

<b>This report is a public report</b>	
<b>2025/26 Accounting Policies</b>	
<b>Committee</b>	Accounts, Audit and Risk Committee
<b>Date of Committee</b>	18 March 2026
<b>Portfolio Holder presenting the report</b>	Deputy Leader of the Council and Portfolio Holder for Finance, Property and Regeneration, Councillor Lesley McLean
<b>Date Portfolio Holder agreed report</b>	3 March 2026
<b>Report of</b>	Assistant Director of Finance (S151), Michael Furness

## **Purpose of report**

To ask the Committee to review and approve the Accounting Policies for inclusion in the 2025/26 Statement of Accounts, which are due to be published by 30 June 2026. The council is required to set Accounting Policies each year, setting out the specific principles, bases, conventions, rules and practices applied in preparing and presenting the financial statements.

### **1. Recommendations**

The Accounts, Audit and Risk Committee resolves:

- 1.1 To approve the accounting policies as recommended by the Chief Finance Officer (Appendix 1).

### **2. Executive Summary**

- 2.1 The council is required each year to set Accounting Policies describing the specific principles, bases, conventions, rules and practices applied in preparing the financial statements. These policies explain how the council has interpreted and applied the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting for the financial year.
- 2.2 For 2025/26, the main change to the Accounting Policies relates to the valuation of non-investment operational assets. CIPFA Bulletin 22 (November 2025) provides sector-wide guidance supporting the adoption of a quinquennial (five-year) revaluation cycle, supplemented by annual indexation to ensure that asset values remain materially accurate between full valuations. The Bulletin gives practical advice on selecting appropriate indices, determining when desktop reviews or full valuations are required, and meeting audit expectations.

## Implications & Impact Assessments

Implications	Commentary			
<b>Finance</b>	<p>There are no direct financial implications arising from this report. However, due to the statutory overrides in place and requirement for minimum revenue provision, the change in accounting for leases does not have any impact on the expenditure charged to the general fund. This will however impact on the council's financial statements, with a greater amount of right of use assets and lease liabilities recognised on the balance sheet.</p> <p>Joanne Kaye, Head of Finance, 26 February 2025</p>			
<b>Legal</b>	<p>The accounting policies in this report have been approved by the council's Chief Financial Officer (Assistant Director of Finance). Section 151 of the Local Government Act 1972 requires local authorities to make arrangements for the proper administration of their financial affairs and appoint an officer to have responsibility for those arrangements.</p> <p>Denzil Turbervill, Head of Legal, 12 February 2026</p>			
<b>Risk Management</b>	<p>There are no risk management implications arising directly from this report. The update mitigates the risk of policies becoming not compliant and misaligned with best practices.</p> <p>Celia Prado-Teeling, Performance &amp; Insight Team Leader, 12 February 2026</p>			
Impact Assessments	Positive	Neutral	Negative	Commentary
<b>Equality Impact</b>				
<b>A</b> Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		X		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?		X		Not Applicable
<b>Climate &amp; Environmental Impact</b>				N/A
<b>ICT &amp; Digital Impact</b>				N/A

<b>Data Impact</b>				N/A
<b>Procurement &amp; subsidy</b>				N/A
<b>Council Priorities</b>	N/A			
<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. 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 accounting standards where statute takes precedence over accounting standards.

### 4. Details

4.1 The Accounts, Audit and Risk Committee are required to approve the Accounting Policies for inclusion in the draft statement of accounts. The draft statement of accounts for 2025/26 is required to be published by 30 June 2026. Officers expect to publish to the council's website a draft of the statement of accounts by the end of June 2026 for a period of public consultation.

4.2 The notes to the accounts provide supporting information and additional detail for the main financial statements. Note 1 sets out the council's Accounting Policies (Appendix 1). The council is required to set accounting policies which set out the specific principles, bases, conventions, rules, and practices applied by an authority in preparing and presenting financial statements. The accounting policies describe how the council has interpreted and applied the Code of Practice on Local Authority Accounting.

4.3 The code states that the Chief Finance Officer (at this council that is the Assistant Director of Finance (S151 Officer)) is responsible for selecting 'suitable' accounting policies and ensuring that they are applied consistently in the preparation of the

statement of accounts. The 2025/26 Accounting Policies, as set out in Appendix 1, have been approved by the Chief Finance Officer. All accounting policies have been selected with reference to the Code.

- 4.4 In line with the 2025/26 CIPFA Code of Practice and the guidance issued in CIPFA Bulletin 22, the council has updated its valuation methodology for non-investment operational assets. Bulletin 22 supports a move to a five-year (quinquennial) revaluation programme, with annual indexation applied in intervening years to maintain materially accurate carrying values. The Bulletin provides practical guidance on the selection of indices, the accounting treatment of indexation, and when a desktop review or a full revaluation is required.
- 4.5 The council's Property, Plant and Equipment accounting policy has been updated to reflect these changes. In accordance with CIPFA Bulletin 22, the council will apply appropriate annual indexation to non-investment operational assets in years when a full revaluation is not undertaken, ensuring that carrying values remain materially accurate. Where indexation alone may not provide sufficient assurance, a desktop review or full valuation will be undertaken in line with the guidance provided in the Bulletin. The council will continue to carry out full revaluations on a five-year rolling basis, consistent with the quinquennial approach supported by the 2025/26 Code and Bulletin 22.

## 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:

Reject the proposed Accounting Policies and recommend an alternative approach. This option has been rejected because the updated policies reflect the requirements of the 2025/26 CIPFA Code and the guidance in CIPFA Bulletin 22. Departing from these standards would risk the council preparing accounts that are not compliant with sector-wide accounting requirements and audit expectations.

## 6 Conclusion and Reasons for Recommendations

- 6.1 Accounts, Audit and Risk Committee is invited to review and approve the Accounting Policies for 2025/26 to ensure that the council can prepare and publish the Statement of Accounts for 2025/26 by the statutory deadline of 30 June 2026.

### Decision Information

<b>Key Decision</b>	N/A
<b>Subject to Call in</b>	N/A
<b>If not, why not subject to call in</b>	N/A

<b>Ward(s) Affected</b>	All
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## Document Information

<b>Appendices</b>	
<b>Appendix 1</b>	Accounting Policies 2025/26
<b>Appendix 2</b>	Glossary of Terms
<b>Background Papers</b>	None
<b>Reference Papers</b>	Accounts Audit and Risk Committee report 20 March 2024 - Accounting Policies 2024/25
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<b>Executive Director Approval (unless Executive Director or Statutory Officer report)</b>	N/A – Statutory Officer report