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Committee: **Accounts, Audit and Risk Committee**

Date: **Wednesday 19 March 2025**

Time: **6.30 pm**

Venue: **Bodicote House, Bodicote, Banbury, Oxon OX15 4AA**

Membership

Councillor Alisa Russell (Chairman)	**Councillor David Rogers (Vice-Chairman)**
Councillor Besmira Brasha	Councillor Frank Ideh
Councillor Nicholas Mawer	Councillor Ian Middleton
Councillor Robert Parkinson	Councillor Dom Vaitkus
Independent Person – Harry Lawson (No voting rights)	Independent Person – Sarah Thompson (No voting rights)

AGENDA

1. Apologies for Absence and Notification of Substitute Members

2. Declarations of Interest

Members are asked to declare any interest and the nature of that interest which they may have in any of the items under consideration at this meeting.

3. Petitions and Requests to Address the Meeting

The Chairman to report on any requests to submit petitions or to address the meeting.

4. Minutes (Pages 7 - 12)

To confirm as a correct record the Minutes of the meeting of the Committee held on 15 January 2025.

5. Chairman's Announcements

To receive communications from the Chairman.

6. Urgent Business

The Chairman to advise whether they have agreed to any item of urgent business being admitted to the agenda.

7. Draft Annual Report of the Accounts, Audit and Risk Committee 2024-25 (Pages 13 - 28)

Report of Assistant Director of Finance (Section 151 Officer)

Purpose of report

This report presents the draft annual report of the Accounts, Audit and Risk Committee for the year 2024/25. It has been prepared to enable the committee to demonstrate to Council how it has fulfilled its terms of reference.

Recommendations

The Accounts, Audit and Risk Committee resolves to:

1.1 Review the draft annual report, agree any required amendments to its content, and arrange for it to be finalised in preparation for the Accounts, Audit and Risk Committee Chair's presentation to Council.

8. Internal Audit Work Programme 2025-26 (Pages 29 - 40)

Report of Assistant Director of Finance (Section 151 Officer)

Purpose of report

This report presents the programme of internal audit work to be undertaken in 2025/26.

Recommendations

The Accounts, Audit and Risk Committee resolves to:

1.1 Approve the 2025/26 internal audit work programme.

9. Counter Fraud Progress Report (Pages 41 - 50)

Report of Assistant Director of Finance (Section 151 Officer)

Purpose of report

This report presents an update on counter fraud work undertaken so far in 2024/25.

Recommendations

The Accounts, Audit and Risk Committee resolves to:

1.1 Note the counter fraud progress report.

10. 2025-26 Counter Fraud Plan (Pages 51 - 72)

Report of the Assistant Director of Finance (Section 151 Officer)

Purpose of report

This report presents the programme of internal audit work to be undertaken in 2025/26.

Recommendations

The Accounts, Audit and Risk Committee resolves to:

1.1 Approve the 2025/26 internal audit work programme.

11. Risk Based Verification Policy (Pages 73 - 86)

Report of Assistant Director of Finance (Section 151 Officer)

Purpose of report

To update the Committee with details of the Risk Based Verification (RBV) policy and to seek approval for the reviewed RBV policy for 2025/26

Recommendations

The Accounts, Audit and Risk Committee resolves:

1.1 To note the contents of the report.

1.2 To approve the RBV policy for the financial year 2025/26, as set out at Appendix A to this report.

12. Risk Monitoring Report Q3 2024-25 (Pages 87 - 98)

Report of Assistant Director – Customer Focus

Purpose of report

To update the committee on how well the council is managing its Strategic Risks.

Recommendations

The Accounts, Audit & Risk Committee resolves:

1.1 To note the Risk Monitoring Report for Quarter 3 2024-25.

13. Annual Health and Safety Report 2023-24 (Pages 99 - 112)

Report of Assistant Director of Human Resources

Purpose of report

To provide the Accounts, Audit and Risk Committee with the Council's Health and Safety performance over the 2023-24 year and its plan for the current year.

Recommendations

The Accounts, Audit and Risk Committee resolves:

1.1 To review the content of the report

1.2 To provide feedback if any further detail or additional information is required in future reports which will be submitted quarterly.

14. 2023-24 Final Statement of Accounts (Pages 113 - 330)

Report of Assistant Director of Finance (Section 151 Officer)

Purpose of report

To ask the Committee to note the final 2023/24 Statement of Accounts and the changes that have been made since the draft version which was brought to the Committee at its July 2024 meeting.

Recommendations

The Accounts Audit and Risk Committee resolves to:

1.1 Note the final 2023/24 Statement of Accounts (Appendix 1) and the associated changes between draft and final version.

1.2 Note the final letter of representation for 2023/24 (Appendix 2).

1.3 Note the final Auditor's Annual Report (Appendix 3) and Audit Completion Report (Appendix 4) from the council's external auditors, Bishop Fleming.

15. External Audit Plan 2024/25 (Pages 331 - 352)

Report of Assistant Director of Finance (Section 151 Officer)

Purpose of report

To receive the External Audit Plan for 2024/25 from the Council's external auditors, Bishop Fleming LLP.

Recommendations

The Accounts, Audit and Risk Committee resolves:

1.1 To note the External Audit Plan for 2024/25 (Appendix 1).

16. Accounting Policies 2024-25 (Pages 353 - 382)

Report of Assistant Director of Finance (Section 151 Officer)

Purpose of report

To ask the Committee to review and approve the Accounting Policies for inclusion in the 2024/25 Statement of Accounts which are due to be published by 30 June 2025. 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.

Recommendations

The Accounts, Audit and Risk Committee resolves:

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

17. Treasury Management Report Q3 2024-25 (Pages 383 - 392)

Report of Assistant Director of Finance (Section 151 Officer)

Purpose of report

To provide information on treasury management performance and compliance with treasury management policy for 2024-25 as required by the Treasury Management Code of Practice.

To demonstrate that all treasury management activities undertaken during the reporting period complied with the CIPFA Code of Practice and the council's approved Treasury Management Strategy.

Recommendations

The Accounts, Audit and Risk Committee resolves:

1.1 To note the contents of this Treasury Management Q3 2024/25 report.

Councillors are requested to collect any post from their pigeon hole in the Members Room at the end of the meeting.

Information about this Meeting

Apologies for Absence
Apologies for absence should be notified to democracy@cherwell-dc.gov.uk or 01295 221534 prior to the start of the meeting.

Declarations of Interest
Members are asked to declare interests at item 2 on the agenda or if arriving after the start of the meeting, at the start of the relevant agenda item.

Local Government and Finance Act 1992 – Budget Setting, Contracts & Supplementary Estimates
Members are reminded that any member who is two months in arrears with Council Tax must declare the fact and may speak but not vote on any decision which involves budget setting, extending or agreeing contracts or incurring expenditure not provided for in the agreed budget for a given year and could affect calculations on the level of Council Tax.

Evacuation Procedure
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Mobile Phones
Please ensure that any device is switched to silent operation or switched off.

Webcasting and Broadcasting Notice
The meeting will be recorded by the council for live and/or subsequent broadcast on the council's website. The whole of the meeting will be recorded, except when confidential or exempt items are being considered. The webcast will be retained on the website for 6 months.

If you make a representation to the meeting, you will be deemed by the council to have consented to being recorded. By entering the Council Chamber or joining virtually, you are consenting to being recorded and to the possible use of those images and sound recordings for webcasting and/or training purposes.

The council is obliged, by law, to allow members of the public to take photographs, film, audio-record, and report on proceedings. The council will only seek to prevent this should it be undertaken in a disruptive or otherwise inappropriate manner.

Queries Regarding this Agenda
Please contact Patrick Davis, Democratic and Elections democracy@cherwell-dc.gov.uk, 01295 221534

Shiraz Sheikh
Monitoring Officer

Published on Tuesday 11 March 2025

Cherwell District Council

Accounts, Audit and Risk Committee

Minutes of a meeting of the Accounts, Audit and Risk Committee held at Bodicote House, Bodicote, Banbury, Oxon OX15 4AA, on 15 January 2025 at 7.00 pm

Present:

Councillor Alisa Russell (Chairman)
Councillor David Rogers (Vice-Chairman)
Councillor Frank Ideh
Councillor Ian Middleton
Councillor Rob Parkinson
Councillor Dom Vaitkus
Harry Lawson, Independent Person (no voting rights)
Sarah Thompson, Independent Person (no voting rights)

Apologies for absence:

Councillor Besmira Brasha
Councillor Nicholas Mawer

Also Present:

Councillor Lesley McLean, Deputy Leader and Portfolio Holder for Finance, Regeneration and Property

Also Present Virtually:

Mark Bartlett, External Audit, Bishop Fleming
Craig Sullivan, External Audit, Bishop Fleming
Connor Munro, Internal Audit, Veritau

Officers:

Shiraz Sheikh, Assistant Director Law & Governance and Monitoring Officer
Joanne Kaye, Head of Finance and Deputy Section 151 Officer
Ian Upstone, Waste Resource Manager
Alex Rycroft, Strategic Finance Business Partner
Patrick Davis, Democratic and Elections Officer

Officers Attending Virtually:

Ian Boll, Corporate Director Communities
Claire Cox, Assistant Director Human Resources
Ruth Wooldridge, Health and Safety Manager

58 **Declarations of Interest**

There were no declarations of interest.

59 **Petitions and Requests to Address the Meeting**

There were no petitions or requests to address the meeting.

60 **Minutes**

The Minutes of the meeting of the Committee held on 20 November 2024 were agreed as a correct record and signed by the Chairman.

61 **Chairman's Announcements**

There were no Chairman’s announcements.

62 **Urgent Business**

There were no items of urgent business.

63 **Verbal update on the 2023-24 Statement of Accounts**

Craig Sullivan, Partner and Mark Bartlett, Director at Bishop Fleming, the council’s external auditor, provided the Committee with an update on the Audit Completion Report and the Auditor’s Annual Report.

In response to a question regarding the reclassification of assets between investment assets and property, plant and equipment (PPE), the Committee was advised that PPE was one of the main items that remained to be fully audited.

In response to a question regarding the lack of information in Section 6, Audit Adjustments, the Committee was advised that work was still being undertaken on this element of the audit and the pension liability commitment was still subject to a final valuation.

In response to questions regarding the impact of the disclaimed opinion on the opening balances for 2023/24 due to a disclaimed opinion for the 2022/23 audit, the Committee was advised that the current audit had included work on transactional data and management accounts for the 2023/24 period and this had not led to any concerns that would impact on the opinion provided by Bishop Fleming. The Committee was advised that there would still be a disclaimed opinion due to there not being assurance provided on the opening balances.

Resolved

(1) That the 2023/24 Statement of Accounts verbal update be noted.

64 **External Audit 2023/24 Update**

The Assistant Director of Finance (Section 151 Officer) submitted a report to update the Committee on the status of the audit of the 2023/24 statement of accounts, to note the proposed changes to the draft statement of accounts; to note the draft Letter of Representation; and to seek delegated authority to finalise the accounts with the auditors by the backstop date for the 2023/24 accounts.

In introducing the report, the Portfolio Holder for Finance, Property and Regeneration highlighted the changes that had been made since the final draft accounts had been issued which included changes in value to long term assets and a likely change to come in relation to the recording of the pension fund liability. The Committee was advised that none of the changes impacted on the General Fund balance.

In response to a question regarding the change in valuation of property assets, the Committee was advised that the asset in question was Tramway Industrial Estate.

In response to a question regarding the billing from the previous External Auditors the Committee was advised that Public Sector Audit Appointments would be reviewing the audit fees for the 2022/23 statement of accounts.

Resolved

(1) That the proposed changes between the draft and final statement of accounts for 2023/24 be noted.

(2) That the draft Letter of Representation for 2023/24 (annex to the Minutes as set out in the Minute Book) be noted.

(3) That once the final audit opinion for 2023/24 was received, the Assistant Director Finance (S151 Officer), in consultation with the Chair of the Accounts, Audit and Risk Committee (or Vice Chair in their absence), be authorised to make any further changes to the accounts agreed with the auditors and sign the accounts and it be noted that any further changes would be brought to the Committee’s attention at its next meeting following the signing.

(4) That the Assistant Director of Finance (S151 Officer), in consultation with the Chair of the Committee (or Vice Chair in their absence), be authorised to make any further changes to the letter of representation agreed with the auditors that may arise during completion of the audit and it be noted that any further changes would be brought to the Committee’s attention at its next meeting following the signing.

65 **Annual Governance Statement 2023-2024 – Update on Actions**

The Assistant Director of Law and Governance and Monitoring Officer submitted a report to consider an update on actions from the Annual Governance Statement (AGS) 2023/2024.

In introducing the report, the Assistant Director of Law and Governance and Monitoring Officer advised the Committee that the Annual Governance Statement was a document that explained the processes and procedures that were in place to enable the Council to carry out its functions and also to ensure that it complied with the Governance Code and relevant legislation.

In response to a question regarding the implementation of kerbside glass recycling the Committee was advised that the Council was required to implement this initiative by April 2026. The Council was expected to receive its first Extended Produce Responsibility (EPR) payment from DEFRA in 2025/26.

Resolved

(1) That the update on the actions arising from the Annual Governance Statement 2023/2024 be noted.

66 **Local Code of Corporate Governance**

The Assistant Director of Law and Governance and Monitoring Officer submitted a report to review the Local Code of Corporate Governance. The code was part of the overall system of internal control at the Council and supported the provision of the Annual Governance Statement (AGS) which was approved annually by the Accounts, Audit and Risk Committee.

In introducing the report, the Assistant Director of Law and Governance and Monitoring Officer advised the Committee that although it was not a legal requirement, the implementation of the Local Code of Corporate Governance was viewed as best practice for local authorities and was based on the CIPFA / Solace Framework for Corporate Governance in Local Government. The Committee was informed that the Local Code of Corporate Governance was reviewed annually.

Resolved

(1) That the Council's Local Code of Corporate Governance be approved.

67 **Capital and Investment Strategy and Draft Treasury Management Strategy 2024/25**

The Assistant Director of Finance (Section 151 Officer) submitted a report to update the Committee on the draft Capital and Investment Strategy and Treasury Management Strategy for 2025-26.

In introducing the report the Portfolio Holder for Finance, Property and Regeneration advised the Committee that the Strategies set the limits that the Council must work within. They were reviewed annually as part of the budget setting process and submitted to the Committee for review, comment and recommendation to the Executive.

In response to a question from the Committee regarding the reduction of the operational boundary from £290M to £200M, within the Capital and Investment Strategy, the Head of Finance advised that this was now calculated using a risk-based approach rather than a worst case basis which was viewed as a more realistic approach to these parameters.

Further questions were raised regarding the Capital Programme budgets for the "Quality Housing and Place Making" and "Running the Business" corporate priorities. The Head of Finance undertook to provide more information to the Committee.

Resolved

(1) That the draft Capital and Investment Strategy for 2025-26 and draft Treasury Management Strategy for 2025-26 be recommended to Executive.

68 **Internal Audit Progress Update 2024/25**

The Assistant Director of Finance (Section 151 Officer) submitted a report which provided the Committee with an update on the delivery of the internal audit work programme for 2024/25.

In introducing the report, Connor Munro, Assistant Director – Audit Assurances at Veritau explained that the report was intended to provide the Committee with assurances that Veritau were on track to deliver the internal audit work programme for the current year, to provide outcomes on finalised audits and an overview on the full activity that had been undertaken during the year. Since the last report to the Committee the procurement compliance and corporate health and safety engagements had been completed.

In response to a question regarding the effectiveness of the controls that were currently in place particularly relating to procurement compliance, the Committee was advised that it was too early in the audit to come to a conclusion but the Corporate Leadership Team were taking this issue seriously and appropriate actions had been agreed.

In response to a question regarding the Merton College planning application appeal, the Committee was advised the internal audit had concentrated on the events that led to the appeal along with performance management within the planning service.

In response to a question regarding the nine agreed actions that were overdue, further information would be circulated to the Committee.

Resolved

(1) That the progress made in delivering the 2024/25 internal audit work programme be noted.

69 **Work Programme**

The Head of Finance provided an update on the Committee's work programme.

Resolved

(1) That the work programme update be noted.

The meeting ended at 8.20 pm

Chairman:

Date:

This report is public.	
Draft Annual Report of the Accounts, Audit and Risk Committee 2024/25	
Committee	Accounts, Audit and Risk Committee
Date of Committee	19 March 2025
Portfolio Holder presenting the report	Deputy Leader and Portfolio Holder for Finance, Property & Regeneration Councillor Lesley McLean
Date Portfolio Holder agreed report	7 March 2025
Report of	Assistant Director of Finance, (Section 151 Officer)

Purpose of report

This report presents the draft annual report of the Accounts, Audit and Risk Committee for the year 2024/25. It has been prepared to enable the committee to demonstrate to Council how it has fulfilled its terms of reference.

1. Recommendations

The Accounts, Audit and Risk Committee resolves to:

1.1 Review the draft annual report, agree any required amendments to its content, and arrange for it to be finalised in preparation for the Accounts, Audit and Risk Committee Chair's presentation to Council.

2. Executive Summary

2.1 Per the constitution, the Accounts, Audit and Risk Committee (AARC) is a key component of Cherwell District Council's corporate governance framework.

2.2 Its purpose is to provide an independent and high-level focus on the adequacy of the risk management framework, the internal control environment, the integrity of financial reporting, and governance processes. By overseeing internal and external audit, it makes an important contribution to ensuring the effective assurance arrangements are in place.

2.4 AARC is expected to fulfil a number of responsibilities in connection with this purpose. Broadly, these are across the areas of governance, risk, and control, internal audit, external audit, financial reporting, and treasury management. It is also specifically required, under accountability responsibilities, to publish an annual report on its work, including a conclusion on the compliance with the CIPFA guidance. This guidance is taken to mean CIPFA's position statement on audit committees in local authorities (2022 edition) and the accompanying 'Audit committee: practical guidance for local authorities and police' (2022 edition).

2.5 This report has been prepared to allow the committee to demonstrate to Council that it has achieved its purpose by fulfilling its delegated functions during 2024/25,

and that its work aligns with the principles in CIPFA's position statement (and accompanying guidance).

2.6 It is for members of AARC to determine and agree that the report provides a complete and accurate representation of its work during 2024/25 before it is presented to Council. In making this determination, members of AARC are advised to revisit CIPFA's position statement, accompanying guidance, and the committee's terms of reference.

Implications & Impact Assessments

Implications	**Commentary**			
Finance	There are no financial implications arising directly from this report. Michael Furness, Assistant Director of Finance, 6 March 2025			
Legal	There are no legal implications arising directly from this report. Shiraz Sheikh, Assistant Director of Law, Governance and Monitoring Officer, 6 March 2025			
Risk Management	There are no risk implications arising directly from this report. Celia Prado-Teeling, Performance Team Leader, 26 February 2025			
Impact Assessments	Positive	Neutral	Negative	Commentary
Equality Impact				N/A
A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		X		N/A
B Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		X		N/A
Climate & Environmental Impact		X		N/A
ICT & Digital Impact		X		N/A
Data Impact		X		N/A

Procurement & subsidy		X		N/A
Council Priorities	This report relates to the council's 'continuous improvement' delivery theme which supports the priorities set out in the 2024/25 business plan. The Accounts, Audit and Risk Committee fulfils a vital role in overseeing, and obtaining assurances, on the continued effectiveness of the council's governance arrangements.			
Human Resources	N/A			
Property	N/A			
Consultation & Engagement	No consultation has been required in the preparation of this report.			

Supporting Information

3. Background

3.1 Under the constitution, Council has delegated a number of functions to its sub-committees. The AARC is one such committee, and it has a key role to play in Cherwell District Council's governance framework. Council specifically requires an annual report to be presented to it in order to gain the assurance it needs that the committee has fulfilled this role.

3.2 CIPFA's 2022 position statement on audit committees in local authorities sets out the purpose of an audit committee, the importance of its independence from executive decision making, its core functions, its membership (including attributes and characteristics), its engagement with key stakeholders, and its influence and impact.

3.3 CIPFA's 2022 audit committee practical guidance expands upon the position statement, giving both officers and committee members more information on how to interpret and apply the requirements of the position statement.

3.4 The position statement strongly encourages audit committees to support transparency by reporting regularly on their work to those charged with governance.

3.5 2024/25 has represented a period of significant change for the committee. New appointments were made to AARC following the local elections in May 2024, and there has been a change in chairmanship during the year. This report aims to capture the work of the committee during 2024/25 and so demonstrate that it continues to fulfil its terms of reference, and to meet the principles and practice expected of it per CIPFA's position statement.

4. Details

4.1 The detail of this report is included in appendix 1 – Draft Annual Report of the Accounts, Audit and Risk Committee 2024/25

5. Alternative Options and Reasons for Rejection

5.1 The nature of this report is such that alternative options are not appropriate. To discharge its functions under the terms of reference for AARC, and to demonstrate conformance with CIPFA's requirements, the committee must prepare an annual report for presentation to Council.

6 Conclusion and Reasons for Recommendations

6.1 This report has been prepared so that the committee can agree its draft annual report for 2024/25 before it is presented to Council. The recommendation in the report has been made to encourage all committee members to participate in the production of AARC's annual report, ensuring that it is a complete and accurate record of the work it has undertaken during the year.

Decision Information

Key Decision	N/A
Subject to Call in	No
If not, why not subject to call in	N/A
Ward(s) Affected	All

Document Information

Appendices	
Appendix 1	Draft Annual Report of the Accounts, Audit and Risk Committee 2024/25
Background Papers	None
Reference Papers	None
Report Author	Connor Munro, Assistant Director – Audit Assurance (Veritau)
Report Author contact details	Connor.Munro@veritau.co.uk 01904 553512

Corporate Director Approval (unless Corporate Director or Statutory Officer report)	Assistant Director of Finance (Section 151 Officer), 7 March 2025

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Accounts, Audit and Risk Committee Annual Report

Report of the work of the Accounts, Audit and Risk Committee during 2024/25

APPENDIX 1

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Chairman's introduction

As the Chair, I am very pleased to present this annual report which sets out the role of the Accounts, Audit and Risk Committee and summarises the work we have undertaken during the financial year 2024/25.

The committee is a key component of the council's governance framework. It provides independent oversight and receives the necessary assurances that the council continues to practice good governance and exhibits strong public financial management.

I have only been a serving member of this committee since May 2024, and its Chair even more recently when I was appointed to the role in November 2024. However, during my tenure so far, I have observed that the committee is well supported by officers, who consistently provide a high standard of reports and presentations. I would like to place on record my thanks to the finance team, governance officers, the risk and performance team, and to our internal and external auditors, for their input and contribution to the work of the committee.

I would also like to take this opportunity to give my personal thanks to all fellow committee members who have contributed and supported the work of the committee in such a meaningful and positive way over the past year.

COUNCILLOR ALISA RUSSELL

Chair – Accounts, Audit and Risk Committee

The role of the Accounts, Audit and Risk Committee

The Accounts, Audit and Risk Committee has adopted the Chartered Institute of Public Finance and Accountancy's (CIPFA) "Position Statement: Audit Committees in Local Authorities and Police 2022". It also operates in accordance with CIPFA's "Audit Committees, Practical Guidance for Local Authorities" (2022 edition). CIPFA's position statement defines the purpose of local authority audit committees as follows:

> *"Audit committees are a key component of an authority's governance framework. Their purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. The committee's role in ensuring that there is sufficient assurance over governance risk and control gives greater confidence to all those charged with governance that those arrangements are effective.*
>
> *In a local authority the full council is the body charged with governance. The audit committee may be delegated some governance responsibilities but will be accountable to full council.*
>
> *The committee has oversight of both internal and external audit together with the financial and governance reports, helping to ensure that there are adequate arrangements in place for both internal challenge and public accountability."*

The key functions of the Account's Audit and Risk Committee are set out in its terms of reference, which form part of the council's constitution.

APPENDIX 1

How the committee has discharged its responsibilities during 2024/25 (overview)

Core functions	May 2024	July 2024	September 2024	November 2024	January 2025	March 2025
Governance, risk, and control						
Annual governance statement 2023/24						
Whistleblowing policy						
Counter fraud work programme 2024/25 (Veritau)						
Risk monitoring report – end of year 2023/24						
Support to subsidiaries						
Risk monitoring report – Q1 2024/25						
Monitoring Officer report, inc. LGSCO ombudsman annual report						
Counter fraud progress report						
Counter fraud policy update report						
Risk monitoring report – Q2 2024/25						
Housing management performance						
Local Code of Corporate Governance						
Counter fraud progress report						
Counter fraud work programme 2025/26						
Risk monitoring report – Q3 2024/25						
Housing Benefit Risk Based Verification Policy						
Internal audit						
Annual report of the Chief Internal Auditor 2023/24 (OCC)						
Internal audit work programme 2024/25, inc. charter (Veritau)						
Internal audit progress report						
Internal audit progress report						
Internal audit work programme 2025/26						

APPENDIX 1

External audit						
Audit completion certificates 2020/21 and 2021/22 (EY)						
External audit plan 2023/24 (Bishop Fleming)						
External audit update 2022/23 (EY)						
External audit update 2023/24						
External audit update 2022/23						
External audit update 2023/24						
Financial reporting						
Housing benefit subsidy audit 2020/21						
Draft statement of accounts 2023/24						
Final statement of accounts 2022/23						
Financial Management Code – forecast self-assessment update						
Update on the 2023/24 statement of accounts						
Final statement of accounts 2023/24						
Accounting policies 2024/25						
Accountability arrangements						
Accounts, Audit and Risk Committee annual report 2024/25						
Treasury management						
Treasury management annual performance report 2023/24						
Treasury management report – Q1 2024/25						
Treasury management report – mid-year review 2024/25						
Capital and Investment Strategy and Draft Treasury Management Strategy						
Treasury management report – Q3 2024/25						

Key activities in 2024/25

The committee is considered to have effectively discharged its responsibilities for 2024/25, as set out in its terms of reference. It has also performed the core functions described in CIPFA's position statement and adopted its principles and expected practices (as well as those contained in CIPFA's accompanying guidance).

The key activities of the committee are summarised below, aligned to the functional responsibilities in its terms of reference.

Governance, risk, and control

In May 2024, the committee approved the 2023/24 annual governance statement (AGS) for inclusion in the council's final statement of accounts. It also received an update against 2023/24 AGS actions in January 2025.

In November 2024, the committee received a forecast self-assessment against the CIPFA Financial Management Code. This provided reassurance that the council was practicing robust financial management, and had effective arrangements for securing value for money, ahead of budget setting for 2025/26. At its following meeting, in January 2025, the committee approved an updated version of the council's Local Code of Corporate Governance.

The Committee received quarterly updates on risk management via risk monitoring reports. This saw the committee approve the council's risk management strategy in July 2024, with the leadership risk register presented in September and November 2024, and again in March 2025.

Counter fraud services were transferred from Oxfordshire County Council to Veritau Public Sector Limited at the beginning of 2024/25. This transfer was successfully overseen by the committee. The committee approved the 2024/25 counter fraud work programme in July 2024 and received progress reports (detailing proactive and reactive work undertaken by the service) in September 2024 and January 2025. The 2025/26 work programme was approved by the committee at its 19 March 2025 meeting. In addition, the committee has approved key documents which form part of the council's counter fraud framework. This included the whistleblowing policy (May 2024) and the counter fraud and corruption and anti-money laundering policies (November 2024).

In July and September 2024, the committee received reports from the Monitoring Officer informing it of the level of support the council provides to its subsidiaries and of matters relating to standards and corporate complaints.

Internal Audit

At the beginning of 2024/25 the committee successfully oversaw the transfer of internal audit services from Oxfordshire County Council to Veritau Public Sector Limited. This saw the committee, at its 29 May 2024 meeting, both endorse the outgoing Chief Internal Auditor's annual report for 2023/24 and approve the internal audit work programme for 2024/25, prepared by Veritau. The committee approved the council's new internal audit charter at this same meeting.

Since then, the committee has received regular progress reports from the Assistant Director – Audit Assurance (Head of Internal Audit) (Veritau). These reports provided an overview of programme delivery, summarised the outcomes from internal audit engagements, and

presented the results of follow-up activity (i.e. work done to confirm that actions agreed with management have been completed).

The committee has continued to review material weaknesses identified from internal audit engagements, and to provide appropriate challenge on outcomes. Officers have also attended committee to provide assurance on how more significant issues were being addressed. This has supported the implementation of the actions plans to deliver required improvements.

The annual opinion is the most important outcome from internal audit. This is internal audit's independent view on the strength of the council's framework of risk management, governance, and internal control and should be used in preparing the council's annual governance statement. The opinion is presented as part of internal audit's annual report at the beginning of the financial year and relates to work performed in the previous financial year. As mentioned earlier, the committee received this report for 2023/24 at its 29 May 2024 meeting. An opinion of satisfactory assurance was reached by the council's outgoing internal audit provider. The same report provided the committee with reassurance that internal audit work had been performed in conformance with professional standards, as demonstrated by the external quality assessment outcome.

The committee also met with the Assistant Director – Audit Assurance (Head of Internal Audit) (Veritau) in private session in January 2025 and satisfied itself that the council's internal audit service is free to carry out its duties without undue restriction.

External Audit

The council appointed Bishop Fleming as its auditors for the 2023/24 audit, with the committee receiving the audit plan at its May 2024 meeting. At this same meeting, the committee received the audit completion certificates for the financial years 2020/21 and 2021/22 from its outgoing external audit provider, EY. Updates were also provided on the 2022/23 audit in September and November 2024, before the final statement of accounts was presented to the committee in November 2024. Updates against the 2023/24 audit were presented to the committee by Bishop Fleming in September 2024 and January 2025, before the final statement of accounts was presented in March 2025.

The committee met with its external auditors in private session, in January 2025. The committee is satisfied that external audit is free to carry out their duties without undue restriction. The committee is also assured that, if identified, the council's external auditors would bring any material issues to the attention of the committee.

Financial Reporting

In addition to matters of financial reporting presented to the committee in connection with the work of external audit, the committee has also received and reviewed the final statement of accounts for 2022/23 and the draft and final statements for 2023/24 (including the audit completion report and annual report prepared in relation to these accounts).

The committee considered the 2022/23 final statement of accounts in November 2024, having received progress updates during the year to this point. The 2023/24 draft statement of accounts was presented to the committee in July 2024, with the final accounts then presented in March 2025.

In March 2025, the committee also reviewed and approved the council's accounting policies to be included in the 2024/25 statement of accounts.

Accountability arrangements

The committee prepared an annual report demonstrating how it has fulfilled its terms of reference and conformed with CIPFA's position statement during 2024/25. The report was considered and approved at its 19 March 2025 meeting.

CIPFA recommends that the committee undertakes a regular self-assessment exercise against the position statement. The committee last completed a self-assessment in February 2023. This concluded that the committee demonstrated a high degree of conformance with CIPFA's expected and good practice principles, and that it had been discharging its responsibilities effectively. The self-assessment was not repeated during 2024/25 due to the significant change in membership following the May 2024 elections and changes in chairmanship during the year. The committee intends to undertake a self-assessment during the 2025/26 financial year.

Treasury management

The committee have provided effective scrutiny of the treasury management strategy and policies through receiving regular reports of activity, reviewing the treasury risk profile and adequacy of treasury risk management. The council's external treasury advisers delivered training to members of the committee during the year to enable it to effectively fulfil its scrutiny role.

The committee received a report on the council's treasury management performance for 2023/24 at its 29 May 2024 meeting. It then received quarterly updates on treasury management performance in 2024/25 over the remainder of the year, and, in January 2025, recommended that both the capital and investment strategy and the draft treasury management strategy for 2025/26 be approved by Executive.

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This report is public.	
Internal Audit Work Programme 2025/26	
Committee	Accounts, Audit and Risk Committee
Date of Committee	19 March 2025
Portfolio Holder presenting the report	Deputy Leader and Portfolio Holder for Finance, Property & Regeneration Councillor Lesley McLean
Date Portfolio Holder agreed report	7 March 2025
Report of	Assistant Director of Finance, (S151 Officer)

Purpose of report

This report presents the programme of internal audit work to be undertaken in 2025/26.

1. Recommendations

The Accounts, Audit and Risk Committee resolves to:

1.1 Approve the 2025/26 internal audit work programme.

2. Executive Summary

2.1 The council's internal audit service must comply with the Public Sector Internal Audit Standards ('the standards'), and the council's own internal audit charter.

2.2 The standards and charter require that the Head of Internal Audit gives an annual opinion on the adequacy and effectiveness of the council's framework of governance, risk management, and control. The basis for the opinion is the programme of work that internal audit carries out.

2.3 A risk-based audit work programme is drawn up at the start of each year, setting out proposed priorities for audit work over the coming twelve months.

2.4 The work programme is required to be approved by this committee as part of its responsibility for overseeing the work of internal audit. This report seeks approval for the programme of internal audit work for 2025/26 (contained in appendix 1).

Implications & Impact Assessments

Implications	Commentary
Finance	The are no financial implications arising directly from this report. The Internal Audits are expected to be completed with the budget available to the Council. Michael Furness, Assistant Director of Finance, 6 March 2025

Legal	The are no legal implications arising directly from this report. Shiraz Sheikh, Assistant Director of Law, Governance and Monitoring Officer, 6 March 2025			
Risk Management	The council's internal audit service will not meet the requirements of the Public Sector Internal Audit Standards if the internal audit charter and work programme are not approved by the committee. This could result in external scrutiny and challenge; this report's approval will mitigate that risk. Celia Prado-Teeling, Performance & Insight Team Leader, 26 February 2025			
Impact Assessments	Positive	Neutral	Negative	Commentary
Equality Impact				N/A
A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		X		N/A
B Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		X		N/A
Climate & Environmental Impact		X		N/A
ICT & Digital Impact		X		N/A
Data Impact		X		N/A
Procurement & subsidy		X		N/A
Council Priorities	This report cuts across a number of the council's priorities as expressed in its new internal perspectives strategy. The contribution that the council's internal audit service makes is to provide independent, risk-based, assurance, advice, and insight relating to the council's systems of governance, risk management, and internal control.			
Human Resources	N/A			
Property	N/A			

Consultation & Engagement	In preparing the internal audit work programme, consultation takes place with key officers and, through presentation of this report, with members of the Accounts, Audit and Risk Committee.

Supporting Information

3. Background

3.1 Cherwell District Council's internal audit service is delivered by Veritau Public Sector Limited. The mandate for internal audit comes from the Accounts and Audit Regulations 2015 which require local authorities to undertake effective internal audit to evaluate effectiveness of its risk management, control, and governance processes. This evaluation culminates in the delivery of an annual opinion which is based on work performed during the financial year.

3.2 Internal audit plays an important role in the council's corporate governance framework. In order to maximise the value and contribution of the service it is essential that it is properly planned, coordinated and resourced.

3.3 This report provides the committee with the information it needs to understand priorities for the council's internal audit service in 2025/26.

4. Details

4.1 The internal audit programme in appendix 1 outlines priorities for work in 2025/26. It includes planned areas of audit coverage and is based on a risk assessment undertaken by Veritau. The work programme has also been informed by discussions with senior officers, and through review of risk management arrangements and plans for development and change within the council.

4.2 The internal audit work programme is a flexible working document and so is continuously revisited throughout the year. It may be updated to ensure it remains aligned with current risks and priorities.

4.3 Total planned internal audit days for 2025/26 are 200. Eight internal audit engagements are included in the work programme. This is considered sufficient for the Head of Internal Audit to deliver their annual opinion.

5. Alternative Options and Reasons for Rejection

5.1 The nature of this report is such that alternative options are not appropriate. To discharge functions under the terms of reference for the Accounts, Audit and Risk Committee, it is required to approve the internal audit plan (work programme).

6 Conclusion and Reasons for Recommendations

6.1 The Accounts, Audit and Risk Committee is recommended to approve the internal audit work programme for 2025/26. This is so that it can fulfil its responsibility for

overseeing the work of internal audit. This responsibility is defined in the committee's terms of reference. Approval of the work programme at this meeting will allow for the timely deployment of internal audit resource to deliver the work programme.

Decision Information

Key Decision	N/A
Subject to Call in	No
If not, why not subject to call in	N/A
Ward(s) Affected	All

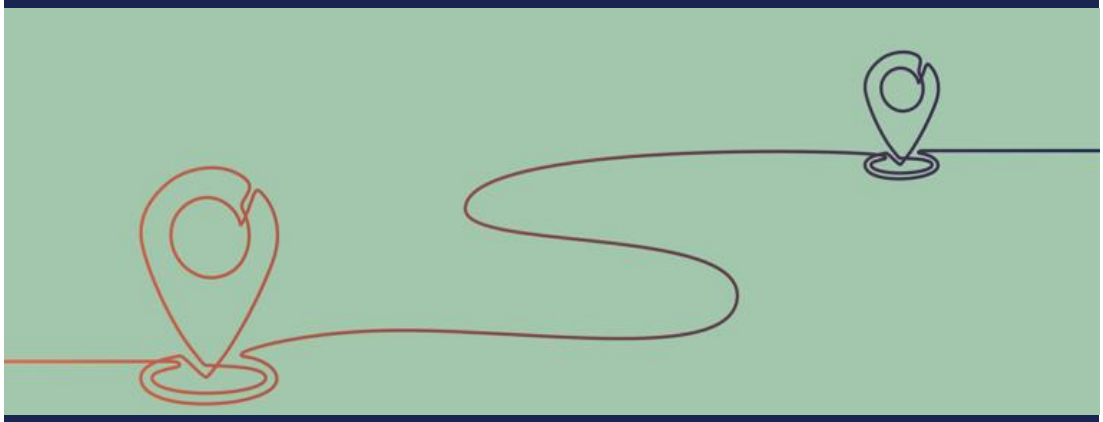
Document Information

Appendices	
Appendix 1	Internal Audit Work Programme 2025/26
Background Papers	None
Reference Papers	None
Report Author	Connor Munro, Assistant Director – Audit Assurance (Veritau)
Report Author contact details	Connor.Munro@veritau.co.uk 01904 553512
Corporate Director Approval (unless Corporate Director or Statutory Officer report)	Assistant Director of Finance (Section 151 Officer), 7 March 2025

APPENDIX 1

Cherwell DISTRICT COUNCIL NORTH OXFORDSHIRE

Internal Audit Work Programme 2025/26



Veritau
Assurance for the public sector

CONTENTS

3 Introduction

3 Strategic context

5 Programme principles: development & delivery

6 2025/26 internal audit work programme

8 Annex A: internal audit work programme 2025/26

Introduction

1 This report sets out the proposed 2025/26 programme of internal audit work for Cherwell District Council.

2 The work of internal audit is governed by the Public Sector Internal Audit Standards (PSIAS) and the council's audit charter[1]. To comply with professional standards and the charter, internal audit work must be risk based and take into account the requirement to produce an evidence-based annual internal audit opinion. Accordingly, planned work should be reviewed and adjusted in response to changes in the business, risks, operations, programmes, systems and internal controls.

3 Specifically, the PSIAS require that the Head of Internal Audit *"must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals. The risk-based plan must take into account the requirement to produce an annual internal audit opinion."*

4 The Head of Internal Audit's annual opinion is formed following an independent and objective assessment of the effectiveness of the framework of risk management, governance and internal control. Our planned audit work includes coverage of all three areas to develop a wider understanding of the assurance framework of the council, and to produce a body of work which allows us to provide our opinion.

5 Responsibility for effective risk management, governance and internal control arrangements remains with the council. The Head of Internal Audit cannot be expected to prevent or detect all weaknesses or failures in internal control nor can internal audit work cover all areas of risk across the organisation.

Strategic context

6 In February 2025, the council's new five-year corporate plan was approved. The plan is centred around four strategic priorities of economic prosperity, community leadership, environmental stewardship, and quality housing and place making. Each priority is, in turn, made up of two goals with aims articulated for these. This is all designed to help Cherwell District Council achieve its vision to be a modern council that inspires and enables positive, lasting change.

[1]From 1 April 2025 the PSIAS will be replaced by the Global Internal Audit Standards (GIAS) and the Application Note: Global Internal Audit Standards in the UK Public Sector. Together, these are referred to as the GIAS (UK public sector) and will represent the new standards regime to be followed. Our next report to the Accounts, Audit and Risk Committee will include an updated internal audit charter which is aligned to the GIAS (UK public sector). The GIAS (UK public sector) make no substantive changes to the approach to strategic planning and so the flexible, risk-based approach in use at the council remains appropriate.

7 Working in concert with the outcome-focused corporate plan, another key document is the internal perspectives strategy. This sets out additional priorities, goals and aims, as well as related KPIs, which are intended to guide how the council operates in delivering its corporate plan. Collaborative working underpins the council's approach to delivery.

8 The council is feeling the impact of over a decade of real-terms reductions in central government funding. However, prudent financial management has meant that it remains on a stable financial footing for 2025/26. The council is requiring a relatively modest level of savings (£1.4m) in 2025/26[2].

9 Despite the relative health of the council's finances in the context of the wider sector, assumptions made in the medium-term financial strategy project that the council will move into a deficit position from 2026/27, with this continuing up to 2029/30, and totalling £16m over the five-year period.

10 The council has planned to adopt three main approaches to tackling the projected funding gap over this period. The first approach is service transformation. The council continues to work with external consultants to explore options for transformative change in service delivery. The council will likely see the effect of this work in future budgets, with the projected sum total of savings expected to be £5.6m by 2029/30. More granular work on service levels and priorities has the potential yield a further £6.5m, with the remainder to be covered by the issuing of further savings targets.

11 Returning to the council's strategic priorities, it's clear that the financial position over the medium term will present real challenges to delivery of these. Emphasis is placed in the corporate plan on supporting and empowering communities to become more resilient and on tackling inequalities and sustainability issues. Services will have to be shaped to help deliver on this, and key capital investment made to facilitate the council's ambitions.

12 Cherwell District Council is an ambitious organisation. Maintaining effective operational arrangements remains an essential building block in achieving these ambitions. Internal audit contributes to overall objectives by helping to ensure that systems of governance, risk management and control that underpin operational arrangements are robust. To maximise the value of internal audit, it is vital that we provide assurance in the right areas at the right time. We have designed the processes for developing the internal audit work programme, and refining it through the year, to do that.

[2] Budget 2025/26 and Medium Term Financial Strategy (Budget Council, 24 February 2025)

Programme principles: development & delivery

13 Flexible work programming and a risk-based approach to prioritising internal audit work are important principles for delivery of Cherwell District Council's 2025/26 internal audit work programme.

14 Audit priorities are determined at the start of the year but are continuously revisited to ensure that planned work provides maximum value from available internal audit resource. This could mean that the work programme changes during the year as risks and priorities change.

15 Veritau uses what is known as the 'opinion framework' to identify, prioritise, and organise delivery of internal audit work. The opinion framework is comprised of three parts.

16 The main component of the framework is a definition of 11 key assurance areas. These represent areas of internal control that we believe to be essential to the proper functioning of the council. Systems and controls in each area need to be operating effectively to maximise the likelihood that the council's objectives are achieved without undue exposure to risk. The 11 key assurance areas are shown in figure 1 below.

Figure 1: 11 key assurance areas.



17 Overlaid on the key assurance areas are two further components of the framework:

- Organisational risks (identified from the leadership risk register)

- Organisational objectives (identified from the corporate plan, business plan, and other key strategies)

18 When identifying internal audit priorities, we apply the framework to determine whether planned work will, when taken as a whole, provide sufficient coverage to provide an informed annual opinion.

19 Pieces of work in the programme are individually prioritised. Decisions on delivery priorities will be based on judgement, and will consider several prioritisation factors. For example, where controls are changing or risks are increasing, where work provides broader assurance or an area is of particular importance to the council, where we have no recent sources of assurance, and where there are time pressures linked to the work or specific scheduling requirements.

20 Decisions on internal audit priorities will be made in consultation with the council through our ongoing dialogue with senior officers. The committee will be provided with information on current internal audit priorities throughout the year as part of regular progress reporting.

2025/26 Internal audit work programme

21 The proposed internal audit work programme for 2025/26 is included in annex A.

22 The overall level of service is based on an indicative number of days, for planning purposes (200 for 2025/26). The proposed areas of coverage in the 2025/26 work programme have been subject to consultation with directors and other senior officers from across the organisation.

23 Internal audit activity is organised into several functional programme areas. These areas are set out in table 1 below.

Table 1: Work programme functional areas.

Programme area	Purpose
Strategic / corporate & cross cutting	To provide assurance on areas which, by virtue of their importance to good governance and stewardship, are fundamental to the ongoing success of the council.
Technical / projects	To provide assurance on those areas of a technical nature and where project management is involved. These areas are key to the council as the risks involved could detrimentally affect the delivery of services.
Financial systems	To provide assurance on the key areas of financial risk. This helps provide assurance to the council that risks of loss or error are minimised.
Service areas	To provide assurance on key systems and processes within individual service areas. These areas face risks

	which are individually significant but which could also have the potential to impact more widely on the operations or reputation of the council if they were to materialise.
▲ **Other assurance work**	An allocation of time to allow for continuous audit planning and information gathering, unexpected work, grant certifications, and the follow up of work we have already carried out (ensuring that agreed actions have been implemented by management).
▲ **Client support, advice & liaison**	Work we carry out to support the council in its functions. This includes the time spent providing support and advice, and liaising with staff.

24 The programme presented in annex A to this report aims to strike a balance between functional areas, ensuring that areas of strategic importance are covered but also that there is sufficient breadth of coverage across the council's key systems and its service areas.

25 The programme includes two ICT audits in recognition of the threat that cybersecurity incidents and poor asset management arrangements pose to the council's data, systems integrity, and operational resilience.

ANNEX A: internal audit work programme 2025/26

Programme area	Internal audit activity
Strategic / corporate & cross cutting	▲ Local authority trading company governance ▲ Procurement Act: compliance assessment
Technical / projects	▲ Cybersecurity: user awareness and training ▲ ICT asset management
Service areas	▲ Utilities management ▲ Section 106 agreements ▲ Licensing
Financial systems	▲ Treasury management
Other assurance work	▲ Follow-up of previously agreed management actions ▲ Grant certifications ▲ Continuous audit planning and additional assurance gathering to help support our opinion on the framework of risk management, governance and internal control ▲ Attendance at, and contribution to, governance- and assurance-related working groups
Client support, advice & liaison	▲ Committee preparation and attendance ▲ Key stakeholder liaison ▲ Support and advice on control, governance, and risk related issues

This report is public	
Counter Fraud Progress Report	
Committee	Accounts, Audit and Risk Committee
Date of Committee	19 March 2025
Portfolio Holder presenting the report	Deputy Leader and Portfolio Holder for Finance, Property & Regeneration Councillor Lesley McLean
Date Portfolio Holder agreed report	07 March 2025
Report of	Assistant Director of Finance, (S151 Officer)

Purpose of report

This report presents an update on counter fraud work undertaken so far in 2024/25.

1. Recommendations

The Accounts, Audit and Risk Committee resolves to:

1.1 Note the counter fraud progress report.

2. Executive Summary

2.1 The council's counter fraud service is delivered by Veritau. The counter fraud progress report for 2024/25 (contained in appendix 1) should be noted by this committee as part of its responsibility for monitoring the counter fraud strategy, actions and resources.

Implications & Impact Assessments

Implications	Commentary
Finance	The are no financial implications arising directly from this report Michael Furness, Assistant Director of Finance, 6 March 2025
Legal	The progress report indicates a number of instances of fraud which were identified and are under investigation. The recommendations of this report are to note the progress of the report, and as such there are no legal implications arising from this report. Denzil – John Turbervill, Head of Legal Services. 05.03.2025
Risk Management	There are no risk implications rising directly from this report. Celia Prado-Teeling, Performance Team Leader, 05 March 2025

Impact Assessments	Positive	Neutral	Negative	Commentary
Equality Impact				N/A
A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		X		
B Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		X		
Climate & Environmental Impact		X		
ICT & Digital Impact		X		
Data Impact		X		
Procurement & subsidy		X		
Council Priorities	This report supports the priorities set out in the 2024/25 business plan. The counter fraud team seeks to protect council income and assets so they can help fund the objectives of the business plan. The team also supports the council's specific goal to reduce crime which forms part of its overall goal to promote healthy, resilient, and engaged communities.			
Human Resources	N/A			
Property	N/A			
Consultation & Engagement	No consultation has been required in the preparation of this report.			

