 19 March 2025 – Accounting Policies 2024-25
Report Author	Alex Rycroft, Strategic Finance Business Partner
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Corporate Director Approval (unless Corporate Director or Statutory Officer report)	N/A – Statutory officer report