

This report is public Appendix 1 to the report is exempt from publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972	
Support to Subsidiaries	
Committee	Accounts, Audit and Risk Committee
Date of Committee	24 September 2025
Portfolio Holder presenting the report	Deputy Leader and Portfolio Holder for Finance, Property & Regeneration Councillor Lesley McLean
Date Portfolio Holder agreed report	15 September 2025
Report of	Assistant Director of Finance (Section 151 Officer)

Purpose of report

To inform the Committee of the overall level of support provided to the council's subsidiaries and how this is considered as part of the external audit.

1. Recommendations

The Accounts, Audit and Risk Committee resolves:

- 1.1 To note the report and raise any queries on the exempt appendix.

2. Executive Summary

- 2.1 The council has several subsidiaries which are consolidated into its Group Accounts. Each of these subsidiary companies are required to be audited externally and each audit requires a Letter of Support from the council as Parent. The Letter of Support is a document which demonstrates that the Parent will ensure its subsidiaries are able to meet their liabilities and are relied upon by the subsidiary's auditors in determining the Going Concern status of the company. A Going Concern is a company which is financially stable enough to meet its obligations and continue to trade for the foreseeable future.
- 2.2 The council also needs to demonstrate its status as a Going Concern to its external auditors. Having a robust understanding of its financial commitments is crucial in assessing whether the council has the financial security to support itself and its subsidiaries.
- 2.3 The council undertakes an exercise annually to demonstrate that the level of financial support extended to its subsidiaries does not put the council in an adverse financial position.

Implications & Impact Assessments

Cherwell District Council

Implications	Commentary
Finance	There are no financial implications arising directly from this report. Lynsey Parkinson, Strategic Finance Business Partner, 13 Aug 2025
Legal	There are no new legal implications arising directly as a result of this report. Denzil Turbervill, Head of legal (DMO), 15 Sept 2025
Risk Management	There are no new risk management implications to the Council arising directly from this report. In the case of any new risks arising in the future, these will be managed through the service Operational Risk and escalated to the Leadership Risk Register as and when appropriate. Celia Prado-Teeling, Performance and Insight Team Leader, 15 Sept 2025
Equalities Implications	There are no equalities implications arising directly from this report. Celia Prado-Teeling, Performance and Insight Team Leader, 15 Sept 2025

Supporting Information

3. Background

- 3.1 Demonstrating that the council is a Going Concern is increasingly important to the council's external auditors, and auditors across all sectors, due to the economic climate. Those charged with governance are responsible for assessing the council's status as a Going Concern and part of how that is done is by preparing detailed forecasts which reflect potential scenarios and the organisation's plans to deal with them.

4. Details

- 4.1 For the 2024/25 assessment of Going Concern as part of the external audit of the 2024/25 Statement of Accounts, as in previous years, the council will provide a detailed cashflow forecast with assumptions of its own cash in- and outflows. This forecast will then test for sensitivities to expected cash inflows (e.g. 5% reduction in Council Tax collection) and outflows (e.g. a subsidiary requiring financial assistance).
- 4.2 The external auditors are keen to determine what the overall cash position of the council would be if all of the identified risks happened on the same day; could the council manage financially? Section 2 of Appendix 1 details the level of support committed to the council's subsidiaries in their Letters of Support and quantifies, where possible, the level of financial exposure this entails. Each is then assessed for its potential impact on the council's cashflow and the likelihood of the council being called on to step in. The document then details the mitigations and governance arrangements the council has in place to manage the risk.

- 4.3 Section 3 of the Appendix assesses the ability of the council to cope financially with the worst-case scenario which consists of a selection of the identified risks occurring on the day the council is forecasting its lowest cash position. This scenario results in the council being required to borrow in the short term to manage its cashflow, but comfortably within the limits which were set as part of the Capital Strategy approved by Council in February 2025.
- 4.4 The document that is Appendix 1 has now become an integral part of the council's Going Concern assessment and will continue to be regularly updated and brought to this committee as part of the governance and mitigation to which it refers. It is also used to ensure the borrowing boundaries in the Capital Strategy are set appropriately.

5 Alternative Options and Reasons for Rejection

- 5.1 The following alternative options have been identified and rejected for the reasons as set out below.

Option 1: This report is submitted for noting. Members can ask for additional information.

6 Conclusion and Reasons for Recommendations

- 6.1 The information in exempt Appendix 1 summarises the support the council has extended to its subsidiaries. It is important that the Committee is aware of the level of support extended in order to ensure good governance, manage risk and to inform decision making.

Decision Information

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

Document Information

Appendices	
Appendix 1	Exempt – Support to Subsidiaries
Background Papers	None
Reference Papers	None
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Corporate Director Approval (unless Corporate Director or Statutory Officer report)	Report of Section 151 Officer