Supporting Information

3. Background

3.1 Fraud is a significant risk to the public sector. Annual losses due to fraud and error are estimated as being as high as £81 billion in the United Kingdom. Veritau are

engaged to deliver a counter fraud service for the council. The service helps mitigate fraud risk, investigate suspected fraud, and to take appropriate action when it is detected.

4. Details

4.1 The counter fraud progress report in appendix 1 details fraud work undertaken in 2024/25, covering the period 1 May 2024 to 26 February 2025.

5. Alternative Options and Reasons for Rejection

5.1 The nature of this report is such that alternative options are not appropriate.

6 Conclusion and Reasons for Recommendations

6.1 The Accounts, Audit and Risk Committee is recommended to note the counter fraud progress report. This is so that it can fulfil its responsibility for monitoring the counter fraud strategy, actions and resources. This responsibility is defined in the committee's terms of reference.

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	Counter Fraud Progress Report
Background Papers	None
Reference Papers	None
Report Author	Sarah Butler, Corporate Fraud Manager (Veritau)
Report Author contact details	Sarah.Butler@veritau.co.uk 01904 554627
Corporate Director Approval (unless Corporate Director or Statutory Officer report)	Assistant Director of Finance (Section 151 Officer) 06 March 2025.

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Cherwell
DISTRICT COUNCIL
NORTH OXFORDSHIRE

Counter Fraud Progress Report 2024/25

Date: 19 March 2025

APPENDIX 1

Veritau
Assurance for the public sector

CONTENTS

3 Background

3 Counter Fraud Management

3 Multi-Agency Work

4 Investigative Work

Background

1 Fraud is a significant risk to the public sector. The government estimated that up to £81 billion of public spending was lost to fraud in 2023-24[1]. Financial loss due to fraud can reduce a council's ability to support public services and cause reputational damage.

2 The Council engages Veritau to undertake counter fraud work on its behalf. We employ qualified criminal investigators to deliver a range of work that helps the authority prevent, detect, and deter fraud and related criminality. This includes officer training to help prevent fraud, proactive identification of issues through data matching exercises, and investigation of suspected fraud. To deter fraud, offenders face a range of outcomes, including prosecution in the most serious cases.

3 The purpose of this report is to update the Accounts, Audit and Risk Committee on counter fraud activity undertaken from 1 May 2024 to 26 February 2025.

COUNTER FRAUD MANAGEMENT

4 The Council engaged Veritau to deliver its counter fraud service from May 2024 taking over from Oxfordshire County Council. Our November 2024 report to this committee set out work initially undertaken to implement the new service. This included reviewing the counter fraud policy framework, developing relationships with teams across the Council, and establishing arrangements for capturing information and investigating suspected fraud. We have continued to develop working relationships across the Council and other neighbouring local authorities in Oxfordshire over the last few months.

5 In December, the counter fraud team delivered fraud awareness training to the Customer Services Team. This focused on how to get the best information from someone wanting to report a fraud issue, and an understanding of the areas of fraud investigation the team can look into.

6 Introductions have also started with the Housing Team, to understand how the counter fraud team can help support the investigation of fraudulent housing applications. Fraud Awareness training is scheduled for March.

MULTI-AGENCY WORK

7 The Public Sector Fraud Authority's National Fraud Initiative (NFI) data matching exercise is currently in progress. Over 1,000 individual data matches have been generated for the Council, covering areas including Council Tax Reduction, Housing Applications and Creditors. These matches

[1] The impact of fraud and error on public funds 2023-24, National Audit Office, published November 2024.

will be reviewed by the counter fraud team over the coming weeks to identify if there has been any fraud or error.

8 The Council's predecessor fraud team had begun an internal data-match, comparing the electoral roll list to the council tax liability list. They passed their interim findings to our counter fraud service, and we have now completed the data match programme. This review has identified 17 properties where someone is currently registered to vote, but where the property itself is not rated for council tax. This includes properties which are currently rated for business rates as short-term holiday accommodation lets. The 17 properties are now under review by the Council's Revenues team and will be passed to the Valuation Office Agency for consideration to be added to the domestic council tax ratings list.

INVESTIGATIVE WORK

9 The counter fraud team has received 124 referrals since 1 May 2024. A large proportion of referrals have been received from members of the public, who are utilising the council's online form and the counter fraud team's hotline service. Of the referrals received, eighty-one referrals were not accepted for investigation for reasons including that the issue raised did not affect the Council; in these circumstances, the referral is sent onwards to the most appropriate organisation, such as the Department for Work and Pensions.

10 As of 26 February, there are currently 14 cases assigned to an investigator and under active investigation. These investigations are in areas including undeclared income and capital for Council Tax Reduction (CTR) and Discretionary Housing Payments (DHP) claims. The remainder of referrals are either still in the triage review process or are awaiting to be assigned to an investigator.

11 Since 1 May 2024, 12 investigations have been completed. Five of these cases related to council tax fraud issues. In two of these cases, council tax underpayment bills were raised, where Single Person's Discount (SPD) had been incorrectly received. In another case, the investigation identified that a property had evaded the Empty Homes Premium charge. The property owner had claimed that the address was being lived in, but investigations established that the property was empty and its owners had another main and principal home elsewhere. In the fifth case, an incorrect application for Single Person's Discount was also blocked before any discount was awarded, preventing any loss to the Council.

12 Council staff successfully prevented a recent attempt at theft by someone presenting a forged cheque. This was the third attempted creditor fraud this financial year, however none of these attempts resulted in any loss to the Council.

13 An attempted identity fraud case was also prevented, regarding an applicant for CTR, SPD and DHP. The applicant had claimed they had recently moved to an address in Cherwell District, but investigations

established that the true tenant had not left, and someone else had been fraudulently using their address. In this case, the application was rejected. The counter fraud team intends to undertake more proactive work on DHP applications during the next financial year, to assess for any attempted identity frauds.

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This report is public	
2025-26 Counter Fraud Plan .	
Committee	Accounts, Audit and Risk Committee
Date of Committee	19 March 2025
Portfolio Holder presenting the report	Deputy Leader and Portfolio Holder for Finance, Property & Regeneration Councillor Lesley McLean
Date Portfolio Holder agreed report	07 March 2025
Report of	Assistant Director of Finance (S151 Officer)

Purpose of report

This report presents the annual counter fraud plan for 2025/26.

1. Recommendations

The Accounts, Audit and Risk Committee resolves to:

1.1 Note the counter fraud plan.

2. Executive Summary

2.1 The council's counter fraud service is delivered by Veritau. The counter fraud plan for 2025/26 (contained in appendix 1) should be noted by this committee as part of its responsibility for monitoring the counter fraud strategy, actions and resources, and reviewing the assessment of fraud risks and potential harm to the council from fraud and corruption.

Implications & Impact Assessments

Implications	Commentary
Finance	The are no financial implications arising directly from this report Michael Furness, Assistant Director of Finance, 06 March 2025.
Legal	The plan identifies a number of action points which will require input from the legal and procurement departments. Legal Services will work with Veritau to help to implement the plan where required. Denzil John Turbervill, Head of Legal Services. 05 March 2025
Risk Management	There are no risk implications rising directly from this report. Celia Prado-Teeling, Performance Team Leader, 05 March 2025

Impact Assessments	Positive	Neutral	Negative	Commentary
Equality Impact				N/A
A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		X		
B Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		X		
Climate & Environmental Impact		X		
ICT & Digital Impact		X		
Data Impact		X		
Procurement & subsidy		X		
Council Priorities	This report supports the priorities set out in the 2024/25 business plan. The counter fraud team seeks to protect council income and assets so they can help fund the objectives of the business plan. The team also supports the council's specific goal to reduce crime which forms part of its overall goal to promote healthy, resilient, and engaged communities.			
Human Resources	N/A			
Property	N/A			
Consultation & Engagement	No consultation has been required in the preparation of this report.			

Supporting Information

3. Background

3.1 Fraud is a significant risk to the public sector. Annual losses due to fraud and error are estimated as being as high as £81 billion in the United Kingdom. The council

can reduce the impact of fraud by managing fraud risk through robust policy and procedure. It is considered best practice to regularly review fraud risk and strengthen counter fraud arrangements to meet it.

4. Details

4.1 The 2025-26 Counter Fraud Plan, contained in appendix 1, updates the council's fraud risk assessment, evaluates the counter fraud policy framework, and sets priorities for the development of counter fraud work in the coming financial year. The plan also sets out the outcomes from our review of the council's counter fraud policy framework.

5. Alternative Options and Reasons for Rejection

5.1 The nature of this report is such that alternative options are not appropriate.

6 Conclusion and Reasons for Recommendations

6.1 The Accounts, Audit and Risk Committee is recommended to note the 2025/26 counter fraud plan. This is so that it can fulfil its responsibility for monitoring the counter fraud strategy, actions and resources, and reviewing the assessment of fraud risks and potential harm to the council from fraud and corruption. This responsibility is defined in the committee's terms of reference.

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	Counter Fraud Progress Report 2025/26
Background Papers	None
Reference Papers	None
Report Author	Sarah Butler, Corporate Fraud Manager (Veritau)
Report Author contact details	Sarah.Butler@veritau.co.uk 01904 554627
Corporate Director Approval (unless	Assistant Director of Finance (Section 151 Officer), 06 March 2025.

Corporate Director or Statutory Officer report)	

Cherwell
DISTRICT COUNCIL
NORTH OXFORDSHIRE

2025/26
Counter Fraud Plan

Date: 19 March 2025

APPENDIX 1

Veritau
Assurance for the public sector

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BACKGROUND

1 Fraud is a significant risk to the public sector. Fraud is the most common offence in the UK, accounting for 41% of all crime[1]. The government estimated that up to £81 billion of public spending was lost to fraud in 2023-24[2]. Financial loss due to fraud can reduce a Council's ability to support public services and can cause reputational damage.

2 When fraud is committed against the public sector, money is diverted from vital public services into the hands of criminals. Local authorities must ensure that they have the right policies and procedures in place to prevent it from happening. They should also promote a strong anti-fraud culture at all levels of the organisation as well as amongst the general public.

3 The methods employed by criminals are constantly evolving as they explore new ways to defraud local authorities. To respond effectively, Councils need to monitor the fraud landscape to ensure that their counter fraud measures offer protection from these evolving threats.

4 This report sets out the Council's approach to addressing fraud, reviews its counter fraud policy framework, updates the fraud risk assessment, details new and ongoing developmental activity, and sets out how counter fraud resources will be used in 2025/26.

NATIONAL COUNTER FRAUD STRATEGY

5 In 2014, CIPFA set out the responsibilities of Local Authority leaders to counter fraud and corruption within their organisations in their Code of practice on managing the risk of fraud and corruption[3]. The code says that organisations should:

- acknowledge the responsibility of the governing body for countering fraud and corruption
- identify the fraud and corruption risks
- develop an appropriate counter fraud and corruption strategy
- provide resources to implement the strategy
- take action in response to fraud and corruption.

6 In 2020, Fighting Fraud and Corruption Locally (FFCL) published the most recent counter fraud and corruption strategy for local government[4].

7 The strategy recommends that Councils consider the effectiveness of their counter fraud framework by considering performance against the five key themes set out below.

[1] Progress combatting fraud (Forty-Third Report of Session 2022-23), Public Accounts Committee, House of Commons
[2] The impact of fraud and error on public funds 2023-24, National Audit Office, published November 2024.
[3] Code of practice on managing the risk of fraud and corruption, CIPFA
[4] A strategy for the 2020s, Fighting Fraud and Corruption Locally

- **Govern** – *Having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation. Having a holistic approach to tackling fraud is part of good governance.*

The Council has a strong anti-fraud policy framework that is reviewed annually. Counter fraud work is regularly reported to members and officers in the course of the year. The Council introduced an updated whistleblowing policy in 2024/25.

- **Acknowledge** – *Acknowledging and understanding fraud risks and committing support and resource to tackling fraud in order to maintain a robust anti-fraud response.*

An annual risk assessment of fraud is published and presented to members. The risk assessment is used alongside good practice guidance and information on emerging trends to prioritise counter fraud development activity and investigative work.

- **Prevent** – *Preventing and detecting more fraud by making better use of information and technology, enhancing fraud controls and processes and developing a more effective anti-fraud culture.*

Prevention of fraud is considered as a matter of course in the work of both the counter fraud and internal audit teams. Where investigations identify changes to controls that could help prevent fraud these are discussed with senior Council officers and checks are made to ensure any agreed action is implemented. The counter fraud team invests in training for its officers to ensure they remain up to date in the use of technology. Work with the Communications team helps to develop an anti-fraud culture within the Council and the residents it serves. In 2025 a new offence will come into law, Failure to Prevent Fraud, which makes large organisations corporately liable for fraud committed by its employees. The implications of the new law for the Council need to be examined.

- **Pursue** – *Punishing fraudsters and recovering losses by prioritising the use of civil sanctions, developing capability and capacity to investigate fraudsters and developing a more collaborative and supportive local enforcement response.*

Strong action is taken to punish criminals and recover funds lost to fraud. All cases of fraud are investigated to criminal standards and the Council considers prosecution of suspected offenders where appropriate, or can apply a range of other potential sanctions. Joint working arrangements are in place with the Department for Work and Pensions. All avenues are considered to recover loss, including civil recovery.

- **Protect** – *Protecting against serious and organised crime, protecting individuals from becoming victims of crime and protecting against the harm that fraud can do to the community.*

Fraud affects communities across Oxfordshire and residents are as likely to be targeted as the Council is. National data matching helps identify where residents may be the victims of identity theft. Regular liaison with other

Councils in the region can identify fraud that is occurring cross boundary. The counter fraud team intend to develop information sharing protocols with more stakeholders in 2025/26.

FRAUD RISK ASSESSMENT

8 Fraud risks are assessed annually to identify priorities for counter fraud work. The 2025/26 fraud risk assessment, contained in annex A, is informed by national and regional reports of fraud affecting local authorities as well as fraud reported directly to the counter fraud team (CFT). Inherent risk ratings show the risk to the Council if no controls are in place to prevent fraud. The residual risk rating indicates the potential risk level after current controls are taken into account.

The results of the assessment are used to:

- develop or strengthen existing fraud prevention and detection measures
- revise the Counter Fraud Policy Framework
- focus future audit and counter fraud work.

9 By their nature, fraud risks are hard to quantify. For example, there are no established methodologies for determining estimated losses due to fraud in most areas. The terms high, medium, and low are therefore used in the risk assessment to provide a general indication of both the likelihood and impact of fraud in each area. However, we have intentionally avoided defining what high, medium, and low risk mean given the inherent uncertainty.

10 The risk assessment has been carried out by Veritau, based on our understanding of fraud risks in the sector and our knowledge of controls in place within the Council to prevent, identify and deter fraud. It is used to inform priorities for counter fraud and internal audit work by Veritau. However, it is separate from the wider Council risk management framework. We will be seeking to further develop the risk assessment in the coming year by working with officers responsible for management of risks in key areas.

11 The updated risk assessment factors in upcoming work by internal audit and the counter fraud team. The fraud risk assessment will be kept under review so that any significant new or emerging risks are addressed.

COUNTER FRAUD DEVELOPMENT AND WORK PLANS

12 The 2025/26 counter fraud development plan is included in annex B. It sets out development activity for the counter fraud team and Cherwell District Council for the year. These priorities are informed by the fraud risk assessment, policy framework review, and seek to develop counter fraud work in each of the five themes set out in the FFCL national counter fraud strategy.

13 The counter fraud work plan is included in annex C. The plan sets out the areas of counter fraud work to be undertaken in 2025/26. The time

allocation for each area is not defined because it will depend on the levels of suspected fraud reported to the counter fraud team. Reactive investigations (determined by allegations of fraud received) will however account for the largest proportion of work. Priorities for work in the remaining areas will be determined in accordance with the counter fraud development plan and fraud risk assessment.

POLICY FRAMEWORK REVIEW

14 The Council's counter fraud policy framework is reviewed annually. The review considers a number of counter fraud related policies (including the Counter Fraud and Corruption Policy, the Anti-Money Laundering Policy, the whistleblowing policy, and other associated policies).

15 The review found no requirement to change or update policies at the present time. However, a new policy may need to be created (or an existing policy expanded) to reflect the Economic Crime and Corporate Transparency Act 2023. This created a new Failure to Prevent Fraud offence which comes into effect in September 2025.

ANNEX A: 2025/26 FRAUD RISK ASSESSMENT

Risk area #1	Creditor fraud	Inherent risk	High	Residual risk	High
Risk description	Over the course of a number of years attempts to commit fraud against the creditor payment systems of public and private sector organisations has increased in terms of volume and sophistication. The mandatory publication of payment data makes Councils particularly vulnerable to attack. Attacks are often the work of organised criminal groups who operate from abroad. Individual losses due to fraud can be extremely large (in excess of £1 million). The likelihood of recovery is low once a fraud has been successfully committed. The most common issue is mandate fraud (payment diversion fraud) where fraudsters impersonate legitimate suppliers and attempt to divert payments by requesting changes in bank details. Other types of fraud include whaling, where senior members of the Council are targeted and impersonated in order to obtain fraudulent payments. There have been increased instances nationally and regionally of hackers gaining direct access to email accounts of suppliers and using these to attempt to commit mandate fraud. These attempts can be much more difficult to detect and prevent.				
Risk controls	The Council has strong controls in place to identify fraudulent attempts to divert payments from genuine suppliers and to validate any requests to change supplier details. Segregation of duties exist between the ordering, invoicing and payments processes. The residual risk of creditor fraud is still considered to be high due to potentially high levels of loss and the frequency of attacks. The Council's reliance on its own employees, and those of its suppliers, to follow processes, and the inevitable element of human error, are factors in many successful mandate fraud attacks. Nevertheless, the team act with vigilance and experience, and are able to identify problems which may not be picked up through techniques such as Artificial Intelligence.				
Priorities for internal audit / counter fraud	Veritau regularly provide support and advice to finance officers responsible for the payment of suppliers. The Internal Audit work programme includes audits of key financial systems and processes. This includes ordering and creditor payment processes, eg segregation of duties and controls to prevent mandate fraud. Internal Audit (IA) also undertake duplicate payment checks on a regular basis. The Counter Fraud Team				

	(CFT) delivers fraud awareness training to relevant officers. Increased awareness provides a greater chance to stop fraudulent attempts before losses occur. All instances of attempted creditor related fraud are reported to the CFT who then report to relevant agencies, such as the National Cyber Security Centre, as well as directly to the email provider from which false emails originated. The CFT regularly shares intelligence alerts relating to attempted fraud occurring nationally with relevant Council officers to help prevent losses. As part of any investigation of attempted fraud in this area, the CFT will advise on improvements that will strengthen controls.

Risk area #2	Cybercrime	Inherent risk	High	Residual risk	High
Risk description	Cybercrime is an evolving area where criminals are continually refining their techniques in order to overcome controls, obtain unauthorised access and information, and frustrate systems. As cybercrime can be perpetrated remotely, attacks can come from within the UK or overseas. Some cybercrime is motivated by profit, however some is designed purely to disrupt services. Types of cybercrime experienced by local authorities include ransomware, phishing, whaling, hacking, and denial of service attacks. Attacks can lead to loss of funds or systems access/data which could impact service delivery to residents. There have been a number of high-profile cyber-attacks on public and private sector organisations in recent years. Attacks stemming from the hacking of software or ICT service providers have become more prevalent. These are known as supply chain attacks and are used by hackers to target the end users of the software created by the organisations targeted.				
Risk controls	The Council employs highly skilled ICT employees whose expertise is used to help mitigate the threat of cybercrime. The ICT department has processes to review threat levels and controls (eg password requirements for employees) on a routine basis. The ICT department uses filters to block communications from known fraudulent servers and will encourage employees to raise concerns about any communications they do receive that may be part of an attempt to circumvent cybersecurity controls. Despite strong controls being in place, cybercrime remains a high residual risk for the Council. The potential for cybercrime is heightened by the availability of online tools. The UK government reported that 50% of businesses and 32%				

	of charities had experienced some form of cyber security breach or attack in 2023/24. Council systems could be exposed by as yet unknown weaknesses in software. Suppliers of software or IT services could also be compromised which may allow criminals access to Council systems believed to be secure. The residual risk of cybercrime remains high due to the constantly evolving methods employed by fraudsters which requires regular review of controls.
Priorities for internal audit / counter fraud	IA routinely include ICT audits in the annual work programme. Cybersecurity is an ongoing priority for IA work. Raising awareness with employees can be crucial in helping to prevent successful cyberattacks. The CFT works with ICT to support activities on raising awareness amongst employees. ICT can access free resources from the National Cyber Security Centre to help develop and maintain their cyber defence strategy.

Risk area #3	**Council tax and business rate frauds**	**Inherent risk**	**High**	**Residual risk**	**Medium**
Risk description	Council tax discount fraud is a common occurrence. CIFAS conducted a survey in 2022 in which 10% of UK adults said they knew someone who had recently committed single person discount fraud. In addition, 8% of people thought falsely claiming a single person discount was a reasonable thing to do. Individual cases of fraud in this area are of relatively low value but cumulatively can represent a large loss to the Council. Business rates fraud can also involve falsely claiming discounts that a business is not entitled to, eg small business rate relief. Reports of business rate fraud are less prevalent than Council Tax fraud but can lead to higher losses in individual cases.				
Risk controls	The Council employs a number of methods to help ensure only valid applications are accepted. This includes requiring relevant information be provided on application forms, and undertaking visits to properties where needed, to verify information. The Council routinely takes part in the National Fraud Initiative (NFI). The exercise allows Councils to cross check for potential instances of fraud in multiple locations (eg multiple claims for single person discount by one individual).				

Priorities for internal audit / counter fraud	The CFT delivers fraud awareness training to employees in the revenues team about frauds affecting Council Tax and Business Rates. IA routinely review the administration of Council Tax and Business Rates as one of the Council's key financial systems. The CFT provide a deterrent to fraud in this area through the investigation of potential offences which can, in serious cases, lead to prosecution.

Risk area #4	**Council Tax Reduction and Discretionary Housing Payment Fraud**	**Inherent risk**	**High**	**Residual risk**	**Medium**
Risk description	Council Tax Reduction (CTR) is a Council funded reduction in liability for Council Tax. It is resourced through Council funds. CTR fraud can involve applicants failing to declare their total assets or income. Most CTR claims are linked to state benefits (eg Universal Credit) which are administered by the Department for Work and Pensions (DWP). Discretionary Housing Payment (DHP) is government-funded scheme which supports the housing costs of residents who also receive Housing Benefit or Universal Credit (UC). It is a limited pot of funding, and applications are evaluated on a case-by-case basis in line with the Council's policy. Fraud and error in these schemes are of relatively low value on an individual basis but cumulatively fraud in this area could amount to a substantial loss.				
Risk controls	The Council undertakes eligibility checks on CTR applicants who are not already in receipt of UC, and on DHP applications. The Council will routinely take part in the National Fraud Initiative (NFI) which highlights potentially fraudulent CTR claims. The DWP use data from HMRC on claimants' incomes which is then passed through to Council systems. There are established lines of communication with the DWP where claims for support are linked to externally funded benefits. The Council can undertake joint investigations with the DWP to investigate fraud that affects both organisations. This can help achieve better results for the Council where state benefits are involved.				
Priorities for internal audit / counter fraud	The CFT regularly raises awareness of fraud with teams involved in processing claims for CTR. The CFT provide a deterrent to fraud in this area through the investigation of potential fraud which can, in serious cases, lead to prosecution. Concerns of fraud can be reported to the CFT by employees. The CFT will also seek opportunities to raise awareness with the public about the mechanisms for reporting fraud. If fraud cannot be addressed by the Council directly it will be reported to the DWP. The CFT intends to undertake				

	more proactive work to identify any application and identity frauds affecting DHP applications in the next financial year.

Risk area #5	Procurement fraud	Inherent risk	High	Residual risk	Medium
Risk description	Procurement fraud, by its nature, is difficult to detect but can result in large scale loss of public funds over long periods of time. Businesses that collude to stifle competition and fix or inflate prices are referred to as a cartel. The Competition and Markets Authority (CMA) estimates that having a cartel within a supply chain can raise prices by 30% or more. Procurement fraud can also take the form of mischarging, undertaking substandard work, and diverting goods or services. In 2020 CIPFA reported losses of £1.5m for local authorities, due to procurement fraud. It found that 8% of fraud detected in this area involved 'insider fraud'.				
Risk controls	The Council has established Contract Procedure Rules. The rules are reviewed regularly and require a competitive process for significant procurements through an e-tender system. A team of procurement professionals provide guidance and advice to ensure procurement processes are carried out correctly. The Contract Procedure Rules also set out the requirements for declarations of interest to be made. Contract monitoring helps to detect and deter potential fraud. The Procurement Act 2023 has recently come into force. The Act contains new processes which should help prevent and detect fraud in this area.				
Priorities for internal audit / counter fraud	Continued vigilance by relevant employees is key to identifying and tackling procurement fraud. IA and the CFT monitor and share guidance on fraud detection issued by the Competition and Markets Authority and other relevant bodies. IA regularly undertake procurement related work to help ensure processes are effective and being followed correctly. The CFT can provide updated fraud training for the procurement team as a result of the legislation.				

Risk area #6	Housing related fraud	Inherent risk	High	Residual risk	Medium
Risk description	The Council has a statutory duty to provide a homelessness and housing options service to Cherwell residents. The Council also has a small housing stock of its own. Housing fraud can deprive local residents, the Council and Housing Associations of social housing provision through false applications.				
Risk controls	The Council has strong controls in place to prevent false applications for housing. The CFT can provide a deterrent to fraud in this area through the investigation of any suspected fraudulent housing application using powers under the Housing Act. Offenders can face criminal prosecution and repossession of their Council or social housing properties.				
Priorities for internal audit / counter fraud	The CFT will continue to raise awareness of fraud with teams involved in applications for housing and the management of housing stock. The investigation of reports alleging subletting of Council properties are treated as a priority.				

Risk area #7	Internal fraud	Inherent risk	Medium	Residual risk	Medium
Risk description	Fraud committed by employees is a risk to all organisations. Internal fraud within Councils occurs infrequently and usually results in low levels of loss. However, if fraud or corruption occurs at a senior level there is the potential for a greater level of financial loss and reputational damage to the Council. There are a range of potential employee frauds including theft, corruption, falsifying timesheets and expense claims, abusing flexitime or annual leave systems, undertaking alternative work while sick, or working for a third party on Council time. It can also include theft of council assets, and some employees have access to				

	equipment and material that may be misused for private purposes. Payroll related fraud can involve the setting up of 'ghost' employees in order to obtain salary payments.
Risk controls	The Council has up to date whistleblowing and anti-bribery policies. Campaigns are held annually to promote the policies and to remind employees how to report any concerns. The Council has checks and balances to prevent individual employees being able to circumvent financial controls, e.g. segregation of duties. Controls are in place surrounding flexitime, annual leave and sickness absence. The Council regularly participates in the National Fraud Initiative. Data matches include checks on payroll records for potential issues.
Priorities for internal audit / counter fraud	Veritau liaises with senior management on internal fraud issues. Where internal fraud arises, IA and the CFT will review the circumstances to determine if there are underlying control weaknesses that can be addressed. CFT provide training to HR officers on internal fraud and whistleblowing issues. CFT investigate any suspicions of fraud or corruption. Serious cases of fraud will be reported to the police. In some instances, it may be necessary to report individuals to their professional bodies. The CFT support any disciplinary action taken by the Council relating to internal fraud issues.

Risk area #8	**Recruitment fraud**	**Inherent risk**	**Medium**	**Residual risk**	**Medium**
Risk description	Recruitment fraud can affect all organisations. Applicants can provide false or misleading information in order to gain employment such as bogus employment history and qualifications or providing false identification documents to demonstrate the right to work in the UK. There is danger for the Council if recruitment fraud leads to the wrong people occupying positions of trust and responsibility, or not having the appropriate professional accreditation for their post. In addition, there have been reports nationally of 'polygamous working' fraud, where an employee, usually in a temporary position, works for a number of different organisations at the same time.				
Risk controls	The Council has controls in place to mitigate the risk of fraud in this area. DBS checks are undertaken where necessary. Additional checks are made on applications for roles involving children and vulnerable adults. References are taken from previous employers and there are processes to ensure qualifications provided are				

	genuine. The National Fraud Initiative undertakes payroll data matches to identify employees who are working for multiple organisations at the same time.
Priorities for internal audit / counter fraud	Where there is a suspicion that someone has provided false information to gain employment, the CFT will be consulted on possible criminal action in tandem with any disciplinary action that may be taken. Applicants making false claims about their right to work in the UK or holding professional accreditations will be reported to the relevant agency or professional body, where appropriate. The CFT routinely share details of identities found to be used in polygamous working with HR to prevent and detect potential issues.

Risk area #9	**Treasury management**	**Inherent risk**	**Medium**	**Residual risk**	**Low**
Risk description	Treasury Management involves the management and safeguarding of the Council's cash flow, its banking, and money market and capital market transactions. The impact of fraud in this area could be significant.				
Risk controls	Treasury Management systems are subject to a range of internal controls, legislation, and codes of practice which protect Council funds. Only pre-approved employees can undertake transactions in this area and they work within pre-set limits.				
Priorities for internal audit / counter fraud	IA conduct periodic work in this area to ensure controls are strong and fit for purpose.				

ANNEX B: COUNTER FRAUD DEVELOPMENT PLAN

Veritau is responsible for maintaining, reviewing, and strengthening counter fraud arrangements at the Council. An annual review of priorities for the future development of counter fraud arrangements is therefore undertaken. Actions to be taken over the next year are set out below.

In addition to the specific areas set out in the table below, ongoing activity will continue in other areas that contribute to the Council's arrangements for countering the risk of fraud, including:

- a rolling programme of fraud awareness training for officers based on priorities identified through the fraud risk assessment and any other emerging issues
- regular reporting of internal audit and counter fraud activity to the Accounts, Audit and Risk Committee (AARC).

Ref	Action Required	Theme	Target Date	Responsibility	Notes / Further Action Required
1	Provide fraud awareness training to staff involved in procurement	Governing	December 2025	Veritau / Procurement Team	The new Procurement Act 2023 'goes live' in February 2025.
2	Continue providing fraud awareness to staff in emerging areas, including recruitment and polygamous working frauds, and grant schemes	Governing	Ongoing	Veritau	
	Provide fraud awareness training to Council Members	Governing	December 2025	Veritau	
3	Review and maintain the Council's fraud risk assessment	Acknowledging	Ongoing	Veritau / AARC	The fraud risk assessment is subject to annual review. Emerging threats will be considered as required during the course of the year to make sure

Ref	Action Required	Theme	Target Date	Responsibility	Notes / Further Action Required
					the risk assessment remains up to date.
4	Evaluate the impact of the new Economic Crime and Corporate Transparency Act.	Preventing	September 2025	Veritau / Legal Department	The Council may require policy change to reflect the new legislation as well as training for relevant employees.
5	Undertake proactive work in the Discretionary Housing Payment scheme to assess for any attempted identity and application frauds	Preventing	September 2025	Veritau / Benefits	
6	Review and investigate results of the 2024/25 National Fraud Initiative (NFI).	Pursuing	December 2025	Veritau	Data was submitted to the Public Sector Fraud Authority in October 2024 and results have been sporadically released since late December. There are currently 980 matches to review.
7	Explore further opportunities to engage with neighbouring bodies and local authorities.	Protect	April 2026	Veritau	Fraud can occur across Council boundaries. Information sharing and joint working could help detect and deter fraud.

ANNEX C: COUNTER FRAUD WORK PLAN

A high-level summary of the areas for counter fraud work in 2025/26 is shown in the table below.

Area	Scope
Counter Fraud General	Monitoring changes to regulations and guidance, reviewing counter fraud risks, and support to the Council with maintenance of the counter fraud framework. Updates on significant fraud trends and counter fraud activities will be provided to the Accounts, Audit and Risk Committee (AARC) during the year.
Proactive Work	This includes: • raising awareness of counter fraud issues and procedures for reporting suspected fraud - for example through training and provision of updates on fraud related issues • targeted proactive counter fraud work - for example through local and regional data matching exercises • support and advice on cases which may be appropriate for investigation and advice on measures to deter and prevent fraud.
Reactive Investigations	Investigation of suspected fraud affecting the Council. This includes feedback on any changes needed to procedures to prevent fraud reoccurring.
National Fraud Initiative	Coordinating the investigation of data matches produced by the National Fraud Initiative (NFI).
Fraud Liaison	Joint work with the Department for Work and Pensions where appropriate and provide data to support housing benefit investigations. Liaise with regional local authorities to address cross-boundary fraud.

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This report is public	
Risk Based Verification Policy	
Committee	Accounts Audit and Risk Committee
Date of Committee	19 March 2025
Portfolio Holder presenting the report	Deputy Leader and Portfolio Holder for Finance, Property and Regeneration, Councillor Lesley McLean
Date Portfolio Holder agreed report	20 February 2025
Report of	Assistant Director of Finance (S151 Officer)

Purpose of report

To update the Committee with details of the Risk Based Verification (RBV) policy and to seek approval for the reviewed RBV policy for 2025/26

1. Recommendations

The Accounts, Audit and Risk Committee resolves:

1.1 To note the contents of the report.

1.2 To approve the RBV policy for the financial year 2025/26, as set out at Appendix A to this report.

2. Executive Summary

2.1 Risk Based Verification is a method of applying different checks to new claims for Housing Benefit and Council Tax Reduction according to the risk associated with these claims. The profile is determined by specific software using statistical information and experience about what type of claim represents what type of risk. The higher the risk, the greater the checks used to establish that the claim is genuine. The aim is to reduce the burden on customers to provide excessive evidence and enable low risk claims to be assessed and put into payment more quickly. Efforts can then be concentrated on those claims with a high-risk category where there is an increased chance of fraud and error.

The RBV policy must be reviewed annually, and any changes must be referred to the Audit Committee for approval. In accordance with DWP guidance changes will not be made in-year as this would complicate the audit process

Implications & Impact Assessments

Implications	Commentary
Finance	There are no new financial implications related to this report. Any costs will be picked up within existing budgets. Applying a risk based score allows the Council to focus its resources on those highest risk applications

	Michael Furness, Assistant Director of Finance, 7 February 2025			
Legal	Applying the RBV policy meets the Council's legal obligations to verify information for Housing Benefit claims, as required by Regulation 86 of the Housing Benefit Regulations. Consideration should be given as to any data protection issues that could arise if personal information is added to the system and stored. Denzil Tuberville – Head of Legal Services 12 February 2025			
Risk Management	There are no risk management issues arising directly from this report. Any arising risk will be managed through the service operational risk and escalated to the Leadership Risk Register as and when necessary Celia Prado Teeling – 7 February 2025			
Impact Assessments	Positive	Neutral	Negative	Commentary
Equality Impact				Risk Based Verification applies to all new claims for Housing Benefit and Council Tax Reduction. The mathematical model used to determine the risk score does apply one of the protected characteristics i.e. age Other than age, no protected characteristics are used. The use of age in the model is supported by specific clauses in the Equalities Act 2010 and by Technical Page 53 Guidance on the Act written by the Equality and Human Rights Commission. Specifically, that age can be used in "the prevention of fraud or other forms of abuse or inappropriate use of services provided by the service provider. All council's proposals, changes and decisions are done taken careful consideration of our commitments to equalities and inclusion as set in our equalities framework, keeping those principles at the core of all we do.
A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		X		As set out above
B Will the proposed decision have an impact upon the lives of people with protected characteristics,		X		As set out above

including employees and service users?				
Climate & Environmental Impact				N/A
ICT & Digital Impact				N/A
Data Impact				N/A
Procurement & subsidy				N/A
Council Priorities	Housing that meets your needs. This work supports the efficient delivery of Housing Benefit and Council Tax Reduction application which help to prevent homelessness and support vulnerable residents.			
Human Resources	N/A			
Property	N/A			
Consultation & Engagement	When the original policy was proposed in 2017 consultation was carried out with officers and the policy was approved by the S151 Officer (Director of Finance) and by members. Although no formal consultation took place with residents or stakeholders the change was communicated, and the policy will be placed on the website. No material changes are proposed to the policy.			

Supporting Information

3. Background

3.1 Risk Based Verification is a method of applying different checks to new claims for Housing Benefit and Council Tax Reduction according to the risk associated with these claims. The aim is to reduce the burden on customers having to provide excessive evidence and enable low risk claims to be assessed and put into payment more quickly. Efforts can then be concentrated on those claims with a high-risk category where there is an increased chance of fraud and error.

4. Details

4.1 The RBV module was introduced in November 2017. An online application form is available for new Housing Benefit and Council Tax Reduction claims. This offers our customers the option of applying for help online and to have immediate confirmation of the verification required to complete their claim. For customers who cannot apply online, the Customer Services Team continue to offer hard copy forms and/or

appointments to assist with the online application. This has also helped to prepare our customers for Universal Credit Full Service which is an online process.

4.2 Each new claim received is allocated a risk score in real time of low, medium or high. The evidence requirements will differ based on the risk score assigned with high-risk claims requiring greater evidence to support the claims. The evidence requirements for each risk group are contained in the Risk Based Verification Policy a copy of which is shown in Appendix A of this report.

4.3 Risk Based Verification software is a single integrated system used with the benefit processing software. When the Benefits Service receives a new claim the claimant's household and income and capital details are recorded electronically and a risk score profile is sought via the RBV software. This has been built using historical local authority data and its performance validated across a number of local authorities.

4.4 DWP suggests that around 55% of cases will be low risk, 25% medium risk and 20% high risk.

4.5 Performance using RBV will be monitored monthly to ensure its effectiveness. Reporting and monitoring will include as a minimum, the percentage of cases in each risk category and the levels of fraud and error detected in each.

4.6 An updated RBV policy was approved by both members and the S151 Officer in March 2024. This policy must be reviewed each year but cannot be amended in-year as this would complicate the subsidy audit process.

4.7 The policy for Cherwell District Council has now been reviewed (copy attached at Appendix A of this report). There are only minor changes, and these do not affect the substance of the policy.

4.8 The evidence list and risk categories can be seen on Appendix B

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 As RBV is a voluntary scheme the alternative would be to not adopt the scheme, and the verification process would revert to the original DWP requirement for full evidence to be provided on all new claims (i.e. all claimants would be treated as being categorised "red"). This has been rejected as it is anticipated that the number of new claims received continue to increase during the cost-of-living crisis and it will become increasingly difficult to meet the current level of service if the verification requirements become more onerous. Without an RBV approach, all new customers would have to provide the maximum level of documentary evidence. This would place a greater burden on both claimants and the team processing claims and result in slower claim processing times.

6 Conclusion and Reasons for Recommendations

6.1 The RBV policy must be reviewed annually and any changes must be referred to the Accounts, Audit and Risk Committee for approval. In accordance with DWP guidance changes will not be made in year as this would complicate the audit

process. The required review having been undertaken , the RBV Policy for 2025/26 is recommended for agreement.

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 A	Risk Based Verification Policy 2025/26
Appendix B	List of evidence
Background Papers	N/A
Reference Papers	N/A
Report Author	Sandra Ganpot Benefit Services and Performance Manager
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Corporate Director Approval (unless Corporate Director or Statutory Officer report)	N/A – Statutory Officer report

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Appendix A

Cherwell District Council
Risk Based Verification Policy

Background

It is estimated that the overall spend on Housing Benefit in 2024-2025 was £15.6 billion (statistics taken from GOV.UK Publications). Ensuring that the right help is awarded is crucial both to the customers and the taxpayers. Combating fraud and reducing error is a key component of this.

The Verification Framework Policy was introduced by the Department for Work and Pensions (DWP) as guidance, in line with the Social Security Administration Act 1992, for administering Housing and Council Tax Benefit claims. This policy recommended that local authorities should obtain substantial evidence before determining claims for benefit. Although voluntary it was adopted by most Councils (including Cherwell District Council) to ensure that the correct amount of benefit was paid, that subsidy was maximised, and that fraud was minimised.

Cherwell District Council currently administers 6302 claims for Housing Benefit and Council Tax Reduction. This Risk Based Verification Policy has been developed to underpin a regime of preventing fraud and error from entering the system whilst continuing with live caseload intervention.

The policy considers that Cherwell District Council must adhere to Housing Benefit legislation and local Council Tax Reduction regulations. The regulations do not specify what information and evidence the Council should obtain from a customer. However, it does require an authority to have information which allows an accurate assessment of a claimant's entitlement, both when a claim is made and renewed because of a change in circumstances.

The Council's legal obligation to verify information for Housing Benefit claims is defined in Housing Benefit Regulation 86 which states:

"a person who makes a claim, or a person to whom housing benefit has been awarded, shall furnish such certificates, documents, information and evidence in connection with the claim or the award, or any question arising out of the claim or the award, as may reasonably be required by the relevant authority in order to determine

that person's entitlement to, or continuing entitlement to housing benefit and shall do so within one month of being required to do so or such longer period as the relevant authority may consider reasonable."

Risk Based Verification has been adopted for new Housing Benefit and Council Tax Reduction claims at CDC since 1st November 2017.

What is Risk Based Verification (RBV)

RBV is a method of determining different levels of checks to new claims for Housing Benefit and Council Tax Reduction dependent upon a complex risk profile given to each customer. The profile is determined by specific software using statistical information and experience about what type of claim represents what type of risk. The higher the risk, the greater the checks used to establish that the claim is genuine.

This approach allows the targeting of resources and is very effective in identifying higher levels of fraud and error, reducing the overall cost of verifying claims and improving processing times for some low-risk claims. In adopting RBV there is still an obligation to get all the facts and make an accurate assessment but there is not the need to gather documentary evidence in all cases. RBV does not exclude anyone from applying for Housing Benefit or Council Tax Reduction.

Risk Based Verification at Cherwell District Council
Pursuant to DWP circular S11/2011 Cherwell District Council (hereafter referred to as 'the Council') will apply RBV to new claims for HB and CTRS. The Council will use an on-line application form offered by Capita and a solution offered by Xantura to carry out the risk scoring. Customers may also apply on a hard copy form. The software is integrated into the Academy Revenues and Benefits system to produce risk scores in real time.

Each new claim will be allocated a risk score – Low, Medium or High. The evidence Requirements for successful applications will differ based on the risk score assigned. The latest evidence requirements are contained in appendix B of this policy which are reviewed annually on the 1st April in line with updates from Department for Works and Pensions. Circular S11/2011 confirms that local authorities have discretion to determine their own risk groups. Circular G1/2016 gives updated advice on the evidence standards required. It should be noted that original documentation of a National Insurance Number and confirmation of identity must be provided in all cases regardless of the risk score, in order to comply with legislation. This verification is only required on the first claim and will not be requested again in support of any future claims.

Low Risk

The claimant's identity will be verified in accordance with sections 1(1a) and 1(1b) of the Social Security Administration Act 1992. The evidence required will be original documents to prove identity and National Insurance Number, photocopies or original evidence of self-employed earnings and student income and status. A LAREV1

(valuation form) is also required for any other properties. A check on Searchlight or Verification of Earnings and Pensions (VEP) can be obtained to provide a breakdown of income declared on the claim form.

Medium Risk

Cases in this group must have the same checks as low risk plus copies (emails will be accepted as copies), scans, or original documentation to prove all declared income and capital. Verification of Earnings and Pensions (VEP) can also be used to obtain evidence of earnings. Please note: all evidence for identity must be original documentation.

High Risk

All high-risk cases must have the same checks as low and medium groups, but the documentation must be original or obtained from VEP and/or Searchlight. In addition, further checks may be carried out which could include a telephone call, home visit or a credit check via the National Anti-Fraud Network (NAFN).

Monitoring RBV

DWP suggest that around 55% of cases will be low risk, 25% medium risk and 20% high risk

Performance using RBV will be monitored monthly to ensure its effectiveness. Reporting and monitoring will include as a minimum, the % of cases in each risk category and the levels of fraud and error detected in each.

Once a risk group has been allocated, individual claims cannot be downgraded by an officer to a lower risk group. They can, however, be upgraded to a higher risk group with the approval from a senior officer or the Benefits and Performance Manager if the officer has good reason to think this is appropriate. All cases which are upgraded will be recorded along with the reason for doing so.

All risk scores are recorded by the RBV software and will show on the customer's account within the Academy system or within the notes if the score is taken from estore.

This will enable the Auditors to check the level of verification needed to support the assessment of each claim type for the purposes of subsidy so helping to protect the Council from financial risk. Failure to apply the verification standards as stipulated in the RBV policy may have an impact on the subsidy claimed and could result in a loss of revenue for the council.

Xantura records all risk score requests, and an audit log of requests is generated which the Council will use to ensure that the new claims process is being followed and reduced verification applied. There will be a blind sample of cases by Xantura where the risk group will be adjusted, and level of verification applied will be checked.

Xantura will provide monthly reports detailing the percentage of cases falling into each risk group, the fraud and error identified in each risk group and the level of fraud and error detected in the sample of blind cases.

Review of the policy
The RBV policy will be reviewed annually, and any changes will be referred to the Accounts, Audit and Risk Committee for approval. In accordance with DWP guidance changes will not be made in-year as this would complicate the audit process. If the policy is not reviewed, then the previous policy will remain in place until a review is undertaken.

Training and awareness
Training will be provided to all staff within the Benefits and Council Tax Reduction team and to the Customer Services Team on the use of RBV, including refresher training and training for new entrants. This will ensure that the processes and procedures are agreed and understood. Discussions will take place with all internal and external stakeholders.

Business Continuity
The Capita RBV solution is web- based and the ability to obtain a risk group in real time is dependent on an internet connection. In the event of the officers being unable to generate a risk score for any claim, the claim will be treated as medium risk and the appropriate level of verification will be applied.

Audit requirements
External audit has been consulted on the implementation of RBV and on this policy. Auditors will carry out their duties against the terms of the RBV policy and, provided cases have been assessed correctly against the requirements of the policy, this shall meet audit requirements.

Policy approval
This Policy has been produced in line with Department for Work and Pensions guidance on the use of Risk-Based Verification as detailed in HB/CTS circular S11/2011 and G1/2016.

This policy is approved by:

Accounts, Audit and Risk Committee

Date:

(Section 151 Officer)
Name:

Signed:

Cherwell DISTRICT COUNCIL NORTH OXFORDSHIRE

Cherwell District Council RBV Evidence Checklist

Evidence Type		Subcategory		Low Risk		Medium Risk		High Risk
Identity & NINO		Claimant's ID/NINO	>	**If Passported/qualifying benefits: Searchlight** **If Standard claims: 2 items of ID and 1 NINO originals**	>	**If Passported/qualifying benefits: Searchlight** **If Standard claims: 2 items of ID and 1 NINO originals**	>	**If Passported/qualifying benefits: Searchlight** **If Standard claims: 2 items of ID and 1 NINO originals**
Residency & Rent	>	Private Tenants		*Required to raise risk score to Medium*	>	**Originals or Photocopies;**	>	**Originals Required**
	>	Social Landlords/Non-HRA		*Required to raise risk score to Medium*	>	**Originals, photocopies or electronic files from landlord.**	>	**Originals Required or electronic files from landlord**
	>	Registered		*Required to raise risk score to Medium*	>	**Originals or Photocopies**	>	**Originals Required**
Household	>	Partner's ID/ NINO	>	**Originals or Searchlight where identity has been verified for a qualifying benefit**	>	**Originals or Photocopies Searchlight check**	>	**Originals Required or Searchlight check**
	>	Dependents (responsibility for not ID of)		**Nothing required**	>	**Originals or Photocopies or Searchlight check**	>	**Originals Required or searchlight check**

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	>	Non-Dependent Working		Nothing required/ Searchlight	>	Originals or Photocopies of wage slips, P45, P60, Searchlight or VEP	>	Originals Required of wage slips, P45 or P60, Searchlight or VEP
	>	Non-Dependent (PB) Non-Dependent no income	>	Nothing required/ Searchlight	>	Searchlight check P45 or statement	>	Searchlight Check P45 or statement
	>	Non-Dependent Student	>	Nothing required	>	Originals or Photocopies	>	Originals Required
	>	Non-Dependent Not Working		Nothing required	>	Originals or Photocopies	>	Originals Required
	>	2AR: Non-Dependents Not Working		Nothing required	>	Originals or Photocopies	>	Originals Required
Income	>	State Benefits or Universal Credit	>	Searchlight Check	>	Searchlight Check	>	Searchlight or original or photocopies of documents
	>	Earnings, SSP, SMP & SPP	>	Nothing required/ Searchlight	>	Originals, Photocopies of wage slips, P45, P60 or VEP	>	Originals Required of wage slips, P45, P60 or VEP
	>	Self Employed	>	Self-employed proforma or original or non-original audited accounts, profit, and loss statements	>	Self-employed proforma or original or non-original audited accounts, profit, and loss statements	>	Self-employed proforma or original audited accounts required – Receipts and Invoices
Childcare Costs				Nothing required	>	Originals or Photocopies	>	Originals Required
Students	>	(Income + Status Required)	>	Originals or photocopies	>	Originals or Photocopies	>	Originals Required
Capital	> >	Working Age Working Age & > £6,000			>	Originals or Photocopies	>	Originals Required; must include last 2 months' transactions
	> >	Elderly Elderly & > £10,000			>	Originals or Photocopies	>	Originals Required; must include last 2 months' transactions
	>	Property	>	LAREV1	>	Originals, Photocopies or LAREV1	>	Originals Required and LAREV1

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Cases in High-Risk Group may also be subject to additional checks in the form of a credit check via NAFN, a telephone call or home visit unless the claim has been ended prior to the check being conducted.

Reference to qualifying benefits relate to the following DWP benefits:

- *Income Support*
- *Job Seekers Allowance (income based)*
- *Pension Credit*
- *Bereavement Benefit*
- *Widows Benefit*
- *Incapacity Benefit*
- *Employment and Support Allowance (income related)*
- *Severe Disability Benefit*
- *Retirement Pension*
- *Maternity Allowance*
- *Employment and Support Allowance*
- *Universal Credit*
- *Personal Independence Payment*
- *Attendance Allowance*

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This report is public	
Risk Monitoring Report Quarter 3 2024-25	
Committee	Accounts, Audit & Risk Committee
Date of Committee	19 March 2025
Portfolio Holder presenting the report	Portfolio Holder for Corporate Services, Councillor Chris Brant
Date Portfolio Holder agreed report	23 January 2025
Report of	Assistant Director – Customer Focus

Purpose of report

To update the committee on how well the council is managing its Strategic Risks.

1. Recommendations

The Accounts, Audit & Risk Committee resolves:

1.1 To note the Risk Monitoring Report for Quarter 3 2024-25.

2. Executive Summary

2.1 The Leadership Risk Register is reviewed by the Corporate Leadership Team and Executive Committees every quarter; however, this is a live document and therefore is updated as and when required, to manage risk effectively. There was no score changes in the Leadership Risk Register during Quarter 3 2024-25.

2.2 One new risk has been added to the Leadership Risk Register during Quarter 3, L15-Local Government Reorganisation.

Implications & Impact Assessments

Implications	Commentary
Finance	There are no financial and resource implications arising directly from this report. Joanne Kaye, Head of Finance, 12 February 2025
Legal	There are no legal implications arising directly from this report, as this report is for information purposes only. Denzil Turbervill, Head of Legal, 13 February 2025
Risk Management	This report contains a full update with regards to the Council's risk position at the end of Quarter 3 2024-25. There are no risk implications arising directly from this report.

	Celia Prado-Teeling, Performance & Insight Team Leader, 10 February 2025			
Impact Assessments	Positive	Neutral	Negative	Commentary
Equality Impact		x		There are no equalities implications arising directly from this report. Celia Prado-Teeling, Performance & Insight Team Leader, 10 February 2025
A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		x		
B Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		x		
Climate & Environmental Impact		x		
ICT & Digital Impact		x		
Data Impact		x		
Procurement & subsidy		x		
Council Priorities	Not applicable			
Human Resources	Not applicable			
Property	Not applicable			
Consultation & Engagement	Not applicable			

Supporting Information

3. Background

3.1 The Council carries out regular reviews to identify risks at the earliest opportunity so that it can assess and mitigate them as soon as possible.

3.2 Risks that may affect the Council's performance, and particularly, on its ability to deliver its corporate priorities are captured in its Leadership Risk Register.

4. Details

4.1 The Council maintains a Leadership Risk Register, which contains Strategic risks that could be significant in size and duration and could potentially impact on the reputation and performance of the Council as a whole, and in particular, on its ability to deliver on its corporate priorities. The Leadership Risk Register is reviewed quarterly by the Corporate Leadership Team; however, this is a live document that gets updated as and when required.

4.2 Please note risks deemed as high (L01) and medium (L03, L07, L08, L11, L14 and L15) present higher scores, mostly due to the magnitude of the impact these events could have for the organisation, mitigating actions are in place across all of them to reduce the potential severity of the impact, and controls are stablished to prevent the probability of the risk event happening. The full Leadership Risk Register, including controls and mitigating actions, is attached in Appendix 1.

4.3 There were no score changes to the Leadership Risk Register during Quarter 3.

4.4 One new risk has been added to the Leadership Risk Register during Quarter 3, to manage and monitor the risks related to the Local Government Reorganisation and their potential impact on Cherwell District Council and its residents.

The overall position as of the end of Quarter 3 of all Leadership risks is as follows:

Impact	**Probability**				
	1 - Remote	**2 - Unlikely**	**3 - Possible**	**4 - Probable**	**5 - Highly Probable**
5 - Catastrophic			L08		
4 - Major		L09-L06	L03- L07 –L11 L12 -L14	L01	
3 - Moderate		L04-L05-L10	L02- L13	L15	
2 - Minor					
1 - Insignificant					

Figure 1: Risk scorecard showing the risk scores in the Leadership Risk Register for Quarter 3 2024-25.

The full Leadership Risk Register is attached in Appendix 1.

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: [Insert option] No alternative options have been identified as this report is for information only.

6 Conclusion and Reasons for Recommendations

6.1 This report provides an update on how well the council is managing its Strategic Risks up to the end first quarter of the financial year.

Decision Information

Key Decision	Not applicable
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	Leadership Risk Register Quarter 3 2024-25
Background Papers	None
Reference Papers	None
Report Author	Celia Prado-Teeling, Performance & Insight Team Leader
Report Author contact details	Celia.Prado-Teeling@Cherwell-dc.gov.uk
Corporate Director Approval	Stephen Hinds – Corporate Director Resources

Appendix 1 – Leadership Risk Register as at 21/01/2025

Level of risk	How the risk should be managed
High Risk (16-25)	**Requires active management** to manage down and maintain the exposure at an acceptable level. Escalate upwards.
Medium Risk (10 -15)	**Contingency Plans** - a robust contingency plan may suffice together with early warning mechanisms to detect any deviation from the profile.
Low Risk (1 – 9)	**Good Housekeeping -** may require some risk mitigation to reduce the likelihood if this can be done cost effectively, but good housekeeping to ensure that the impact remains low should be adequate. Re-assess frequently to ensure conditions remain the same.

Risk Scorecard – Residual Risks

		Probability				
		1 - Remote	2 - Unlikely	3 - Possible	4 - Probable	5 - Highly Probable
Impact	5 - Catastrophic			L08		
	4 - Major		L09 - L06	L03-L07-L11-L12-L14	L01	
	3 - Moderate		L04-L05-L10	L02-L13	L15	
	2 - Minor					
	1 - Insignificant					

Risk Definition	
Leadership	**Strategic risks that are significant in size and duration, and will impact on the reputation and performance of the Council as a whole, and in particular, on its ability to deliver on its corporate priorities**
Operational	**Risks to systems or processes that underpin the organisation's governance, operation and ability to deliver services**

Name and Description of risk	Potential impact	Inherent (gross) risk level (before Controls)			Controls	Control assessment	Lead Member	Risk owner	Risk manager	Residual risk level (after existing controls)			Direction of travel	Mitigating actions (to address control issues)	Comments	Last updated
		Probability	Impact	Rating		Fully effective Partially effective Not effective				Probability	Impact	Rating				
L01 - Financial resilience – Failure to plan for and/or react to external financial impacts, new policy and increased service demand. Poor investment and asset management decisions.	Reduced medium and long term financial viability	4	4	16	Medium Term Revenue Plan updated and reported regularly to members.	Fully	Councillor L.McLean	Michael Furness	Joanne Kaye	4	4	16	↔	This continuous process will include reviewing budget monitoring, active budget management, and reflection of economic and Local Government sector trends in the MTFS. Wherever possible, policy decisions impacting on the MTFS will be taken as soon as possible, rather than waiting until the February Council meeting which sets the annual budget. This will allow officers to be ready to implement, or have implemented, policy decisions which will maximise positive impacts on the budget.	Full risk review carried out, controls and mitigating actions updated	Risk reviewed on 07/01/2025
	Reduction in services to customers				Planning for balanced medium term and dynamic ability to prioritise resources.	Fully								The budget for 2024/25 was agreed with savings proposals identified to contribute to addressing forecast reductions in funding. Close monitoring of the delivery of the savings programme will take place throughout 2024/25 with mitigations required if slippage is identified. The budget and transformation process for 2024/25 was begun in May 2024 and will involve a robust review of current budgets, how those link to activity supporting the corporate priorities, and services level options to allow for prioritisation of resources.		
	Increased volatility and inability to manage and respond to changes in funding levels				Finance team made up of highly professional, competent, qualified staff.	Partially										
	Reduced financial returns (or losses) on investments/assets such as in subsidiaries.				Good networks established locally, regionally and nationally to ensure officer are aware of developments across the sector which could impact on the council.	Fully										
	Inability to deliver financial efficiencies.				Strong shareholder function and relationships with subsidiaries to manage investment risk.	Fully								Integration and continued development of Performance, Finance and Risk reporting.		
	Exposure to commercial pressures in relation to regeneration projects.				To be prudent, financial returns from the subsidiaries are not included in the MTFS until they are reasonably assured to materialise.	Partially								Internal Audits being undertaken for core financial activity and capital as well as service activity.		
	Poor customer service and satisfaction.				National guidance interpreting legislation available and used regularly.	Fully								Introduction and implementation of an Asset Management Strategy.		
	Increased complexity in governance arrangements.				Progress regeneration plans in a coordinated manner. Participate in Oxfordshire Treasurers' Association's work streams.	Fully								Capital & Investment Strategy agreed annually.		
	Lack of officer capacity to meet service demand.				Review of best practice guidance from bodies such as CIPFA, LGA, Oflog and NAO.	Fully								Posts are filled by appropriately qualified individuals.		
	Lack of financial awareness and understanding throughout the council.				Treasury management and capital & Investment strategies in place and updated at least annually. Regular financial and performance monitoring in place.	Fully								Regular involvement and engagement with colleagues across the county and nationally. The potential for local government reorganistion (devolotion/unitarisation) has been noted but as yet the potential impact on the council is unknown. Officers will continue to monitor the disucssions at local and national levels.		
	Increased inflation in the costs of capital schemes.				Independent third party advisers in place. Regular bulletins and advice received from advisers. Property portfolio income monitored through financial management arrangements on a regular basis.	Fully								Regular member training and support.		
	Increased inflation in revenue costs.				Asset Management Strategy in place and embedded.	Fully								Regular utilisation of advisors as appropriate.		
						Fully								Summarise and distribute announcements to CLT and members.		
					Transformation Programme in place to deliver efficiencies, prioritise resources, link to strategic priorities and increased income in the future.	Partially								Timely and good quality budget management reports, particularly property income and capital.		
														Work is underway to maximise the impact of the available space in Bambury town centre.		
L02 - Statutory functions – Failure to meet statutory obligations and policy and legislative changes are not anticipated or planned for.	Legal challenge	3	4	12	Embedded system of legislation and policy tracking In place, with clear accountabilities, reviewed regularly by Directors.	Partially	Councillor Brant	Stephen Hinds	Shiraz Sheikh	3	3	9	↔	Ensure Committee forward plans are reviewed regularly by senior officers.	Full risk reviewed carried out, no changes necessary for Q3	Risk reviewed on 15/01/2025
	Loss of opportunity to influence national policy / legislation				Clear accountability for responding to consultations with defined process to ensure Member engagement	Fully								Ensure Internal Audit plan focusses on key leadership risks.		
	Financial penalties				National guidance interpreting legislation available and used regularly	Fully								Senior Officers are aware of key policy/legislative changes taking into consideration all of the Council's functions and duties arising as a result.		
	Reduced service to customers				Risks and issues associated with Statutory functions incorporated into Directorate Risk Registers and regularly reviewed.	Fully								External support secured for key corporate projects including Growth Deal and IT Transformation Programme.		
	Inability to deliver council's plans				Clear accountability for horizon scanning, risk identification / categorisation / escalation and policy interpretation in place	Partially								Learning and development opportunities identified and promoted by the Chief Executive and Directors. Staff briefings on rules and procedures by MO		
	Exposure to commercial pressures				Robust Committee forward plans to allow member oversight of policy issues and risk management, including Scrutiny and Audit	Fully										
	Reduced resilience and business continuity				Internal Audit Plan risk based to provide necessary assurances	Fully								Review Directorate/Service risk registers.		
	Reduced staff morale, increased workload and uncertainty may lead to loss of good people				Strong networks established locally, regionally and nationally to ensure influence on policy issues. In addition two Directors hold leading national roles	Fully								Ensure Committee forward plans are reviewed regularly by senior officers.		
					Senior Members aware and briefed regularly in 1:1s by Directors	Fully								Ensure Internal Audit plan focusses on key leadership risks.		
					Arrangements in place to source appropriate interim resource if needed	Partially								Establish corporate repository and accountability for policy/legislative changes taking into consideration all of the Council's functions.		
					Ongoing programme of internal communication	Fully								Project Management Methodology to be established with appropriate oversight. Programme Office with the approriate capabilities to monitor deliver projects.		
					Programme Boards in place to oversee key corporate projects and ensure resources are allocated as required.	Partially										
					Extended Leadership Team (ELT) Meetings established to oversee and provide assurance on key organisational matters including resourcing.	Fully								Review Directorate/Service risk registers.		

Name and Description of risk	Potential impact	Inherent (gross) risk level (before Controls)			Controls	Control assessment	Lead Member	Risk owner	Risk manager	Residual risk level (after existing controls)			Direction of travel	Mitigating actions (to address control issues)	Comments	Last updated
		Probability	Impact	Rating		Fully effective Partially effective Not effective				Probability	Impact	Rating				
L03 - CDC Local Plan - Failure to have an up to date Local Plan could result in poor planning decisions such as development in inappropriate locations. It could also make it more difficult to demonstrate an adequate supply of land for housing which could lead to more planning by appeal and decisions that are contrary to the Council's wishes. The Plan requires approval by Council to be submitted for Examination.	Poor planning decisions leading to inappropriate growth in inappropriate place.	4	4	16	The statutory Local Development Scheme (LDS) is actively managed and reviewed, built into Service Plan, and integral to staff appraisals of all those significantly involved in Plan preparation and review	Partially	Councillor J. Conway	Ian Boll	David Peckford	3	4	12	↔	Annual (Authority) Monitoring Reports presented to the Executive on plan making and policy effectiveness.	The Proposed Local Plan (Reg.19) was approved by the Council's Executive on 5 December 2024. Consultation commenced on 19 December 2024 and continues to 14 February 2025. The Executive also approved an updated Local Development Scheme containing the latest Local Plan Programme. Subject to the consideration of comments received, the Plan could be submitted to the Planning Inspectorate for Examination in Spring 2025.	Risk reviewed on 09/01/25
	Failure to have up to date policies that meet the District's requirements.				Team capacity and capability kept under continual review with gaps and pressures identified and managed at the earliest opportunity.	Partially								An updated LDS presented to the Executive when there is a significant change in the circumstances for the Local Plan timetable.		
	Negative impact on the council's ability to deliver its strategic objectives, including for minimising carbon emissions.													Programme built into Directorate level objectives (e.g. via Service Plans) and staff appraisals; on-going preparation of the Local Plan is a service priority.		
	A higher number of planning appeals with associated increased costs													Project management of the Local Plan process continues.		
	Reputational damage with our local communities through not having up to date policies to meet needs and protect the environment				On-going review of planning appeal decisions to assess robustness and relevance of Local Plan policies	Partially								Regular Corporate Director, Portfolio Holder and Members Advisory Group briefings		
	Reputational damage with investor community of Cherwell as a good place to do business created by uncertainty/lack of policy clarity.				Regular Councillor briefings to ensure all timescale requirements are understood. Ensuring that staff and consultancy resourcing is maintained	Partialy								Continuance of internal Members' Advisory Group meetings.		
	Failure to submit Plan for Examination by June 2025 would mean that the Council would need to prepare a Local Plan under a new plan-making system on which further Gov't guidance is awaited. This would significantly delay having a new, up-to-date Plan.				Political consensus - building	Partially								Political consensus building through Chief Executive briefings and the Local Plan's Members Advisory Group.		
L03a - Five Year Housing Land Supply - Failure to maintain a five year housing land supply provides more opportunity for unplanned housing developments to receive planning permission	More housing development in locations not preferred by the Council and in potentially less sustainable locations with more environmental impact.				A new Local Plan provides the opportunity to review the allocation of land for housing. Planning decisions are taken in the context of the five year housing land supply position and are a means by which addiitonal housing can be approved for delivery within a five year period. Housing land supply is reviewed on at least an annual basis. An action plan can be prepared to identify measures to help facilitate the delivery of approved housing. The rate of housing delivery is ultimately a matter for teh developer.	Partially	Councillor J. Conway	Ian Boll	David Peckford					Regular monitoring and review Preparation & adoption of a a new Local Plan Regular Briiefings for the Chair of Planning Committee and the Portfolio Holder. Member awareness of the implications of not having a five year land supply Preparation of an Action Plan	The 2024 Annual Monitoring Report is to be presented to the Council's Executive in February 2025 which will include a review of housing land supply and any associated actions.	Risk reviewed 20-01-25
L04 - Business Continuity - Failure to ensure that critical services can be maintained in the event of a short or long term incident impacting on the delivery of the Council's operations	Inability to deliver critical services to customers/residents	4	4	16	Business continuity strategy, statement of intent and framework in place and all arrangements overseen by a Business Continuity Steering Group	Fully	Councillor R. Parkinson	Ian Boll	Tim Hughes	2	3	6	↔	BCSG meeting routinely and corporate refresh across all areas completed. BC programme is in place and timescales for review/update/test are being followed.	Full risk review carried out. Mitigating actions updated.	Risk reviewed on 13/01/2025
	Financial loss/ increased costs				Services prioritised and ICT recovery plans reflect those priorities and the requirements of critical services	Fully										
	Loss of important data				ICT disaster recovery arrangements in place with data centre and cloud services reducing likelihood of ICT loss and data loss	Fully								BC Impact Assessments and BCPs being updated and reviewed by Emergency Planning Team with supporting document management system being implemented.		
	Inability to recover sufficiently to restore non-critical services before they become critical				Incident management team identified in Business Continuity Framework	Fully								Business Continuity Statement of Intent and Framework reviewed and updated to align with new incident management framework		
	Loss of reputation				All services undertake annual business impact assessments and updates of business continuity plans	Partially								Cross-council BC Steering Group meets regularly to identify BC improvements needed; BC Steering Group engagement is being achieved across all service areas.		
	Reduced service delivery capacity in medium term due to recovery activity				Cross-council Business Continuity Steering Group meets regularly to identify Business Continuity improvements needed	Partially								Plans tested and annual cycle clearly sets out the test/review/improve process and expectations		
L05 - Emergency Planning - Failure to ensure that the local authority has plans in place to respond appropriately to a civil emergency fulfilling its duty as a category one responder	Inability of council to respond effectively to an emergency	4	4	16	Incident Management Framework in place and key contact lists updated monthly.	Fully	Councillor R. Parkinson	Ian Boll	Tim Hughes	2	3	6	↔	IMF reviewed and updated. Training schedule in place and being delivered including training for new ADs/CEx and refresh for existing duty directors. Emergency plan contacts list updated monthly and reissued to all duty directors periodically. Available on ELT Teams channel.	Debrief/lessons learnt excercise to be carried out following Sept. flooding event. Duty Directors, customer services, Gold and OCC EP Officer to be included.	Risk reviewed on 14/01/2025
	Unnecessary hardship to residents and/or communities				Emergency Planning Lead Officer defined with responsibility to review, test and exercise plan and to establish, monitor and ensure all elements are covered	Fully								Supporting officers for incident response reviewed and identified across some areas, to ensure they are reviewed and updated across all service areas.		
	Risk to human welfare and the environment				Expert advice and support provided by Oxfordshire County Council's Emergency Planning Team under partnership arrangements.	Fully										
	Legal challenge				Council Duty Directors attend training relating to role prior to joining duty director rota and have refresh training annually	Fully										
	Potential financial loss through compensation claims				CEx and Corporate Directors have received Strategic Co-ordinating Group (SCG) Training.	Partially										
	Ineffective Cat 1 partnership relationships				Multi agency emergency exercises conducted to ensure readiness	Fully										
					Active participation in Local Resilience Forum (LRF) activities											
	Reputational damage				On-call rota being maintained and updated to reflect recent staffing changes	Fully										

Name and Description of risk	Potential impact	Inherent (gross) risk level (before Controls)			Controls	Control assessment	Lead Member	Risk owner	Risk manager	Residual risk level (after existing controls)			Direction of travel	Mitigating actions (to address control issues)	Comments	Last updated
		Probability	Impact	Rating		Fully effective Partially effective Not effective				Probability	Impact	Rating				
L06 - Safeguarding the Vulnerable – Operational and partnership actions- Failure to work effectively with partners to identify and protect vulnerable people in the district and disrupt exploitation leaving vulnerable people at risk or subject to exploitation.	Increased harm and distress caused to vulnerable individuals and their families.	4	4	16	Continue in linking in with Oxfordshire partnerships protocol review to ensure outcomes relevant to CDC are understood and implemented as necessary	Partially	Councillor R. Parkinson	Ian Boll	Tim Hughes	2	4	8	↔	Continue in linking in with Safer Oxfordshire partnership and contributing towards patnership activity to ensure safeguarding responsibilities are met.	Full risk review carried out. Risk controls updated	Risk reviewed on 14/01/2025
Council subject to external reviews					Exploitation concerns and actions discussed routinely at Joint Agency Tasking and Co-ordination meetings on a monthly	Fully								Exploitation concerns and actions discussed routinely at Joint Agency Tasking and Co-ordination meetings on a monthly basis		
Criminal investigations potentially compromised																
Potential financial liability if council deemed to be negligent.																
Reputational damage to the council.																
L07 - Health and safety Failure to ensure effective arrangements are in place for Health and Safety.	Unsafe services leading to fatality, serious injury & ill health to employees, service users or members of the public	5	4	20	Corporate H&S governance arrangements and policies are regularly reviewed and updated by the Corporate H&S Team and monitored by the H&S Assurance Board.	Fully	Councillor C. Brant	Claire Cox	Ruth Wooldridge	3	4	12	↔	Corporate H&S Auditing and Inspection programme on track. Reports issued to managers and actions tracked for completion. Work ongoing with 2 audits per calendar month.	Full risk review carried out. Risk reviewed and mitigation actions updated. These are ongoing risks which cannot be removed only reduce the likelihood of these happening. The final Veritau report was presented to AARC on 15 Janaury 2025. Work is now progressing on the audit actions which we hope to have concluded the actions that we own by the Autumn 2025.	Risk reviewed on 06/01/2025
Criminal prosecution for failings Breach of legislation and potential for enforcement action.					Directors and service leads are responsible for ensuring H&S arrangements are in place within their areas or responsibility. Managers are responsible for ensuring operational health and safety risks are assessed and effective control measures implemented.	Fully								Work still in progress with service areas around the corporate H&S register, which will be managed and monitored with a focus on the depots as our highest risk areas.		
Financial impact (compensation or improvement actions)					Consultation with employee representatives via employer and union consultative committees (Unison)	Fully								Relevant and required policies and procedures are regularly reviewed.		
Reputational Impact					Corporate H&S Training provided via corporate learning and development programme. Training for operational risks may be organised by services.	Fully								Working with service areas to ensure that suitable risk assessments are in place.		
					H&S performance monitored by accident and incident reports and corporate H&S auditing and inspection programme.	Fully								Working with service areas and providing training to staff where necessary.		
					H&S information is disseminated via internal communications and updates to ELT and other relevant meetings.	Fully										
L08 - Cyber Security -If there is insufficient security with regards to the data held and IT systems used by the councils and insufficient protection against malicious attacks on council's systems then there is a risk of: a data breach, or a loss of service.	Financial loss / fine	4	5	20	Intrusion prevention and detection monitoring and regular actions are implemented from the resulting reports	Fully	Councillor C.Brant	Stephen Hinds	David Spilsbury	3	5	15	↔	All staff reminded to be vigilant to unexpected emails due to the heightened risk of cyber-attack due to escalating worldwide tensions and at critical periods such as the run up to Elections.	Full risk review carried out. Impacts, controls and mitigating actions updated	Risk reviewed 08/01/2025
Prosecution – penalties imposed					Additional 3rd party monitoring in place using a SIEM tool and 24/7 monitoring via a SOC	Fully										
Individuals could be placed at risk of harm					A zero trust VPN model.	Fully								Cyber Security advice and guidance regularly highlighted to all staff.		
Reduced capability to deliver services					Schedule of regular security patching	Fully										
Unlawful disclosure of sensitive information					Vulnerability scanning	Fully								Cyber Security is mandatory e-learning for all staff to be completed annually and is part of new starters induction training. Additionally regular Mimecast videos sent to all users for bitesize regular training		
Inability to share services or work with partners					Malware protection and detection	Fully										
Loss of reputation					File and data encryption on computer devices	Fully								External Health Check undertaken each year and Cabinet Office PSN compliance reviewed and certified each year to ensure the infrastructure is secure to connect to the PSN.		
					Managing access permissions and privileged users controls.	Fully										
					Effective information management and security training and awareness programme for staff	Fully								Internal Audits complete regular cyber audits.		
					Password and Multi Factor Authentication security controls in place.	Fully								Cyber Security lead has specific responsibility for Cyber Security, and we have engaged a specialist partner to advise on industry best practices and standards.		
					Robust information and data related incident management procedures in place	Fully										
					Appropriate robust contractual arrangements in place with all third parties that supply systems or data processing services	Fully										
					Appropriate plans in place to ensure ongoing PSN compliance	Fully										
					Preventative measures in place to mitigate insider threat, including physical and system security	Fully										
					Advice received from NCSC on specific activity alerts, the increased threat of globalised ransomware and malware attacks	Fully										
					Mimecast awareness training and comprehensive defence system deployed to improve email security	Fully										

Name and Description of risk	Potential impact	Inherent (gross) risk level (before Controls)			Controls	Control assessment	Lead Member	Risk owner	Risk manager	Residual risk level (after existing controls)			Direction of travel	Mitigating actions (to address control issues)	Comments	Last updated
		Probability	Impact	Rating		Fully effective Partially effective Not effective				Probability	Impact	Rating				
L09 - Safeguarding the vulnerable - Internal procedures- Failure to work effectively with partners to identify and protect vulnerable people in the district and disrupt exploitation leaving vulnerable people at risk or subject to exploitation.	Increased harm and distress caused to vulnerable individuals and their families	4	4	16	Safeguarding lead in place and clear lines of responsibility established	Fully	Councillor R. Pattenden	Ian Boll	Nicola Riley	2	4	8	↔	Action plan acted upon and shared with Overview and scrutiny committee once a year	No changes required in Q3	Risk reviewed 10/01/2025
	Council subject to external reviews				Safeguarding Policy and procedures in place	Fully								Annual refresher and new training programmes including training for new members		
	Criminal investigations potentially compromised				Information on the intranet on how to escalate a concern	Fully								Continue to attend safeguarding board sub groups as necessary to maintain high levels of awareness within the system and compliance with latest practice		
	Potential financial liability if council deemed to be negligent				Mandatory training and awareness raising sessions are now in place for all staff.	Fully								Corporate monitoring of all referrals		
	Reputational damage to the council				Safer recruitment practices and DBS checks for staff with direct contact	Fully								Ensure web pages remain up to date		
					Data sharing agreement with other partners	Fully								Monitoring of implementation of corporate policies and procedures to ensure fully embedded		
					Attendance at Safeguarding Boards	Fully								Regular internal cross departmental meetings to discuss safeguarding practice		
					Annual Section 11 return compiled and submitted as required by legislation.	Fully								SAR's and Lessons Learned reports circulated to improve practice and knowledge.		
L10 - Sustainability of Council owned companies and delivery of planned financial and other objectives - Failure of council owned companies to achieve their intended outcomes or fail to meet financial objectives	Unclear governance leading to lack of clarity and oversight in terms of financial and business outcomes	3	5	15	Annual business planning in place for all companies to include understanding of the link between the Council's strategic objectives being delivered and financial impact for the council. A regular Shareholder Representative meeting takes place, a Shareholder Liaison Meeting including the S.151 Officer and Monitoring Officer takes place on a quarterly basis and a Shareholder Committee meeting on a quarterly basis. A governance review is being undertaken and initial recommendations have been approved by the Shareholder Committee.	Fully	Councillor D. Hingley	Gordon Stewart	Stephen Hinds	2	3	6	↔	A Shareholder Representative was appointed and regular governance arrangements are in place.	No changes	Risk reviewed on 05/01/2025
	Failure of council owned companies to achieve their intended outcomes or fail to meet financial objectives				Regular meetings are in place between the Council's S.151 Officer and the relevant company Finance Directors. Financial planning for the companies undertaken that will then be included within our own Medium Term Financial Strategy. Financial risks are routinely reported by the Shareholder Representative to the Shareholder Committee.	Fully								Resilience and support being developed across business to support and enhance knowledge around council companies.		
	Lack of understanding at officer and member level about the different roles of responsibilities required when managing council owned companies				Clear governance arrangements are in place.	Partially								Skills and experience being enhanced to deliver and support development, challenge and oversight.		
					Sound monitoring in place of both business and financial aspects of the companies and the impact on overall council performance through the Shareholder Representative meetings and through the reporting to the Corporate Leadership Team monthly.	Fully								Work with one company to ensure long term support arrangements are put in place.		
					Training in place for those undertaking Director roles relating to the companies.	Partially										

Name and Description of risk	Potential impact	Inherent (gross) risk level (before Controls)			Controls	Control assessment	Lead Member	Risk owner	Risk manager	Residual risk level (after existing controls)			Direction of travel	Mitigating actions (to address control issues)	Comments	Last updated
		Probability	Impact	Rating		Fully effective Partially effective Not effective				Probability	Impact	Rating				
L11 - Financial sustainability of third-party suppliers and contractors	The financial failure of a third party supplier and contractors results in the inability or reduced ability to deliver a service to customers or provide goods needed. A reduced supply market could also result in increased costs due to the council's' loss of competitive advantage.	3	4	**12**	Ensure contract management in place review and anticipate problems within key service suppliers and partners	Partially	Councillor C Brant	Shiraz Sheikh	TBC	3	4	**12**	↔	Creditsafe UK tool purchased to allow Procurement to carry out supplier credit checks when required.	No changes	Risk reviewed on 15/01/25
					Business continuity planning arrangements in place in regards to key suppliers	Partially								Service areas to ensure supplier suitability checks have been carried out prior to award of contract and hold meetings as required with suppliers to review higher risk areas and ensure risks are being managed. Reminders to be sent to all who have Procurement/Contract Management responsibility to regularly meet with key suppliers and partners to gain early understanding of any issues arising.		
					Ensuring that proactive review and monitoring is in place for key suppliers to ensure we are able to anticipate any potential service failures	Partially										
	Reduced resilience and business continuity				Intelligence unit set up procurement Hub to monitor supplier and contractor market	Fully								Services areas to keep the key suppliers under regular check including running financial checks.		
	Increased complaints and/or customer dissatisfaction				Analysis of third party spend undertaken to identify and risk assess key suppliers/contractors	Fully										
	Increased costs and/or financial exposure to the Council due to having to cover costs or provide service due to failure of third party supplier of contractor															

Name and Description of risk	Potential impact	Inherent (gross) risk level (before Controls)			Controls	Control assessment	Lead Member	Risk owner	Risk manager	Residual risk level (after existing controls)			Direction of travel	Mitigating actions (to address control issues)	Comments	Last updated
		Probability	Impact	Rating		Fully effective Partially effective Not effective				Probability	Impact	Rating				
L12 - Corporate Governance - Failure of corporate governance leads to negative impact on service delivery or the implementation of major projects providing value to customers.	Threat to service delivery and performance if good management practices and controls are not adhered to.	4	4	16	Clear and robust control framework including: constitution, scheme of delegation, ethical walls policy etc.	Fully	Councillor C. Brant	Stephen Hinds	Shiraz Sheikh	3	4	12	↔	External Audit - external audit issue an opinion on the accounts and the Council's arrangements for securing Value for Money. The Council's Annual Governance Statement and Code of Corporate Governance. At least annually, a review of effectiveness of governance framework including the system of internal control and AGS is published. The work is informed by the Corporate Governance and Oversight Group. CLT & ELT has responsibility of maintenance of the governance environment.	Full risk review carried out - potential impacts updated	Risk reviewed on 15/01/2025
					Member Scrutiny - OSC function, Council Executive, AARC and Standards Committees	Fully										
	Risk of ultra vires activity or lack of legal compliance				Clear accountability and resource for corporate governance (including the shareholder role).	Fully										
	Risk of fraud or corruption				Integrated budget, performance and risk reporting framework.	Fully										
	Risk to financial sustainability if lack of governance results in poor investment decisions or budgetary control.				Corporate programme office and project management framework. Includes project and programme governance.	Partially										
	Failure of corporate governance in terms of major projects, budgets or council owned companies impacts upon financial sustainability of the council.				Internal audit programme aligned to leadership risk register.	Fully										
	Inability to support Council's democratic functions / obligations (e.g. return to physical public meetings and public access to meetings).				Training and development resource targeted to address priority issues; examples include GDPR, safeguarding etc.	Partially										
					HR policy framework.	Partially										
					Annual governance statement process undertaken for 2023/24 connects more fully and earlier with ELT and CLT.	Fully										
					Review of the Constitution by the MO with member involvement and approval by the Full Council	Fully										
L13 - Monitoring and management of Major Infrastructure Projects and Programmes - Failure to properly manage and monitor the various residual Oxfordshire Housing and Growth Deal infrastructure projects.	Failure to actively manage the various Infrastructure Projects and Programmes, particularly in relation to those being delivered by Oxfordshire County Council, could lead to delays or failure to deliver timely obligations, which could lead to HM Government holding back some or all of its funding, or requiring repayment.	**4**	**5**	**20**	Need to establish appropriate officer and stakeholder governance structures to support effective programme delivery.	Partially	Councillor L. McLean	Ian Boll	Robert Jolley	3	3	**9**	↔	Monthly infrastructure project meetings are held between officers at Oxfordshire County and Cherwell District Councils in order to monitor progress.	No changes required in Q3	Risk reviewed, 03/01/2025
					Need to institute regular and effective dialogue with developers.	Partially								Institute regular and effective dialogue with developers		
	Delivery of Infrastructure projects fail to accelerate housing delivery as commercial pressures impact house builders															
L14 - Workforce Strategy The lack of effective workforce strategies could impact on our ability to deliver Council priorities and services.	Limit our ability to recruit, retain and develop staff	3	4	12	Analysis of workforce data and on-going monitoring of issues.	Partially	Councillor C. Brant	Stephen Hinds	Claire Cox	3	4	12	↔	There are indications that specific service areas continue to experience recruitment difficulties for professional roles. HR is working with the relevant directors to consider alternative resourcing methods.	Full risk review carried out. Mitigating actions updated. Strategy is in development.	Risk reviewed and updated 07/01/2025
	Impact on our ability to deliver high quality services				Key staff in post to address risks (e.g. strategic HR business partners)	Fully								Development of a people strategy to include succession planning, and to underpin the organisation strategy		
	Overreliance on temporary staff				Weekly Vacancy Management process in place	Fully								Development of relevant workforce plans.		
														Development of specific recruitment and retention strategies. It is planned for CDC to develop a framework that suits the needs of all services ensuring that the Council has access to a much wider pool of staffing agencies at competitive rates.		
	Additional training and development costs				Ongoing service redesign will set out long term service requirements	Partially								The new IT system has been implemented to improve our workforce data and continues to be develop to improve our ability to interrogate and access key data (ongoing) in order to inform workforce strategies.		
L15 - Local Government Reorganisation Potential impact that the Local Government Reorganisation implementation might across the council, including services we provide to our residents.	Impact on potential short term decision making due to future uncertainty	4	4	16	Representation of all political parties is ensured, including through dialogue with PGL		Councillor D. Hingley	Gordon Stewart	Stephen Hinds	4	3	12	**NEW**	Implement proposals from our Transformation Plan to ensure improved efficiencies and improving our resilience		Risk created on 21/01/2025
	Inability to recruit key personnel to achieve priorities during the transition period				Legal implications and actions to be identified and executed											
	Inability to transform services to achieve required financial savings/ VFM due to uncertainty of future design requirements & timescales				Communication plan to be put in place											
	Services not being fully ready on vesting day				Local/District specific impact to be identified, assessed and managed/escalated											
	Risk to the continuity of services				Active engagement at officer & Council Leader levels with authorities across Oxfordshire & wider as appropriate.											
	Insufficient resources to implement LGR / business case with impact on BAU work.															
	Staff morale and resilience may be low															
	Risk that assumed savings from reorganisation will not be realised or will be significantly delayed.															
	Failure of back-office systems															
	That decision making will be unclear and confused															
	Lack of clarity of vision and priorities															
	Loss of local representation to issues important to Cherwell residents; that any unitary body(ies) may not have community as a central focus in design of the new operating model.															

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This report is public.	
AARC Annual Health and Safety Report 2023-24	
Committee	Accounts, Audit and Risk Committee
Date of Committee	19 March 2025
Portfolio Holder presenting the report	Portfolio Holder for Corporate Services, Councillor Chris Brant
Date Portfolio Holder agreed report	5 March 2025
Report of	Assistant Director of Human Resources

Purpose of report

To provide the Accounts, Audit and Risk Committee with the Council's Health and Safety performance over the 2023-24 year and its plan for the current year.

1. Recommendations

The Accounts, Audit and Risk Committee resolves:

1.1 To review the content of the report

1.2 To provide feedback if any further detail or additional information is required in future reports which will be submitted quarterly.

2. Executive Summary

2.1 This report is a statement of Cherwell District Council's health and safety performance to the end of the financial year 2023/2024. It demonstrates that Cherwell District Council shows strong commitment to the health and safety of its workforce and to others who may be affected by its activities.

2.2 The Council employs approximately 350 employees (full and part-time) which includes our Environmental Services teams which are our highest risk area due to the nature of the work undertaken.

2.3 There have been no regulatory interventions or enforcement action taken against the council during this reporting period.

2.4 The Corporate health and safety team continue to provide professional health and safety support and guidance to the council fulfilling the role of health and safety competent assistance as required by statutory health and safety legislation.

2.5 The number of reported accidents/incidents in council services have increased over the past 12 months possibly due to improved reporting measures being implemented. Work is ongoing to identify causes and look at actions required where necessary.

2.6 The Corporate Health and Safety team continue to work on the actions from the 2022 Health and Safety audit and further details can be found in this report.

2.7 Ruth Wooldridge has been in post since December 2022 and has overseen the development and progression of the health and safety function over the past 16 months.

2.8 Staff are continuing to work in an agile way with a mix of office and home working. Staff are required to undertake a DSE (Display Screen Equipment) Assessment for home as well as the office which should be undertaken annually, where they work in both locations.

2.9 The H&S Team will continue to report monthly to CLT and attend DLTs where possible across all areas of the business.

Implications & Impact Assessments

Implications	**Commentary**			
Finance	There are no financial implications directly associated with this report. Kelly Wheeler Finance Business Partner 27 February 2025			
Legal	The report sets out in detail the Council's various legislative obligations and discusses the steps which the Council is taking to satisfy these. The recommendations for this report are to review the content and provide feedback if further detail or additional information is required. As such there are no direct legal implications arising as a result of this report. Signed off by Denzil Turbervill Head of Legal Services 28 February 2025			
Risk Management	There are no risk implications arising directly from this report. All service plans include a section to manage their Health and Safety risks, additionally, overall H&S risk is managed and monitor through the Leadership Risk Register. Celia Prado-Teeling, Performance Team Leader, 28 February 2025.			
Impact Assessments	Positive	Neutral	Negative	Commentary
Equality Impact				n/a
A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?				n/a
B Will the proposed decision have an				n/a

impact upon the lives of people with protected characteristics, including employees and service users?				
Climate & Environmental Impact				n/a
ICT & Digital Impact				n/a
Data Impact				n/a
Procurement & subsidy				n/a
Council Priorities	n/a			
Human Resources	n/a			
Property	n/a			
Consultation & Engagement	n/a			

Supporting Information

3. Background

3.1 The Health and Safety at Work etc. Act 1974 places a legal duty on the Council as an employer to take all reasonable steps to protect the health, safety and welfare of its employees at work and other persons affected by their activities.

3.2 The Chief Executive has overall responsibility for health and safety within the Council and leads in setting corporate policy and direction. Corporate Directors and Assistant Directors support the Chief Executive; however, they are also responsible for ensuring that robust health and safety management systems exist in their respective directorates.

3.3 To manage occupational health and safety risks, the Council has documented management arrangements, including a Corporate Health and Safety Policy and a range of supporting corporate arrangements. The Council has appointed a Health, Safety Manager and a Health and Safety Supervisor to provide competent advice, guidance, support and assistance to the workforce on all health and safety related matters, fulfilling their employer responsibilities under the Management of Health and Safety at Work Regulations.

3.4 As a minimum, the Council has put in place processes and procedures required to meet the legal requirements, including:

- A written Health, Safety and Wellbeing Policy which was reviewed in March 2023 and will be reviewed over the next 12 months following the appointment of Gordon Stewart.
- Managers assessing the risks to employees, contractors, customers, partners, and any other people who could be affected by their activities. Risk assessments must be “suitable and sufficient” and record significant risks.
- Arrangements for the effective planning, organisation, control, monitoring, and review of the preventive and protective measures that come from risk assessment. The Corporate arrangements expand on the health and safety arrangements outlined in the council’s health and safety policies and provide the framework for the council’s health and safety management system.

4. Details

4.1 Risk Management

All employees working at home have been asked to complete a DSE/homeworking risk assessment and, where needs have been identified, have been provided with appropriate equipment to allow them to work safely. Any such additional equipment has to be paid for out of the service budget.

Each service area is responsible for ensuring that all activities that their team undertake is appropriately risk assessed, and suitable control measures are put in place. The Corporate Health and safety team are available to assist and advise where necessary.

The team has also worked with colleagues in the Performance team to ensure that all services have “Risk Registers” in place which address all the risks that are posed including health and safety. This had previously been highlighted as a deficiency. The H&S Team have reviewed and continue to review the corporate arrangements to ensure they are in line with current best practice. This is an ongoing piece of work to ensure that we as an employer continue to remain compliant.

4.2 Legislation Changes

No changes of legislation have been made in the last year that affect our services. However, we are aware of Martyn’s Law the Terrorism (Protection of Premises) Bill which will be going through parliament some time over the next few months which will need to be looked at.

The Bill sets out that the procedures and measures that must be put in place by organisations for their premises or event to protect against terrorism, this should be determined by what is reasonably practicable for their individual circumstances. Organisations should take into account the nature of the premises or event, their activities, and resources when determining what to take forwards, in recognition that a one size approach will not work for all.

Martyn’s Law has been designed to make compliance simple. Dedicated guidance and support will be provided for duty holders to ensure that those in scope have the required information on what to do and how best to do it. The guidance will be easy to follow, needing no particular expertise.

The Bill establishes a tiered approach, premises in the standard tier will be required to have in place appropriate and reasonably practicable public protection procedures to reduce the risk of physical harm in the event of an attack. Some actions could be as simple as locking doors, closing shutters and identifying a safe route to cover.

The requirements for standard tier premises are focused on simple, low-cost activities to enact procedures and the Bill does not require those responsible for premises in this tier to physically alter their premises or purchase equipment. The aim of public protection procedures is to improve staff preparedness and responses.

Those responsible for larger 'enhanced tier' premises and qualifying events will be required to have in place, so far as is reasonably practicable, additional public protection measures. These measures are those that could be expected to reduce the vulnerability of the premises or event to acts of terrorism. For example, those responsible for enhanced duty premises will be required to have measures relating to the monitoring of the premises or event and its immediate vicinity. They will also be required to document their compliance with certain requirements of the Bill and provide this to the regulator.

For all premises and events, requirements relating to procedures and measures are subject to the concept of 'reasonably practicable'. Those responsible for many premises and events will be familiar with this exercise of judgement through their duties under health and safety legislation. Making reasonably practicable considerations will allow those responsible for premises and events to take into account the nature of their activities, operating environment, and available resources when fulfilling their obligations under the legislation, ensuring a proportionate approach that is specific to the premises or event specific.

Dedicated guidance and support will be provided for duty holders to ensure that those in scope have the required information on what to do and how best to do it. The guidance will be easy to follow, needing no particular expertise.

Once we have more information on what will be required the team will be working with the Facilities Management team to ensure that appropriate measures are put in place.

4.3 HSE Intervention

There have been no HSE interventions during 2023/24.

4.4 Policy & Procedure Update

The H&S Team maintains a large number of corporate arrangements which can all be found in an accessible format on the council's intranet. Following on from the Audit in the summer of 2022, all Corporate Arrangements and the Health, Safety and Wellbeing Policy have been reviewed though some will be subject to further review going forward and we are aware of some new one's that need to be written.

4.5 Health and Safety Communications

The following H&S Communications have been released during 2023-2024 via Chief Executive weekly updates, scrolling news on our intranet, and all staff briefings.

- Lone workers and the Peoplesafe App
- Health & Wellbeing Day promotion
- DSE Assessments for home and office working following the release of the new form.
- Reminder of the need to report accidents, incidents etc at work.
- A contribution in all Managers briefings on the latest news and updates on health and safety

The team continue to report monthly to CLT and to the ELT and DLT meetings as requested by Management following the health and safety audit in 2022.

4.6 The Lone Worker App

Peoplesafe, the lone worker app, has been available for staff who complete lone working to use for a number of years. Currently approx. 110 employees have access to the app. Access to and usage of the app costs approximately £5 per month per person whether they use it or not. This is paid for out of the central health and safety budget and is not charged back to service areas.

We have during March 2024 been migrated to a new portal within Peoplesafe which will make it easier for us to add, remove and update records.

4.7 Health and Safety Training

Most of the H&S training is provided through the i-HASCO online training portal. This portal provides an array of training packages not just for health and safety. Each member of staff is allocated a standard package of courses to complete depending on their role and additional courses can be added as and when required.

However, Environmental Services staff are unable to access these training courses, so they continue to receive face to face training as required from their own Training Supervisor with the support of the Corporate Health and Safety team as necessary.

Following an update to iHASCO and ITrent Managers can now access the system and see if staff in their team have completed the training for themselves.
Table 2 shows the percentage of people who have completed the mandatory modules in iHASCO as of 1 September 2023. This does not include operational staff. They are given more specialist training particularly in manual handling, accident reporting and health and safety at work. We are working with managers to ensure that staff complete the training within a reasonable timeframe, but this continues to be a challenge for staff to complete.

Course	% Completed	Course	No Completed
Accident Reporting	70.50%	H&S Essentials	65.51%
DSE	57.28%	Lone working	72.97%
First Aid & RIDDOR	59.06%	Manual Handling	71.40%
Fire Awareness	70.27%	Risk Assessment	56.3%

Table 2: Completion Rates on 6 April 2024of iHASCO Mandatory Training

First Aid and Training
The Health and Safety (First Aid) Regulations 1981 require employers to provide adequate and appropriate equipment, facilities and personnel to ensure their employees receive immediate attention if they are injured or taken ill at work.

As part of this requirement, the Council provides two levels of first aid trained staff in its buildings.

Employees have been identified and trained across the organisation in emergency first aid and first aid at work by an external training provider sourced by our Learning and Development Manager.

Environmental Services LGV Drivers also have an element of first aid training as part of their CPC training to maintain their LGV licence.

The number of first aiders and their locations are regularly reviewed to ensure that there are sufficient numbers of first aiders available. The numbers have been assessed through a First Aid Risk Assessment for each of the premises. For example, Bodicote House is identified as low risk but the Depots, due to the nature of the work is identified as higher risk.

All first aid staff have been defib trained. We have defibs readily available at Bodicote House and the depots. Maintenance and upkeep of the equipment is managed by the facilities management team.

Table 3: Numbers of First Aid Trained Staff

Location	First Aider Qualified	Emergency First Aid at Work Qualified
Bodicote House	4	7
Thorpe Lane Depot	3	3
Highfield Depot	3	0

Fire Safety and Fire Warden Training

The Regulatory Reform (Fire Safety) Order 2005 requires employers to have a strategy to evacuate all occupants within a building. As part of the Council's fire safety arrangements nominated staff are trained either as Fire Wardens or in the use of fire extinguishers. They perform essentially two roles, ongoing assessment of fire hazards and risks during their normal daily work tasks, and in the event of an evacuation conduct a sweep of their allocated fire zone to ensure all persons have safely evacuated.

All Council occupied buildings undergo a six-monthly no-notice fire evacuation drill to test response and procedures.

Fire Wardens have been identified for all of our buildings and have been provided with suitable E-Learning training. Their main purpose is to ensure that if there is an incident all members of staff and visitors can be safely evacuated from the premises in question. The numbers have been assessed through looking at the layout and distribution of staff across each site and their availability. This is under constant review by the team and certainly following any fire evacuations.

In addition, at Bodicote House due to its size we have 5 "Fire Brigade Liaison Officers (FBLO)" who will coordinate an incident on site and liaise with the emergency services where appropriate.

Table 5: Fire Wardens

Location	Fire Wardens	Fire Brigade Liaison Officer
Bodicote House	12	4
Thorpe Lane Depot	7	Not required
Highfield Depot	4	Not required

Evacuation Chair Operative Training

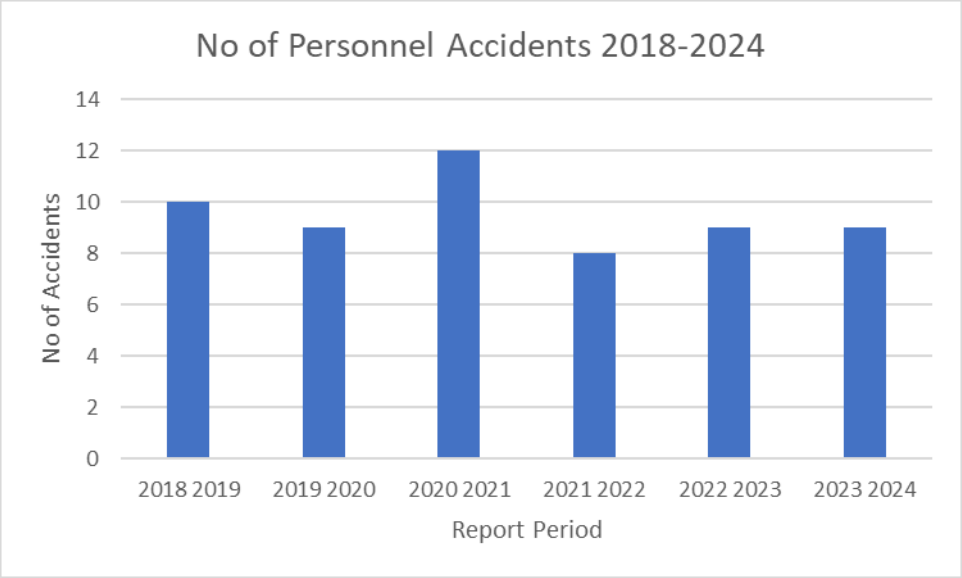
Bodicote House has three Evac-Chairs due to staff being spread over more than one level and the possible need to evacuate in the event of an emergency, loss of power etc persons who may be unable to use the stairs. Three members of staff are trained instructors in the safe operation of the evacuation chairs.

Most of the fire wardens have now been trained in the safe use of the equipment which is available in the main stairwells. It should be noted however that any person who may struggle to evacuate without using the lift in an emergency should have already been identified and a "Personal Emergency Evacuation Plan" written which provides instruction on how they should be evacuated out of a building. Oxfordshire Fire and Rescue Service are not there to undertake this activity on our behalf.

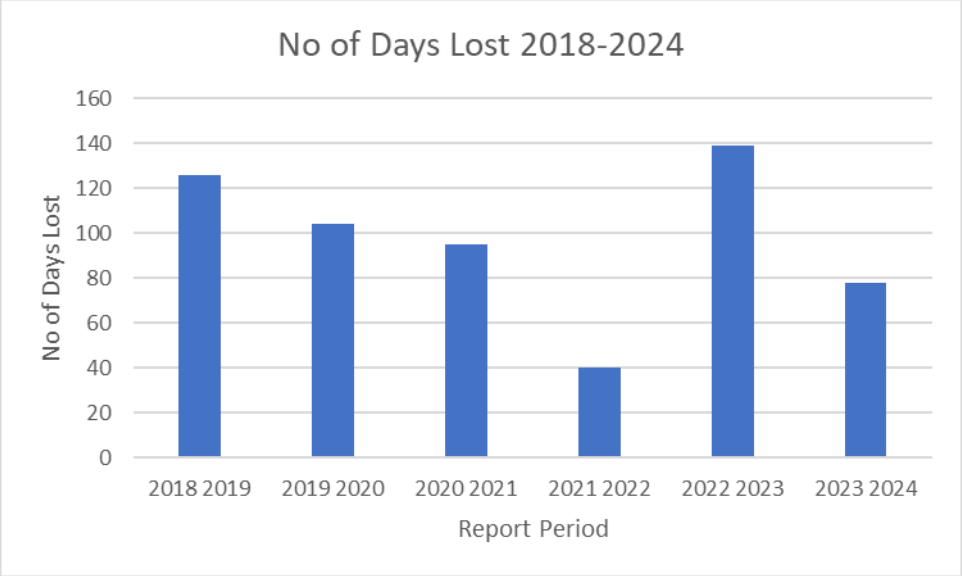
4.8 Safety Event Statistics

Due to the size of the organisation the number of accidents and incidents remains low in comparison with other councils. This could be for any number of reasons but if they are not reported they cannot be investigated. There has been an effort to raise the profile of health and safety within Environmental Services though due to

the nature of their work activities. As expected, most of the accidents are involving members of staff from Environmental Services due to the nature of their roles.



Graph 1: Number of Accidents involving staff by Year

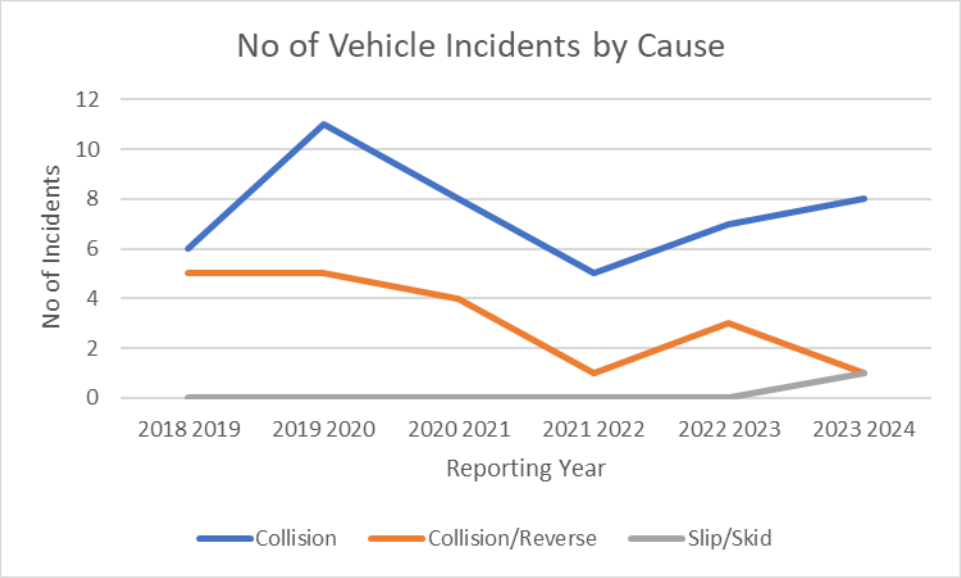


Graph 2: Numbers of Days lost following accidents at work by year.

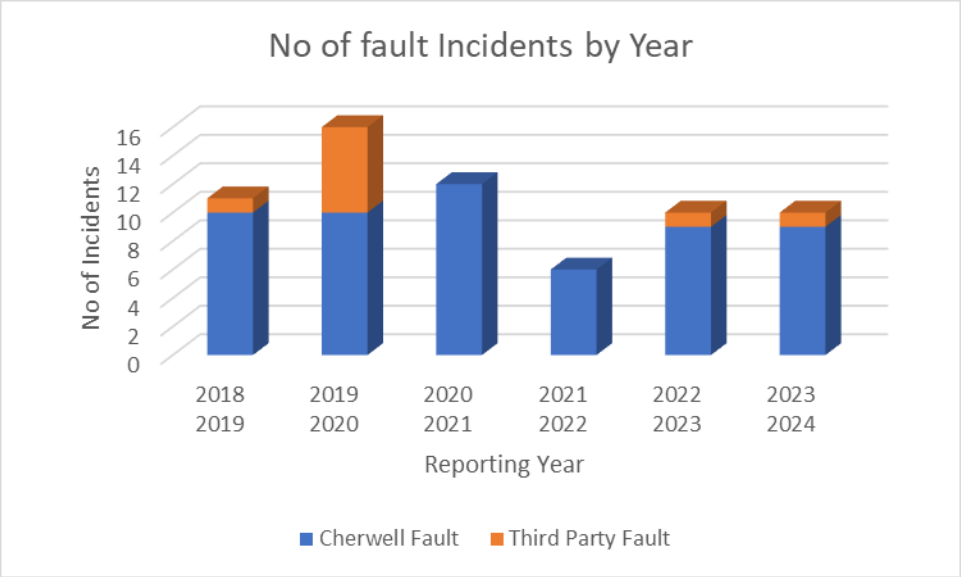
Vehicle Accidents

As can be seen in the graph below, there has been a downward trend in the number of vehicle accidents reported irrespective of who is at fault. The Pandemic has had an effect on these figures also so we shall see going forward if there is a trend in the other direction.

There was an incident in March 2023 whereby one of our refuse vehicles had a small fire in the back, probably due to hot ash being placed in a bin before it had cooled down. Thankfully, the fire was extinguished before any damage was caused to the vehicle.



Graph 3: Number of Vehicle Accidents by Cause per Year



Graph 4: Number of at fault incidents per Year

4.8 RIDDOR Reports

There have been three RIDDOR reports over the past 12 months involving Environmental Services.

It is vital that reports are completed and filed as soon as possible after the event. This is so that we can keep accurate records and report to the authorities where necessary. This has been brought to the attention of staff and Management at staff briefings and all staff emails over the past few months.

It also helps in the event of an investigation being required so this can be completed while things are still fresh in people's minds.

Name	Submission of RIDDOR Date	Incident	Days lost due to sickness absence

Refuse Loader	11/07/2023	Soft tissue damage to the thumb whilst handling a green bin which got stuck on uneven ground.	14
Refuse Loader	31/07/2023	IP slipped whilst on the back of the box van sustaining bruising to the knee and back resulting in over 7 days off work.	34
Refuse Loader	19/02/2024	IP slipped whilst alighting an RCV causing muscle damage to the foot and over 7 days off work.	14

Table 3: RIDDOR Accidents 2023-2024

4.9 Occupational Health

The external Occupational Health provider has continued to meet the organisation's requirements for dealing with and promoting health at work issues. The core functions of Occupational Health are work-health assessment screening, sickness absence management and health promotion.

We work closely with the Occupational Health Advisor to provide a proactive health surveillance programme to required staff following the risk assessment process. This is based on a two-yearly programme of health surveillance checks, consisting of skin surveillance, hand-arm vibration, audiometry, vision screening and general life-style well-being checks. The services that are part of the health surveillance checks are as follows:

Team	**Number of Staff Assessed**	
	Completed	Due at a future date
Environmental Services (drivers)	16	33
Environmental Services (Loaders	19	46
Street Cleansing & Street Scene	15	27
Vehicle Workshop	5	6

Table 4: Occupational Health Surveillance

4.10 Looking forward to 2024-2025

The Health and Safety team will continue to work through the remaining audit actions over the next few months. This will further support the business in ensuring that they remain compliant with current legislation and best practice.

The Corporate Health and Safety policy will be finalised and published on the webpages once signed off by the Chief Executive and the Leader of the Council. Corporate Arrangements will continue to be reviewed as per the schedule.

Audits and Inspections will be completed as per our key performance indicators and reported as required.

The service will continue to support all areas of the business in maintaining compliance and keeping abreast of any new and upcoming legislation.

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 provided for information only. There are no other options required as CDC must ensure compliance with Health and Safety Legislation

6 Conclusion and Reasons for Recommendations

Members of the Committee to read the content of the report and recommend the content of future reports which will be presented to this Committee on a Quarterly basis.

The next report will be the Annual Report for the period 2024-25. All further reports will be quarterly progress reports and include updates on the Veritau audit actions.

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	n/a

Document Information

Appendices	
Appendix 1	None
Background Papers	None
Reference Papers	None
Report Author	Ruth Wooldridge, Health and Safety Manager
Report Author contact details	Ruth.wooldridge@cherwell-dc.gov.uk
Corporate Director Approval (unless	Corporate Director for Resources, Stephen Hind approved 21 February 2025

Corporate Director or Statutory Officer report)	

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This is a public report	
2023/24 Final Statement of Accounts	
Committee	Accounts, Audit and Risk Committee
Date of Committee	19 March 2025
Portfolio Holder presenting the report	Deputy Leader and Portfolio Holder for Finance, Property & Regeneration Councillor Lesley McLean
Date Portfolio Holder agreed report	4 March 2025
Report of	Assistant Director of Finance (Section 151 Officer),

Purpose of report

To ask the Committee to note the final 2023/24 Statement of Accounts and the changes that have been made since the draft version which was brought to the Committee at its July 2024 meeting.

1. Recommendations

The Accounts Audit and Risk Committee resolves to:

1.1 Note the final 2023/24 Statement of Accounts (Appendix 1) and the associated changes between draft and final version.

1.2 Note the final letter of representation for 2023/24 (Appendix 2).

1.3 Note the final Auditor's Annual Report (Appendix 3) and Audit Completion Report (Appendix 4) from the council's external auditors, Bishop Fleming.

2. Executive Summary

2.1 The Ministry for Housing, Communities and Local Government has implemented audit backstop dates to reset the local government audit system in England. Under this legislation the audit for 2023/24 was required to be completed by the 28 February 2025.

2.2 On the 28 February 2025 the council's external auditors Bishop Fleming LLP issued a disclaimer opinion for the 2023/24 statement of accounts. This was due to the disclaimer opinion issued by the previous external auditors, Ernst and Young LLP, for the 2022/23 statement of accounts. This meant that Bishop Fleming did not have assurance over the opening balances for the 2023/24 audit. However, the value for money assessment has been completed as usual and is included in the Auditor's annual report (Appendix 3).

2.3 The Chairman of the Accounts Audit and Risk Committee and the S151 Officer were granted delegated authority by the Committee at its meeting in January 2025

to finalise and sign the accounts and the final Letter of Representation. They did so on 27 February 2025. The council published the accounts on its website on the 28 February 2025.

2.4 Since the publication of the draft statement of accounts for 2023/24 there have been some minor changes for the final statement of accounts. The final statement of accounts is attached at appendix 1. The changes are summarised in section 4.

Implications & Impact Assessments

Implications	**Commentary**			
Finance	There are no financial implications arising directly from this report. Comments checked by: Joanne Kaye, Head of Finance, 03/03/2025			
Legal	The report sets out the changes and amendments to the draft statement of accounts. The report also provides the statutory background for the report and notes the reasons for the disclaimer of opinion issued by the external auditors. The recommendation is to note the final statement, letter of representation and report and as such there are no legal implications arising directly from this report. Comments checked by: Denzil – John Turbervill, Head of Legal, 05/03/2025			
Risk Management	There are no risk management implications arising directly from this report. Comments checked by: Celia Prado-Teeling, Performance Team Leader, 03/03/2025			
Impact Assessments	Positive	Neutral	Negative	Commentary
Equality Impact				N/A
A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?				N/A
B Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?				N/A

Climate & Environmental Impact				N/A
ICT & Digital Impact				N/A
Data Impact				N/A
Procurement & subsidy				N/A
Council Priorities	N/A			
Human Resources	N/A			
Property	N/A			
Consultation & Engagement	N/A			

Supporting Information

3. Background

3.1 The draft statement of accounts for 2023/24 were noted by the committee at its meeting 17 July 2024. The committee received a draft of the 2023/24 letter of representation at its meeting in January 2025 and gave the S151 Officer and the Chair of the committee delegated authority to finalise and sign both the letter of representation and the final statement of accounts to conclude the audit.

3.2 At the January 2025 meeting it was also outlined that the 2023/24 statement of accounts would receive a disclaimer opinion, which councils across the country will be receiving as part of the government's audit reset plans. This is primarily due to the disclaimer opinion received for the 2022/23 statement of accounts, leaving Bishop Fleming unable to rely on the opening balances and comparative figures in the 2023/24 statement of accounts.

4. Details

Final Changes between draft and final accounts

4.1 Since the Committee noted the changes to the draft statement of accounts in January 2025, there has been one further change made to reach the final statement of accounts.

4.2 The final change, as alluded to in the report in January, is in relation to the pension liability. The liability has increase by £7.65m to reflect what is known as the 'asset ceiling effect'. Under International Accounting Standard (IAS) 19 the council is required to recognise an additional liability where the past service contributions agreed with the pension fund would give rise to a future surplus and not be available after they are paid (i.e. available as a refund or reduction in future contributions).

4.3 This £7.65m reflects the present value of future contributions which are above those required to settle pension obligations, and which the council would not be able to get back from the pension fund. This calculation assumes that the current level of past service contributions is continued over the funding time horizon (currently 20 years). However, the pension fund reviews these contributions every 3 years, with the next review covering the 2026/27 to 2028/29 period. The council is proactively engaging in talks with the pension fund ahead of the next review to ensure the council's contributions are appropriate. From the initial discussions it is expected that past service contributions will reduce over time as the fund is in a surplus position. As such the council does not expect any additional liability in relation to asset ceiling adjustments to materialise, instead it will reduce over time as the contribution rates are adjusted to align with the funding level of the pension fund.

4.4 There is no impact on council taxpayers from the pension adjustment as this does not impact on usable reserves. This change, along with those noted by the committee at its meeting in January 2025 have all been reflected in the final Statement of accounts at Appendix 1. Tables 1 and 2 are included below to demonstrate the impact of these changes between the draft and final versions on the CIES and balance sheet.

Table 1: Impact on the CIES of changes between draft and final statements

	Net Expenditure per draft Statement of Accounts £'000	**Changes £'000**	**Net Expenditure per final Statement of Accounts £'000**
Chief Executive	9,180		9,180
Communities	14,472		14,472
Resources	7,855	(22)	7,833
Cost of Services	**31,508**	**(22)**	**31,485**
Other Operating Expenditure	5,933		5,933
Financing and Investment (Income) and Expenditure	(1,428)		(1,428)
Taxation and Non-specific Grant (income)	(40,551)		(40,551)
(Surplus) or Deficit on Provision of Services	**(4,539)**	**(22)**	**(4,560)**
(Surplus) or deficit on revaluation of Property, Plant and Equipment	(33)	495	462
Remeasurement of the net defined benefit liability / (asset)	(12,765)	7,650	(5,115)
Other Comprehensive (Income) and expenditure	**(12,798)**	**8,145**	**(4,653)**
Total Comprehensive (Income) and expenditure	**(17,337)**	**8,123**	**(9,213)**

Table 2: Impact on the Balance Sheet of changes between draft and final statements

Balance Sheet	Draft	Changes	Final
	£'000	£'000	**£'000**
Property, Plant and Equipment	175,769	(1,903)	173,866
Investment Property	4,274		4,274
Intangible Assets	1,750		1,750
Long Term Investments	35,649		35,649
Long Term Debtors	73,236		73,236
Long Term Assets	**290,677**	**(1,903)**	**288,774**
Current Assets	**35,486**		**35,486**
Current Liabilities	**(78,852)**		**(78,852)**
Provisions	(1,770)		(1,770)
Long Term Borrowing	(145,000)		(145,000)
Pension Liabilities	(15,050)	(7,650)	(22,700)
Long Term Creditors	(14)		(14)
Grants Receipts in Advance - Revenue	(5,655)		(5,655)
Grants Receipts in Advance - Capital	(10,789)		(10,789)
Long Term Liabilities	**(178,278)**	**(7,650)**	**(185,928)**
Net Assets/(Liability)	**69,034**	**(9,553)**	**59,480**
Usable Reserves	(43,322)		(43,322)
Unusable Reserves	(25,712)	9,553	(16,158)
Total Reserves	**(69,034)**	**9,553**	**(59,480)**
Balance	**0**	**0**	**0**

4.5 There have also been other minor changes which are listed below:

- Amending the officers' remuneration note to reflect that non-taxable expenses should not be included, and to correct the bandings in the officers' remuneration over £50k table.
- Amending the related parties disclosure for Banbury Museum Trust to include that the council leases the museum to the trust.
- Changes to the group accounts to reflect changes made between draft and final accounts of subsidiary companies, including a £2.65m increase in the valuation of property, plant and equipment owned by subsidiaries.
- Amending the external audit costs note to reflect the split between audit fees for the current year and audit fees in relation to previous years.

Audit Opinion

4.6 On 28 February 2025, the council's external auditors issued a disclaimer opinion for the 2023/24 statement of accounts. The Auditor's Annual Report (Appendix 3) and Audit Completion Report (Appendix 4) outline the work completed as part of the audit.

4.7 As well as the adjustments outlined above there were four minor errors identified as part of the audit testing. These are detailed on page 14 of appendix 4. The council has not adjusted for the amounts quoted in 2023/24 as these are extrapolated errors – meaning that this is the expected level of error across all transactions based on the sampled items the auditors tested. As such, this does not represent an exact amount that should be corrected. As the totals are below the materiality threshold the council has not made any changes in 2024/25 but the errors identified from the samples will be corrected in 2024/25. Officers will continue to improve processes to avoid future errors.

4.8 The auditors have also outlined in section 7 of Appendix 4 that there are 7 recommendations, none of which are considered to be significant control issues. The council has reviewed these recommendations and provided a management comment for each within the appendix.

4.9 As reported to the committee in January, the external auditors have also completed their value for money assessment. Based on the work carried out they are satisfied that there are no significant weaknesses in the council's arrangements for securing value for money, and have only highlighted one minor recommendation for improvement. This conclusion is considered to be about as positive as it gets for a value for money assessment.

5 Conclusion and Reasons for Recommendations

5.1 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 final statement of accounts and associated auditor reports. The committee is also invited to discuss these with officers and the external auditors to obtain an understanding of the changes made between draft and final and the outcome of the audit.

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	Final Statement of Accounts 2023/24

Appendix 2	Final Letter of Representation 2023-24
Appendix 3	Auditor's Annual Report 2023-24
Appendix 4	Audit Completion Report 2023-24
Background Papers	None
Reference Papers	External Audit 2023/24 Update – January 2025 AARC External Audit 2022/23 Update – September 2024 AARC Draft Statement of Accounts 2023-24024 – July 2024 AARC
Report Author	Alex Rycroft, Strategic Finance Business Partner
Report Author contact details	01295 221541 Alex.rycroft@cherwell-dc.gov.uk
Corporate Director Approval (unless Corporate Director or Statutory Officer report)	N/A – Statutory Officer report

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FINAL

Statement of Accounts

2023/24

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Introduction

Your district council is hard at work making north Oxfordshire a great place to live, work and play. Every year we offer you this snapshot of how key public services are running in your area, and of the progress we're making towards our long-term strategic goals for the district. We run services including waste collection, street cleansing services, housing, planning, and enforcement. It's no secret that councils everywhere are operating in challenging financial circumstances, impacted by inflation and the increased cost of living. But we are a prudent and well-run council and have maintained a high level of performance for north Oxfordshire residents, while navigating these challenges with a balanced budget.

We are determined to deliver housing to meet the community's needs, and our recent successes include the launch of a tenants' charter, the delivery of grant funding to improve the condition of privately rented homes, and the start of work on site at Town Centre House, which is being refurbished for use as social housing. Cherwell supports environmental sustainability, and the year just gone saw extraordinary success as coffee loving residents embraced a new coffee pod recycling scheme, the business waste service continued to grow, and we won funding to plant new, carbon sequestering woodlands.

Our work to support the district's economy and urban centres reached some crucial milestones in the past year. Our work revitalising Bicester Market Square is underway, and we ran a key survey on the future of Banbury town centre, seeing a massive response from the public. We also had a fantastic response to a survey of local businesses, helping steer our plans for future economic growth.

I am also really pleased that, even against a challenging financial backdrop, the council is sticking to its vision of doing more for you, leading the way with initiatives designed to make Cherwell a district where it's easy to make healthy lifestyle choices. We have continued to invest in the health and wellbeing of your communities; we cast a wide net with a series of investments and leisure programmes that offers something for people at all stages of life.

For youngsters we delivered scores of new bikes to bike libraries at primary schools in the district. And our Move Together programme is a standout example of best practice, with the highest take-up in the county on this programme which offers tailored exercise programmes to people with long-term health conditions. Read on for more information about the good work we are doing with your council tax money and to learn more about the real impact our work is having in your area.

Should you have any comments or wish to discuss this statement in further detail then please contact the finance team by email on finance@cherwell-dc.gov.uk.

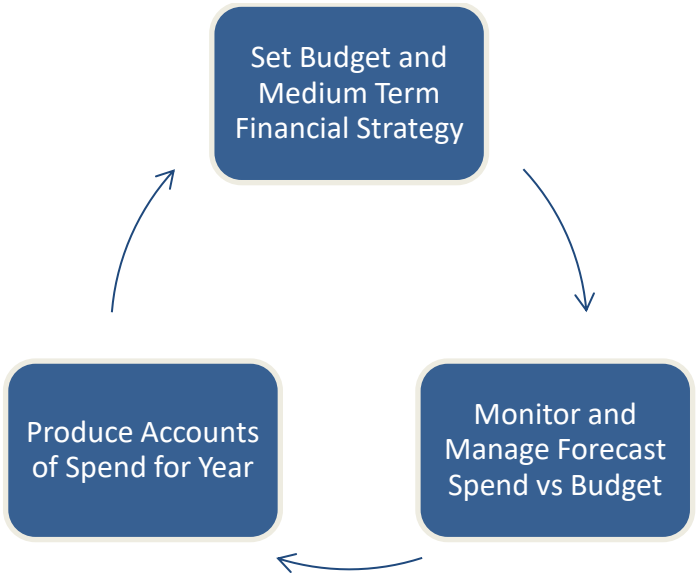
We hope you find the financial statements of interest and we look forward to hearing your views.

Gordon Stewart
Chief Executive
Cherwell District Council, PO Box 27, Banbury, Oxfordshire, OX15 4BH

Narrative Statement – Overview of 2023/24

Introduction

The preparation of the Statement of Accounts provides the opportunity to reflect on the past financial year and report on the current financial and non-financial position of the council. It is the culmination of the annual cycle.



All the while, payments are made to suppliers and housing benefits recipients; council tax and business rates are collected and distributed to our partners; fees and charges income is collected for our chargeable services; financial systems and controls are monitored to ensure they continue to operate effectively; treasury management ensures that public funds are invested securely and borrowing is undertaken appropriately to support our capital programme whilst working to minimise our borrowing costs.

2023/24 proved to be a hugely challenging but successful year for Cherwell District Council during which we continued to deliver on our objectives and playing a vital role supporting residents and businesses.

The Narrative Report is to provide information on Cherwell District Council, its main objectives, strategies, and the principal risks it faces. It sets out information to help readers understand the council's financial position and performance during 2023/24.

Cherwell District Council provides services to residents, businesses, communities, and visitors across the whole area. We are responsible for a range of services including the following: Environmental Services, Planning and Building Control, Growth and Economy, Regulatory Services, Housing, Wellbeing and Healthy Place Shaping.

We participate in and lead key partnerships that work to deliver housing and growth, environmental benefits, safer communities and improved health and wellbeing for all Cherwell residents.

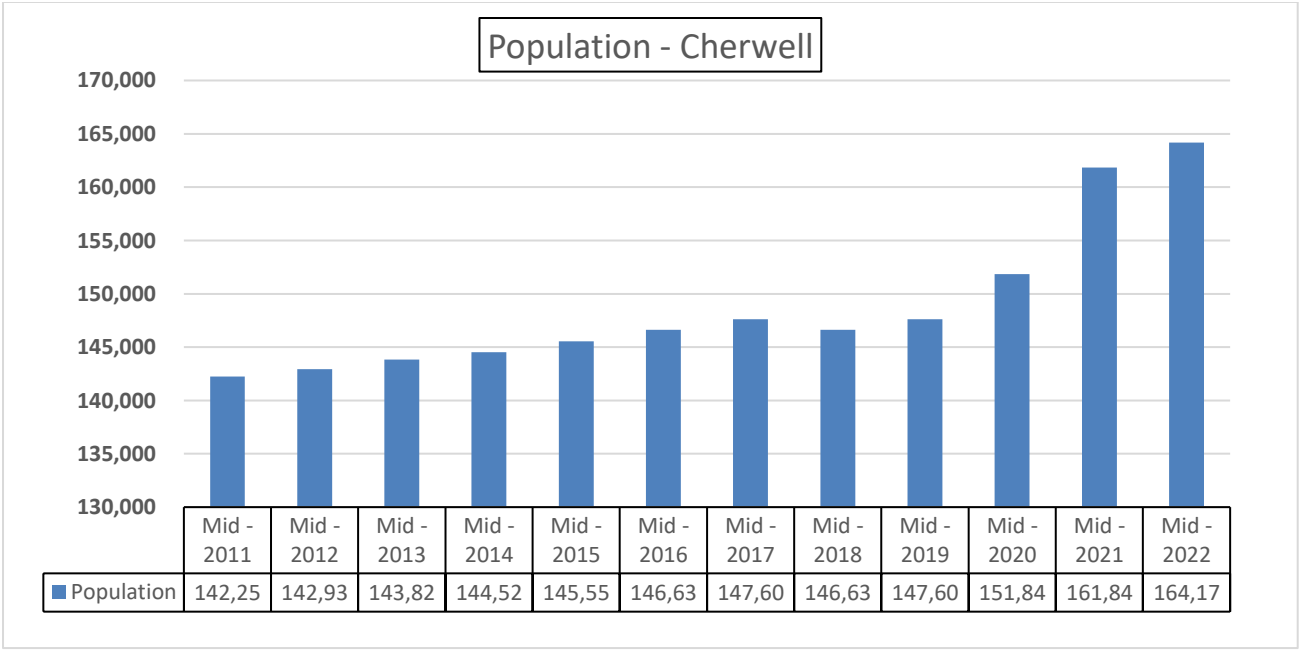
About the District



Cherwell District in North Oxfordshire is a predominantly rural area providing an excellent environment in which to live and work.

There are three urban centres – Banbury, Bicester, and Kidlington –with the remainder of the population living in 70 smaller settlements. Cherwell continues to change, with a population estimate from the Office for National Statistics released in November 2023 totaling 164,171 (mid-2022).

Between last two censuses of 2011 and 2021 Cherwell's population has grown by 13.5%, higher than the average rate of growth across the South East (7.5%).



	Mid - 2011	Mid - 2012	Mid - 2013	Mid - 2014	Mid - 2015	Mid - 2016	Mid - 2017	Mid - 2018	Mid - 2019	Mid - 2020	Mid - 2021	Mid - 2022
Population	142,25	142,93	143,82	144,52	145,55	146,63	147,60	146,63	147,60	151,84	161,84	164,17

Figure 1- Time series bar chart showing the total population of Cherwell mid-2011 to mid- 2022.

There are currently 71,434 houses that are subject to council tax (December 2023).

Our Business Plan 2023 – 2024

We are proud to celebrate our 50th year serving the Cherwell district. Established on April 1, 1974, Cherwell District Council was formed by merging four local districts under the Local Government Act 1972.

Our 2023/24 business plan includes the following four priorities:

Housing that meets your needs

Promote affordable, green housing and minimum rental standards.

Prevent homelessness with partners. Support vulnerable residents. Prepare the Local Plan.



Supporting environmental sustainability

Achieve carbon net zero by 2030. Promote the green economy. Reduce waste and improve air quality with partners.



An enterprising economy with strong and vibrant local centres

Support business growth. Partner for skills and innovation. Promote district as a visitor destination and attract investment. Ensure business compliance and best practices.



Healthy, resilient, and engaged communities

Encourage active lifestyles and wellbeing. Develop leisure services. Support community and diversity. Address health inequality. Reduce crime and antisocial behaviour.



Our 2023 - 2024 performance

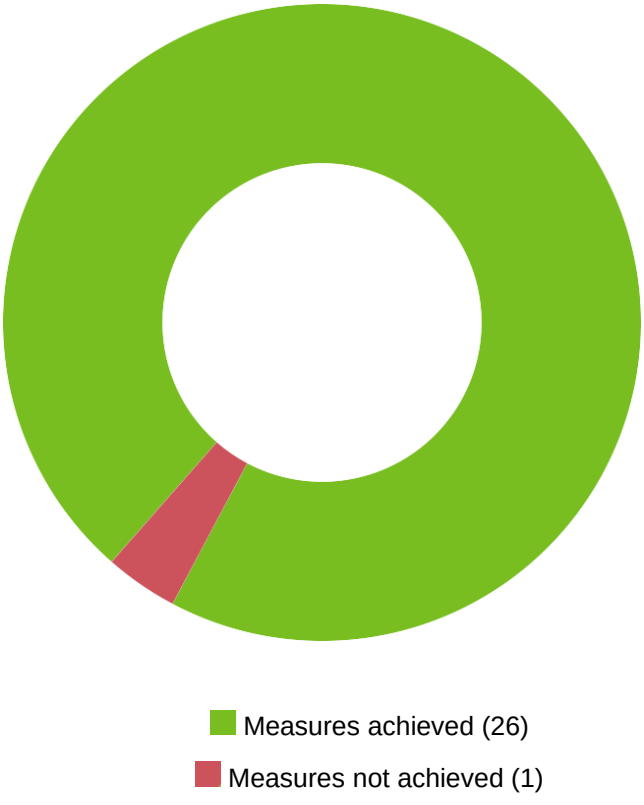
Every year, we look to serve you better. This includes emptying your bins, managing your planning applications, handling housing benefit requests, keeping your communities clean and tidy, and delivering crucial day-to-day services.

This report highlights some notable accomplishments from the past year that are on top of our regular work.

We assess progress based on our four key business plan priorities, measured through 27 performance goals.

In 2023/24, all but one of the 27 Business Plan measures achieved their year-end target or reported within tolerance.

The measure that missed its target for the year was “Net Additional Housing Completions to meet Cherwell Needs”, reporting a provisional figure of 884, which is 77.4% of the set target for the year. Please note the final figure, which is expected to be higher, will be available in Q1 24/25, when all the site visits have been completed.



Housing that meets your needs

Below are some of the past year's achievements for this strategic priority.

Prevented 215 households from becoming homeless.

Secured over £400,000 funding to support low-income residents with housing needs. Current tenants were involved in shaping a new charter and services provided by the landlord.

Our Cherwell Bond Scheme assisted landlords in improving homes for tenant properties with grants, tenant support, property viewings, and a deposit bond equivalent to 10 weeks of rent.

Launched a new strategy to address homelessness and rough sleeping in our district for the next 5 years.

Delivered 266 affordable homes, 38% more than last year

Improved 138 homes through enforcement to ensure homeowners and landlords provide safe places for people to live.

Processed new housing benefit claims in 16 days, two days quicker than our target average for the year.

Supporting environmental sustainability

Below are some of the past year's achievements for this strategic priority.

Achieved our objective to reach 15% of electric vehicles in our fleet by the end of 2023/24.

Our crews emptied 8.5 million containers, collecting a total of 60,652 tonnes of waste, 4% more than last year, whilst consuming 2% less fuel than last year

Recycled 53% of waste collected, 10% more than England's average.

Secured government funding to increase tree-cover in the district by creating a tiny forest at Longford Park and a community orchard at Burnehyll Community Woodland.

Our new coffee pod recycling scheme recycled 1,048,397 pods (16.4 tonnes)

Proposed a new Climate Action Plan for Cherwell to achieve carbon net zero by 2030 and support the district's carbon reduction goals.

An enterprising economy with strong and vibrant local centres

Below are some of the past year's achievements for this strategic priority.



Our Banbury Vision 2050 survey to shape the future of Banbury town centre, registered an unprecedented 2,729 responses from our residents, business owners and visitors.

Plans launched to revitalise Bicester Market Square with £4.25m funding from the council's capital budget and a government grant for infrastructure.





Over 750 district businesses took part in the survey. 37% reported improved performance in the past year, with the same percentage expecting this trend to continue in 2024.

The Business Needs Survey results will guide projects for the 2024-25 UK Shared Prosperity Fund and Rural England Prosperity Fund, emphasising business support, decarbonisation, and green skills training.





Launched a consultation to seek residents feedback on our Local Plan Review 2040 first draft.

Healthy, resilient, and engaged communities

Below are some of the past year's achievements for this strategic priority.



Our Move Together programme benefited over 1,800 participants improving their physical and mental health.

Donated £10,600 to Alexandra House of Joy, to help the facility to keep offering support for adults with severe learning disabilities.





Assisted residents by upgrading the least energy-efficient homes to alleviate cost-of-living pressures, combat fuel poverty, and lower energy expenses.

Attracted 4,180 residents to our You Move programme to enjoy free and reduced-price physical activities.





Developed Everyone's Wellbeing Strategy for a healthier and happier Cherwell 2024-2028

Implemented Cost-of-Living Action plan with grant schemes for food groups, expanded Warm spaces network, updated "Who can Help?" booklet, and distributed it through partner organisations.





Encouraged 3,187 children to become more active through our Youth Activators program.

Welcomed 1,395,640 visitors to our leisure centres, 3% more than the forecasted for the year.



Risk management

During 2023/24 we continued to develop and strengthen our risk management activities. This helped us to ensure that we continue to identify and address any uncertainties relating to the achievement of our priorities.

The most significant risks facing the council, Leadership Risks, are reviewed and reported to the Executive in our monthly Finance, Performance and Risk Monitoring Reports, also, reviewed in more depth quarterly by the Accounts, Audit and Risk Committee.

Leadership risks are those that could impact on the performance of the council as a whole, and on its ability to deliver its strategic priorities. The council has maintained a focus on its financial resilience during the year, reporting this as the highest risk facing the council, although our council keeps delivering a balanced budget, when reviewing and managing this risk the finance team takes into consideration the current financial national climate, the predicted gap in local authorities' budgets, and the cost of living crisis, and its impact, which keeps the score on the higher end of the scale.

Directorates and Services within the council also maintain operational risk registers to monitor the impact and delivery of individual services, projects, or areas of business. Operational risks which become more severe can be escalated to the Leadership level for additional management.

Financial Overview

Financial Performance

The council sets a revenue budget, medium-term financial strategy (MTFS) and capital programme in the February preceding the start of the financial year. These are underpinned by a Financial Strategy, Capital and Investment Strategy, Treasury Management Strategy and a review and assessment of the adequacy of earmarked reserves.

Construction of the budget and budget proposals are subject to challenge by the Corporate Leadership Team and the Assistant Director of Finance. The Budget Planning Committee scrutinises the budget proposals at its meetings before the Executive propose the budget, MTFS and capital programme to council in February. The council approves the budget at its Annual Budget meeting each February.

As the council was facing the cost-of-living crisis when it set its 2023/24 budget, contingencies were built into the budget to address potential ongoing impacts and financial uncertainties. Including these contingencies allowed the council to set a balanced budget whilst providing the security of knowing that additional funding was available if the financial impacts of the pandemic continued for a significant period into the year.

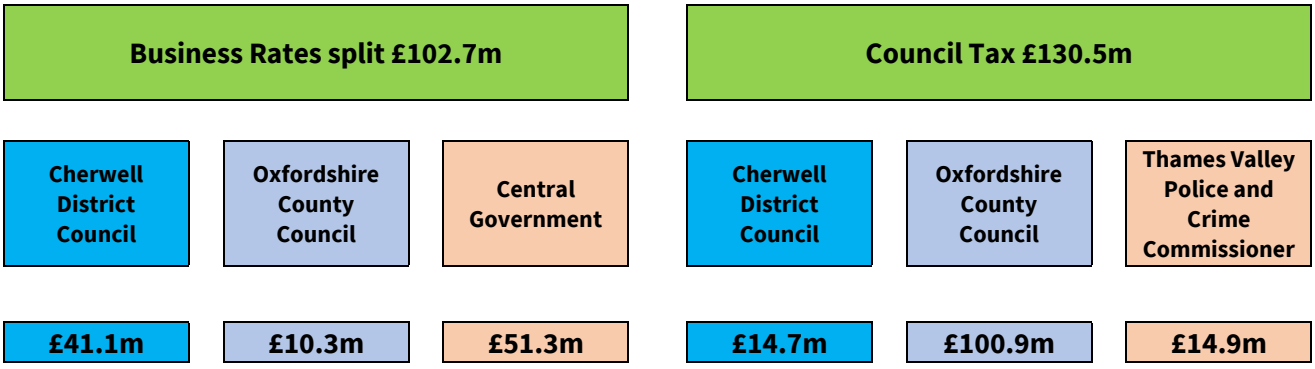
Throughout the year, regular financial monitoring reports are presented to the Executive and quarterly for the Budget Planning Committee to scrutinise.

Resources

The council collects council tax and business rates on behalf of itself and other bodies including Central Government, Oxfordshire County Council and Thames Valley Police and Crime Commissioner.

The council is required to distribute the business rates and council tax according to how it set its budget in the February before the beginning of the financial year. Business rates of

£102.7m and council tax of £130.5m was budgeted and distributed in 2023/24 in the following shares.



From the council's share of business rates the Government then charges a tariff, which is redistributed to other Local Authorities based on their need to spend. For the year ending 31 March 2024, the council expected to retain a net £14.1m of business rates related income after all the allocations are taken into consideration.

The council collected £105m business rates and £133.8m council tax compared to the £102.7m and £130.5m it budgeted to collect and distribute respectively. The difference between collection and budget will be factored into future years budgets for the council and its preceptors.

Pension Liabilities

The amounts payable by the council in future years are partly offset by the value of the assets invested in the pension fund. The value of the pension fund net liability at 31 March 2024 is £22.7m; this reflects an improvement of £8.6m from the 31 March 2023 net liability position of £31.3m.

Contingencies

The council has to set aside a provision for appeals which might arise against business rates valuations.

On 1 April 2023 the total provision for business rate appeals was £19.5m of which the council's 40 per cent share was £7.8m. During the financial year £9.2m was charged to the provision for successful appeals in 2023/24 which have been previously provided for, of which the council's 40 percent share is £3.7m.

After reflecting the amounts charged to the provision in 2023/24, the council carried out an assessment of the future risk of appeal losses. Following this, the 2023/24 overall provision for business rates appeals decreased to £14.3m of which the council's 40 per cent share is £5.7m.

- Appeals provision 31 March 2023: £7.8m
- Appeals provision 31 March 2024: £5.7m

Council Funding 2023/24

The council's core funding from central government has been reducing and funding generated as a result of economic growth is increasing. The table below shows where the council funding has come from. The council has benefited from being a member of the Oxfordshire Business Rates Pool, which accounts for the majority of the variance to budget.

(The figures in brackets represent income received by the council).

2023/24 Revenue Budget Funding	Budget £m	Actual £m	Variance £m
Government Grants	(0.242)	(0.307)	(0.065)
Council Tax	(9.289)	(9.306)	(0.017)
Business Rates related income	(17.127)	(17.910)	(0.783)
New Homes Bonus	(1.625)	(1.625)	(0.000)
Total Funding	**(28.283)**	**(29.148)**	**(0.865)**

Revenue Financial Outturn Position

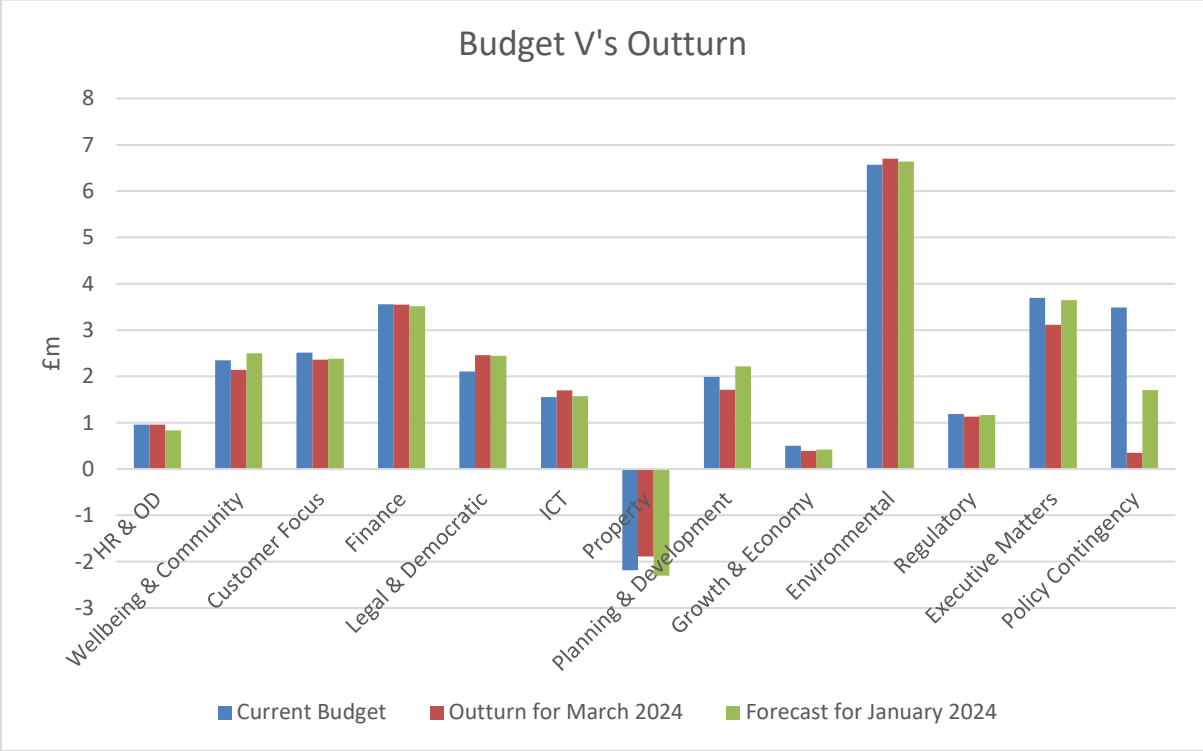
The council set a balanced budget in February 2023 for the 2023/24 financial year which anticipated the council retaining sufficient reserves to cover unexpected financial impacts on the council, with a number of specific reserves to help cover the council's commercial activities.

Regular monitoring reports were considered by the council's Executive and the council has delivered the budgeted balanced position after taking into account the variances on both the Cost of Services before transfers to reserves (underspend of £3.596m) and Total Income (overachieved by £0.865m).

The table below summarises the 2023/24 financial outturn position across the council:

Financial Outturn	**Budget £m**	**Actual £m**	**Variance £m**
Chief Executive's	5.821	5.462	(0.359)
Communities	10.249	9.938	(0.311)
Resources	5.033	5.818	0.785
Total Directorates	**21.103**	**21.218**	**0.115**
Executive Matters	7.180	3.469	(3.711)
Total Cost of Services	**28.283**	**24.687**	**(3.596)**
Income	(28.283)	(29.148)	(0.865)
Total Net Cost of Services before transfers to reserves	**0.000**	**(4.461)**	**(4.461)**
Transfers to reserves	0.000	4.461	4.461
Total Net Cost of Services	**0.000**	**0.000**	**0.000**

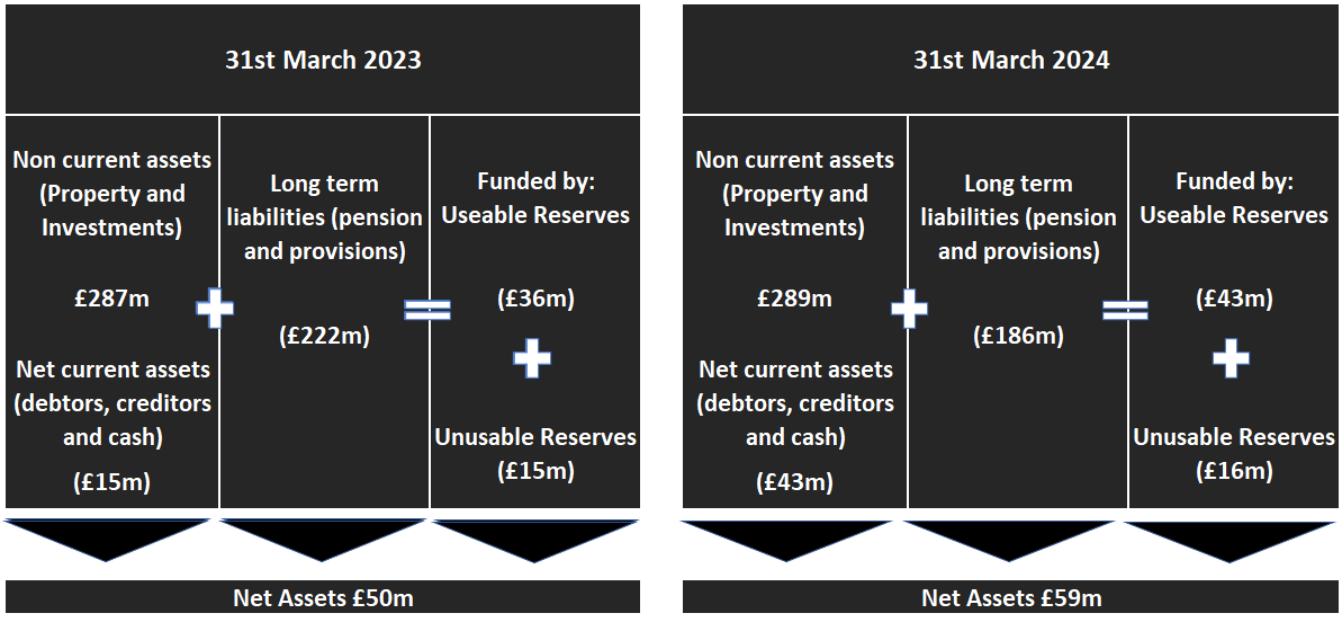
In summary, the council delivered an overall balanced position against a net budget of £28.283m.



Some of the key factors for this include prudent levels of borrowing taken out in a timely manner and higher rates of interest than anticipated, particularly later in the year, a one-off saving on Minimum Revenue Provision following the change in method, a dividend received from the council's subsidiary company, and unallocated contingency budgets which have been transferred to reserves.

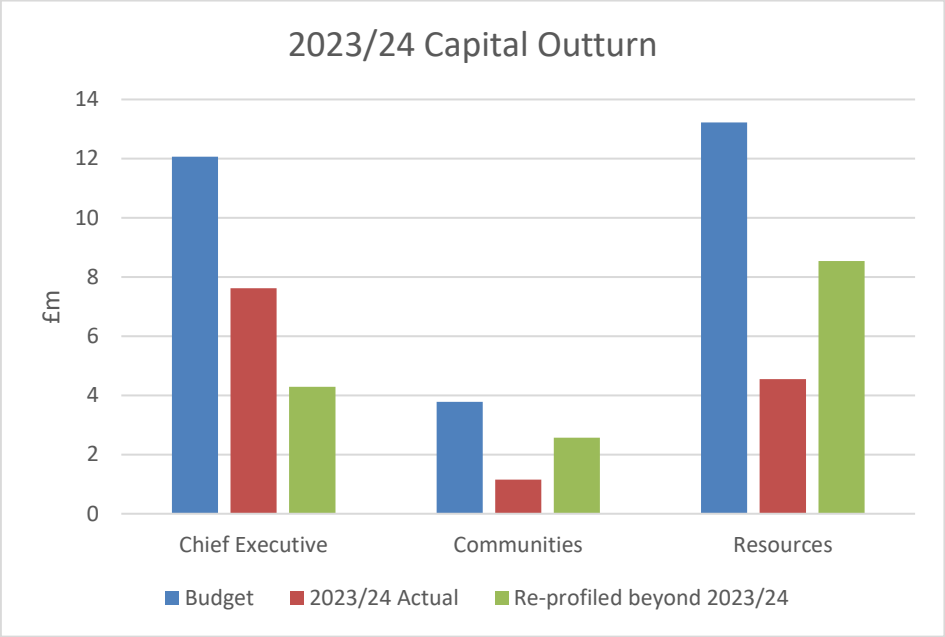
Financial Position

The council maintains a sound financial position in the current financial climate.



Capital Programme

The council has an ambitious capital programme which supports its long-term strategy of delivering a thriving and vibrant environment across the district as well as recognising the importance of investing in our assets to protect our core statutory functions.



Capital investment plans for 2023/24

The information below describes our major schemes and projects and the outcomes that we will achieve.

Town Centre House

The council has invested £7m in purchasing the freehold and returning Town Centre House to use following the discovery of reinforced autoclaved aerated concrete (RAAC) in the roof. Local Authority Housing Fund grants have been used to purchase the property from the leaseholder, giving the council full control of the future use of the property, to improve fire safety and to reconfigure the building to allow for flexibility of use. When complete in 2025, the building will comprise 36 units of between 1 and four bedrooms.





Images above: progress on Town Centre House

Bicester Depot

The council has secured a site at Graven Hill in Bicester for a new environmental services depot. Design work is under way to deliver an environmental services depot which meets the requirements of Bicester as a thriving and growing town.

Basis of Preparation and Presentation

The council produces a Statement of Accounts to provide transparency about the council's finances, to give assurance to stakeholders that public money has been properly accounted for and that the financial standing of the council is on a secure basis. The accounts (including notes to the accounts) for 2023/24 are set out on pages 21 to 132.

The accounts bring together all the council's financial statements for the year 2023/24 and show its financial position as at 31 March 2024. The statements reflect both revenue and capital elements for the council.

The Statement of Accounts must provide a 'true and fair' view of the council's financial position at 31 March 2024 and of its income and expenditure for the 2023/24 financial year. When preparing the accounts consideration is given to the materiality of information. Disclosure of information is made where omitting it could be misleading or inhibit the true and fair view.

The strong and prudent level of reserves are sufficient to ensure that the council is able to continue to meet the cost of the provision of services over the medium term. Therefore, the accounts are prepared on a 'going-concern' basis.

Financial Outlook

Cherwell District Council set a balanced budget in February 2024 for the 2024/25 financial year. In setting the 2024/25 budget, the council considered the ongoing financial impacts of the continuing impact of the Cost-of-Living crisis.

A policy contingency budget of £4.1m has been developed which includes contingencies of £1.1m for potential increased commercial risk, £2.2m for additional inflation related costs and £0.8m general contingency.

The level of business rates income and council tax base were reviewed resulting in increases of income against original plans (February 2023) due to anticipated increases in council tax support claimants and a reduction in the number of businesses eligible to pay business rates not materialising at the rates anticipated. The council estimated it would hold £26.8m of earmarked reserves when setting the budget. General Balances remain above £6m in line with the minimum level the Section 151 officer's risk assessments of the current financial outlook requires.

The Government have not confirmed a timeline for the Review of Relative Needs and any approach to resetting the baseline for business rates retention income; however, it seems unlikely this could be implemented before 2025/26 at the earliest. The final year of the 2021 Spending Review is 2024/25 so the council anticipates a new Spending Review to be prepared in 2024 to indicate sector-wide spending levels in future years and, in particular, 2025/26. Therefore, there is no indication of detailed local government funding levels for 2025/26 and beyond.

The Financial Statements

The Statement of Accounts sets out the council's income levels and spending for the year and its financial position at 31 March 2024. The accounts include core and supplementary statements along with notes providing additional insight.

The format and context of the financial statements is set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom and is underpinned by International Financial Reporting Standards.

The Core Statements can be described as:

Expenditure and Funding Analysis	The objective of the Expenditure and Funding Analysis is to demonstrate to council taxpayers how the funding available to the authority (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. It also shows the statutory adjustments between the funding basis that is used for the Outturn for the year and the accounting basis that is shown in the Comprehensive Income and Expenditure Statement.
Comprehensive Income and Expenditure Statement	Shows the accounting cost in the year ending 31 March 2024 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 taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.
Movement in Reserves Statement	Shows the movement between 1 April 2023 and 31 March 2024 on 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' (for example the Revaluation Reserve which holds unrealised gains and losses or the Capital Adjustment Account which holds adjustments between the accounting basis and funding basis under regulations). 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.
Balance Sheet	The balance sheet shows the values as at 31 March 2024 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.
Cash Flow Statement	This summarises the changes in cash and cash equivalents during 2023/24. The statement shows how the council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of 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 cash flows have been made for resources which are intended to contribute to the council's future service delivery. 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.

The Supplementary Financial Statements are:

Notes to the Accounts – these provide additional insight into the accounting policies and accounting transactions during the year.

Collection Fund Accounts – this shows a summary of the collection of council tax and business rates during the year as well as any redistribution of that money to other local authorities and central government.

Group Accounts – these set out the consolidated position for the council and its subsidiary companies, namely the Graven Hill and Crown House companies.

The Annual Governance Statement – this provides an overview of the governance arrangements and assessment of internal controls the council has in place.

Statement of Responsibilities for the Statement of Accounts

The Council's Responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Assistant Director of Finance (Section 151 Officer);
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

The Section 151 Officer is responsible for the preparation of the Council's Statement of Accounts, in accordance with proper practices, as set out in the CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice on Local Authority Accounting in the United Kingdom (the Code of Practice).

In preparing this Statement of Accounts, the Section 151 Officer has:

- selected suitable accounting policies and then applied them consistently
- made judgements and estimates that were reasonable and prudent
- complied with the Local Authority Code

The Section 151 Officer has also:

- kept proper accounting records which were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Section 151 Officer's Certificate:

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Council at the reporting date and of its expenditure and income for the year ended 31 March 2024.

Michael Furness
Assistant Director of Finance and Section 151 Officer **Date: 27/02/2025**

Chairman of Accounts, Audit and Risk Committee Certificate:

I certify that the Statement has been discussed with and endorsed by the Chair of the Accounts, Audit and Risk Committee

Councillor Alisa Russell
Chairman of Accounts, Audit and Risk Committee **Date: 27/02/2025**

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHERWELL DISTRICT COUNCIL

Report on the Audit of the Financial Statements

Disclaimer of opinion on the financial statements

We were appointed to audit the financial statements of Cherwell District Council (the 'Authority') and its subsidiaries (the 'group') for the year ended 31 March 2024, which comprise the Authority Expenditure and Funding Analysis, the Authority and Group Comprehensive Income and Expenditure Statement, the Authority and Group Movement in Reserves Statement, the Authority and Group Balance Sheet, the Authority and Group Cash Flow Statement, the Collection Fund Accounts and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023-24.

We do not express an opinion on the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

On 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 ('The Amendment Regulations') came into force. The Amendment Regulations require the Authority to publish its Accountability Statements, which include the financial statements and auditor's opinion for the year ended 31 March 2024, by 28 February 2025 ('the backstop date').

The Authority's 2022/23 financial statements were disclaimed and therefore we have been unable to obtain sufficient appropriate audit evidence over the opening balances for 2023/24. In addition, the audit of the 2022/23 Statement of Accounts was not completed until December 2024. As a result of the delays to the previous year's audit, there has been insufficient time to complete the detailed audit procedures that would be needed to obtain sufficient appropriate audit evidence to issue an unmodified audit report on the 2023/24 financial statements before the 28 February 2025 backstop date.

Other information

We are also required by the Code of Audit Practice, to give an opinion on whether other information published together with the audited financial statements, is consistent with the financial statements. Because of the matter described in the Basis for Disclaimer of Opinion section, we do not express an opinion on the financial statements. We also do not express an opinion on whether other information published together with the audited financial statements is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

Responsibilities of the Authority and the Assistant Director of Finance and Section 151 Officer

As explained more fully in the Statement of Responsibilities, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Assistant Director of Finance and Section 151 Officer. The Assistant Director of Finance and Section 151 Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023-24, for being satisfied that they give a true and fair view, and for such internal control as the Assistant Director of Finance and Section 151 Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Assistant Director of Finance and Section 151 Officer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Authority without the transfer of its services to another public sector entity.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct and audit of the Authority's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report.

However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements. In reaching this judgement we have complied with the requirements of the Code of Audit Practice and have had regard to the Local Audit Reset and Recovery Implementation Guidance published by the National Audit Office and endorsed by the Financial Reporting Council.

We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud Irregularities, including fraud, are instances of non-compliance with laws and regulations.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the

aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

The extent to which our planned procedures were considered capable of detecting irregularities, including fraud is detailed below:

- We considered the nature of the sector, control environment and financial performance;
- We considered the results of enquiries with management, internal audit and the Accounts, Audit and Risk Committee in relation to their own identification and assessment of the risk of irregularities within the entity, and whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud;
- We reviewed the documentation of key processes and controls and performed walkthroughs of transactions to confirm that the systems are operating in line with documentation;
- Any matters identified having obtained and reviewed the Authority's documentation of their policies and procedures relating to:
    - Identifying, evaluation and complying with laws and regulations and whether they were aware of any instances of non-compliance;
    - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
    - The internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- We considered the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

In common with all audits under ISAs (UK) we are required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the group and Authority operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context are those related to the reporting frameworks (the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023-24, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015 (as amended by the Accounts and Audit (Amendment) Regulations 2024), the Local Government Act 2003, Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992 and the Local Government Finance Act 2012)).

In addition, we considered the provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Authority's ability to operate or avoid a material penalty. These include data protection regulations, health and safety regulations, employment legislation, and money laundering legislation.

Our planned procedures to respond to risks identified included the following:

- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Performing analytical procedures to identify unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Reviewing Committee meeting minutes;
- Enquiring of management in relation to actual and potential claims or litigations;

- Challenging assumptions and judgements made by management in its significant accounting estimates in respect of valuation of land and buildings, valuations of investment property and defined benefit pensions liability valuations; and
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgments made in accounting estimates are indicative of potential bias; and evaluating the business rationale of significant transactions that are unusual or outside the normal course of business.

We also communicated identified laws and regulations and potential fraud risks to all members of the engagement team and remained alert to possible indicators of fraud or non-compliance with laws and regulations throughout the audit.

Our planned audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from an error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures we have been able to perform and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

The audit was defective in its ability to detect irregularities, including fraud, on the basis that we were unable to obtain sufficient appropriate audit evidence due to the matter described in the basis for disclaimer of opinion section of our report.

Report on other legal and regulatory matters

Matter on which we are required to report by exception – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

We have nothing to report in respect of the above matter.

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024 and related statutory guidance. We considered whether the Authority has proper arrangements in place to ensure financial

sustainability, proper governance and the use of information about costs and performance to improve the way it manages and delivers its services.

We document our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate for Cherwell District Council for the year ended 31 March 2024 in accordance with the requirements of Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have:

- confirmation from the NAO that no additional work (beyond submission of the Assurance Statement) will be required in respect of the Whole of Government Accounts exercise.

We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2024.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and Authority's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Craig Sullivan, Key Audit Partner
for and on behalf of Bishop Fleming LLP
Chartered Accountants and Statutory Auditors

Plymouth

28 February 2025

Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate to council tax payers how the funding available to the authority (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.

The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the council's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Year Ending 31 Mar 24					
Services	**Net expenditure for internal reporting** **£'000**	**Adjustment for use of / (transfer to) Earmarked Reserves included in internal reporting** **£'000**	**Net Expenditure Chargeable to the General Fund Balance** **£'000**	**Adjustments between accounting and funding basis (Note 7a)** **£'000**	**Net Expenditure in the Comprehensive Income and Expenditure Statement** **£'000**
Chief Executive	5,462	962	6,424	2,756	9,180
Communities	10,147	734	10,881	3,592	14,473
Resources	5,816	23	5,839	1,994	7,833
Net Cost of Services	**21,425**	**1,719**	**23,144**	**8,342**	**31,485**
Other Income and Expenditure	(21,425)	(8,925)	(30,350)	(5,695)	(36,046)
(Surplus) or Deficit on Provision of Services	**0**	**(7,206)**	**(7,206)**	**2,646**	**(4,560)**
Opening General Fund and Earmarked Reserve Balance*			**(29,823)**		
Plus / less (Surplus) or Deficit on the General Fund Balance for the Year (Statutory basis)			**(7,206)**		
Closing General Fund and Earmarked Reserve Balance*			**(37,028)**		

*For a split of the General Fund and Earmarked Reserve Balance see the Movement in Reserves Statement

Year Ending 31 Mar 23					
Services	**Net expenditure for internal reporting** **£'000**	**Adjustment for use of / (transfer to) Earmarked Reserves included in internal reporting**** **£'000**	**Net Expenditure Chargeable to the General Fund Balance** **£'000**	**Adjustments between accounting and funding basis (Note 7a)** **£'000**	**Net Expenditure in the Comprehensive Income and Expenditure Statement** **£'000**
Chief Executive	6,606	0	6,606	1,925	8,531
Communities	8,242	0	8,242	4,909	13,151
Resources	4,558	0	4,558	10,343	14,900
Net Cost of Services	**19,405**	**0**	**19,405**	**17,176**	**36,582**
Other Income and Expenditure	(19,606)	8,468	(11,138)	(21,102)	(32,240)
(Surplus) or Deficit on Provision of Services	**(201)**	**8,468**	**8,267**	**(3,925)**	**4,341**
Opening General Fund and Earmarked Reserve Balance*			**(38,091)**		
Plus / less (Surplus) or Deficit on the General Fund Balance for the Year (Statutory basis)			**8,267**		
Closing General Fund and Earmarked Reserve Balance*			**(29,823)**		

*For a split of the General Fund and Earmarked Reserve Balance see the Movement in Reserves Statement

**In 2022/23 for internal reporting purposes all transfers to/from earmarked reserves were not shown in the net cost of services. This changed in 2023/24 so that transfers to/from earmarked reserves were reflected in the service that the transfer related to.

Comprehensive Income and Expenditure Statement

Year Ending 31 Mar 23				Directorates	Year Ending 31 Mar 24		
Expenditure	Income	Net			Expenditure	Income	Net
£'000	£'000	£'000	Notes		£'000	£'000	£'000
16,545	(8,014)	8,531		Chief Executive	19,553	(10,373)	9,180
24,322	(11,171)	13,151		Communities	23,801	(9,329)	14,473
46,251	(31,351)	14,900		Resources	40,395	(32,562)	7,833
87,118	**(50,536)**	**36,582**		**Cost of Services**	**83,749**	**(52,263)**	**31,485**
5,763	(1,212)	4,551	10	Other Operating Expenditure	6,042	(109)	5,933
6,192	(6,848)	(656)	11	Financing and Investment (Income) and Expenditure	6,026	(7,454)	(1,428)
0	(36,135)	(36,135)	12	Taxation and Non-Specific Grant (Income)	0	(40,551)	(40,551)
99,072	**(94,731)**	**4,341**		**(Surplus) or Deficit on Provision of Services**	**95,816**	**(100,377)**	**(4,560)**
		(1,436)	14	(Surplus) or deficit on revaluation of Property, Plant and Equipment			462
		(58,146)	35	Remeasurement of the net defined benefit liability / (asset)			(5,115)
		(59,582)		**Other Comprehensive (Income) and Expenditure**			**(4,653)**
		(55,241)		**Total Comprehensive (Income) and Expenditure**			**(9,213)**

Movement in Reserves Statement

	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Un-Applied Account £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Reserves £'000
Opening Balance at 31 March 2023	**(6,152)**	**(23,670)**	**0**	**(5,849)**	**(35,671)**	**(14,596)**	**(50,267)**
Movement in reserves during 2023/24							
(Surplus) or deficit on the provision of services	(4,560)	0	0	0	**(4,560)**	0	**(4,560)**
Other Comprehensive (Income) / Expenditure	0	0	0	0	**0**	(4,653)	**(4,653)**
Total Comprehensive (Income) and Expenditure	**(4,560)**	**0**	**0**	**0**	**(4,560)**	**(4,653)**	**(9,213)**
Adjustments between accounting basis and funding basis under regulations - Note 08	(2,646)	0	(606)	162	**(3,090)**	3,090	**0**
Net (Increase) or Decrease before Transfers to Earmarked Reserves	**(7,206)**	**0**	**(606)**	**162**	**(7,650)**	**(1,563)**	**(9,213)**
Transfers (to) / from Earmarked Reserves - Note 09	7,206	(7,206)	0	0	**0**	0	**0**
(Increase) or Decrease in 2023/24	**0**	**(7,206)**	**(606)**	**162**	**(7,650)**	**(1,563)**	**(9,213)**
Closing Balance at 31 March 2024	**(6,152)**	**(30,876)**	**(606)**	**(5,688)**	**(43,322)**	**(16,158)**	**(59,480)**
	General Fund Balance £'000	**Earmarked General Fund Reserves £'000**	**Capital Receipts Reserve £'000**	**Capital Grants Un-Applied Account £'000**	**Total Usable Reserves £'000**	**Unusable Reserves £'000**	**Total Reserves £'000**
Opening Balance at 31 March 2022	**(5,951)**	**(32,139)**	**(100)**	**(7,948)**	**(46,138)**	**51,110**	**4,972**
Movement in reserves during 2022/23							
(Surplus) or deficit on the provision of services	4,341	0	0	0	4,341	0	4,341
Other Comprehensive (Income) / Expenditure	0	0	0	0	0	(59,582)	(59,582)
Total Comprehensive (Income) and Expenditure	**4,341**	**0**	**0**	**0**	**4,341**	**(59,582)**	**(55,240)**
Adjustments between accounting basis and funding basis under regulations - Note 08	3,925	0	100	2,099	6,125	(6,125)	0
Net (Increase) or Decrease before Transfers to Earmarked Reserves	**8,267**	**0**	**100**	**2,099**	**10,467**	**(65,707)**	**(55,240)**
Transfers (to) / from Earmarked Reserves - Note 09	(8,468)	8,468	0	0	**0**	0	**0**
(Increase) or Decrease in 2022/23	**(202)**	**8,468**	**100**	**2,099**	**10,467**	**(65,707)**	**(55,240)**
Closing Balance at 31 March 2023	**(6,152)**	**(23,670)**	**0**	**(5,849)**	**(35,671)**	**(14,596)**	**(50,267)**

Balance Sheet

31-Mar-23			31-Mar-24
£'000	**Notes**		**£'000**
174,650	14	Property, Plant and Equipment	173,866
4,640	15	Investment Property	4,274
1,965	16	Intangible Assets	1,750
35,649	17	Long Term Investments	35,649
70,409	17	Long Term Debtors	73,236
287,314		**Long Term Assets**	**288,774**
35,101	17	Short-term Investments	13,087
357	18	Inventories	263
17,561	19	Short Term Debtors	12,982
8,563	20	Cash and Cash Equivalents	8,955
0	21	Assets Held for Sale	199
61,582		**Current Assets**	**35,486**
(22,901)	17	Short-Term Borrowing	(36,937)
(47,050)	22	Short-Term Creditors	(29,745)
(112)	23	Provisions	(4,193)
(2,780)	29	Grants Receipts in Advance - Revenue	(3,141)
(3,170)	29	Grants Receipts in Advance - Capital	(3,428)
(511)	20	Cash and Cash Equivalents	(1,408)
(76,523)		**Current Liabilities**	**(78,852)**
(7,991)	23	Provisions	(1,770)
(166,000)	17	Long Term Borrowing	(145,000)
(31,309)	35	Pension Liabilities	(22,700)
(1,567)	17	Long Term Creditors	(14)
(5,386)	29	Grants Receipts in Advance - Revenue	(5,655)
(9,853)	29	Grants Receipts in Advance - Capital	(10,789)
(222,106)		**Long Term Liabilities**	**(185,928)**
50,266		**Net Assets/(Liability)**	**59,480**
(35,671)	24	Usable Reserves	(43,322)
(14,596)	25	Unusable Reserves	(16,158)
(50,266)		**Total Reserves**	**(59,480)**

I certify that the statement of accounts gives a true and fair view of the financial position of the authority at 31 March 2024 and its income and expenditure for the year to 31 March 2024.

Michael Furness

Assistant Director of Finance and Section 151 Officer **Date: 27/02/2025**

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period.

31-Mar-23 £'000	Cash Flows from Operating Activities	Note(s)	31-Mar-24 £'000
4,341	Net (Surplus)/Deficit on Provision of Services		**(4,560)**
(4,783)	Depreciation & Impairment	14	(5,102)
(4,699)	Changes in Market Value of Property, Plant, Equipment	14	(3,794)
(606)	Amortisation of Intangible Assets	16	(549)
205	Changes in Fair Value of Investment Properties	15	(367)
(499)	Disposal of Assets	14, 15 & 16	(89)
0	Impairment of assets	14	(130)
104	Changes in Inventory	18	(94)
(1,513)	Changes in Short term Debtors	19	(4,579)
(14,453)	Changes in Short term Creditors	22	17,305
620	Changes in Provisions	23	2,139
50,829	Changes in Net Pension Liability	25	8,609
(58,146)	Remeasurement of Net Defined Benefit Liability	35	(5,115)
(5)	Changes in long term creditors	17	1,553
774	Changes in long term debtors	17	2,827
4,293	Capital Grants Recognised	29	6,108
1,717	Proceeds on Disposal of Property, Plant & Equipment	24	606
(21,820)	**Net Cash Flows from Operating Activities**		**14,768**
	Cash Flows from Investing Activities		
7,073	Purchase of Property, Plant & Equipment	14	8,992
0	Purchase and Enhancement of Investment Property	15	0
257	Purchase of Intangible Assets	16	334
(1,717)	Proceeds from the Disposal of Property, Plant and Equipment	24	(606)
(11,153)	Net Changes in Short-term and Long-term Investments	17	(22,014)
(5,540)	**Net Cash Flows from Investing Activities**		**(13,294)**
	Cash Flows from Financing Activities		
17,801	Changes in Grants and Contributions	29	(1,824)
(4,293)	Capital Grants and Contributions Recognised	29	(6,108)
10,704	Cash Receipts of Short-term and Long-term Borrowing	17	6,964
24,213	**Net Cash Flows from Financing Activities**		**(968)**
(3,147)	**Net (Increase)/Decrease in Cash and Cash Equivalents in the Period**		**505**
4,905	Cash and Cash Equivalents at the Beginning of the Period		8,052
8,052	**Cash and Cash Equivalents at the End of the Period**	**20**	**7,547**
	Items included in net cash flow from operating activities include:		
(6,569)	Interest Receivable and similar income	17	(7,160)
3,593	Interest Payable (including Finance lease interest)	17	4,738
(2,976)			**(2,422)**

Notes

Note 1 – Accounting Policies

General principles

The Statement of Accounts summarises the council's transactions for the 2023/24 financial year and its position at the year-end of 31st March 2024. The council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, which those Regulations require to be prepared in accordance with proper accounting practices.

These practices under Section 21 of the Local Government Act 2003 primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 and the Service Reporting Code of Practice 2023/24, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

1.1 Going Concern

The accounts are prepared on a going concern basis; that is, on the assumption that the functions of the council will continue in operational existence for the foreseeable future from the date that the accounts are authorised for issue.

The council has carried out a detailed assessment of economic pressures, such as the Cost-of-Living crisis, on its financial position and performance during 2023/24 as part of the budget setting process. This included consideration of the following:

- Additional expenditure on a service-by-service basis, e.g., extra inflationary pressures.
- The impact of the above on the council's cash flow and treasury management, including availability of liquid cash, impact on investment returns, and availability of external borrowing if required.
- The estimated overall impact on the council's General Fund

As set out in the 2024/25 Budget and Medium-Term Financial Strategy up to 2028/29 approved by Council in February 2024, the council has set aside a contingency to cover potential inflation of £2.2m. The council also set a contingency budget for market risk and general contingency throughout the medium term.

The council's Medium-Term Financial Strategy identifies that the council needs to identify savings of £7.0m in 2025/26. This is primarily due to a forecast reduction in resources from business rates, funding guarantee grant and new homes bonus grant and forecast increased costs due to inflation.

In addition to continuing to lobby policy makers, highlighting where the council has been delivering growth and driving benefits to others, the council has developed a strategy to meet the challenges highlighted in the MTFS if funding reductions are

implemented. Whilst the council will develop plans for scenarios that include a full business rates reset phased over three years, it will continue to lobby the Government for a rolling reset to be introduced. It will put forward the case that council's such as Cherwell that have embrace the Government's Business Rates Retention reward scheme should not be disadvantaged following its success in delivering business growth and associated benefits to service delivery. Implementation of savings plans developed will not take place until it is clear that the savings must be achieved. Approaches the council will adopt to identify savings will include:

Prioritisation

Services will be broken down into specific work units which have been mapped to the strategic priority they most apply to (support services will be identified separately as support). Therefore, we can map how much the council spends of its revenue budget on each priority. Similarly in setting the 2024/25 budget, all capital schemes are being mapped to the priority that they link most closely to. The budget and Business Plan will then be developed in conjunction to maximise the ability to deliver the priorities of each council within the level of resources available to it.

Services will be prioritised according to the level of contribution each has to the delivery of the priorities of the Council. Those services that have the highest level of contribution will be transformed initially to identify what level of savings can be generated without impacting significantly on service levels. Transformational savings identified in the higher priority services will then be able to minimise the service reductions that will be required in the services that contribute less to the delivery of the priorities of the Council. The intention of the Transformation Programme is to maximise the number of services that the Council is able to provide to our residents and businesses.

As the Council transforms and understand the future size and shape that it will become, the support services will also need to be assessed so that they are "right sized" for the functions the Council provides.

Transformation

Cherwell has developed a Transformation Strategy, which is summarised below, to help the council redesign its services to deliver them in a more efficient way within the resources available to the council. The vision of the Transformation Strategy is:

"To be the best version of ourselves possible – modern, agile, lean, financially future proof and providing the services that matter most and add the most value in delivering better outcomes for our communities."

The objectives of transformation have been identified as:

- To embed the foundations necessary to create a sustainable future for the council and its communities.

- To protect the services that can significantly improve the health and wellbeing of our communities and support our most vulnerable residents.
- To unlock the potential of our services to become the best versions of themselves possible and to make the best use of the resources and technology available to them.
- To create the capacity needed to continue delivering our future aspirations and better outcomes for our communities through removing inefficiencies and providing value for money services.
- To empower and inspire our staff to lead their service transformations as people will own what they create.

Transformation will be applied across all services of the council. This will ensure that in the future they are provided in a joined-up way that maximises the delivery of the council's priorities within the resources available to the council.

Strategic cross-cutting themes

Overlayed on the priority-based budgeting is the council's approach to the Strategic Cross-Cutting Themes (Transformation Programme). Strategic Cross-Cutting Themes allow the council to review its approaches thematically across its services rather than always considering service delivery on a silo basis. This view of the expenditure of the council helps identify organisational transformational opportunities which might not present themselves so readily via a service-based budget approach. This analysis helps to shape the thinking for the future design of our council, one that is affordable within the future funding envelope as set out in the MTFS.

Where Strategic Cross-Cutting Themes are able to identify transformational approaches to delivery, this will generate efficiency savings to the council that will allow it to invest in a larger proportion of its priority services. The identification of these opportunities shapes the Transformation Programme for the organisation.

The strategic cross cutting themes that the council will operate its transformation programme within are:

- Staffing – to ensure that our workforce have the skills and capabilities to deliver the services to our communities.
- Property Assets – considering the best way to deliver services and when it is effective to use property assets – this will link to the council's Asset Management Strategy.
- Finance – ensure services are maximising income generation, are economically viable and delivering value for money.
- Customers and Inclusion – ensure that services are designed around the needs and preferences of the customers we serve, with an aim of making self-service the preferred choice.
- Partnerships – work in partnership that deliver advantages to all and align with the council's strategic objectives and priorities.
- Digital – prioritise automation of repetitive tasks and make services accessible to all.

- Climate Action – focus on reducing waste, reusing resources where possible and always looking for ways to reduce carbon emissions.

Savings Targets
If it is looking unlikely that all of the savings required will be identified, then services may be issued with a target number of savings to deliver from their budget which they have control over. So, for example where there are budgets which hold corporate costs in a service area, a savings target should not be applied to this.

Whilst identifying £7.0m savings in 2025/26 will be a challenge, the council has demonstrated that it is capable of identifying and delivering significant savings in recent years, with a total of £9.4m of savings identified across the 2021/22 to 2024/25 budgets. Executive will receive monthly updates on the financial position throughout 2024/25, including progress against savings delivery. Progress against savings delivery is managed by the Budget Oversight Group and senior management.

In setting the 2024/25 budget, the council has determined that £6.1m of general balances is a prudent level in order to manage identified risks, in line with the Assistant Director of Finance (S151 Officer)'s risk assessment. A further £23m of other earmarked reserves could also be made available if absolutely necessary. The council continues to review its reserves position regularly as per its Reserves Policy.

The council's cashflow forecast to the end of March 2025 demonstrates that the council has access to sufficient cash over the medium-term to support planned council and Group activities. This assumes maximum planned borrowing of £185m in the period and includes flexibility for additional borrowing of up to £96m should income be less than forecast or expenditure more than forecast in the period.

It is therefore noted that there is significant headroom within the General Fund to absorb the estimated financial impact of economic pressures in the short to medium-term. Furthermore, the CIPFA Code of Practice on Local Authority Accounting in England requires that local authorities prepare their accounts on a going concern basis, as they can only be discontinued under statutory prescription. For these reasons, the council does not consider that there is material uncertainty in respect of its ability to continue as a going concern for the foreseeable future.

1.2 Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.

Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.

Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

An exception to this policy is housing benefit transactions which are accounted for on a cash basis, that is, when the payment is made.

Interest receivable on investments is accounted for respectively as income on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded on the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

The de minimis level for manual accruals has been maintained at £20,000, which is reviewed annually. This removes small transactions at the end of the financial year that do not materially affect the accounts. Purchase orders raised automatically through the financial information system are processed with no de minimis level.

For business rates, the levy or safety net payments owed to or from Central Government for the financial year are reported in the year they relate to on an accruals basis. Cherwell is the lead authority for the North Oxfordshire Pool and has accounted for the amounts owing to the Pool for levy payments and owed to the other pool members for the gain from the pool on an accruals basis.

1.3 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the council's cash management.

1.4 Changes in accounting policy no longer need to be material to result in a Prior Period Adjustment.

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e., in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and

comparative amounts for the prior period as if the new policy had always been applied. Accounting policies that relate to statutory accounting requirements are accounted for in the same manner as other accounting policies.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding fixed assets during the year:

- Depreciation attributable to the assets used by the relevant service
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- Amortisation of intangible fixed assets attributable to the service.

The council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the council in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisations are replaced by the contribution in the General Fund Balance Minimum Revenue Payment (MRP) by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

1.5 Collection Fund Income and Expenditure Account

The council has a statutory requirement to operate a Collection Fund as a separate account to the General Fund. The purpose of the Collection Fund is to isolate the income and expenditure relating to Council Tax and National Non-Domestic Rates.

1.5.1 Council Tax and Non-Domestic Rates

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e., the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR.

Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

Collection Fund surpluses/deficits declared by the Billing Authority in relation to Council Tax are apportioned to the relevant precepting bodies in the subsequent financial year. For Cherwell District Council, the Council Tax precepting bodies are Oxfordshire County Council and Police and Crime Commissioner. For Cherwell District Council, the NDR precepting bodies are Central Government (50% share) Cherwell District Council (40% share) and Oxfordshire County Council (10% share).

Cherwell District Council participates in a Business Rates pool with Oxfordshire County Council and West Oxfordshire District Council to minimise the levy payment due on growth in NDR income and thereby maximise the retention of locally generated business rates.

1.5.2 Accounting for Council Tax and NDR

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the authority's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the authority's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the authority's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments, prepayments, and provision for appeals.

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made (fixed or determinable payments), the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income Expenditure Statement or CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

1.6 Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the council's financial performance.

The council has no Exceptional Items in 2023/24.

1.7 Employee Benefits

1.7.1 Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave for current employees and are recognised as an expense for services in the year in which employees render service to the council. An accrual is made for the cost of holiday entitlements (or any form of leave - e.g., time off in lieu, flex-leave) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is charged to the service account, but then reversed out through the Movement in Reserves Statement so that holiday benefits accrual has no impact on Council Tax and holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

1.7.2 Termination Benefit

Termination benefits are amounts payable as a result of a decision by the authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service segment or, where applicable, to a corporate service segment at the earlier of when the authority can no longer withdraw the offer of those benefits or when the authority recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

1.7.3 Post-Employment Benefits

Employees of the council are members of the Local Government Pension Scheme, administered by Oxfordshire County Council. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the council.

The Local Government Pension Scheme is accounted for as a defined benefit scheme.

The pension fund liability is calculated every three years by the fund's actuary, with annual updates in the intervening years. Methods and assumptions consistent with International Accounting Standard (IAS) 19 are used in the calculations. Assumptions underpinning the valuations are agreed with the actuary and are summarised in Note 35. The estimate of the liability is therefore subject to significant variances based on changes to the assumptions used.

The liabilities of the Oxfordshire County Council pension scheme attributable to the council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e., an assessment of future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings of current employees.

Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on a high-quality corporate bond. The discount rates are based on the annualised yield on the iBoxx over 15-year AA rated corporate bond index.

The iBoxx bond market indices are benchmarks for professional use and comprise liquid investment grade bond issues. They enable investors to analyse and select benchmarks that reflect their investment profile.

The assets of the Oxfordshire County Council pension fund attributable to the council are included in the Balance Sheet at their fair value and include quoted securities at current bid price and property at market value.

The change in the net pension's liability is analysed into the following components:

1.7.4 Service cost comprising:

Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked

Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs

Net interest on the net defined benefit liability (asset) i.e., net interest expense for the council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and

Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

1.7.5 Re-measurements comprising:

The return on assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

Actuarial gains and losses – changes in the net pension's liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

Contributions paid to the Oxfordshire pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards.

In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

1.7.6 Discretionary Benefits

The council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

1.8 Events after the Reporting Period

Events after the balance sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue.

Two types of events can be identified:

Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events; and

Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events

would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

1.9 Financial Instruments

Financial instruments are recognised on the Balance Sheet when the council becomes a party to the contractual provisions of a financial instrument.

1.9.1 Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The authority has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

The fair values of loans are estimated as the price the lender would receive to sell the loans to another market participant on 31st March 2024, based on observed market rates for similar transactions.

1.9.2 Financial Assets

Financial assets are classified into two types:

Loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market; and

Available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.

The council has financial assets comprising of long-term and short-term investments, long-term debtors, short-term debtors (excluding statutory debts such as Council Tax, Non-Domestic Rates, rent allowances, precepts, etc.) and cash & cash equivalents. These are assets that have fixed or determinable payments but are not quoted in an active market**.** They are recognised on the Balance Sheet when the council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost.

Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

1.9.3 Available-for-Sale Assets

The council has available for sale financial assets in the form of, for example, Certificates of Deposit. Available-for-sale assets are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g., dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Authority.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following techniques:

Instruments with quoted market prices – the market price

Other instruments with fixed and determinable payments – discounted cash flow analysis

Equity shares with no quoted market prices – independent appraisal of company valuations

The inputs to the measurement techniques are categorised in accordance with the following three levels:

Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.

Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.

Level 3 inputs – unobservable inputs for the asset.

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/loss is recognised in the Surplus or Deficit on Revaluation of Available-for-Sale Financial Assets. The exception is where impairment losses have been incurred – these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain or loss for the asset accumulated in the Available-for-Sale Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any accumulated gains or losses previously recognised in the Available-for-Sale Reserve.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

1.10 Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third-party contributions and donations are recognised as due to the council when there is reasonable assurance that:

The council will comply with the conditions attached to the payments; and

The grants or contributions will be received.

Amounts recognised as due to the council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the

Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

1.11 Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the council as a result of past events (e.g., software licenses) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the council.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the council can be determined by reference to an active market. In practice, no intangible asset held by the council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service area in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

1.12 Interests in Companies and Other Entities

The council has material interests in companies and other entities that have the nature of subsidiaries, and require it to prepare group accounts. In the authority's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses in 2023/24:

Graven Hill Village Holding Company Limited

Graven Hill Village Development Company Limited

Graven Hill Village Management Company Limited

Graven Hill Village Management Company Block E Limited

Graven Hill Village Management Company Block C Limited

Crown House Banbury Limited

Crown Apartments Banbury Limited

Group Accounts have been prepared in accordance with paragraph 9.1.2.60 of the Code of Practice on Local Authority Accounting 2023/24, using uniform accounting policies for like transactions and other events in similar circumstances.

1.13 Inventories and Long-Term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value.

Long term contracts are accounted for by charging the Surplus or Deficit on the Provision of Services with the consideration allocated to the performance obligations satisfied based on the goods or services transferred to the service recipient during the financial year.

1.14 Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

1.15 Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

1.15.1 The Council as Lessee

1.15.1.1 Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability.

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability; and
- A finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the council at the end of the lease period).

The council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements.

Depreciation, revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

1.15.1.1.2 Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease; even if this does not match the pattern of payments (e.g., there is a rent-free period at the commencement of the lease).

1.15.2 The Council as Lessor

1.15.2.1 Finance Leases

Where the council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e., netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- A charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received); and
- Finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against council tax, as the cost of noncurrent assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

1.15.2.2 Operating Leases

Where the council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g., there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

1.16 Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When applying the definition of fair value, non-financial assets and, non-current assets held for sale shall be measured at highest and best use.

1.17 Property, Plant & Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

1.17.1 Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accrual's basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e., repairs and maintenance) is charged as an expense when it is incurred.

The council has a de minimis limit of £10,000 for capital expenditure purposes which results in the capitalisation of expenditure above that limit as an asset in the balance sheet. Items below this limit are charged to revenue.

1.17.2 Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located if the cost is above the £5,000 de minimis threshold.

The council does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e., it will not lead to a variation in the cash flows of the council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the council.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account.

Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Vehicles, plant and equipment are held at depreciated historical cost.
- Infrastructure, community assets and assets under construction are held at historical cost.
- Dwellings – Current value, determined using the basis of Existing Use Value for Social Housing (EUV–SH).
- Other land and buildings and operational assets where there is an active market – Current value determined as the amount that would be paid for the asset in its existing use (EUV).
- Operational assets, such as community and sports centres, where there is no market-based evidence of current value because of the specialist nature of the asset and/or the asset is rarely sold (i.e., EUV cannot be determined)- depreciated replacement cost using the 'instant build' approach as an estimate of current value.
- Surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective
- Fair value based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at current value are revalued regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits taken to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

The council's property valuations are carried out by Montagu Evans and Colliers. The bases of valuations are undertaken in accordance with the Statement of Asset Valuation Practice and Guidance Notes, published by the Royal Institute of Chartered Surveyors (RICS).

Where decreases in value are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains); and
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

1.17.3 Impairment

Assets are assessed at each year-end as to whether there is any indication that they may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.
- Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

1.17.4 Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e., freehold land and certain Community Assets) and assets that are not yet available for use (i.e., assets under construction).

Depreciation is calculated on the following bases:

- Dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- Vehicles, plant, furniture and equipment – straight-line allocation over the useful life of the asset, as advised by a suitably qualified officer and/or Responsible Officer for that asset; and
- Infrastructure – straight-line allocation over the useful life of the asset, as advised by a suitably qualified officer, and/or Responsible Officer and/or valuer for that asset.

Newly acquired assets and capital enhancements are depreciated from the year after acquisition.

Useful life of an asset is shown below for the relevant categories:

Infrastructure	10 to 40 years
Buildings	10 to 60 years
Vehicles	5 to 10 years
Computer Equipment / systems	3, 5 or 10 years
Other	3 to 30 years

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. All assets with a gross value over £50,000 are considered for componentisation.

If on consideration a component is assessed to be greater than 20% of the total cost of the asset, it is componentised, and the separate components depreciated using appropriate useful lives. Components that are individually less than 20% of the total cost of the asset are not treated as separate components for accounting purposes. They are valued and depreciated as part of the building structure.

The following two components have been identified for items of property:

Land

Structure of Building

Each component is considered to depreciate on a straight-line basis (except those such as land which are identified as exceptions above). The useful life of a component will vary according to the type of property in which it is located and the amount of use to which it is put. The useful life of a component will be determined by the valuer when a component part is identified.

Where a component is replaced or restored, the carrying amount of the old component shall be derecognised to avoid double counting and the new component reflected at the cost or new carrying value.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

1.18 Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any losses recognised previously in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale and are kept under their original category.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e., netted off against the carrying value of the asset at the time of disposal).

Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings and 50% for land, net of statutory deductions and allowances) are payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve and can then only be used for new capital investment. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement. The net book value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

1.19 Fair Value Measurement

The authority measures some of its non-financial assets such as surplus assets, investment properties, assets held for sale and some of its financial instruments, such as equity shareholdings, at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The authority measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the authority's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for the asset or liability

1.20 Minimum Revenue Provision

The council is not required to use Council Tax to fund depreciation, revaluation and impairment losses or amortisation on non-current assets. However, it is required to make an annual contribution from revenue towards provision for the reduction in its overall borrowing requirement, calculated on a prudent basis as determined by the council in accordance with statutory guidance.

Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the Minimum Revenue Provision in the General Fund Balance by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement.

1.21 Provisions, Contingent Liabilities and Contingent Assets

1.21.1 Provisions

Provisions are made where an event has taken place that gives the council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged to the Comprehensive Income and Expenditure Statement in the year that the council becomes aware of the obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year. Where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g., from an insurance claim) this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the council settles the obligation.

1.21.2 Contingent Assets

A contingent asset arises where an event has taken place that gives the authority a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

1.21.3 Contingent Liabilities

A contingent liability arises where an event has taken place that gives the council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

1.22 Reserves

The council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to count against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure. Certain reserves are kept for the purpose of managing the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the council – these reserves are explained in the Unusable reserves note – note 25 of the financial statements.

1.23 Revenue Expenditure Funded from Capital under Statute (REFCUS)

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

1.24 VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income. The amount of VAT irrecoverable is negligible.

1.25 Rounding

In preparing the Statement of Accounts all numbers, including totals, have been rounded independently to avoid unacceptable rounding errors. This may mean that some tables do not cross cast.

Note 2 – Accounting Standards Issued, Not Adopted

Under the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code) the Council is required to disclose and set out the impact of accounting code changes required by new accounting standards that have been issued but not yet adopted by the code.

The following are the accounting policies that have been issued but have not been adopted by the Council as at the Balance Sheet date:

- IFRS 16 Leases. This standard introduces new presentation and disclosure requirements in relation to arrangements that convey the right to use an asset. This will be implemented for 2024/25.
- Classification of Liabilities as Current or Non-current (Amendments to IAS1) issued in January 2021. The amendments: specify that an entity's right to defer settlement must exist at the end of the reporting period; clarify that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement; clarify how lending conditions affect classification, and clarify

requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) issued in September 2022. The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions.
- Non-current Liabilities with Covenants (Amendments to IAS 1) issued in October 2022. The amendments improved the information an entity provides when its right to defer settlement of a liability for at least 12 months is subject to compliance with covenants.
- International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12) issued in May 2023. Pillar Two applies to multinational groups with a minimum level of turnover. The amendments introduced: a temporary exception to the requirements to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes, and targeted disclosure requirements for affected entities.
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) issued in May 2023. The amendments require an entity to provide additional disclosures about its supplier finance arrangements. The IASB developed the new requirements to provide users of financial statements with information to enable them to: assess how supplier finance arrangements affect an entity's liabilities and cash flows, and understand the effect of supplier finance arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it.

None of these amendments are expected to have a significant impact on the council's accounts in future years.

Note 3 – Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are as follows.

Lease Accounting

- Judgement is required in the initial classification of leases as either operating leases or finance leases. Where a lease is taken out for land and buildings combined, the lease may be capitalised as a finance lease if it meets the criteria for a finance lease, but will be classed as an operating lease by the Council unless title transfers at the end of the lease. The accounting policy for leases is set out in Note 1.
- Following the postponement of IFRS 16 implementation for Public Sector bodies to 1 April 2024, The Council has opted to use this opportunity to defer its implementation in order to ensure sufficient time to obtain all the data required for implementation. Thus, with respect to leases, the accounts have been completed on the same basis as previous years.

Provision for Outstanding Business Rates Appeals

On 1 April 2013, Local Authorities assumed the liability for refunding ratepayers who have successfully appealed against the Business Rates rateable value of their properties. The provision is charged to the Collection Fund.

- The current VOA rating list is based on the business rates revaluation which took effect from 1 April 2023. Minor updates were made to the top-up and tariff equalisation mechanism in the business rates retention to better remove the impact of the revaluation on local authority income. Initial adjustments to tariff and top-ups were made in 2023-24 with subsequent adjustments in 2024-25 and 2025-26.
- As part of the 2023 valuation, the VOA made an assumption about the future losses from appeals on the new rating list. An allowance of 3.9% is built into the business rates multiplier and this method is used to calculate potential future losses.

Note 4 – Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

Valuations– Property, Plant and Equipment

Uncertainties	Effect if Actual Results Differ from Assumptions
Valuations by nature are estimations of an asset's value as at the balance sheet date. The council operates a 5 – year rolling schedule, in line with the CIPFA code, for assets held under the valuation model. Asset valuations are undertaken by professional valuers using appropriate valuation methodologies based on the type of asset. The Depreciated Replacement Cost (DRC) methodology applies to assets for which no active market exists, such as leisure and community centres, and represents a source of uncertainty for the Council's valuations. Changes in market and economic factors from year-to-year could result in differences between the book value and actual value using the DRC approach.	Where the Council identifies significant changes in the Build Cost Indices and/or locational factors from prior years, a review is undertaken to compare the DRC calculated value, based on the up-to-date indices, to the book value held by the council. For assets that are not scheduled to be valued in year, and where an aggregate material variance is identified, the book value is adjusted using the updated indices as provided by the valuers, to avoid material misstatement. For 2023/24 the indices did not identify a material variance and so no adjustment has been made.

Depreciation of Property, Plant and Equipment & Amortisation of Intangible Assets

Uncertainties	Effect if Actual Results Differ from Assumptions
The Council assigns useful lives and residual values to property, plant and equipment based on periodic studies of actual asset lives and the intended use for those assets. Changes in circumstances such as technological advances, prospective economic utilisation and physical condition of the assets concerned could result in the actual useful lives or residual values differing from initial estimates.	Where the Council determines that the useful life of property, plant and equipment should be shortened or residual value reduced, it depreciates the net book value in excess of the residual value over the revised remaining useful life, thereby increasing depreciation expense. Any change in an asset's life or residual value is reflected in the Council's accounts when the change in estimate is determined. The carrying value of depreciable assets in the balance sheet is £175m. This amount comprises of Land & Buildings, Plant, Vehicles & Equipment, Infrastructure Assets and Intangible Assets.

Fair Value Measurements

Uncertainties	Effect if Actual Results Differ from Assumptions
When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. quoted prices for similar assets or liabilities in active markets or the discounted cash flow (DCF) model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the authority's assets and liabilities. Where Level 1 inputs are not available, the authority employs relevant experts to identify the most appropriate valuation techniques to determine fair value (for example for investment properties, the authority's chief valuation officer and external valuer). Information about the valuation techniques and inputs used in determining the fair value of the authority's assets and liabilities is disclosed in notes 14 and 15 below.	The authority uses the discounted cash flow (DCF) model to measure the fair value of some of its properties and financial assets. The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, vacancy levels (for investment properties) and discount rates – adjusted for regional factors (for both properties and some financial assets). Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the properties and financial assets, however this would not impact on the general fund as any movement would be taken to the revaluation reserve or capital adjustment account which are unusable reserves.

Impairment allowance for doubtful debt

Uncertainties	Effect if Actual Results Differ from Assumptions
The Impairment allowance for doubtful debt reflects the Council's estimates of losses arising from the failure or inability of the Council's customers to make required payments. The allowance is based on the ageing of customer accounts, customer credit worthiness and the Council's historical write-off experience. One off debts for significant amounts have also been included if we have reasonable grounds to assume that we are unlikely to receive payment.	If actual write-off**s** are 1% higher/lower than expected this would result in a additional/reduced write-offs of £0.033m Changes to the allowance may be required if the financial condition of the Council's customers improves or deteriorates. An improvement in financial condition may result in lower actual write-offs.

Provision for Business Rates Appeals

Uncertainties	Effect if Actual Results Differ from Assumptions
The possible refund from a business rate appeal can vary depending on factors such as; the type of appeal and type of property, together with its geographical location and the probability of appeal success.	Following an assessment of the outstanding business rates appeals at 31 March 2024, a total provision of £14.281m was made for potential future appeal refunds. Cherwell's 40 per cent share of this provision is £5.712m. If the provision for appeals changed by 1% the resulting increase/decrease would be £0.143m shared across central government (50 per cent), the county council (10 per cent) and Cherwell (40 per cent.

Pensions

Uncertainties	Effect if Actual Results Differ from Assumptions
The Council provides one defined benefit pension scheme for its employees. The asset (or liability) recognised in the statement of financial position in respect of defined benefit pension plans represents the fair value of plan assets less the present value of the defined benefit obligations at the reporting date. The expected cost of providing these defined benefit pensions will depend on an assessment of such factors as: • the life expectancy of the Officers; • the length of service; • the rate of salary progression; • the rate of return earned on assets in the future; • the rate used to discount future pension liabilities; and • future inflation rates.	The assumptions used by the Council are set out in note 35 and are estimates chosen from a range of possible actuarial assumptions which may not necessarily be borne out in practice but have been comparable to the median estimates in this regard used by other Councils. Changes to these assumptions could materially affect the size of the defined benefit scheme's liabilities and assets. A sensitivity analysis is included within note 35.

Note 5 - Material Items of Income and Expense

Pensions

The actuary carried out a valuation as at 31 March 2024. This has resulted in pension assets increasing from £133m at 31 March 2023 to £151m at 31 March 2024. Liabilities have increased from £164m at 31 March 2023 to £166m at 31 March 2024. In addition an adjustment to reflect the asset ceiling of £8m has been added as a separate liability (see note 35 for more detail). In total this has resulted in a decrease in net liability of £9m.

Note 6 – Events after the Balance Sheet Date

There are no events after the balance sheet date.

Note 7a – Note to the Expenditure and Funding Analysis

Year Ending 31 Mar 24	Net Capital Statutory Adjustments £'000	Net Pensions Statutory Adjustments £'000	Other Statutory Adjustments £'000	Other Differences £'000	Total Adjustments £'000
Chief Executive	2,448	282	0	25	2,756
Communities	3,085	465	0	42	3,592
Resources	4,494	(5,749)	191	3,058	1,994
Net Cost of Services	**10,028**	**(5,002)**	**191**	**3,125**	**8,342**
Other Income and Expenditure	(7,239)	1,508	3,161	(3,125)	(5,695)
Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement	**2,788**	**(3,494)**	**3,352**	**0**	**2,646**

Year Ending 31 Mar 23	Net Capital Statutory Adjustments £'000	Net Pensions Statutory Adjustments £'000	Other Statutory Adjustments £'000	Other Differences £'000	Total Adjustments £'000
Chief Executive	468	1,457	0	0	1,925
Communities	2,272	2,612	0	25	4,909
Resources	8,233	1,180	(3)	933	10,342
Net Cost of Services	**10,973**	**5,249**	**(3)**	**957**	**17,176**
Other Income and Expenditure	(9,339)	2,068	(12,874)	(957)	(21,102)
Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement	**1,634**	**7,317**	**(12,877)**	**0**	**(3,925)**

Net Capital Statutory Adjustments

This column adds in depreciation, impairment, REFCUS and revaluation gains and losses in the service line.

For other operating expenditure, it adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.

For financing and investment income and expenditure, it adjusts for the statutory charges for capital financing and investment i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.

For taxation and non-specific grant income and expenditure, capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivables in the year to those receivables without conditions or for which conditions were satisfied throughout the year. The taxation and non-specific grant income and expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net Pensions Statutory Adjustments

This column adjusts for the net change for the renewal of pension contributions and the addition of IAS19 Employee Benefits pension related expenditure and income.

For services, this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.

For financing and investment income and expenditure, this adjusts for the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement.

Other Statutory Adjustments

Other statutory adjustments between amounts charged/(received) to the Comprehensive Income and Expenditure Statement and amounts payable / (receivable) to be recognised under statute. For financing and investment (income) and expenditure the other differences column recognises adjustments to General Fund for the timing differences for premiums and discounts and financial instruments.

The charge under taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for Council Tax and Non-Domestic Rates that was projected to be received at the start of the year and the income recognised 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.

Other Non-statutory Adjustments

Other non-statutory adjustments represent amounts debited/credited to service segments which need to be adjusted against the 'Other income and expenditure from the Expenditure and Funding Analysis' line to comply with the presentational requirements in the Comprehensive Income and Expenditure Statement:

For financing and investment income and expenditure the other statutory adjustments column recognises adjustments to service segments, e.g. for interest income and expenditure and changes in the fair values of investment properties.

For taxation and non-specific grant income and expenditure the other non-statutory adjustments column recognises adjustments to service segments, e.g. for un-ringfenced government grants.

Note 7b – Segmental Analysis of Income and Expenditure

31-Mar-24	Revenues from External Customers £'000	Revenues from Other Segments £'000	Interest Revenue £'000	Interest Expense £'000	Depreciation and Amortisation £'000
Chief Executive	(3,492)	(6,881)	0	0	2,348
Communities	(7,833)	(2,361)	0	0	1,123
Resources	(9,575)	(22,987)	0	0	2,181
Non Distributed Services	(294)	(25,593)	(6,660)	4,738	0
Total Managed by Segments	**(21,194)**	**(57,822)**	**(6,660)**	**4,738**	**5,652**

31-Mar-23	Revenues from External Customers £'000	Revenues from Other Segments £'000	Interest Revenue £'000	Interest Expense £'000	Depreciation and Amortisation £'000
Chief Executive	(3,335)	(4,679)	0	0	1,982
Communities	(9,660)	(1,973)	0	0	1,176
Resources	(8,655)	(22,474)	0	0	2,231
Non-Distributed Services	(278)	(21,418)	(6,569)	3,593	0
Total Managed by Segments	**(21,928)**	**(50,544)**	**(6,569)**	**3,593**	**5,389**

Note 8 - Adjustments between Accounting Basis and Funding Basis under Regulations 2023/24

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the authority in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the authority to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance

The General Fund is the statutory fund into which all the receipts of an authority are required to be paid and out of which all liabilities of the authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the council is required to recover) at the end of the financial year.

Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

Capital Grants Unapplied

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the council has met the conditions that would otherwise require repayment of the monies, but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

Note 8 Continued

2023/24	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000
Adjustments to the Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
Pension cost (transferred to or (from) the Pensions Reserve)	3,494	0	0	(3,494)
Council tax and NDR (transfers to or (from) the Collection Fund Adjustment Account)	(3,850)	0	0	3,850
Holiday pay (transferred to the Accumulated Absences reserve)	(188)	0	0	188
Movement in Expected Credit Losses (transferred to the capital adjustment account)	687	0	0	(687)
Reversal of entries included in the (Surplus) or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(13,503)	0	0	13,503
Total Adjustments to Revenue Resources	**(13,361)**	**0**	**0**	**13,361**
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	198	(606)	0	408
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	4,410	0	0	(4,410)
Revenue contribution to Capital	0	0	0	0
Total Adjustments between Revenue and Capital Resources	**4,607**	**(606)**	**0**	**(4,001)**
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	0	15,079	0	(15,079)
Write down of Capital loans repaid to the Council	0	(15,079)	0	15,079
Application of capital grants to finance capital expenditure	5,069	0	162	(5,230)
Donated assets fair value less consideration included in the (Surplus) or Deficit on the Provision of Services transferred to the Capital Adjustment Account	1,039	0	0	(1,039)
Total Adjustments to Capital Resources	**6,108**	**0**	**162**	**(6,269)**
Total Adjustments	**(2,646)**	**(606)**	**162**	**3,090**

Note 8 Continued...

2022/23	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000
Adjustments to the Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
Pension cost (transferred to or (from) the Pensions Reserve)	(7,317)	0	0	7,317
Council tax and NDR (transfers to or (from) the Collection Fund Adjustment Account)	13,269	0	0	(13,269)
Holiday pay (transferred to the Accumulated Absences reserve)	0	0	0	0
Reversal of entries included in the (Surplus) or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(12,506)	0	0	12,506
Total Adjustments to Revenue Resources	**(6,555)**	**0**	**0**	**6,555**
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	1,710	(1,718)	0	7
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	4,476	0	0	(4,476)
Revenue contribution to Capital	0	0	0	0
Total Adjustments between Revenue and Capital Resources	**6,186**	**(1,718)**	**0**	**(4,469)**
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	0	7,852	0	(7,852)
Write down of Capital loans repaid to the Council	0	(6,034)	0	6,034
Application of capital grants to finance capital expenditure	4,293	0	2,099	(6,393)
Total Adjustments to Capital Resources	**4,293**	**1,817**	**2,099**	**(8,210)**
Total Adjustments	**3,925**	**100**	**2,099**	**(6,125)**

Note 9 - Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure.

Earmarked Reserves	Balance at 31 March 2022	Net transfers (to)/from Earmarked Reserves in 2022/23	Balance at 31 March 2023	Net transfers (to)/from Earmarked Reserves in 2023/24	Balance at 31 March 2024
	£'000	£'000	£'000	£'000	£'000
General Earmarked Reserves					
Pensions Deficit	**0**	(2,152)	**(2,152)**	252	**(1,900)**
Transformation Reserve	**(3,796)**	1,796	**(2,000)**	295	**(1,705)**
Dilapidations, Garage Project and Canalside	**(450)**	(110)	**(560)**	165	**(395)**
Capital Reserve	**(277)**	238	**(39)**	(2,027)	**(2,066)**
Projects	**(3,185)**	(889)	**(4,073)**	47	**(4,027)**
Transformation Implementation Reserve	**(828)**	(1,172)	**(2,000)**	(2,974)	**(4,974)**
Market Risk Reserve	**(1,366)**	(3,631)	**(4,996)**	(3,303)	**(8,300)**
Growth Deal	**(555)**	204	**(351)**	125	**(226)**
M&S Surrender Premium	**(3,500)**	1,598	**(1,902)**	1,902	**0**
Business Rates Equalisation Reserve	**0**	0	**0**	(586)	**(586)**
Interest Reserve	**0**	0	**0**	(2,400)	**(2,400)**
Other General Earmarked reserve	**(1,967)**	143	**(1,824)**	78	**(1,746)**
Revenue Grant Earmarked Reserves					
S31 Reserve	**(10,587)**	10,001	**(586)**	586	**0**
Covid-19 Reserve	**(1,616)**	1,616	**0**	0	**0**
COMF - General Allocation	**(683)**	339	**(344)**	273	**(71)**
Homelessness Prevention	**(932)**	43	**(889)**	65	**(824)**
Bicester Garden Town	**(1,290)**	231	**(1,059)**	404	**(655)**
Other Revenue Grant Earmarked reserves	**(1,107)**	214	**(894)**	(108)	**(1,002)**
Total Earmarked Reserves	**(32,138)**	**8,468**	**(23,670)**	**(7,206)**	**(30,876)**

Note 10 - Other Operating Expenditure

31-Mar-23 £'000	Other Operating Expenditure	31-Mar-24 £'000
5,763	Precepts to other authorities and charging bodies	6,042
(1,212)	(Gains)/losses on the Disposal of Non-Current Assets	(109)
4,551	**Total Other Operating Expenditure**	**5,933**

Note 11 - Financing and Investment Income and Expenditure

A breakdown of the items within the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement is as follows:

31-Mar-23 £'000	Financing and Investment Income & Expenditure	31-Mar-24 £'000
3,593	Interest payable and similar charges	4,738
2,283	Net interest on the net defined benefit liability (asset)	1,505
(6,569)	Interest receivable and similar income	(7,160)
(348)	Income and expenditure in relation to investment properties and changes in their fair value	215
385	Other investment income and expenditure	(726)
(656)	**Total**	**(1,428)**

Note 12 - Taxation and Non-Specific Grant Income

A breakdown of the items in the Taxation and Non-Specific Grant Income line within the Comprehensive Income and Expenditure Statement is:

31-Mar-23 £'000	Taxation and Non-Specific Grant Income	31-Mar-24 £'000
(14,377)	Council tax income	(14,958)
(5,504)	Business rates income	(8,921)
(13,200)	Non-ringfenced government grants	(13,584)
(3,053)	Capital grants and contributions	(3,087)
(36,135)	**Total**	**(40,551)**

Note 13 – Expenditure and Income Analysed by Nature

The Council's expenditure and income is analysed as follows:

31-Mar-23 £'000	Nature of Expenditure or Income	31-Mar-24 £'000
	Expenditure	
30,813	Employee benefits expenses	25,854
53,513	Other expenditure	53,532
3,594	Interest payments	4,738
5,763	Precepts and levies	6,042
5,389	Depreciation and amortisation	5,651
0	Gain or loss on disposal of non-current assets	0
99,072	**Total Expenditure**	**95,816**
	Income	
(22,800)	Fees, charges and other service income	(21,848)
(6,570)	Interest and investment income	(7,160)
(19,881)	Income from local taxation	(23,879)
(44,267)	Government grants and contributions	(47,380)
(1,212)	Gain or loss on disposal of non-current assets	(109)
(94,731)	**Total Income**	**(100,377)**
4,341	**(Surplus) or Deficit for Year**	**(4,560)**

Note 14 – Property, Plant and Equipment

Movements to 31-Mar-24	Land and Buildings	Vehicles Plant & Equipment	Infrastructure	Community	Surplus	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
Balance brought forward	**162,180**	**21,442**	**5,566**	**185**	**17**	**2,906**	**192,295**
Additions	1,217	651	0	35	0	7,089	8,992
Acc Dep & Imp WO to GCA	(1,911)	0	0	0	0	0	(1,911)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	211	0	0	85	0	0	296
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(3,794)	0	0	0	0	0	(3,794)
Derecognition - Disposals	(93)	(78)	0	0	0	0	(171)
Assets reclassified (to)/from Assets Held for Sale	0	0	0	0	0	(199)	(199)
Other movements in Cost or Valuation	0	0	0	0	0	0	0
At 31 March 2024	**157,810**	**22,014**	**5,566**	**305**	**17**	**9,797**	**195,508**
Accumulated Depreciation & Impairment							
Balance Brought Forward	**(2,885)**	**(11,484)**	**(3,276)**	**0**	**0**	**0**	**(17,645)**
Depreciation Charge	(3,631)	(1,297)	(174)	0	0	0	(5,102)
Acc. Depreciation WO to GCA	1,911	0	0	0	0	0	1,911
Acc. Impairment WO to GCA	0	0	0	0	0	0	0
Impairment (Losses)/Reversals recognised in the Revaluation Reserve	0	0	0	0	0	(758)	(758)
Impairment (Losses)/Reversals recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	(130)	(130)
Derecognition - Disposals	4	78	0	0	0	0	82
Assets reclassified (to)/from Investment Property	0	0	0	0	0	0	0
At 31 March 2024	**(4,601)**	**(12,703)**	**(3,450)**	**0**	**0**	**(888)**	**(21,641)**
Net Book Value							
At 31 March 2024	**153,209**	**9,312**	**2,116**	**305**	**17**	**8,909**	**173,866**
At 31 March 2023	**159,295**	**9,958**	**2,290**	**185**	**17**	**2,906**	**174,650**

Movements to 31-Mar-23							
	Land and Buildings	Vehicles Plant & Equipment	Infrastructure	Community	Surplus	Assets Under Construction	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Cost or Valuation							
Brought forward	**157,547**	**18,212**	**5,556**	**99**	**15**	**11,162**	**192,592**
Additions	2,974	3,566	9	86	0	437	7,073
Acc Dep & Imp WO to GCA	(3,362)	0	0	0	0	0	(3,362)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	1,510	0	0	0	2	(75)	1,436
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(4,699)	0	0	0	0	0	(4,699)
Derecognition - Disposals	(408)	(337)	0	0	0	0	(745)
Assets reclassified (to)/from Investment Property	0	0	0	0	0	0	0
Other movements in Cost or Valuation	8,619	0	0	0	0	(8,619)	0
At 31 March 2023	**162,181**	**21,442**	**5,566**	**185**	**17**	**2,906**	**192,295**
Accumulated Depreciation & Impairment							
Brought forward	**(2,878)**	**(10,609)**	**(3,101)**	0	0	0	**(16,588)**
Depreciation Charge	(3,397)	(1,212)	(175)	0	0	0	(4,783)
Acc. Depreciation WO to GCA	3,362	0	0	0	0	0	3,362
Acc. Impairment WO to GCA	0	0	0	0	0	0	0
Derecognition - Disposals	27	337	0	0	0	0	364
Assets reclassified (to)/from Investment Property	0	0	0	0	0	0	0
Other movements in Depreciation and Impairment	0	0	0	0	0	0	0
At 31 March 2023	**(2,886)**	**(11,484)**	**(3,276)**	**0**	**0**	**0**	**(17,646)**
Net Book Value							
At 31 March 2023	**159,925**	**9,958**	**2,290**	**185**	**17**	**2,906**	**174,650**
At 31 March 2022	**154,670**	**7,604**	**2,455**	**99**	**15**	**11,162**	**176,005**

Property, Plant and Equipment Revaluations

31-Mar-24	Other Land and Buildings £'000	Vehicles, Plant, Furniture Equipment £'000	Infrastruc-ture Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total £'000
Carried at historical cost	3,268	9,312	2,116	210	0	8,909	23,815
Valued at current value as at:							
31/03/2024	72,589	0	0	95	17	0	72,701
31/03/2023	66,403	0	0	0	0	0	66,403
31/03/2022	10,930	0	0	0	0	0	10,930
31/03/2021	0	0	0	0	0	0	0
31/03/2020	17	0	0	0	0	0	17
Total Cost or Valuation	**153,207**	**9,312**	**2,116**	**305**	**17**	**8,909**	**173,867**

Note 15 – Investment Properties

The following items of income and expenditure have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

31-Mar-23 £'000	Investment Property Income and Expenditure	31-Mar-24 £'000
(167)	Rental income from investment property	(163)
24	Direct operating expenses from investment property	11
(143)	**Net (gain)/loss**	**(152)**

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal.

Movement in the fair value of Investment Properties over the year

31-Mar-23 non-current £'000	Investment Property Movements in Year	31-Mar-24 non-current £'000
4,435	**Opening Balance**	**4,640**
0	Additions: Purchases	0
0	Enhancements	0
0	Disposals	0
205	Net gains/(losses) from fair value adjustments	(367)
0	Transfers to/(from) Property, Plant and Equipment	0
4,640	**Closing Balance**	**4,274**

Fair value hierarchy

Details of the Council's investment properties and surplus assets and information about the fair value hierarchy as at 31 March 2024 are as follows:

Recurring fair value measuring usage	Quoted Prices in active markets for identical assets (Level 1) £'000	Other significant observable inputs (Level 2) £'000	Significant unobservable inputs (Level 3) £'000	Fair value as at 31 March 2024 £'000
Investment Properties	0	4,274	0	4,274
Surplus Assets	0	17	0	17
Assets Held for Sale	0	199	0	199
Sub-total	**0**	**4,489**	**0**	**4,489**
Residential (market rental) properties				
Office Units	0	378	0	378
Commercial Units	0	4,030	0	4,030
Other	0	82	0	82
Totals	**0**	**4,489**	**0**	**4,489**

Details of the Council's investment properties and surplus assets and information about the fair value hierarchy as at 31 March 2023 are as follows:

Recurring fair value measuring usage	Quoted Prices in active markets for identical assets (Level 1) £'000	Other significant observable inputs (Level 2) £'000	Significant unobservable inputs (Level 3) £'000	Fair value as at 31 March 2023 £'000
Investment Properties	0	4,640	0	4,640
Surplus Assets	0	17	0	17
Sub-total	**0**	**4,657**	**0**	**4,657**
Residential (market rental) properties	0			
Office Units	0	425	0	425
Commercial Units	0	4,138	0	4,138
Other	0	94	0	94
Totals	**0**	**4,657**	**0**	**4,657**

Transfers between Levels of the Fair Value Hierarchy

There were no transfers between Levels 1 and 2 during the year.

Valuation Techniques used to Determine Level 2 Fair Values for Investment Properties:

Significant Observable Inputs – Level 2

The fair value for the commercial properties (let at market rents) has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local authority area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

Highest and Best Use of Investment Properties

In estimating the fair value of the authority's investment properties, the highest and best use of the properties is their current use.

Valuation Techniques

There has been no change in the valuation techniques used during the year for investment properties.

Valuation Process for Investment Properties and Surplus Assets

The fair value of the Council's investment properties and surplus assets is measured annually at each reporting date. All valuations are carried out externally by qualified valuers, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

Note 16 – Intangible Assets

An **intangible asset** is an **asset** that is not physical in nature. Goodwill, brand recognition and intellectual property, such as patents, trademarks, and copyrights, are all **intangible assets.**

31-Mar-23	Intangible Assets	31-Mar-24
£000	Opening Balance	**£000**
8,246	Gross Carrying Amount	6,801
(5,815)	Accumulated Amortisation & Impairment	(4,836)
2,431	**Net Carrying Amount**	**1,965**
257	Additions	334
(118)	Disposals	0
(606)	Amortisation for the Period	(549)
1,966	**Net Carrying Amount at End of Year**	**1,750**
	Comprising:	
6,801	Gross Carrying Amount	4,651
(4,836)	Accumulated Amortisation & Impairment	(2,901)
1,965	**Closing Balance**	**1,750**

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of property, plant and equipment. The intangible assets include both purchased licenses and internally generated software. All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. In line with the council's accounting policies, intangible assets assets are given an initial useful life of 3, 5 or 10 years.

Note 17 – Financial Instruments

Balance Sheet items

The Council is obliged to analyse any Financial Instruments that it holds (whether liabilities such as borrowings or assets such as investments) into certain categories.

The Investments and Debtors disclosed in the Balance Sheet, as set out below (adjusted to exclude statutory debtors), are all categorised as Loans and Receivables, and are carried in the Balance Sheet at amortised cost.

Financial Instruments – Liabilities

31-Mar-23 Short term	31-Mar-23 Long-term	Financial Instruments - Liabilities	31-Mar-24 Short-term	31-Mar-24 Long-term
£'000	**£'000**	**Financial Liabilities**	**£'000**	**£'000**
		Loans at amortised cost:		
(22,000)	(166,000)	- Principal sum borrowed	(36,000)	(145,000)
(901)	0	- Accrued interest	(937)	0
(22,901)	**(166,000)**	**Total Borrowing**	**(36,937)**	**(145,000)**
		Liabilities at amortised cost:		
(8)	(1,554)	- Finance leases	0	0
0	(14)	- Other Liabilities	0	(14)
(8)	**(1,567)**	**Total Other Long-term Liabilities**	**0**	**(14)**
		Liabilities at amortised cost:		
(3,608)	0	- Trade payables	(3,215)	0
(2,776)	0	- Other payables	(4,099)	0
(6,384)	**0**	**Included in Creditors**	**(7,314)**	**0**
		At amortised cost:		
(511)	0	Principal	(1,408)	0
(511)	**0**	**Total Cash and Cash Equivalents**	**(1,408)**	**0**
(29,804)	**(167,567)**	**Total Financial Liabilities**	**(45,659)**	**(145,014)**

The total short-term borrowing includes £663k (2023: £826k) accrued interest due within 12 months on long-term borrowing.

The creditors lines on the Balance Sheet include £22,431k (2023: £40,658k) short-term creditors that do not meet the definition of a financial instrument.

Financial Instruments – Assets

31-Mar-23		Financial Instruments - Assets	31-Mar-24	
Short Term	Long Term		Short Term	Long Term
£'000	£'000	**Financial Assets**	£'000	£'000
		At amortised cost:		
35,000	0	- Principal	13,000	0
101	0	- Accrued interest	87	0
		At fair value through profit & loss:		
0	35,649	- Fair value	0	35,649
35,101	**35,649**	**Total Investments**	**13,087**	**35,649**
		At amortised cost:		
0	0	- Principal	0	0
		At fair value through profit & loss:		
8,520	0	- Fair value	8,920	0
43	0	- Accrued interest	35	0
8,563	**0**	**Total Cash and Cash Equivalents**	**8,955**	**0**
		At amortised cost:		
2,029		- Trade receivables	1,755	
5,327		- Other receivables	4,414	
6,190	66,194	- Loans made for service purposes	100	66,647
206	0	- Accrued interest	0	1
0	(1,379)	- Loss allowance	0	(693)
13,752	**64,814**	**Included in Debtors**	**6,269**	**65,956**
57,416	**100,464**	**Total Financial Assets**	**28,311**	**101,605**

The debtors lines on the Balance Sheet include £6,714k (2023: £3,809k) short-term and £7,280k (2023: £5,594k) long-term debtors that do not meet the definition of a financial asset.

Offsetting Financial Assets and Liabilities

Financial assets and liabilities are set off against each other where the Council has a legally enforceable right to set off and it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The table below shows those instruments that have been offset on the balance sheet.

31-Mar-23 £'000	Offsetting Financial Assets & Liabilities	31-Mar-24 £'000
394	Bank accounts in credit	289
(905)	Bank overdrafts	(1,696)
(511)	**Net position of offset accounts**	**(1,408)**
0	Other bank accounts	0
(511)	**Net position on balance sheet**	**(1,408)**

Financial Instruments - Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments consist of the following:

	Financial Liabilities	Financial Assets				
	Amortised Cost	Fair Value through Profit & Loss	Amortised Cost	Fair Value through Profit & Loss	2023/24 Total	2022/23 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Interest expense	4,723				4,723	3,588
Fees paid	15				15	6
Interest payable and similar charges	**4,738**				**4,738**	**3,594**
Interest income	0		(6,606)	(554)	(7,160)	(6,570)
Fees	**0**					**0**
Interest and investment income	**0**		**(6,606)**	**(554)**	**(7,160)**	**(6,570)**
Net impact on (surplus)/deficit on provision of services	4,738		(6,606)	(554)	(2,422)	(2,976)
Net (Gain)/Loss for the Year	**4,738**		**(6,606)**	**(554)**	**(2,422)**	**(2,976)**

Financial Instruments - Fair Value – Liabilities

Balance Sheet	Fair Value			Balance Sheet	Fair Value
31-Mar-23	31-Mar-23			31-Mar-24	31-Mar-24
£'000	£'000		Fair value Level	£'000	£'000
		Financial liabilities held at amortised cost:			
(166,000)	(136,682)	Long-term loans	2	(145,000)	(114,399)
(22,901)	(22,901)	Short-term loans	2	(36,937)	(36,543)
(1,562)	(3,008)	Lease payables and PFI liabilities	2	0	0
(190,463)	**(162,591)**	**Total**		**(181,937)**	**(150,943)**
(6,908)		Liabilities for which fair value is not disclosed		(8,735)	
(197,371)	**(162,591)**	**Total Financial Liabilities**		**(190,672)**	**(150,943)**
		Recorded on balance sheet as:			
(6,392)		Short-term creditors		(7,314)	
(22,901)		Short-term borrowing		(36,937)	
(1,567)		Long-term creditors		(14)	
(166,000)		Long-term borrowing		(145,000)	
(511)		Cash and Cash Equivalents		(1,408)	
(197,371)		**Total Financial Liabilities**		**(190,672)**	

The fair value of short-term financial liabilities held at amortised cost, including trade payables, is assumed to approximate to the carrying amount.

The fair value of financial liabilities held at amortised cost is lower than their balance sheet carrying amount because the authority's portfolio of loans includes a number of loans where the interest rate payable is lower than the current rates available for similar loans as at the Balance Sheet date.

Financial Instruments - Fair Value – Assets

Balance Sheet	Fair Value			Balance Sheet	Fair Value
31-Mar-23	**31-Mar-23**			**31-Mar-24**	**31-Mar-24**
£'000	**£'000**		**Fair Value Level**	**£'000**	**£'000**
		Financial assets held at fair value:			
8,563	8,563	Money market funds	1	8,955	8,955
35,649	35,649	Shares in unlisted companies	3	35,649	35,649
		Financial assets held at amortised cost:			
35,101	34,591	Bank deposits & repos	2	13,087	11,679
71,210	71,210	Loans to companies	3	66,055	66,055
150,523	**150,013**	**Total**		**123,746**	**122,339**
7,356		Assets for which fair value is not disclosed		6,169	
157,879	**150,013**	Total Financial Assets		**129,916**	**122,339**
		Recorded on balance sheet as:			
64,814		Long-term debtors		65,956	
35,649		Long-term investments		35,649	
13,752		Short-term debtors		6,269	
35,101		Short-term investments		13,087	
8,563		Cash and cash equivalents		8,955	
157,880		Total Financial Assets		**129,916**	

The fair value of short-term financial assets held at amortised cost, including trade receivables, is assumed to approximate to the carrying amount.

The fair value of financial assets held at amortised cost is lower than their balance sheet carrying amount because the interest rate on similar investments is now higher than that obtained when the investment was originally made.

Note 17.1 - Nature and Extent of Risks Arising from Financial Instruments

The Council's activities expose it to a variety of financial risks:

Credit Risk – the possibility that other parties might fail to pay amounts due to the Council

Liquidity Risk – the possibility that the Council might not have funds available to meet its commitments to make payments

Market Risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

Credit Risk: Investments

The Council manages credit risk by ensuring that investments are only placed with organisations of high credit quality as set out in the Treasury Management Strategy. These include commercial entities with a minimum long-term credit rating of A-, the UK government and other local authorities. The Treasury Management Strategy also restricts lending to a prudent maximum amount for each institution.

The table below summarises the credit risk exposures of the Council's investment portfolio:

	Long Term Credit Rating	
31-Mar-23 £'000	**(Fitch)**	**31-Mar-24 £'000**
3,016	AA	0
26,051	AA-	13,087
6,034	A+	0
35,101	**Total**	**13,087**

Credit risk is not applicable to shareholdings and pooled funds where the Council has no contractual right to receive any sum of money.

Credit Risk: Debtors

The Council generally allows 30 days credit for its trade debtors. Outstanding debt overdue for payment can be analysed by age as follows:

31-Mar-23	Credit Risk: Debtors	31-Mar-24
£'000	**Duration outstanding**	**£'000**
444	One months	332
154	Two months	251
48	Three months	67
1,056	More than three months	1,115
1,703	**Total**	**1,765**

Credit Risk: Loan Commitments and Financial Guarantees

In furtherance of the Council's service objectives, it has committed to lend money to the following organisations, should it be requested to do so:

Organisation	Total facility	Balance 31 March 2024
Graven Hill Village Development Co Ltd	£69.6m	£52.7m

The Council has also provided a financial guarantee of £22.4m for Graven Hill.

Liquidity Risk

The Council manages its liquidity position through the risk management processes set out in its annual Treasury Management Strategy and Prudential Indicators, as well as through the active management of the cash flow position. This seeks to ensure that cash is available when it is needed.

The Council has ready access to borrowing at favourable rates from the Public Works Loan Board, other local authorities, and at higher rates from banks and building societies to cover any short-term cash flow need. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient funds are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments.

The maturity analysis of current loans is as follows (principal amounts only shown i.e. excluding accrued interest):

31-Mar-23	Liquidity Risk	31-Mar-24
£'000	**Time to maturity**	**£'000**
(22,074)	Less than 1 year	(36,274)
(21,173)	1 – 2 years	(6,001)
(22,050)	2 – 5 years	(31,145)
(78,355)	5-10 years	(68,306)
(15,044)	10-20 years	(10,005)
(30,205)	20-30 years	(30,206)
(188,901)	**Total**	**(181,937)**

Market Risk: Interest Rates

The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments.

Other than short term funds held for liquidity purpose e.g. money market funds and call accounts, the Council currently does not have any investments at variable rates.

Although the Council's borrowing is at relatively low interest rates currently, it is exposed to the risk that it will need to refinance some of its borrowing at higher interest rates in the future.

The Council has a number of strategies for managing interest rate risks. The Treasury Management team, in consultation with its advisors, has an active strategy for assessing

interest rate exposure that feeds into the setting of the annual budget and which is used to update the forecasted out-turn during the year. This allows for any adverse changes to be accommodated.

Market Risk – Other:

Price Risk - The Council holds shares in Graven Hill Village Holdings Ltd and Crown House Banbury Ltd, but these are not listed and are valued at cost price. The Council therefore has no exposure to loss arising from movement in the prices of shares.

Foreign Exchange Risk - The Council has no financial assets or liabilities denominated in foreign currencies and as a result has no exposure to loss arising from movements in exchange rates.

Note 18 – Inventories

The table below provides details on the level of inventories balances set out in the Balance sheet.

31-Mar-23 £'000	Inventories	31-Mar-24 £'000
253	Opening Balance	**357**
1,086	Purchases	863
(982)	Recognised as an expense in the year	(957)
357	**Closing Balance**	**263**

Note 19a – Short Term Debtors

An analysis of the debtor's balance is shown below

31-Mar-23 £'000	Short Term Debtors	31-Mar-24 £'000
2,029	Trade Receivables	1,755
943	Pre-Payments	3,209
14,588	Other Receivable Amounts	8,018
17,561	**Total Debtors**	**12,982**

Note 19b Short Term Debtors for Local Taxation

The past due but not impaired amount for local taxation (council tax and non- domestic rates) can be analysed by age as follows;

31-Mar-23 £'000	Short Term Debtors for Local Taxation	31-Mar-24 £'000
0	Less than three months	0
0	Three to six months	0
452	Six months to one year	368
611	More than one year	472
1,063	**Total Debtors**	**840**

Note 20 – Cash and Cash Equivalents

Cash and cash equivalents include cash at bank, short-term bank deposits and money market investments and are highly liquid.

The balance of Cash and Cash Equivalents is made up of the following elements:

31-Mar-23 £'000	Cash and Cash Equivalents	31-Mar-24 £'000
(511)	Bank Balances/(Overdraft)	(1,408)
8,563	Short Term Investments	8,955
8,053	**Total Cash and Cash Equivalents**	**7,548**

Note 21– Assets Held for Sale

31-Mar-23 £'000	Assets held for Sale	31-Mar-24 £'000
0	Balance at start of year	0
	Assets newly classified as held for sale:	
0	Property Plant and Equipment	199
	Assets Sold:	
0	Property Plant and Equipment	0
0	**Balance at year end**	**199**

Note 22 – Short Term Creditors

The table below provides detail on the level of creditors balances set out in the Balance Sheet.

31-Mar-23 £'000	Short Term Creditors	31-Mar-24 £'000
(3,608)	Trade Payables	(3,215)
(43,442)	Other Payable Amounts	(26,530)
(47,050)	**Total Creditors**	**(29,745)**

Note 23 – Provisions

The main provisions during 2023/24 are for NNDR appeals. The council is required to set up a provision for the potential cost of successful appeals with the Valuation Office.

Current Provisions

31-Mar-24	Health Walks Training Provision £'000	Graven Hill Deposit Guarantee £'000	NNDR Appeals Provision £'000	Total £'000
Opening Balance	(4)	(37)	(71)	(112)
Increase in provision during year	0	0	0	0
Utilised during the year	4	37	71	112
Transferred from Long term	0	0	(4,193)	(4,193)
Closing Balance	**0**	**0**	**(4,193)**	**(4,193)**
31-Mar-23 £'000	**Health Walks Training Provision £'000**	**Graven Hill Deposit Guarantee £'000**	**NNDR Appeals Provision £'000**	**Total £'000**
Opening Balance	(4)	(37)	(272)	(314)
Increase in provision during year	0	0	0	0
Utilised during the year	0	0	202	202
Closing Balance	**(4)**	**(37)**	**(71)**	**(112)**

Long Term Provisions

31-Mar-24	NNDR Appeals £'000	Landlord Rent Guarantee £'000	Landlord Rent Ex-Charter £'000	Banbury Bowls Club £'000	58 Bridge Street - Repair & Renewals £'000	Total £'000
Opening Balance	(7,748)	(75)	(18)	(47)	(103)	(7,991)
Increase in provision during year	(1,641)	0	0	0	(20)	(1,661)
Utilised during year	3,676	11	0	0	0	3,688
Transferred to short term	4,193	0	0	0	0	4,193
Closing Balance	**(1,519)**	**(63)**	**(18)**	**(47)**	**(123)**	**(1,770)**
31-Mar-23	**NNDR Appeals £'000**	**Landlord Rent Guarantee £'000**	**Landlord Rent Ex-Charter £'000**	**Banbury Bowls Club £'000**	**58 Bridge Street - Repair & Renewals £'000**	**Total £'000**
Opening Balance	(8,151)	(89)	(18)	(47)	(103)	(8,409)
Increase in provision during year	(1,864)	0	0	0	0	(1,864)
Utilised during year	2,268	14	0	0	0	2,282
Closing Balance	**(7,748)**	**(75)**	**(18)**	**(47)**	**(103)**	**(7,991)**

Total Provisions

31-Mar-23 £'000	Provisions Summary	31-Mar-24 £'000
(8,723)	Opening Balance	(8,103)
(1,864)	Increase in provision during year	(1,661)
2,484	Utilised during year	3,800
(8,103)	**Closing Balance**	**(5,964)**

Note 24 – Usable Reserves

The Council has a number of usable reserves in the balance sheet, those that can be applied to fund future expenditure or reduce local taxation. The purpose of each useable reserve is detailed in the table below or cross referenced to supporting notes.

31-Mar-23 £'000	Useable Reserves Summary	31-Mar-24 £'000
(6,152)	General Fund	(6,152)
(23,670)	Earmarked Reserves	(30,876)
0	Capital Receipts Reserve	(606)
(5,849)	Capital Grants Unapplied Reserve	(5,688)
(35,671)	**Total**	**(43,322)**

General Fund Reserve

This reserve is held to mitigate the financial risks facing the Council. The prudent level of general fund reserves to be held are set annually as part of the Council's budget report.

31-Mar-23 £'000	General Fund Reserve	31-Mar-24 £'000
(5,951)	Opening Balance	(6,152)
(201)	Transfers to general reserves	0
0	Use of general reserves in year	0
(6,152)	**Closing Balance**	**(6,152)**

Earmarked Reserves

These are reserves that have been set aside for specific purposes. This could be for a particular project; for example, a ringfenced grant on which there remains an unspent balance at the year end or amounts which have been set aside for future use. They are analysed in detail in Note 9.

The large decrease in 2021/22 and 2022/23 relate primarily to Business Rates Section 31 grants which were received in 2020/21 but which have been used to finance the Business Rates Collection Fund deficit in 2021/22 and 2022/23.

31-Mar-23 £'000	Earmarked Reserves	31-Mar-24 £'000
(32,138)	Opening Balance	(23,670)
(10,238)	Transfers to reserves	(9,603)
18,706	Use of reserves in year	2,396
(23,670)	**Closing Balance**	**(30,876)**

Capital Receipts Reserve

These are capital receipts which have been received during the year and which have then been used to finance capital expenditure. The remaining balance is available for future capital financing.

31-Mar-23 £'000	Capital Receipts Reserve	31-Mar-24 £'000
(100)	Opening Balance	0
(1,718)	Receipts from disposal of an interest in a capital asset	(606)
(6,034)	Receipts from repayments of capital loans made by the council	(15,079)
7,852	Capital Receipts used for financing	15,079
0	**Closing Balance**	**(606)**

Capital Grants Unapplied

These are capital receipts which have been recognised in the Comprehensive Income and Expenditure Statement which are available for future capital financing.

31-Mar-23 £'000	Capital Grants Unapplied	31-Mar-24 £'000
(7,949)	Opening Balance	(5,849)
(1,134)	Capital grants recognised in year	(324)
3,233	Capital grants and contributions applied	486
(5,849)	**Closing Balance**	**(5,688)**

Note 25 - Unusable Reserves

The Council has several unusable reserves in the balance sheet, those that cannot be applied to fund future expenditure or reduce local taxation. They are required to be held for statutory reasons and are needed to comply with proper accounting practice.

The unusable reserves held by the Council are detailed in the table below. The purpose of each unusable reserve is detailed in the relevant section below.

31-Mar-23 £'000	Unusable Reserves Summary	31-Mar-24 £'000
(40,702)	Revaluation Reserve	(39,184)
364	Capital Adjustment Account	1,446
31,309	Pension Reserve	22,700
(522)	Deferred Capital Receipts Reserve	(114)
(5,314)	Collection Fund Adjustment Account	(1,464)
270	Accumulated Absences Account	458
(14,595)	**Total**	**(16,158)**

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment (and Intangible Assets). The balance is reduced when assets with accumulated gains are:

revalued downwards or impaired and the gains are lost

used in the provision of services and gains are consumed through depreciation, or

disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

31-Mar-23 £'000	Revaluation Reserve	31-Mar-24 £'000
	Opening Balance	
(40,218)	**Opening balance as restated**	**(40,702)**
(7,609)	Upward revaluation of assets	(2,890)
6,174	Downward revaluation of assets and impairment losses not charged to the Surplus or Deficit on the Provision of Services	3,352
(1,436)	**Surplus or deficit on revaluation of non-current assets not charged to the Surplus or Deficit on the Provision of Services**	**462**
863	Difference between fair value depreciation and historical cost depreciation	1,004
89	Accumulated gains on assets sold or scrapped	51
0	Accumulated gains on Property transferred to Investment Property	0
952	**Amount written off to the Capital Adjustment Account**	**1,056**
(40,702)	**Closing Balance**	**(39,184)**

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions.

The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis).

The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The account contains accumulated gains and losses on Investment Properties and also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 14 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

The movements on the Capital Adjustment Account for the year are:

31-Mar-23	Capital Adjustment Account	31-Mar-24
£'000		**£'000**
1,495	**Opening balance**	**364**
4,783	Charges for depreciation and impairment of non-current assets	5,232
4,699	Revaluation losses on non-current assets	3,794
606	Amortisation of intangible assets	549
2,125	Revenue expenditure funded from capital under statute	3,472
499	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	89
12,711	**Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement**	**13,137**
(952)	Adjusting Amounts written out of the Revaluation Reserve	(1,056)
11,760	**Net written out amount of the cost of non-current assets consumed in the year**	**12,081**
(7,852)	Use of Capital Receipts Reserve to finance new capital expenditure	(15,079)
(6,393)	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(5,230)
(4,869)	Statutory provision for the financing of capital investment charged against the General Fund	(4,410)
392	Increase in expected credit losses provision for long-term loans receivable	(687)
0	Direct Revenue contributions	0
(18,721)	**Capital financing applied in year:**	**(25,406)**
6,034	Write down of Capital Loans repaid to the Council	15,079
(205)	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	367
0	Donated assets fair value less consideration	(1,039)
364	**Closing Balance**	**1,446**

Pension Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post- employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible.

The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

31-Mar-23 £'000	Pension Reserve	31-Mar-24 £'000
82,138	Opening Balance	31,309
(58,146)	Remeasurements of the net defined benefit (liability)/asset	(5,115)
10,182	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	5,633
(2,865)	Employer's pensions contributions and direct payments to pensioners payable in the year	(9,127)
31,309	**Closing Balance**	**22,700**

Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements the council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

31-Mar-23 £'000	Deferred Capital Receipts reserve	31-Mar-24 £'000
(529)	Opening Balance	(522)
(296)	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure statement	(114)
303	Transfer to the capital receipts reserve upon receipt of cash	522
(522)	**Closing Balance**	**(114)**

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of income from council tax and business rates in the Comprehensive Income and Expenditure Statement as it falls due compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

31-Mar-23 £'000	Collection Fund Adjustment Account	Business Rates £'000	Business Rates – other £'000	Council Tax £'000	31-Mar-24 Total £'000
7,955	Opening Balance	(4,585)	(30)	(699)	(5,314)
(13,239)	Amount by which income credited to the CIES is different from income calculated for the year in accordance with statutory requirements	3,429		389	3,818
(30)	Other transfers to/(from) the General Fund in accordance with non-domestic rates regulations		32		32
(5,314)	**Closing Balance**	**(1,156)**	**2**	**(310)**	**(1,464)**

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

31-Mar-23 £'000	Accumulated Absences Account	31-Mar-24 £'000
269	Opening Balance	270
(269)	Settlement or cancellation of the accrual made at the end of the preceding year	(270)
270	Amounts accrued at the end of the year	458
270	**Closing Balance**	**458**

Note 26 - Members' Allowances

A detailed list of allowances paid to each member is available for examination on the Council's website under "Councillors – Members' Allowances"

The Local Councils (Members' Allowances) Regulations 2003 requires local Councils to publish the amounts paid to members under the members' allowances scheme. The allowances available in 2023/24 were as follows:

31-Mar-23 £'000		31-Mar-24 £'000
345	Allowances	349
4	Expenses	4
349	**Total Members' Allowances**	**353**

Note 27 - Officers' Remuneration

The Council is required, under regulation 7(2) of the Accounts and Audit Regulations 2003, to include in the notes to the accounts the number of employees in the accounting period whose remuneration was in excess of £50,000 excluding pension contributions.

This does not include senior staff all accounted for in the table on the following page where they are employees of Cherwell District Council.

31-Mar-23	Officers' Remuneration	31-Mar-24
Number of employees	**Remuneration Band**	**Number of employees**
16	£50,001 to £55,000	21
10	£55,001 to £60,000	18
6	£60,001 to £65,000	6
1	£65,001 to £70,000	3
1	£70,001 to £75,000	2
0	£85,001 to £90,000	1
0	£120,001 to £125,000	1
34	**Total**	**52**

Note 27 Continued… **The Remuneration paid to senior employees in Cherwell District Council 2023/24 is as follows**:

Post Title	Salary (Including Fees & Allowances)	Expense Allowances and Other Emoluments	Compensations for Loss of Employment	Total Remuneration Excluding Pension Contribution	Pension Contribution	Total Remuneration including pension contribution	Contribution to Oxfordshire County Council	Cost to Cherwell District Council	Date in post 2023/24
Chief Executive - Yvonne Rees	143,524	4,675	41,922	**190,120**	20,499	210,619	-	**210,619**	*Until January 2024*
Chief Executive & Head of Paid Services - Gordon Stewart	34,677	-	-	**34,677**	5,514	40,191	-	**40,191**	*From January 2024*
Corporate Director of Resources	107,725	575	-	**108,299**	17,128	125,428	-	**125,428**	
Corporate Director of Communities	116,480	575	-	**117,054**	18,520	135,575	-	**135,575**	
Assistant Director Customer Focus	83,975	573	-	**84,548**	13,352	97,900	-	**97,900**	
Assistant Director Law and Governance & Monitoring Officer	96,441	4,055	-	**100,495**	15,334	115,829	-	**115,829**	
Assistant Director Environmental Services	88,728	548	-	**89,275**	14,108	103,383	-	**103,383**	
Assistant Director Planning and Development	88,728	318	-	**89,046**	14,108	103,153	-	**103,153**	
Assistant Director Growth and Economy	88,728	-	-	**88,728**	14,108	102,835	-	**102,835**	
Assistant Director Finance & S151	98,817	463	-	**99,279**	15,712	114,991	-	**114,991**	
Assistant Director Housing & Wellbeing	85,163	598	-	**85,761**	13,541	99,301	-	**99,301**	
Assistant Director Human Resources & Operational Resources	75,724	598	-	**76,322**	12,030	88,352	-	**88,352**	

Table continued on next page…

Note 27 Continued…

Post Title	Salary (Including Fees & Allowances)	Expense Allowances and Other Emoluments	Compensations for Loss of Employment	Total Remuneration Excluding Pension Contribution	Pension Contribution	Total Remuneration including pension contribution	Contribution to Oxfordshire County Council	Cost to Cherwell District Council	Date in post 2023/24
Assistant Director Property	49,652	-		**49,652**	7,895	57,546		**57,546**	*From September 2023*
Head of Digital and Innovation	60,370	-	-	**60,370**	9,580	69,950	-	**69,950**	
Head of Finance & Deputy S151	65,218	-	-	**65,218**	10,370	75,588	-	**75,588**	
Assistant Director of Regulatory Services*	-	-	-	-	-	-	6,890	**6,890**	*Until May 2023*
Head of Regulatory Services & Community Safety	63,154	-	-	**63,154**	10,042	73,196	-	**73,196**	
Total	**1,347,101**	**12,977**	**41,922**	**1,402,001**	**211,838**	**1,613,839**	**6,890**	**1,620,729**	

Cherwell District Council had one joint post under the Partnership Agreement with Oxfordshire County Council:
*Denotes Staff employed by Oxfordshire County Council and the District Council is charged a share of salary costs

Note 27 Continued… **The Remuneration paid to senior employees in Cherwell District Council 2022/23 is as follows**:

Post Title	Salary (Including Fees & Allowances)	Expense Allowances and Other Emoluments	Compensations for Loss of Employment	Total Remuneration Excluding Pension Contribution	Pension Contribution	Total Remuneration including pension contribution	Contribution to Oxfordshire County Council	Cost to Cherwell District Council	Date in post 2022/23
Chief Executive - Yvonne Rees	172,108	266	-	**172,373**	26,830	**199,203**	-	**199,203**	
Corporate Director of Resources	76,939	691	-	**77,630**	12,233	89,864	-	**89,864**	*From July 2022*

Post Title	Salary (Including Fees & Allowances)	Expense Allowances and Other Emoluments	Compensations for Loss of Employment	Total Remuneration Excluding Pension Contribution	Pension Contribution	Total Remuneration including pension contribution	Contribution to Oxfordshire County Council	Cost to Cherwell District Council	Date in post 2022/23
Corporate Director of Communities	83,192	-	-	**83,192**	1,323	84,515	-	**84,515**	*From July 2022*
Corporate Director of Customers, Organisation Development and Resources**	2,473	-	-	**2,473**	1,101	3,574	-	**3,574**	*Until June 2022*
Director of Customers and Cultural Services**	8,503	285	-	**8,788**	4,507	13,295	-	**13,295**	*Until July 2022*
Assistant Director Customer Focus	36,942	-	-	**36,942**	5,874	42,816	-	**42,816**	*From October 2022*
Assistant Director Customer Focus Interim	35,945	-	-	**35,945**	5,689	41,634	-	**41,634**	*May to October 2022*
Assistant Director of Environmental Services	85,894	1,069	-	**86,963**	13,581	100,544	-	**100,544**	
Assistant Director of Planning and Development	84,585	404	-	**84,989**	13,399	98,388	-	**98,388**	
Assistant Director of Growth and Economy	84,269	-	-	**84,269**	13,399	97,668	-	**97,668**	
Assistant Director of Finance S151	94,328	375	-	**94,703**	14,943	109,646	-	**109,646**	
Assistant Director of Wellbeing	80,743	-	-	**80,743**	12,793	93,535	-	**93,535**	
Assistant Director of Human Resources	72,409	583	-	**72,992**	11,444	84,435	-	**84,435**	*Interim Apr - October 2022, permanent thereafter*
Head of Finance (Deputy S151)	1,508	-	-	**1,508**	439	1,946	-	**1,946**	*From 20th March 2023*
Assistant Director of Regulatory Services*	-	-	-	**-**	-	-	68,785	**68,785**	
Total	**919,837**	**3,673**	**-**	**923,510**	**137,553**	**1,061,063**	**68,785**	**1,129,848**	

Cherwell District Council had several joint posts under the Partnership Agreement with Oxfordshire County Council:
* Denotes Staff employed by Oxfordshire County Council and the District Council is charged a share of salary costs
** Denotes Staff employed by Cherwell District Council and a charge is made to Oxfordshire County Council for a share of the salary costs

Note 28 - External Audit Costs

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Authority's external auditors.

The final fees payable in 2021-22 and 2022-23 are still subject to approval by the PSAA.

31-Mar-23 £'000s	Fees	31-Mar-24 £'000s
	Fees payable with regard to external audit services carried out by the appointed auditor	
59	In relation to this financial year	175
84	In relation to previous financial years	(26)
38	Fees payable for the certification of grant claims and returns	179
181	**Total**	**328**

Note 29 – Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2023/24;

Grant Income Credited to Taxation and non-specific Grant Income and Expenditure

31-Mar-23 £'000	Grant Income Credited to Taxation	31-Mar-24 £'000
	Revenue Grants and Contributions	
(121)	Revenue Support Grant	(307)
(7,830)	Non-Domestic Rates (incl. Section 31 grant)	(8,504)
(3,462)	New Homes Bonus	(1,625)
(995)	Lower Tier Services Grant	0
(241)	Services Grant	(154)
0	Funding Guarantee Grant	(2,839)
(551)	Other Revenue Grants and Contributions	(154)
	Capital Grants and Contributions	
(105)	Growth Deal Funding	0
(517)	Local Authority Household Fund	(1,427)
(422)	Eco Town Grant	0
0	Longford Park Asset Donation	(1,039)
(1,476)	S106 Capital Contributions	(406)
(533)	Other Capital Grants and Contributions	(216)
(16,253)	**Total**	**(16,671)**

Grant Income Credited to Services

31-Mar-23 £'000	Grant Income Credited to Services	31-Mar-24 £'000
(21,617)	Rent Allowances Subsidy Grant	(21,379)
(289)	Housing Benefit Administration Subsidy Grant	(285)
(238)	NDR Cost of Collection Grant	(243)
(608)	Homeless Support Grants	(778)
(619)	Section 106 Developer contributions	(567)
(102)	New Burdens	(6)
(186)	Discretionary Housing Payments	(232)
(536)	Other Grants & Contributions	(957)
(1,240)	Disabled Facilities Grant*	(1,348)
(1,707)	Contributions from other Local Authorities	(2,463)
(548)	Home Office – Housing Refugees	(741)
(102)	Covid-19 related grants	(37)
(221)	Council Tax Rebate – Discretionary Scheme	0
0	Local Authority Housing fund Round 2*	(1,672)
(28,013)	**Total**	**(30,709)**

*These are Capital grants, however as they are being used to fund Revenue Expenditure Funded by Capital Under Statute (REFCUS), under the CIPFA code the grants should be accounted for as a revenue grant in the CIES and credited to services.

The Council has received several grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that could require the monies or property to be returned to the giver if the conditions are not met. The balances at the year-end are as follows:

Grants Receipts in Advance (Revenue Grants) - Current Liabilities

31-Mar-23 £'000		31-Mar-24 £'000
(829)	Section 106 developer contributions	(1,015)
(27)	COVID-19 Grant - LRSG Closed Addendum	(30)
(2)	COVID-19 Grant - LRSG Open	(2)
(72)	Council Tax Rebate Grant	(7)
(276)	Afghan Refugee Accommodation Programme	(481)
(367)	Homes for Ukraine	(726)
(175)	Energy Bills Support Scheme Alternative Funding	0
(567)	Alternative Fuel Payment Scheme Alternative Fund	0
0	Asylum Dispersal Grant	(266)
(464)	Other Grants and contributions	(613)
(2,780)	**Total**	**(3,141)**

Grants Receipts in Advance (Capital Grants) - Current Liabilities

31-Mar-23 £'000		31-Mar-24 £'000
(3,005)	Section 106 developer contributions	(3,208)
(165)	Other Grants and Contributions	(220)
(3,170)	**Total**	**(3,428)**

Grants Receipts in Advance (Revenue Grants) - Long Term Liabilities

31-Mar-23 £'000		31-Mar-24 £'000
(5,381)	Section 106 Developer Contributions - Capital	(5,650)
(5)	Community Build Banbury	(5)
(5,386)	**Total**	**(5,655)**

Grants Receipts in Advance (Capital Grants) - Long Term Liabilities

31-Mar-23 £'000		31-Mar-24 £'000
(6,370)	Section 106 Developer Contributions - Capital	(7,305)
(3,484)	Eco Town Grant	(3,484)
(9,853)	**Total**	**(10,789)**

Note 30 – Related Parties

The Council is required to disclose material transactions with related parties; bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have limited another party's ability to operate independently or bargain freely with the Council.

Central Government

Central Government has significant influence over the general operations of the Council including:

- Providing the statutory framework within which the Council operates,
- Providing funding in the form of grants
- Prescribing the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, non-domestic rates and housing benefits).

Other Public Bodies

Payments to other Public Bodies must be disclosed to provide assurance to readers of these statements that any material transaction between the organisation and those in a position to influence its decisions is properly accounted for.

- The Council collects and pays over precepts on behalf of Oxfordshire County Council, Thames Valley Police and Crime Commissioner and the Town and Parish Councils within the Council area. Precepts for the County Council and Police Authority are shown in the Collection Fund. Town and Parish precepts are shown in the Comprehensive Income and Expenditure Account.
- The Local Government Pension Scheme of which Cherwell DC is a member is administered by Oxfordshire County Council

Subsidiaries and Joint Operations

The Council has several subsidiaries, full details of which are included in the Group Accounts and explanatory notes.

Crown House Banbury Limited

A wholly owned Council subsidiary for the purpose of management of market rented accommodation. Councillor Simon Holland (appointed October 2017) and CDC Official Nicola Riley (appointed August 2021) are directors of the company.

The value of loans outstanding from the council to the company as at the balance sheet date total £12.949m (2022/23 £12.331m). The income recognised by the council in relation to Crown House Banbury limited for the year was £0.624m (2022/23 £0.588m), this related to interest on the loan and IT and project management services provided to the company.

Crown Apartments Banbury Limited

The company is a subsidiary of Crown House Banbury Ltd which manages the residential property. Councillor Simon Holland (appointed June 2018) and CDC Official Nicola Riley (appointed August 2021) are directors of the company.

There were no transactions between the Council and Crown Apartments Banbury Limited in 2023/24 or 2022/23.

Graven Hill Village Holdings Limited

The company is a holding company, of which the council holds 100 per cent of the shares in the company.

Councillor Simon Holland (appointed March 2023) is a director of the company. Previous directors in 2022/23 and 2023/24 included Councillors Daniel Sames (from December 2018 to November 2022) and Ian Corkin (from December 2018 to May 2023)

The value of loans outstanding from the council to the company as at the balance sheet date total £12.234m (2022/23 £12.234m). The income recognised by the council in relation to interest on the loan for the year was £1.472m (2022/23 £1.468m). In addition, the company paid a dividend of £0.5m (2022/23 nil) to the council.

Graven Hill Village Development Company Limited

The company is a subsidiary of Graven Hill Village Holdings Ltd. The holding company holds 99 per cent of the shares and the council holds 1 per cent. The council has dominant control of the company by virtue of its control of the holding company. The principal activity of the company during the period was that of a property development company. Councillor Simon Holland (appointed March 2023) is a director of the company. Previous directors in 2022/23 and 2023/24 included Councillors Daniel Sames (from July 2014 to November 2022) and Ian Corkin (from September 2015 to May 2023).

At the balance sheet date, the outstanding amount owed to the council by the company was £40.427m (2022/23 £46.436m). This primarily relates to loans and a revolving credit facility, with a small amount in relation to IT and other support recharged to the company. The income recognised by the council in relation to Graven Hill Village Development Company Limited for the year was £3.290m (2022/23 £2.890m). This relates primarily to interest on the loans, with a small amount in relation to IT and other support recharged to the company.

Officers

- During 2023-24 Senior Officers of the Council made disclosures relating to their directorships of the Council's wholly owned and Joint owned companies as listed above. All transactions are fully compliant with the CIPFA Code and documented in the Group Accounts.

Members

Members of the Council have direct control over the Council's financial and operating policies.

- Members of the Council made disclosures relating to their directorships of the Council's wholly owned and Joint owned companies as listed above. All transactions are fully compliant with the CIPFA Code and documented in the Group Accounts.
- One member disclosed they are a director of Bicester Vision CIC, a local not for profit organisation supporting local businesses and projects for the benefit of the Bicester area. In 2023/24 the Council paid a grant of £15,000 (2022/23 £30,000) to Bicester Vision CIC as part of the Bicester Vision partnership.
- Contracts were entered into in full compliance with the Council's Standing Orders.
- All transactions are recorded in the Register of Members' Interests, open to public inspection at Bodicote House, Bodicote, Banbury, OX15 4AA.

Entities Controlled or Significantly Influenced by the Authority

During 2023/24 grant funding payments of £382,659 (2022/23 £379,900) were made to the Banbury Museum Trust. This represents a significant part of the funding for this organisation.

In addition, the council leases the Banbury Museum land and building to the trust on a peppercorn basis.

Note 31 – Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the authority that has yet to be financed. The CFR is analysed below.

31-Mar-23 £'000	Capital Expenditure and Capital Financing	31-Mar-24 £'000
242,058	**Opening Capital Financing Requirement**	**238,400**
	Capital Investment:	
7,073	Property Plant and Equipment	8,992
0	Investment Property	0
257	Intangible Assets	334
2,125	Revenue Expenditure Funded from Capital Under Statute	3,472
0	Long Term Investments	0
6,000	Debtors	9,000
15,455	**Total Capital Spending**	**21,798**
	Sources of Finance:	
(7,852)	Capital receipts	(15,079)
(6,393)	Government Grants and other contributions	(5,230)
0	Donated Assets fair value less consideration included in capital investment above	(1,039)
	Sums set aside from revenue:	
0	Direct revenue contributions	0
(4,869)	Minimum revenue Provision	(4,410)
(19,113)	**Total Sources of Finance**	**(25,758)**
238,400	**Closing Capital Financing Requirement**	**234,440**

31-Mar-23 £'000		31-Mar-24 £'000
1,211	Increase in underlying need to borrow (unsupported by government financial assistance)	450
(4,869)	Statutory provision for repayment of debt (minimum Revenue Provision)	(4,410)
(3,658)	**Increase/(decrease) in Capital Financing Requirement**	**(3,960)**

Note 32 – Leases

32.1 Authority as Lessee - Finance Leases

The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

31-Mar-23 £'000		31-Mar-24 £'000
2,332	Other Land and Buildings	0
0	Vehicles, Plant, Furniture, Equipment and Other	0
2,332	**Total**	**0**

The minimum lease payments are made up of the following amounts:

31-Mar-23 £'000		31-Mar-24 £'000
	Finance lease liabilities (net present value of minimum lease payments):	
8	- current	0
1,554	- non-current	0
0	Finance costs payable in future years	0
1,562	**Minimum lease payments**	**0**

The minimum lease payments will be payable over the following periods:

Minimum Lease payments			Finance Lease Liabilities	
31-Mar-23 £'000	**31-Mar-24 £'000**		**31-Mar-23 £'000**	**31-Mar-24 £'000**
8	0	Not later than one year	231	0
45	0	Later than one year and not later than five years	922	0
1,509	0	Later than five years	5,626	0
1,562	**0**	**Total**	**6,779**	**0**

32.2 Authority as Lessee - Operating Leases

The future minimum lease payments due under non-cancellable operating leases in future years are set out below:

31-Mar-23 £'000		31-Mar-24 £'000
55	Not later than one year	47
76	Later than one year and not later than five years	61
24	Later than five years	15
155	**Total**	**123**

The expenditure charged to services in the CIES during the year in relation to these leases was:

31-Mar-23 £'000		31-Mar-24 £'000
51	Minimum lease payments	45
51	**Total**	**45**

32.3 Authority as Lessor - Finance Leases

31-Mar-23 £'000		31-Mar-24 £'000
	Finance lease debtor (net present value of minimum lease payments):	
0	- current	0
0	- non-current	0
0	Unearned finance income	0
0	Unguaranteed residual value of property	0
0	**Gross investment in the lease**	**0**

The gross investment in the lease and the minimum lease payments will be received over the following periods:

Gross Investment in the Lease			Minimum Lease Payments	
31-Mar-23 £'000	**31-Mar-24** £'000		**31-Mar-23** £'000	**31-Mar-24** £'000
0	0	Not later than one year	0	0
0	0	Later than one year and not later than five years	0	0
0	0	Later than five years	0	0
0	**0**	**Total**	**0**	**0**

32.4 Authority as Lessor - Operating Leases

The future minimum lease payments receivable under non-cancellable leases in future years are:

31-Mar-23 £'000		**31-Mar-24** £'000
5,312	Not later than one year	5,026
15,424	Later than one year and not later than five years	14,859
71,145	Later than five years	69,766
91,880	**Total**	**89,652**

Note 33 - Impairment Losses

The Code requires disclosure by class of assets of the amounts for impairment losses and impairment reversals charged to the Surplus or Deficit on the Provision of Services and to Other Comprehensive Income and Expenditure.

During the year under review a number of assets have been professionally valued by external valuers as part of the Council's five-year rolling programme of asset valuations. A review is also carried out by the Council to determine whether there are any indications of impairments or revaluation losses with regard to assets not subject to revaluations in the current year.

During 2023/24 the council has recognised an impairment loss of £888k in relation to Town Centre House. This asset was held leasehold on a finance lease until it was purchased by the council during 2023/24. Following advice from CIPFA technical

experts, the difference between the amount paid for the asset and the outstanding lease liability was added to the net book value of the asset on the balance sheet. However, an impairment indicator was identified due to the recent freehold purchase cost being lower than carrying value of the asset. An impairment loss was therefore recognised to correctly reflect the historic cost of the asset in-line with the reporting requirements for Assets Under Construction under the CIPFA code.

Note 34 - Termination Benefits

The authority terminated the contracts of four employees which resulted in termination benefits of £83k in 2023/24. The Figure in the financial year of 2022/23 was £22k.

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
£0-£20,000	2	2	0	1	2	3	£11,888	£21,709
£20,001-£60,000	1	0	1	0	2	0	£71,535	0
Total	**3**	**2**	**1**	**1**	**4**	**3**	**£83,423**	**£21,709**

Note 35 - Defined Benefit Pension Scheme

35.1 Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Authority makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Cherwell District Council pension scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of Oxfordshire County Council. Policy is determined in accordance with the Pensions Fund Regulations.

The principal risks to the authority of the scheme are the longevity assumptions, statutory changes to the scheme, and structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts required by statute as described in the accounting policies note.

35.2 Transactions Relating to Post-employment Benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post- employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year;

31-Mar-23		31-Mar-24
£'000	**Comprehensive (Income) and Expenditure Statement**	**£'000**
	Cost of Services:	
7,783	Current Service Cost	3,906
0	Past Service Cost/(Gain) – Including Curtailments	91
116	Administration Expense	131
	Financing and Investment (Income) and Expenditure:	
2,283	Net Interest Expense	1,505
10,182	**Total Post Employment Benefit Charged to the (Surplus) or Deficit on the Provision of Services**	**5,633**
	Other Comprehensive (Income) and Expenditure:	
8,885	Return on Plan Assets (excluding amounts included in net interest expense)	(9,401)
(1,346)	Actuarial (Gains) & Losses Arising on Changes in Demographic Assumptions	(924)
(78,439)	Actuarial (Gains) & Losses Arising on Changes in Financial Assumptions	(7,726)
12,754	Experience (Gain)/loss on defined benefit obligation	5,286
0	Other actuarial (Gains) & Losses on assets	0
0	Movement in effect of asset ceiling	7,650
(58,146)	**Post-Employment Benefit Charged to the Comprehensive Income and Expenditure Statement**	**(5,115)**
	Movement in Reserves Statement	
(10,182)	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for Post-employment Benefits in accordance with the Code	(5,633)
2,865	Employer's Contributions Payable to the Pension Scheme	9,127
(7,317)	**Total**	**3,494**

35.3 Pension Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Council's obligation in respect of its defined benefit plan is as follows:

31-Mar-23 £'000	Pension Assets and Liabilities Recognised in the Balance Sheet	31-Mar-24 £'000
(163,942)	Present value of the defined benefit obligation	(166,369)
132,633	Fair value of plan assets	151,319
0	Effect of Asset ceiling	(7,650)
(31,309)	**Net liability arising from defined benefit obligation**	**(22,700)**

Effect of Asset ceiling

The council is required to prepare its accounts in line with the International Accounting Standard (IAS) 19 – Employee Benefits. Under IAS19, the council is required to recognise an additional liability where agreed past service contributions would give rise to a future surplus and not be available after they are paid (i.e. available as a refund or reduction in future contributions). This liability is referred to as the 'Asset Ceiling'.

The council pays past service contributions as part of the funding strategy for the Oxfordshire Pension Fund. The principle being that these contributions help to ensure that any pension obligations in relation to past service (i.e. not accrued in the current financial year) are appropriately funded.

Where these past service contributions are expected to lead to a net pension asset within the funding 'time horizon' (currently 20 years), IAS19 requires an adjustment in the council's balance sheet to reflect the amount which would not be available back to the council through a refund or reduction in future contributions.

The calculation required for IAS19 assumes that the current level of past service contributions is continued over the funding time horizon. However, the pension fund reviews these contributions every 3 years, with the next review covering the 2026/27 to 2028/29 period. As such the council does not expect any additional liability in relation to asset ceiling adjustments to materialise, instead it is expected that past service contributions will reduce in the future in line with the funding strategy of the pension fund.

35.4 Assets and Liabilities in relation to Retirement Benefits

31-Mar-23 £'000		31-Mar-24 £'000
	Reconciliation of Present Value of Scheme Liabilities	
(221,696)	Liabilities as of the Beginning of the Period	(163,942)
(7,899)	Current Service Cost	(4,037)
(6,025)	Interest Cost	(7,741)
(1,136)	Contributions by Scheme Participants	(1,287)
78,439	Change in financial assumptions	7,726
1,346	Change in demographic assumptions	924
(12,754)	Experience (Losses)/Gains on defined benefit obligation	(5,286)
0	Losses on Curtailments	0
5,783	Benefits Paid	7,365
0	Past Service Costs	(91)
(163,942)	**Liabilities as of the End of the Period**	**(166,369)**
	Reconciliation of Fair Value of Scheme Assets	
139,558	Assets as of the Beginning of the Period	132,633
3,742	Interest on Assets	6,236
(8,885)	Return on assets less interest	9,401
0	Other Experience (Losses)/Gains	0
2,865	Employer Contributions	9,127
1,136	Contributions by Scheme Participants	1,287
(5,783)	Benefits Paid	(7,365)
132,633	**Assets as of the End of the Period**	**151,319**
	Reconciliation of Effect of Asset Ceiling	
0	Balance at the beginning of the period	0
0	Actuarial remeasurement of the Asset Ceiling	(7,650)
0	**Balance at the end of the period**	**(7,650)**

Impact on the Council's cash Flow

The liabilities show the underlying commitments that the authority has in the long run to pay post-employment (retirement) benefits. The total liability of £166m has a substantial impact on the net worth of the authority as recorded in the Balance Sheet, resulting in a negative overall balance relating to pensions of £22.7m (see also Note 25: Pension Reserve).

However, statutory arrangements for funding the deficit mean that the financial position of the authority remains healthy:

the deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary,

finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

The total contributions expected to be made to the Local Government Pension Scheme by the authority in the year to 31 March 2025 is £2.985m.

The weighted average time until payment of all expected future cashflows is 17 years.

Sensitivity Analysis

Funding levels are monitored on an annual basis, with the last triennial review and valuation completed at 31 March 2022. The fund liability may go up and down depending on assumptions applied.

Measurement of Pension Liability

The present value of the pension liability depends on a number of factors that are determined on an actuarial basis and the value of the underlying assets. The actual liability of the Council will continue to be subject to volatility, as a result of a number of factors.

The estimated effects of the changes in the key individual assumptions in determining the net pension liability would increase the Council's pension liability as of 31 March 2023 as follows:

31-Mar-23 £'000	Sensitivity analysis	31-Mar-24 £'000
2,703	0.1% per cent decrease in the real discount rate	2,811
254	0.1% per cent increase in the salary increase rate	241
2,490	0.1% per cent increase in the pension increase rate	2,620
6,558	1-year increase in member life expectancy	6,655

The above table presents the changes in key assumptions in isolation. The information is only indicative of the estimated impact as the assumptions interact in complex ways.

35.5 Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates for Oxfordshire

County Council Pension Fund being based on the latest full valuation of the scheme as at 31 March 2022.

The principal assumptions used by the actuary in the calculations are:

31-Mar-23 per cent	Principal Assumptions	31-Mar-24 per cent
3.30	Rate of inflation: RPI	3.20
3.00	Rate of inflation: CPI	2.80
3.00	Rate of increase in salaries	2.80
3.00	Rate of increase in pensions	2.80
4.75	Rate of discounting scheme liabilities	4.80

These assumptions are set with reference to market conditions as at 31 March 2024. The estimated duration of Employer's pension liabilities to employees is 17 years.

The discount rate is the annualised yield at the 17-year point on the iBoxx AA-rated corporate bond yield curve which has been chosen to meet the requirements of IAS19 and with consideration of the duration of the Employer's liabilities.

The Retail Prices Index (RPI) increase assumption is set based on the difference between conventional gilt yields and index-linked gilt yields at the accounting date using data published by the Bank of England (BoE), specifically the 17 year point on the BoE market implied inflation curve.

Future pension increases are expected to be based on the Consumer Prices Index (CPI) rather than RPI. Salaries are assumed to increase by CPI only.

31-Mar-23		31-Mar-24
Years	**Mortality Assumptions**	**Years**
	Longevity at 65 for current pensioners	
22.2	Men	22.0
24.8	Women	24.6
	Longevity at 65 for future pensioners	
22.4	Men	22.2
26.1	Women	25.8

The following assumptions have been made:

Members will elect to take 50 per cent of their commutable pension for cash at retirement.

Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age.

Members opted-in to the 50:50 section at the previous valuation date will continue in this section.

The Local Government Pension Scheme's estimated asset allocation for Cherwell District Council consists of the following categories, by proportion of the total assets held:

31-Mar-23 per cent	Estimated Asset Allocation	31-Mar-24 per cent
0	Equity Securities	0
2	Debt Securities	2
5	Private Equity	5
0	Real Estate	0
91	Investment Funds and Unit Trusts	91
0	Derivatives	0
2	Cash & Cash Equivalents	2
100	**Total**	**100**

35.6 Other factors arising from recent court cases

Guaranteed Minimum Pension (GMP) Indexation
The 2022 formal funding valuation included an allowance for full GMP equalisation / indexation within the LGPS. The rolled forward position to 31 March 2024 therefore includes this allowance.
The further ruling in respect of historical transfers is unlikely to be significant in terms of impact on the pension obligations of a typical Employer, and as a result no allowance has been made for this

McCloud - An allowance was added to the 2022 valuation results, so the impact is continued to be included within the balance sheet at 31 March 2024

Goodwin - Whilst there is still uncertainty surrounding the potential remedy to this judgement, the actuary has carried out some approximate analysis across their LGPS clients to understand the potential impact of implementing a solution to correct the past underpayment of spouses' benefits. The approximate impact of this is very small for a typical Fund (circa 1% of obligations), and therefore there are not sufficient grounds to apply an additional adjustment to account for this.

Note 36 - Contingent Liabilities

Oxfordshire County Council Bond

Cherwell District Council issued a Bond to the sum of £22m to Oxfordshire County Council in December 2019 on behalf of its wholly owned subsidiary, Graven Hill Village Development Company Ltd (GHVDC), relating to GHVDC's obligations under the Section 106 Agreement for payment of contributions and direct delivery of a primary school. The Primary School achieved practical completion on 07th September 2023 and has been transferred to the County Council. Graven Hill requested that the Bond be reduced, and this was agreed by Oxfordshire County Council shortly after the year end date, reducing the amount to £988k as at 24 April 2024.

In August 2021 another Bond was issued under the Section 278 Agreement for the A41 roundabout for the sum of £2.12m. In August 2023 the bond was reduced by 80%, to £0.42m, as the highway works have been substantially completed and the Certificate of Completion issued.
The total Bond sum Cherwell District Council has issued to Oxfordshire County Council on behalf of its wholly owned subsidiary, Graven Hill Village Development Company Ltd (GHVDC), relating to GHVDC's obligations is £22.42m.

Note 37 - Contingent Assets

The Council has no contingent assets at 31 March 2024.

Collection Fund Accounts

31-Mar-2023				31-Mar-2024		
Business Rates	**Council Tax**	**Total**	**Collection Fund**	**Business Rates**	**Council Tax**	**Total**
£'000	**£'000**	**£'000**	**Income:**	**£'000**	**£'000**	**£'000**
	(125,430)	(125,430)	Council Tax Receivable		(133,792)	(133,792)
(93,244)		(93,244)	Business Rates Receivable	(100,278)		(100,278)
			Transitional Protection Payments Receivable	(4,692)		(4,692)
(93,244)	**(125,430)**	**(218,674)**	**Total Income**	**(104,970)**	**(133,792)**	**(238,762)**
			Expenditure:			
			Contribution to Previous Year's estimated Surplus/Deficit:			
(13,098)		(13,098)	Central Government	7,493		7,493
(10,479)	360	(10,119)	Cherwell District Council	5,994	650	6,644
(2,620)	2,393	(227)	Oxfordshire County Council	1,499	4,386	5,884
	352	352	Thames Valley Police and Crime Commissioner		642	642
			Precepts, demands and shares:			
43,093		43,093	Central Government	51,338		51,338
34,474	13,914	48,388	Cherwell District Council	41,070	14,682	55,752
8,619	93,814	102,433	Oxfordshire County Council	10,268	100,893	111,161
0	13,705	13,705	Thames Valley Police and Crime Commissioner		14,911	14,911
			Charges to Collection Fund:			
687		687	Transitional Protection Payments Payable			
0	16	16	Write-offs of uncollectable amounts			
			Interest payments on refunds	97		97
480	(73)	406	Increase/(decrease) in allowance for impairment	249	982	1,230
(1,515)		(1,515)	Increase/(decrease) in allowance for appeals and interest	(5,265)		(5,265)
238		238	Charge to General Fund for allowable collection costs for non-domestic rates	243		243
			Other transfers to General Fund in accordance with non-domestic rates regulations			
518		518	Renewable Energy	560		560
60,397	**124,480**	**184,876**	**Total Expenditure**	**113,544**	**137,146**	**250,689**
(32,848)	**(950)**	**(33,798)**	Movement on Fund Balance	8,574	3,353	11,927
21,384	(5,164)	16,220	Balance at the beginning of the Year	(11,464)	(6,114)	(17,578)
(11,464)	**(6,114)**	**(17,578)**	**Balance at the end of the Year**	**(2,890)**	**(2,761)**	**(5,651)**
			Shares of Balance			
(5,732)		(5,732)	Central Government	(1,445)		(1,445)
(4,586)	(699)	(5,285)	Cherwell District Council	(1,156)	(310)	(1,466)
(1,146)	(4,723)	(5,870)	Oxfordshire County Council	(289)	(2,135)	(2,424)
0	(692)	(692)	Thames Valley Police and Crime Commissioner		(316)	(316)
(11,464)	**(6,114)**	**(17,578)**	**Total**	**(2,890)**	**(2,761)**	**(5,651)**

Notes (1 – 4) to the Collection Fund

Note 1. General

This account represents the statutory requirement for billing authorities to maintain a separate Collection Fund, which shows the transactions of the billing authority in relation to Non-Domestic Rates, council tax and the distribution to the major preceptors and the General Fund. The account is consolidated with other accounts of the Council.

In 2013/14 there was a change to the method for distributing and accounting for business rates income. Prior to 1 April 2013 Non-Domestic Rates were collected by the Council and then completely paid over to the Government, who then redistributed these sums across the country in the form of the Non-Domestic rates grant.

From 1 April 2013 Business Rates Retention applies, whereby local authorities Cherwell District Council (40 per cent) and Oxfordshire County Council (10 per cent) retain 50 per cent of the business rates collected for the area and pay the remaining 50 per cent to central government. In addition, the government has set a level of business rates funding deemed to be applicable to each area and every Council receives a top-up (if business rates collected are below this deemed level of funding) or pays a tariff (if business rates collected are above this deemed level of funding).

With the introduction of business rates retention if a local authority increases its business rates base, and thereby increases its business rate income, it is allowed to retain a proportion of this increased income, whilst paying up to a maximum of 50 percent across to central government. This payment where it occurs is known as a levy payment. However, as Cherwell District Council is part of a business rates pool, the levy is distributed to the members as per the pooling arrangements with 0.72 per cent paid to central government as a levy payment.

Note 2. Business Rates

Business Rates is a local tax that is paid by the occupiers of all non-domestic/business property.

Business rates are calculated and collected by the Council. The Government specifies an amount (51.2p in 2023/24; 49.9p for small businesses) and, subject to the effects of transitional arrangements, local businesses pay NNDR calculated by multiplying their rateable value by that amount. The income raised in Cherwell is distributed between Cherwell District Council, Oxfordshire County Council and Central Government in line with the distribution rules set out in Business Rates legislation.

NNDR income was £104.4m in 2023/24. The rateable value for the Council’s area was £264.6m at 31 March 2024 VOA valuation (2022/23: £236.5m).

Note 3. Provision for Un-collectable Amounts

Provision has been made within the accounts for un-collectable amounts based on guidelines. At the end of 2023/24 the accumulated provision for bad debts stood at £3.419m (£4.345m for 2022/23) made up as follows:

31-Mar-23 £'000	Provision for Uncollectable Amounts	31-Mar-24 £'000
2,261	Non-Domestic Rates	1,484
2,084	Council Tax	1,935
4,345	**Total Provision**	**3,419**

Note 4. Council Tax Base

The Council tax Base, for tax setting purposes, is calculated by reference to the number of chargeable dwellings in each valuation band, adjusted for dwellings where discounts apply, and adjustments made for exempt properties and anticipated amendments. This is then converted to an equivalent number of band D dwellings which is the amount the authority estimates would be collected if a tax of £1 is set.

The figures for 2023/24 are:

Band	Estimated equivalent no. of taxable properties after effect of discounts	Ratio	Band D Equivalent Dwellings
A	4,131	6/9ths	2,753
B	12,666	7/9ths	9,851
C	16,322	8/9ths	14,508
D	11,010	9/9ths	11,010
E	8,324	11/9ths	10,174
F	4,084	13/9ths	5,899
G	2,672	15/9ths	4,453
H	240	18/9ths	480
Totals	**59,449**		**59,129**
Adjustment for non-collection (-2.0 per cent)			(1,182)
Contribution from MOD Properties			237
Council Tax Base 2023/24			**58,184**
Council Tax Base 2022/23			**56,802**

The Council tax payable at each band is shown below. This does not include parishes.

Band	Multiplier	Cherwell Council	Oxfordshire County Council	Thames Valley Police and Crime Commissioner	Total £s
A	6/9ths	99.00	1,156.02	170.85	1,425.87
B	7/9ths	115.50	1,348.69	199.33	1,663.52
C	8/9ths	132.00	1,541.36	227.80	1,901.16
D	9/9ths	148.50	1,734.03	256.28	2,138.81
E	11/9ths	181.50	2,119.37	313.23	2,614.10
F	13/9ths	214.50	2,504.71	370.18	3,089.39
G	15/9ths	247.50	2,890.05	427.13	3,564.68
H	18/9ths	297.00	3,468.06	512.56	4,277.62

Group Accounts and Explanatory Notes

Introduction

The purpose of the Group Accounts is to provide a picture of Cherwell District Council's and the group of companies and other entities, which are either controlled or are significantly influenced by the Council. The Group Accounts show the full extent of the Authority's wider assets and liabilities. While the Group Accounts are not the primary statement, they provide transparency and enable comparison with other entities that have different corporate entities.

The Group Accounts include the following:

- Group Comprehensive Income and Expenditure Statement – summarises the resources that have been generated and consumed in providing services and managing the Group during the year. It includes all day-to-day expenses and related income on an accruals basis.
- Group Movement in Reserves – shows the movement in the year on the Council's single entity usable and unusable reserves together with the Council's share of the Group expenses.
- Group Balance Sheet – reports the Council Group financial position at the year-end.
- Group Cash Flow Statement – shows the changes in cash and cash equivalents of the Group during the year. The statement shows how the Group generates and uses cash and cash equivalents by classifying cashflows as operating, financing and investing activities.
- Notes to the Group Accounts where the balances are materially different to those in the single entity accounts.

Results of the Subsidiaries

The following notes provide additional details about the Authority's involvement in the entities consolidated to form the group accounts.

During 2021/22 CSN Resources Ltd., which had previously been consolidated in the group accounts, entered voluntary liquidation. As a result, the company has not been consolidated in the group accounts as the company's accounts made up to the liquidation date are not material to the group. As at the publication date, the company is still going through the liquidation process.

Graven Hill Village Holdings Ltd

The company is a holding company, of which the council holds 100 per cent of the shares in the company. The council has dominant control of the company by virtue of guaranteed majority voting rights on the board. The board consists of Councillors and officers who are appointed by the council. It is intended that the company will continue as a holding company for the foreseeable future. The company borrows from the Council and onward lends funds to its subsidiary company, Graven Hill Village Development Company Ltd.

For 2023/24, the company's results showed a profit of £0.981m (£0.027m loss in 2022/23), and net assets of £34.793m (2022/23: £34.311m). Loans outstanding owed to the group total £12.234m (2022/23: £12.234m).

A full copy of the company's accounts can be obtained from the Directors, Graven Hill Village Holding Company Ltd, Graven Hill Site Office, Building E25, Graven Hill Road, Bicester, OX25 2BF.

Graven Hill Village Development Company Ltd

The company is a subsidiary of Graven Hill Village Holdings Ltd. The holding company holds 99 per cent of the shares and the council holds 1 per cent. The council has dominant control of the company by virtue of its control of the holding company. The board consists of Councillors, Officers and appropriately experienced non-executive directors. The principal activity of the company during the period was that of a property development company. The development company has a subsidiary, Graven Hill Village Management Company Ltd, for residents' property management.

For 2023/24, the company's results showed a surplus of £3.417m (2022/23: £4.068m), and net assets of £43.485m (2022/23: £41.068m). Loans outstanding from the group to the company total £52.648m (2022/23 £58.851m).

A full copy of the company's accounts can be obtained from the Directors, Graven Hill Village Development Company Ltd, Graven Hill Site Office, Building E25, Graven Hill Road, Bicester, OX25 2BF.

Graven Hill Management Company Ltd

Graven Hill Village Management Company Ltd is a subsidiary of Graven Hill Village Development Company which manages the property retained within the group. The company was dormant for 2022/23 and 2023/24, and as such there was no activity for the company in this financial year.

Graven Hill Management Company Block E Ltd

Graven Hill Village Management Company Block E is a subsidiary of Graven Hill Village Development Company which manages the property at the Block E apartments. The only activity for the company in this financial year relates to administrative expenses resulting in a surplus for the year of £0.062m (2022/23: loss of £0.057m) and net liability of £0.071m (2022/23: £0.133m).

Graven Hill Management Company Block C Ltd

Graven Hill Village Management Company Block C is a subsidiary of Graven Hill Village Development Company which manages the property at the Block C apartments. The only activity for the company in this financial year relates to administrative expenses resulting in a loss for the year of £0.005m and net liability of £0.005m. In 2022/23 the company was dormant and so the corresponding figures are nil.

Crown House Banbury Ltd

The company was purchased in Aug 2017. The principal activity of the company during the period was the management of market rented accommodation. The council holds 100 per cent of the shares in the company. The council has dominant control of the company by virtue of guaranteed majority voting rights on the board. The board consists of Councillors and Officers who are appointed by the council.

For 2023/24, the company's results showed a profit of £2.124m (2022/23: loss of £2.266m), and net liabilities of £4.028m (2022/23: £6.152m). The value of loans outstanding from the council calculated using the Effective Interest Rate method total £12.949m (2022/23: £12.331m).

A full copy of the company's accounts can be obtained from the Directors, Crown House Banbury Ltd, Bodicote House, White Post Lane, Bodicote OX15 4AA.

Crown Apartments Banbury Ltd

The company is a subsidiary of Crown House Banbury Ltd which manages the residential property. For 2023/24, the company's results showed a profit of £0.005m (2022/23 profit of £0.061m) and net assets of £0.031m (2022/23 £0.026m).

Summary of Group

Company Name	Date of Incorporation / Acquisition
Graven Hill Village Holdings Ltd	25 Jun 2014
Graven Hill Village Development Company Ltd	25 Jun 2014
Crown House Banbury Ltd	4 Aug 2017
Graven Hill Village Management Company Ltd	26 Feb 2018
Crown Apartments Banbury Ltd	7 Jun 2018
Graven Hill Village Management Company Block E	3 Oct 2018
Graven Hill Village Management Company Block C	9 Dec 2021

Group Comprehensive Income and Expenditure Statement

Year Ending 31 Mar 23			Directorates	Year Ending 31 Mar 24		
Expenditure	**Income**	**Net**		**Expenditure**	**Income**	**Net**
£'000	**£'000**	**£'000**		**£'000**	**£'000**	**£'000**
35,914	(30,733)	5,181	Chief Executive	73,967	(75,829)	(1,862)
24,322	(11,168)	13,154	Communities	23,801	(9,326)	14,476
46,251	(31,275)	14,976	Resources	40,395	(32,236)	8,159
106,487	**(73,175)**	**33,312**	**Cost of Services**	**138,163**	**(117,391)**	**20,773**
5,763	(1,212)	4,551	Other Operating Expenditure	6,042	(109)	5,933
6,411	(2,714)	3,697	Financing and Investment (Income) and Expenditure	8,787	(4,157)	4,629
0	(36,135)	(36,135)	Taxation and Non-Specific Grant (Income)	0	(40,551)	(40,551)
118,661	**(113,237)**	**5,424**	**(Surplus) or Deficit on Provision of Services**	**152,992**	**(162,208)**	**(9,215)**
		(1,436)	(Surplus) or deficit on revaluation of Property, Plant and Equipment			462
		(58,146)	Remeasurement of the net defined benefit liability / (asset)			(5,115)
		(59,582)	**Other Comprehensive (Income) and Expenditure**			**(4,653)**
		(54,158)	**Total Comprehensive (Income) and Expenditure**			**(13,868)**

Group Movement in Reserves Statement

23/24	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Capital Receipts Un-applied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
	£000	£000	£000	£000	£000	£000	£000
Opening Balance at 1 April 2023	**7,428**	**(23,671)**	**0**	**(5,509)**	**(21,752)**	**(15,862)**	**(37,614)**
Movement in Reserves during 2023/24							
Surplus or deficit on the provision of services	(9,215)	0	0	0	**(9,215)**	0	**(9,215)**
Other Comprehensive Income / Expenditure	0	0	0	0	**0**	(4,653)	**(4,653)**
Total Comprehensive Income and Expenditure	**(9,215)**	**0**	**0**	**0**	**(9,215)**	**(4,653)**	**(13,868)**
Adjustments between accounting basis and funding basis under regulations	(3,321)	0	(606)	162	**(3,765)**	3,765	**0**
Net Increase or Decrease before Transfers to Earmarked Reserves	**(12,536)**	**0**	**(606)**	**162**	**(12,980)**	**(888)**	**(13,868)**
Transfers to / from Earmarked Reserves	7,206	(7,206)	0	0	**0**	0	**0**
(Increase) or Decrease in 2023/24	**(5,330)**	**(7,206)**	**(606)**	**162**	**(12,980)**	**(888)**	**(13,868)**
Closing Balance at 31 March 2024	**2,098**	**(30,877)**	**(606)**	**(5,347)**	**(34,732)**	**(16,749)**	**(51,481)**

22/23	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Capital Receipts Un-applied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
	£000	£000	£000	£000	£000	£000	£000
Opening Balance at 1 April 2022	**6,518**	**(32,139)**	**(100)**	**(7,948)**	**(33,669)**	**50,212**	**16,543**
Movement in Reserves during 2022/23							
Surplus or deficit on the provision of services	5,424	0	0	0	**5,424**	0	**5,424**
Other Comprehensive Income / Expenditure	0	0	0	0	**0**	(59,582)	**(59,582)**
Total Comprehensive Income and Expenditure	**5,424**	**0**	**0**	**0**	**5,424**	**(59,582)**	**(54,158)**
Adjustments between accounting basis and funding basis under regulations	3,954	0	100	2,439	**6,493**	(6,493)	**0**
Net Increase or Decrease before Transfers to Earmarked Reserves	**9,378**	**0**	**100**	**2,439**	**11,917**	**(66,075)**	**(54,158)**
Transfers to / from Earmarked Reserves	(8,468)	8,468	0	0	**0**	0	**0**
(Increase) or Decrease in 2022/23	**910**	**8,468**	**100**	**2,439**	**11,917**	**(66,075)**	**(54,158)**
Closing Balance at 31 March 2023	**7,428**	**(23,671)**	**0**	**(5,509)**	**(21,752)**	**(15,862)**	**(37,614)**

Group Balance Sheet

31 March 2023 £000		31 March 2024 £000
180,532	Property, Plant & Equipment	181,583
4,640	Investment Property	4,274
1,965	Intangible Assets	1,750
1,110	Long Term Investments	1,111
6,473	Long Term Debtors	8,231
194,720	**Long Term Assets**	**196,948**
35,101	Short Term Investments	13,087
90,762	Inventories	67,736
12,733	Short Term Debtors	13,191
16,195	Cash and Cash Equivalents	33,886
0	Assets held for sale	199
154,791	**Current Assets**	**128,099**
(22,901)	Short Term Borrowing	(36,937)
(59,226)	Short Term Creditors	(37,936)
(75)	Provisions	(4,193)
(2,771)	Grants Receipts in Advance - Revenue	(3,132)
(3,170)	Grants Receipts in Advance - Capital	(3,428)
(511)	Cash and Cash Equivalents	(1,408)
(88,653)	**Current Liabilities**	**(87,034)**
(7,991)	Provisions	(1,770)
(166,000)	Long Term Borrowing	(145,000)
(31,309)	Pension Liability	(22,700)
(2,707)	Long Term Creditors	(617)
(5,386)	Grants Receipts in Advance - Revenue	(5,655)
(9,853)	Grants Receipts in Advance - Capital	(10,789)
(223,246)	**Long Term Liabilities**	**(186,531)**
37,614	**Net Assets / (Liabilities)**	**51,481**
(21,753)	Useable Reserves	(34,732)
(15,862)	Unusable Reserves	(16,749)
(37,614)	**Total Reserves**	**(51,481)**

Group Cash Flow Statement

2022/23 £'000		Note(s)	2023/24 £'000
	Cash Flows from Operating Activities		
5,424	**Net (Surplus)/Deficit on Provision of Services**		**(9,215)**
(4,789)	Depreciation & Impairment	14	(5,105)
(6,499)	Changes in Market Value of Property, Plant & Equipment	14	(1,144)
(606)	Amortisation of Intangible Assets	16	(549)
205	Changes in Fair Value of Investment Properties	15	(367)
(679)	Disposal of Assets	14, 15 & 16	(89)
0	Impairment of assets	14	(130)
18,890	Changes in Inventory	18	(23,026)
(1,899)	Changes in Short Term Debtors (decrease)	19	450
(11,324)	Changes in Short Term Creditors (increase)	22	21,291
620	Changes in Provisions (increase)	23	2,102
50,829	Changes in Net Pension Liability (decrease)	37	8,609
(58,146)	Remeasurement of Net Defined Benefit Liability	37	(5,115)
(1,108)	Changes in Long Term Creditors (increase)	17	2,089
528	Changes in Long Term Debtors (decrease)	17	1,757
4,293	Capital Grants Recognised	31	6,108
1,717	Proceeds on Disposal of Property, Plant & Equipment	24	606
(2,543)	**Net Cash Flows from Operating Activities**		**(1,722)**
	Cash Flows from Investing Activities		
7,073	Purchase of Property, Plant & Equipment	14	8,181
0	Purchase of Investment Property	15	0
257	Purchase of Intangible Assets	16	334
(1,717)	Proceeds from the Disposal of Property, Plant and Equipment	24	(606)
(11,153)	Net Changes in Short Term and Long Term Investments (decrease)	17	(22,014)
(5,540)	**Net Cash Flows from Investing Activities**		**(14,104)**
	Cash Flows from Financing Activities		
17,810	Changes in Grants and Contributions	29	(1,824)
0	Issued share capital		0
(4,293)	Capital Grants and Contributions Recognised	29	(6,108)
10,704	Cash Receipts of Short Term and Long Term Borrowing	17	6,964
24,221	**Net Cash Flows from Financing Activities**		**(968)**
16,139	Net (Increase)/Decrease in Cash and Cash Equivalents in the Period		(16,794)
31,824	**Cash and Cash Equivalents at the Beginning of the Period**		**15,684**
15,684	**Cash and Cash Equivalents at the End of the Period**		**32,478**

Notes to the Group Accounts

Note 1 Accounting Policies of for the Group

The Group Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The Council has consolidated its interests in all the entities over which it exercises control or significant influence. The Graven Hill companies and Crown House companies have been consolidated because together they are material to the Council's balance sheet.

Where group entities use different accounting policies to the Council, their accounts have been restated to re-align their accounting policies with those of the Council where the effect of not doing so would be material to the reader's interpretation of the accounts.

Intra-group transactions have been eliminated before consolidation on a line by line basis.

Note 2 Group Property Plant and Equipment

Movements to 31 March 2024	Land and Buildings	Vehicles Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets under Construction	Total Property, Plant and Equipment
Cost or Valuation	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Opening Balance at 1 April 2023	**168,072**	**21,498**	**5,566**	**185**	**17**	**2,906**	**198,244**
Additions	406	651	0	35	0	7,089	8,182
Acc Dep & Imp WO to GCA	(1,911)	0	0	0	0	0	(1,911)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	211	0	0	85	0	0	296
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(1,144)	0	0	0	0	0	(1,144)
Derecognition – disposals	(93)	(78)	0	0	0	0	(171)
Assets reclassified (to)/from Assets held for sale	0	0	0	0	0	(199)	(199)
Other movements in cost or valuation	0	0	0	0	0	0	0
Closing Balance at 31 March 2024	**165,541**	**22,071**	**5,566**	**305**	**17**	**9,796**	**203,296**
Accumulated Depreciation and Impairment							
Balance brought forward	**(2,895)**	**(11,541)**	**(3,276)**	**0**	**0**	**0**	**(17,712)**
Depreciation charge	(3,634)	(1,297)	(174)	0	0	0	(5,105)
Acc. Depreciation WO to GCA	1,911	0	0	0	0	0	1,911
Impairment losses/(Reversals) recognised in the Revaluation Reserve	0	0	0	0	0	(758)	(758)
Impairment Losses/(reversals) recognised in the Surplus/Deficit on provision of services	0	0	0	0	0	(130)	(130)
Derecognition – disposals	4	78	0	0	0	0	82
Assets reclassified (to)/from Investment Property	0	0	0	0	0	0	0
Other movements in depreciation and impairment	0	0	0	0	0	0	0
Closing Balance at 31 March 2024	**(4,614)**	**(12,760)**	**(3,450)**	**0**	**0**	**(888)**	**(21,712)**
Net Book Value							
at 31 March 2024	**160,927**	**9,311**	**2,116**	**305**	**17**	**8,908**	**181,583**
at 31 March 2023	**165,179**	**9,957**	**2,289**	**185**	**17**	**2,905**	**180,533**

Property, plant and equipment within the Group is measured at current value and revalued at least every five years by qualified valuers. Details of when the Council's property plant and equipment were revalued are shown in Note 14 to the single entity accounts.

Note 3 Group Inventories

31-Mar-23 £'000	Inventory	31-Mar-24 £'000
23,339	Land	12,261
67,066	Development Costs	54,771
357	Stock	263
90,762	**Total Inventories**	**67,295**

Annual Governance Statement 2023/2024

Shiraz Sheikh
Monitoring Officer /
Assistant Director Law & Governance

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INTRODUCTION

The CIPFA/SOLACE Delivering Good Governance in Local Government (2016) requires local authorities to publish an Annual Governance Statement, and to be responsible for ensuring that:

- its business is **conducted** in accordance with the **law and proper** standards
- public money is safeguarded and properly **accounted** for, and
- **resources** are used **economically, efficiently and effectively to deliver agreed priorities and benefit local people**.

The Council also has a **duty** to:

- make arrangements to **secure continuous improvement** in the way in which its functions are exercised
- put in place **proper arrangements for the governance of its affairs**, and
- implement and maintain effective processes of **internal control**, including appropriate arrangements to manage risk.

The Council's Accounts Audit & Risk Committee (AARC)) reviews governance arrangements, audit reports and risk registers. Their role is to recommend improvements or interventions if expected performance is not being achieved, or gaps in current governance arrangements have been identified. The Overview and Scrutiny Committee (OSC) also scrutinises performance reports as part of its work programme. Budget Planning Committee is also involved in looking at the budget process.

THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems, processes, cultures and values which underpin how the Council is controlled and managed internally, and how it engages with taxpayers, service users and the wider community. The governance framework enables the Council to monitor delivery of its strategic objectives and assess whether those objectives are securing service improvements and value for money. Systems of internal control and risk management are a significant part of the governance framework and are designed to manage risk down to a reasonable level. Some risks can never be eliminated entirely, however, and these processes provide only reasonable and not absolute assurance of effectiveness.

THE KEY ELEMENTS OF THE GOVERNANCE FRAMEWORK AT CHERWELL DISTRICT COUNCIL

The Council operates an executive based system of governance with a Leader. The Executive takes strategic key decisions with officers responsible for day to day decisions. The Executive is made up of a Leader and 9 other councillors. The leader then appoints individual councillors (portfolio holders) to other positions in the

Executive. Their remit includes obtaining assurance that Annual Delivery Plan priorities, and the Budget and Policy Framework approved by Council each year, are delivered in their relevant areas.

The Council has a Constitution which sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that decisions are efficient, transparent, and accountable to local people.

We have various layers of management within the organisation and the management teams each play an important role in the governance framework.

The corporate leadership team (CLT), compromises the Head of Paid Service, Corporate Directors, Monitoring Officer and S151 Officer. CLT meets on a weekly basis. The extended leadership team (ELT) comprises the CLT and Assistant Directors. ELT meets on a monthly basis and are programmed as a series of sessions to focus on strategic issues, projects and programmes and health of the organisation.

The council has two wholly owned companies – Graven Hill and Crown House.

Graven Hill Village Developments was established in 2014. It is an ambitious project aimed at disrupting the market and creating innovative solutions to housing supply issues. The aim of Graven Hill is a large scale self-build community within a development of up to 1,900 new homes. It will also provide commercial space, a nursery, a primary school and health hub, continuing to create new jobs in the locality.

The Crown House apartments project was initiated to drive economic and social regeneration. The initiative has improved community safety, and provided housing in Banbury town centre, comprising 50 apartments and one commercial unit.

The Council commissioned an independent review of the governance arrangements for Graven Hill, the recommendations arising from it were reported to the Shareholder Committee in July 2023 with the action plan agreed with the members. The action plan is regularly reviewed by the Committee and progress is tracked.

ANNUAL PLANNING PROCESS

The Council’s Corporate Plan sets the Council’s future priorities and objectives over 5 years . the current priorities are as follows:

Housing that meets your needs

Supporting environment sustainability

An enterprising economy with strong and vibrant local centres

Healthy, resilient and engaged communities.

The annual delivery plan sets out the key projects for delivering the above priorities on an annual basis. The new delivery plan was agreed in February 2024.

The Service Plans informed by the service set out how each service is working towards the annual delivery plan and the above priorities.

The framework also sets out the council's golden thread – how its annual priorities are cascaded down through the organisation to individual work plans . Progress towards these priorities is regularly reviewed and reported to the Executive and OSC. Performance monitoring includes key Indicators, monthly measures and targets.

DECISION MAKING

There is a Forward Plan on a regularly basis for all key decisions.

All meetings are held in public and are webcast and available to watch after the event.

Decision are recorded on the Council website

Decision are supported by officer reports which are open to the public unless they qualify as legally "exempt" from publication.

Decisions are also subject to call-in to OSC.

RISK MANAGEMENT

Risk registers identify operational and strategic risks.

Key risks are considered by Directorate Management Teams.

Strategic risks are reported to the Executive and AARC quarterly and overseen by Corporate Leadership Team

CORPORATE LEADERSHIP TEAM (CLT)

CLT are responsible for the overall management of the Council

The Head of Paid Service is the Chief Executive who is responsible for all Council staff and for leading CLT.

The Corporate Directors lead the majority of services which are delivered to the public with the Chief Executive.

The Monitoring Officer is the Council's Assistant Director of Law, Governance and Procurement who is also responsible for ensuring legality and promoting high standards of conduct.

The Council's Assistant Director of Finance is the Council's S151 Officer/Chief Finance Officer and is responsible for safeguarding the Council's financial position and ensuring value for money.

There is also a statutory officer group with set objectives that meets to monitor governance issues.

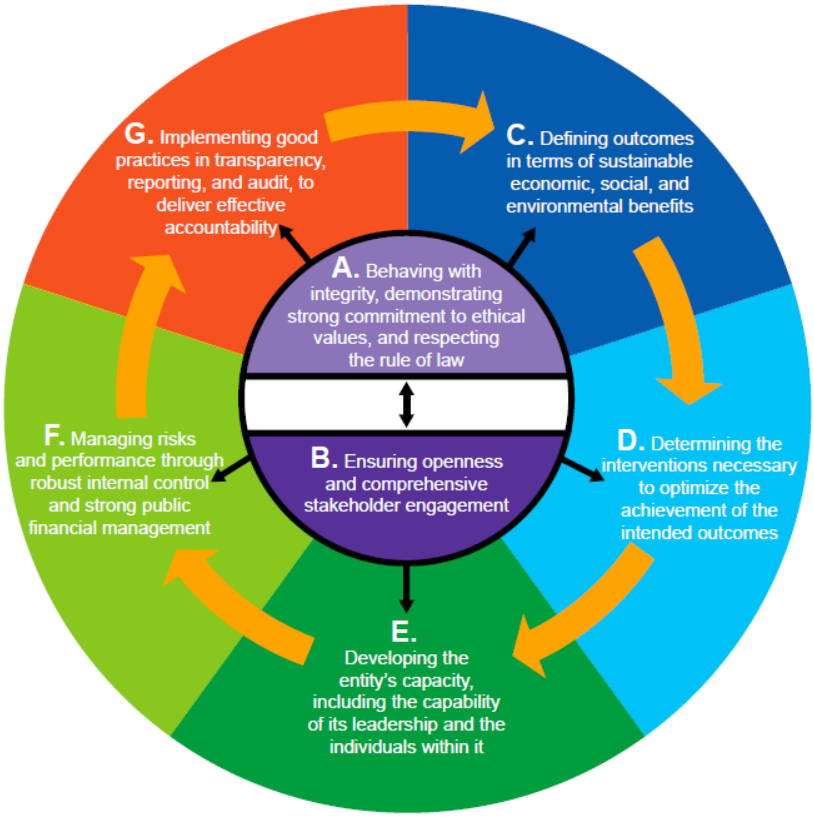
FINANCE

A new Medium-Term Financial Strategy was approved by Council in February 2024 to cover the five years 2025/26 – 2028/29. The purpose of the Medium-Term Financial Strategy is to deliver a balanced and affordable 2024/25 budget and ensure that the Council's finances are robust and sustainable over the medium term or act as an early warning system of a gap in future years between forecast expenditure and resources which the Council must address, and that in the longer term, the Council's finances are not reliant on the unsustainable use of one-off reserves or funding.

The Council has a robust approach to the use of reserves with any changes in uses of reserves from budgeted levels requiring approval in line with the Council's reserves policy. The S151 Officer carries out a risk assessment of general balances as part of the budget setting process and issues an overall opinion on the level of reserves via their S25 statement.

ARRANGEMENTS FOR GOVERNANCE

The Council has approved and adopted a Local Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' 2016.



The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. The Council meets the Standards of the Framework in the following ways:

A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law;

The Council's Chief Finance Officer and Monitoring Officer have specific statutory responsibilities to ensure that decisions taken by the Council are lawful and in line with constitutional requirements. The Council implemented new format of report helps to assist with lawful decision making and contains legal and financial implications alongside impacts assessments for equality act, environmental , procurement and subsidy control to assist the decision maker in taking all relevant information into account when making a decision.

The Council has adopted codes of conduct for both Officers and Members which facilitates the promotion, communication and embedding of proper standards of behaviour. The Members Code of Conduct is based on the Local Government Association model code which has the benefit of it being consistent across the spectrum of County, District and Parish/Town councils and makes it easier to administer.

The Council's Constitution explains existing policy making and delegation procedures and the matters which must be dealt with by the full Council. It documents the role and responsibilities of the Executive, portfolio holders, each committee and Members and officers. The Monitoring Officer has also setup a Constitution Review Group working with members across the political spectrum to review the Constitution.

B. Ensuring openness and comprehensive stakeholder engagement;

The Council consults regularly with stakeholders, taxpayers and service users. The letstalk.cherwell.gov.uk is the consultation website and enables local people to find, participate in, and view outcomes from, any consultation activities that interest them. It also provides feedback opportunity for stakeholders, taxpayers and service users. In addition, a number of different groups and forums are in place to represent local views on a range of subjects including health and wellbeing and community safety.

C. Defining outcomes in terms of sustainable economic, social, and environmental benefits;

The Annual Delivery Plan sets out how the Council aims to work in partnership to achieve its agreed objectives. These key objectives are designed to be both financially and environmentally sustainable and have been developed in consultation with partners. The Medium-Term Financial Strategy makes a realistic assessment of financial resources available, and the Budget and Policy Framework approved by Council each year sets out revenue and capital spending limits, savings and efficiency targets as well as key improvement priorities for the forthcoming year.

The Council has implemented a robust procurement strategy for all its procurement activities in accordance with the law and the Council's Contract Procedure Rules. The Social Value outcomes are included as part of the Council's procurement process.

D. Determining the interventions necessary to optimise the achievement of the intended outcomes;

The Executive is responsible for ensuring that actions approved as part of the Budget and Policy Framework are delivered in each service area. The Projected Outturn, leadership risk register and performance against agreed key performance indicators (KPIs) reports to the Executive summarise the forecast financial outturn position each month against budget and delivery of agreed savings targets. These are also considered by CLT each month. These elements of the report are reviewed quarterly by the Budget Planning Committee and Accounts Audit and Risk Committee and the Overview and Scrutiny Committee respectively.

E. Developing the Council's capacity, including the capability of its leadership and the individuals within it;

Maximising capacity by working collaboratively is a key component of the Annual Delivery Plan and a number of longstanding partnership working arrangements are in place. The Constitution sets out how the governance aspects of these arrangements should operate in practice. The Human Resources and Development team has a specific role and remit to improve the capability and capacity of Council officers by offering a range of skills and qualification-based training opportunities.

F. Managing risks and performance through robust internal control and strong public financial management;

The Council's Monitoring Officer has formed the Corporate Oversight and Governance Group (COGG). The primary purpose of the COGG is to ensure good governance and decision-making processes, effective risk management, ensuring and improving value for money, effective internal controls and ensuring transparency and accountability. It also reviews the Governance Dashboard that has been developed by the MO periodically.

The COGG is an internal officer group consisting of the Corporate Director (Resources) as the responsible chair, Monitoring Officer, the S151 Officer, Chief Internal Auditor, Deputy S151 Officer, Head of Legal & Democratic/ Deputy Monitoring Officer (when in post).

For Council Companies there is a separate Companies Governance & Oversight Group which is led by the Chief Executive and supported by the Monitoring Officer, Corporate Director Resources, S151 Officer together with relevant company officers.

The Leadership Risk Register provides a high-level overview of key risks which are reported to CLT and Executive on a monthly basis and AARC on a quarterly meeting. Financial Procedure Rules, Contracts Procedure Rules and Employment Procedure Rules, set out the framework of internal controls. Internal Audit have a programme of work designed to assess how this framework operates in practice and report to the Accounts, Audit and Risk Committee.

Procurement strategy for individual procurements act as a lever for cascading corporate priorities down to services and capital projects that are delivered through commercial partners. Procurement Strategy approval process has been developed to provide a system of robust internal control and ensure best value is achieved through all significant contract awards.

G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

All Council meetings are held in public and minutes of meetings and webcasts are available on the Council's website. Public questions are allowed at Executive, Committees and Council meetings.

The Council publishes an Annual Financial Report (the Statement of Accounts) annually within the statutory timescales. The Annual Financial Report incorporates the full requirements of best practice guidance in relation to corporate governance, risk management and internal control.

The Council is subject to independent audit by Ernst and Young and receives an Annual Audit Letter reporting on findings. The Council supplements this work with its own internal audit function and ad hoc external peer reviews. The Accounts Audit and Risk Committee undertakes the core functions as identified in CIPFA's *Audit Committees – Practical Guidance for Local Authorities.*

REVIEW OF EFFECTIVENESS

Internal Audit

The Council uses several ways to review the effectiveness of governance arrangements. One of the key assurance statements is the annual report and opinion of the Chief Internal Auditor. The role of the Internal Audit Service is to provide assurance to management and those charged with governance about the quality and effectiveness of the governance framework and systems of internal control. The internal audit team have completed eight internal audits and three grant certifications, the outcomes are reported to the Accounts, Audit & Risk Committee.

The 2019 CIPFA Statement on the "Role of the Head of Internal Audit in public service organisations" outlines the principles that define the core activities and behaviours that belong to the role of the 'Head of Internal Audit' and the governance requirements needed to support them. The Council's arrangements conform with the governance requirements of the CIPFA statement as our Chief Internal Auditor as follows:

- objectively assessing the adequacy and effectiveness of governance and management of risks, giving an evidence-based opinion on all aspects of governance, risk management and internal control.
- championing best practice in governance and commenting on responses to emerging risks and proposed developments.
- be a senior manager with regular and open engagement across the organisation, particularly with the leadership team and with the audit committee.
- lead and direct an internal audit service that is resourced appropriately, sufficiently and effectively.
- be professionally qualified and suitably experienced.

The Internal Audit Service operates in accordance with the Public Sector Internal Audit Standards (PSIAS). The self-assessment against the standards is completed on an annual basis and reported to the Accounts, Audit & Risk Committee. It is a requirement of the PSIAS for an external assessment of internal audit to be completed at least every five years. This was undertaken in November 2023 and the results were reported to the Accounts, Audit & Risk Committee in January 2024. The assessment concluded that Internal Audit **fully conforms** with PSIAS, with no recommendations or actions required.

The Chief Internal Auditor prepared an Annual Report on the work of Internal Audit

which concludes for the 12 months ended 31 March 2024, there is **satisfactory** assurance regarding Cherwell District Council's overall control environment and the arrangements for governance, risk management and control. Where weaknesses have been identified through internal audit review, they have worked with management to agree appropriate corrective action and timescale for improvement.

Where Internal Audit identifies areas for improvement, management action plans are in place and are routinely monitored by the Internal Audit team and reported to the Accounts, Audit & Risk Committee. Managers are required to provide positive assurance that actions have been implemented; performance on implementation is high, demonstrating that control weaknesses identified by Internal Audit are being addressed on a timely basis.

The Council agrees an Annual Plan for the Counter-Fraud Service each year. This is presented to the July meeting of the Accounts, Audit and Risk Committee, supporting the Council's Anti-Fraud and Corruption Strategy with updates taken throughout the year. The Counter-Fraud team's purpose is to adhere and to promote the zero-tolerance approach to fraud detailed in the Council's Fraud Strategy, by thoroughly investigating any instances of fraud; applying the appropriate sanctions; undertaking proactive and preventive work to prevent and detect fraud through training, awareness raising, data matching and proactive reviews.

The key objectives of the Counter-Fraud Strategy for 2023/24 were:

- **Govern:** Have robust arrangements in place to ensure counter-fraud, bribery and corruption measures are embedded throughout the organisation.
- **Acknowledge:** Understand fraud risk and maintain a robust anti-fraud response.
- **Prevent: Prevent** and detect fraud taking place against the organisation, using proactive work and data analysis.
- **Pursue:** Carry out fraud investigations, apply sanctions to offenders and recover losses.
- **Protect:** Recognising the harm that fraud can cause in the community.

For the period April 2023 – March 2024, 54 cases were opened. 50 cases were closed, and 4 cases remain open. Of the 50 cases closed, 36 were unproven. The 14 proven cases all resulted in Single Person Discount removals.

Financial Management Code

A key goal of the Financial Management Code of Practice (launched by CIPFA in November 2019) (FM Code) is to improve the financial resilience of organisations by embedding enhanced standards of financial management. Since April 2021 authorities have been expected to work towards full compliance of the FM Code. There are clear links between the FM Code and the Governance Framework, particularly with its focus on achieving sustainable outcomes. As such, Annex 1 sets out the outcomes of the Council's latest self- assessment of compliance with the FM Code. The picture is positive, with the RAG (Red-Amber-Green) rating of compliance showing as Green for

all of the 19 standards. A column showing ‘Further Work’ gives an indication of improvements that can be made over the current year.

Actions

Significant actions identified in the preceding years AGS have now been completed.

PEER REVIEW - PROGRESS FEEDBACK

LGA Corporate Peer Challenge (CPC) team noted that a variety of activity has taken place across the breadth of the Council’s operations, including progressing work in response to recommendations from the CPC. This has been against a backdrop of significant change. Notably, following the May 2023 elections the council moved to no overall control, coalition arrangements were not forthcoming and as a result the Conservative Group were able to form a minority administration. It noted that both members and officers appear to have handled the move to no overall control well. A comprehensive member development programme was delivered for new members and a concerted effort has been applied to delivering an increased number of briefings for political group leaders.

CPC team further noted the Council is in the process of delivering a necessary organisational transformation to deliver the council’s Business Plan and the Medium-Term Financial Strategy (MTFS).

However CPC highlighted the areas where further work is required:

- A medium-term vision is required which will inform the target operating model for the council and act as the golden thread to inform what the asset review and transformation looks like.
- The council will need to develop a plan to ensure that it focuses the delivery of its services within the resource envelope available to it if a phased reset of business rates income is implemented and significant resource reductions materialise.
- To achieve savings which resemble 21 per cent of the revenue budget by 2025/26 the council needs to accelerate its delivery.
- Consider developing a commercial strategy in line with the new asset strategy as these will be complementary documents. Both should inform elements of the transformation strategy and strategic decisions on key assets.

GOVERNANCE SELF ASSESSMENT

Annual Assurance Statements from the Chief Executive, Corporate Directors and Assistant Directors in respect of governance and internal controls for their respective areas, confirm that expected governance arrangements have been in place throughout the year. They have also confirmed that Codes of Conduct, Financial regulations and other corporate processes have operated as expected by

undertaking self-assessments of governance arrangements. The themes arising from the self assessment are also reflected in the conclusion below.

CONCLUSION

The Council is satisfied that appropriate governance arrangements are in place however it remains committed to maintaining and where possible improving these arrangements. The following items are noted for improvement in 2024/2025:

- Review focus on transformation and identify work programmes with savings.
- Ensure reports commissioned for transformation projects have take into account financial implications and have clear actions plans.
- Establishing Corporate Programme office type arrangements to deliver corporate projects and transformation with project management methodology.
- Develop Workforce Strategy to address key staff vacancies in key services with staff development objectives.
- Update on the implementation of the Planning Improvement Plan following three different service review reports.
- Devise a work programme arising from the Digital Futures Strategy 2022 – 2025.
- Ensure understanding of the Council's governance at all levels including members and officers. This is to include roles and responsibilities and scheme of delegation.
- Ensure Implementation of Procurement Act 2023 effective from October 2024.
- Addressing issues identified by Internal Audit as requiring improvement in a timely manner.
- Ensure further improvements on Information Governance by setting up as a corporate project.
- Ensure Health and Safety requirements are properly understood for those working in the office and remotely.
- Implementation of the new waste regime and extended producer responsibility.

Other governance outcomes are shown below:

- Nil reports issued by the S151 Officer or the Monitoring Officer.
- The MO received 27 complaints about member conduct in 2023/ 2024. 19 were dismissed at initial stage with 2 offered an informal resolution. No further action was taken in 6 complaints due to members concerned resigning from serving as a councillor.
- The Local Government and Social Care Ombudsman upheld no complaint out of total 7 received.

STATEMENT OF OPINION

It is our opinion that the Council's governance arrangements in 2023/24 were sound and provide a robust platform for achieving the Council's priorities and challenges in 2024/25. It is our opinion that our ability to maintain sound governance during the past year, has been effective.

Gordon Stewart

Chief Executive (from 10th January 2024)

Cllr Barry Wood

Leader of the Council (until 22nd May 2024)

Dated:

Glossary of Terms

Accruals

Cost of goods and services received in the financial year but not yet paid for.

Actuarial Gain (Loss)

The changes in the valuation of the net pension liability that arise because of:

a) Events have not coincided with the assumption used by the actuary when carrying out the previous triennial (three-yearly) valuation of the fund or

b) The actuary changing the assumptions used in the current valuation from those used previously.

Amortisation

The decrease in the value of intangible capital assets over their useful life as they become out of date or are used up.

Assets

A resource with positive economic value that is owned or controlled by the Council e.g. cash, property

Band D Equivalent

Council tax is a tax on domestic properties. Each domestic property is placed in a 'Band' from A to H, based on the capital value of that property in April 1991. Band D is the middle band and the other bands are weighted in relation to Band D (e.g. Band A is weighted 6/9ths of Band D and Band H is 18/9ths of Band D). Using the weighted number of the domestic properties in the area produces the 'Band D Equivalent' number of properties.

Best Value

Under the Local Government Act 1999, local authorities must constantly aim to improve their services. Best Value is the approach introduced that gives local authorities a duty to provide local people with high-quality and efficient services.

Billing Authority

This is the local authority which collects the council tax and business rates for its area. In shire counties the district or borough councils are the billing authorities. Cherwell District Council is the billing authority for Cherwell District.

Bond / Guarantee

Where the Council has agreed to stand surety for a bond sum or to make payment if the Owner fails to pay any part of the County Contributions due under provision of an agreement.

Bond Fund

A fund primarily invested in government and corporate bonds. The value of the investment changes as the market value of assets held by the fund changes.

Budget

A statement of our spending plans for a financial year, which starts on 1 April and ends on 31 March.

Business Rates (Non-Domestic Rates – NDR)

Non-domestic rates, or business rates, collected by local authorities are the way that those who occupy non-domestic property contribute towards the cost of local services. Under the business rates retention arrangements introduced from 1 April 2013, authorities keep a proportion of the business rates paid locally. The amount charged is based on multiplying the rateable value of each business property by the appropriate non-domestic multiplier. The Government sets a standard multiplier and small business multiplier for each financial year. .

Business Rate Retention Scheme

Council's are able to keep a proportion of the business rates revenue, as well as growth on the revenue that is generated in their local area. The remainder is retained centrally by the government and used to provide grant funding to local authorities. It provides a direct link between business rates growth and the amount of money council's will have to spend on local people and local services.

Call Account

A call account is a deposit account with a financial institution without a fixed maturity date.

Capital Adjustment Account

The Capital Adjustment Account is an unusable reserve that absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions.

Capital Financing Requirement

A measure of the capital expenditure incurred historically by the council that has yet to be financed. This measure also shows the underlying need to borrow for a capital purpose, although this borrowing may not necessarily take place externally.

Capital Programme

Our plan of future spending on capital projects such as buying land, buildings, vehicles, and equipment.

Capital Receipt

Cash received from selling non-current assets. Capital receipts can be used to finance new capital expenditure or repay long term debt within rules set by central Government, but they cannot be used to finance day-to-day revenue spending.

Capital Spending

Spending on non-current assets that have long-term service and/or economic benefits for example, land, buildings and large items of equipment such as vehicles.

Cash Equivalent

Short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash-flow Statement

Summarises cash paid to and received from other organisations and individuals for capital and revenue purposes.

CIPFA

Chartered Institute of Public Finance and Accountancy. One of the major accountancy institutes that specialises in the public sector.

Collection Fund

The Council as a billing authority has a statutory obligation to maintain a separate Collection Fund. This shows the transactions of the Council in relation to the collection of business rates income and council tax income from taxpayers and its distribution to the County Council, Police Authority, and the Government.

Counterparties

The opposite party in a contract or financial transaction. This may include the Central Government, Local Authorities, Banks and Building societies to name a few.

Community Assets

The class of fixed assets held by an authority in perpetuity that have no determinable useful life and may have restriction on their disposal, such as parks and open spaces, historical buildings, works of art, etc.

Component Depreciation

Is a procedure in which the cost of a large item of property, plant and equipment is split up into different components which have different useful lives, and each component is depreciated separately. This procedure is also referred to as componentisation.

Contingent Asset

An asset arising from past events, whereby its existence can only be confirmed by one or more uncertain future events not wholly within the control of the Council.

Contingent Liability

A condition which exists at the balance sheet date, where the outcome will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the Council's control, or where it is not probable that an outflow of resources will be required to settle the obligation.

Council Tax

A tax charged on domestic householders based on which of eight Council Tax Bands their property falls into. There is a reduction for empty properties or if you live on your own. Since 1 April 2013 council's must have a council tax reduction scheme, which allows for council tax reductions for people, or classes of people, who are considered to be in financial need. In Oxfordshire , the district or borough council issues council tax bills and collects the council tax. The level is determined by the revenue expenditure requirements for each authority divided by the council tax base for the year.

Council Tax Base

An assessment by each billing authority of the number of properties, converted to Band D equivalents (the average band), on which a tax can be charged. The calculation allows for new properties, exemptions and discounts and a provision for non-collection.

Cost of Carry

The difference between the interest payable on borrowing on debt and the interest receivable from investing surplus cash.

Credit Rating

A credit rating assesses the credit worthiness of an individual, corporation or country. Credit ratings are calculated from financial history and current assets and liabilities. Typically, a credit rating tells a lender or investor the probability of the entity being able to pay back a loan.

Creditors

People or organisations we owe money to for work, goods or services which have not yet been paid for by the end of the financial year.

Current Asset

An asset which is expected to be used up during the next accounting period e.g. cash, inventories.

Current Liabilities

Liabilities that are due to be settled in less than one year, such as bank overdrafts and money owed to suppliers.

Current Service Cost

The current service cost is the increase in the value of the pension scheme's future pension liabilities arising from the employee’s ongoing membership of the pension scheme.

Curtailment Costs

Curtailment costs are the amounts of money that are paid to a new pension scheme when a defined group of staff transfer from one pension scheme to another. The costs represent the value of the pension rights accrued by the transferring staff.

Debtors

Amounts owed to the Council for goods and services that has not yet been received.

Deferred Income

Prepaid income credited to the Balance Sheet and amortised to the Comprehensive Income and Expenditure Statement to match the benefit of the receipts over the term of the contractual arrangement.

Depreciation

The systematic write-off of the reduction in value of a tangible fixed asset due to wear and tear, passing of time and technological changes over its economic useful life.

Derecognition

Removal of an asset or liability from the Balance Sheet.

Earmarked Reserves

Money set aside for a specific purpose.

Equity instrument

A contract such as an equity share in a company.

Expected Credit Loss

The probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of a financial instrument.

Fair Value

The price that could be received for an asset sold or a liability settled in an orderly transaction, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy or sell at an appropriate price, with no other motive in their negotiations other than to secure a fair price.

Financial Asset

Financial Assets are any assets that is: Cash, equity, a contractual right to receive cash or another financial asset from another entity (e.g. trade debtors), or a contractual right to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the Council.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. Financial instruments include bank deposits, investments, debtors, long-term debtors, creditors, temporary loans and borrowings.

Financial liability

An obligation to transfer economic benefits controlled by the District Council that is represented by a contractual obligation to deliver cash (or another financial asset) to another entity, or a contractual obligation to exchange financial assets/liabilities with another entity under conditions that are potentially unfavourable to the District Council.

Financial Year

The District Council's accounts cover the period from 1 April in one year to 31 March in the next year.

Fixed Asset

A tangible asset that yields benefit to the District Council and the services it provides for a period of more than one year.

General Fund

The account that records and finances Council revenue expenditure that is funded by taxpayers.

Government Grants

Payments by the Government towards the cost of local authority services. These are either for particular purposes or services (specific grants) or to fund local services generally (non-specific grants).

Heritage Asset

A tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

Impairment

A reduction in the carrying value of an asset arising from physical damage, obsolescence or a significant decline in market value.

Infrastructure Assets

A class of assets whose life is of indefinite length and which are not usually capable of being sold, such as highways, drains and footpaths.

Intangible Asset

An asset that does not have physical substance but is identifiable and controlled by the organisation through custody or legal rights e.g. software licenses.

Internal Borrowing

Instead of taking external loans to fund activities such as Capital expenditure, a Local Authority may use income and grants received in advance, to fund these activities. Usually, surplus funds are invested to earn interest, however it is prudent to use these funds instead of loaning money as loans generally cost more than could be earned by investing the funds.

International Financial Reporting Standards (**IFRS**)

These are issued by the International Accounting Standards Board and provide standards for the preparation of financial statements.

Inventories

Raw materials and stores which the Council has bought and holds in stock for use as required.

Investment Properties

Land and/or buildings held solely to earn rentals or for capital appreciation or both, rather than for operational purposes.

Lease

An agreement where a rental charge is paid for use of an asset for a specified period of time.

Lessee

A party to a lease agreement who makes payment to use an asset.

Lessor

A party to a lease agreement who receives payment for the use of an asset.

Liabilities

Amounts owed by the Council which will be paid at some time in the future.

Materiality

Information is material if its omission or misstatement, individually or collectively, could influence the decisions that users make on the basis of financial information about a specific reporting entity.

Minimum Revenue Provision (MRP)

The prudent minimum amount which the Council must set aside each year to repay loans and other long-term liabilities such as finance leases. This has the effect of reducing the Capital Financing Requirement.

Money Market Fund

Funds are invested in short-dated assets including certificates of deposits, government securities and commercial papers making them highly liquid. Money Market Funds must be AAAmf rated, invest in high credit quality assets and maintain a weighted average maturity of 60 days or fewer. Investments have a stable net asset value and dividends are paid to investors on their investment.

Net Book Value (NBV)

The balance sheet value of a non-current asset after depreciation and/or impairment.

Net Debt

The District Council's borrowings and finance liabilities less cash and liquid resources.

Net Spending

The cost of providing a service after allowing for specific grants and other income from fees and charges (i.e. not including council tax and money from the Government).

Non-current Asset

A long-term asset that is not expected to be used up or realised within the next 12 months e.g. Property, Plant Equipment.

Non-Domestic Rate

A levy on businesses based on a national rate in the pound set by the government multiplied by the 'rateable value' of the premises they occupy.

Operating Lease

A type of lease, usually of computer equipment, vehicles, office equipment, etc., where the ownership of the goods and any risks and rewards remain with the lessor, therefore it is revenue expenditure and not capital expenditure.

Operational Asset

An asset held partly, primarily or solely for the purpose of delivering against the council's corporate objectives and day-to-day services.

Past Service Costs

The past service cost is the extra liability that arises when we grant extra retirement benefits that did not exist before, such as when we agree early retirement or extra years of service.

Petty Cash

Small sums of cash kept by departments to pay minor expenses.

Precept

The demand levied by a non-billing authority (County Council, Police Authority, parish and town councils) on the Collection Fund managed by a billing authority (this Council) towards their annual spending.

Property, Plant and Equipment

A physical (tangible) asset that is expected to be held for operational purposes for several years, such as land, buildings, and vehicles.

Provision

An amount of money put aside in the accounts for anticipated liabilities which are of uncertain timing or amount.

Public Works Loan Board (**PWLB**)

A central government agency which provides long and shorter-term loans to local authorities at interest rates slightly higher than those at which the government itself can borrow. Local authorities are able to borrow a proportion of their requirement to finance capital spending from this source.

Rateable Value (RV)

A value placed on all non-domestic properties (businesses) on which rates have to be paid, broadly based on the rent that the property might earn, after deducting the cost of repairs and insurance. The rateable value is determined by the Valuation Office Agency.

Related-Party

Two or more organisations are 'related parties' if, during the year, one of them has significant control over the other.

Reserves

Amounts of money put aside to meet certain categories of expenditure in order to avoid fluctuations in the charge to the General Fund.

Revenue Expenditure

The District Council’s day-to-day expenditure on items which include wages, supplies and services, running costs for premises, and interest charges.

Revenue Expenditure Funded from Capital Under Statute (REFCUS)

Legislation in England and Wales allows some expenditure to be classified as capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet as a fixed asset. Examples include works on property owned by other parties, renovation grants and capital grants to other organisations.

Specific Grants

Payments from the Government to cover local authority spending on a particular service or project. Specific grants are usually a fixed percentage of the costs of a service or project.

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Cherwell
DISTRICT COUNCIL
NORTH OXFORDSHIRE

Bishop Fleming LLP
Salt Quay House
4 North East Quay
Sutton Harbour
Plymouth
Devon

Bodicote House
Bodicote
Banbury
Oxfordshire
OX15 4AA

www.cherwell.gov.uk

27/02/2025

Dear Sirs

Cherwell District Council

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

The following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience such as we consider necessary in connection with your audit of the Cherwell District Council (the Council) financial statements (and its subsidiary undertakings) for the year ended 31 March 2024. These enquiries have included inspection of supporting documentation where appropriate and are sufficient to satisfy ourselves that we can make each of the following representations. All representations are made to the best of our knowledge and belief.

1. **General**

   We have fulfilled our responsibilities for the preparation of the group and Council's financial statements in accordance with International Financial Reporting Standards and the CIPFA/ LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code) and applicable law and for being satisfied that they give a true and fair view and for making accurate representations to you.

   All the transactions undertaken by the group and the Council have been properly reflected and recorded in the accounting records.

   All the accounting records have been made available to you for the purpose of your audit of the group and the Council. We have provided you with unrestricted access to all appropriate persons within the Council, and with all other records and related information requested, including minutes of all Council and Committee meetings.

   The financial statements are free of material misstatements, including omissions.

   The effects of uncorrected misstatements (as set out in the appendix to this letter) are immaterial both individually and in total.

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2. Internal control and fraud

We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error, and we believe that we have appropriately fulfilled these responsibilities. We have disclosed to you the results of our risk assessment that the financial statements may be misstated as a result of fraud.

We have disclosed to you all instances of known or suspected fraud affecting the group and the Council involving management, employees who have a significant role in internal control or others where fraud could have a material effect on the financial statements.

We have also disclosed to you all information in relation to allegations of fraud or suspected fraud affecting the group and the Council's financial statements communicated by current or former employees, analysts, regulators or others.

3. Assets and liabilities

The group and the Council has satisfactory title to all assets and there are no liens or encumbrances on the group and the Council's assets, except for those that are disclosed in the notes to the financial statements.

Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include PPE and investment property valuations, pension liability and NNDR provisions

All actual liabilities, contingent liabilities and guarantees given to third parties have been recorded or disclosed as appropriate.

We have no plans or intentions that may materially alter the carrying value and, where relevant, the fair value measurements or classification of assets and liabilities reflected in the financial statements.

4. Accounting estimates

The methods, data and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement and disclosure that is reasonable in the context of the applicable financial reporting framework.

5. Legal claims

We have disclosed to you all claims in connection with litigation that have been, or are expected to be, received and such matters, as appropriate, have been properly accounted for and disclosed in the financial statements.

6. Laws and regulations

We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.

We confirm that all correspondence with our Regulators has been made available to you.

7. Related parties

Related party relationships and transactions comply with the Council's financial regulations, relevant requirements of the Code and have been appropriately accounted for and disclosed in the financial statements. We have disclosed to you all relevant information

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concerning such relationships and transactions and are not aware of any other matters which require disclosure in order to comply with regulatory, legislative and accounting standards requirements.

8. **Subsequent events**

   All events subsequent to the date of the financial statements which require adjustment or disclosure have been properly accounted for and disclosed.

9. **Going concern**

   We believe that the group and the Council's financial statements should be prepared on a going concern basis on the grounds that the financial reporting framework applicable to local government bodies means that the anticipated continued provision of entity's services in the public sector is normally sufficient evidence of going concern. We have not identified any material uncertainties related to going concern.

10. **Annual Governance Statement**

    We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

11. **Narrative Report**

    The disclosures within the Narrative Report fairly reflect our understanding of the group and the Council's financial and operating performance over the period covered by the Council's financial statements.

We acknowledge our legal responsibilities regarding disclosure of information to you as auditors and confirm that so far as we are aware, there is no relevant audit information needed by you in connection with preparing your audit report of which you are unaware.

We have taken all the appropriate steps in order to make ourselves aware of any relevant audit/ other information and to establish that you are aware of that information.

Yours faithfully

Signed on behalf of the Accounts, Audit and Risk Committee of Cherwell District Council

27/02/2025

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Appendix

Unadjusted items

The table below provides details of adjustments identified during the 2023/24 audit which have not been made within the final set of financial statements. The Audit Committee is required to approve management's proposed treatment of all items recorded within the table below. (These are also set out in the Letter of Representation.)

	Comprehensive Income and Expenditure Statement		Balance sheet	
	Dr	Cr	Dr	Cr
	£'000	£'000	£'000	£'000
Repairs and Maintenance	118			
Other debtors				118
Being the extrapolated error identified during other debtors testing				
Accruals			158	
Management Fee		158		
Extrapolated error identified in other expenditure testing, driven by the management fee accrual difference				
Grants received in advance			241	
Grants income		241		
Extrapolated error identified on grants received in advance – driven by the planning skills delivery grant which should have been recognised in the year				
PPE				136
Revaluation Reserve			136	
Extrapolated error identified during PPE testing, driven by difference in NIA of the Bodicote House Floor plan				
Total	**118**	**399**	**535**	**254**

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Auditor's Annual Report - Draft
Cherwell District Council

For the year ended 31 March 2024



Date: 28 February 2025

Members of the Accounts, Audit and Risk Committee
Cherwell District Council
Bodicote House
Bodicote
Banbury
OX15 4AA

Dear Sirs and Madams

Cherwell District Council – Auditor's Annual Report

We are pleased to attach our Auditor's Annual Report. This report summarises our audit conclusions and highlights the key findings arising from our value for money work.

We have initially discussed the contents of our report with management and have incorporated their comments where relevant.

This report is intended to be solely for the information and use of the Directors and those charged with governance of the Council and should not be shared with anyone beyond the Council without our prior approval.

We would like to take this opportunity to thank the Council's officers for the co-operation and assistance afforded to us during the course of the audit.

Kind regards

Yours faithfully



BISHOP FLEMING LLP

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1. Introduction

Our Auditor's Annual Report (AAR) summarises the work that we completed for Cherwell District Council for the year ended 31 March 2024.

The Council is responsible for keeping proper accounts and proper records in relation to the accounts and for maintaining an appropriate system of internal control. The Council is responsible for the preparation of annual accounts for each financial year. Such accounts must present a true and fair view and comply with the requirements of enactments that apply to them.

The Council is also responsible for putting in place appropriate arrangements to secure the economy, efficiency and effectiveness in its use of resources and to maintain an effective system of internal control that supports the achievement of their policies, aims and objectives whilst safeguarding and securing value for money from the public funds at their disposal.

The scope of our work is set in accordance with the National Audit Office's Code of Audit Practice (The Code) and the International Standards on Auditing (ISAs) (UK). Our work is planned to provide a focused and robust audit. We are responsible for and are required to provide an independent opinion as to whether the financial statements:

- give a true and fair view of the financial position of the Council at the year end and of its expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

We are also required to report to the Council by exception the following matters, if:

- the Annual Governance Statement does not comply with "Delivering Good Governance in Local Government: Framework 2016 Edition" published by CIPFA/SOLACE; or
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014; or
- we make a written recommendation to the Council under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

In addition, we are also responsible for reviewing the Council's arrangements in place to secure economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice requires us to report on the Council's arrangements under three specified reporting criteria:

- Financial sustainability – how the Council plans and manages its resources to ensure it can continue to deliver its services;
- Governance – how the Council ensures it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness – how the Council uses information about its costs and performance to improve the way it manages and delivers its services.

We carried out our work in accordance with our External Audit Plan that we issued to the Council in March 2024.

2. Executive summary

Results from the audit of the financial statements

We completed our audit of the financial statements and issued our modified disclaimed opinion on 28 February 2025. The disclaimed opinion was due to the lack of assurance over opening balances, due to the prior year financial statements also being disclaimed by the previous auditor.

We also completed component auditor procedures, in line with the National Audit Office group auditor instructions. We had no matters to report from this work.

See section 3 for more details.

Results on our work on other matters

We completed our review of other matters in line with our issuing of the audit opinion on 28 February 2025. See section 3 for more details.

Results from our work on VFM arrangements

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

Our conclusions are summarised below. See sections 4-8 for more details.

Financial sustainability		We did not identify any significant weaknesses in the Council's arrangements for financial sustainability. We have identified one improvement recommendation. See section 8 for details
Governance		We did not identify any significant weaknesses in the Council's governance arrangements. We have also not made any recommendations.
Improving economy, efficiency and effectiveness		We did not identify any significant weaknesses in the Council's arrangements for improving efficiency, economy and effectiveness. We have also not made any recommendations.

Key:

	No significant weaknesses in arrangements identified and no recommendations made
	No significant weaknesses in arrangements identified but recommendations made
	Significant weaknesses in arrangements identified and recommendations made

3. Audit of the financial statements

Audit opinion on the financial statements

The scope of our work is set in accordance with the National Audit Office's Code of Audit Practice (The Code) and the International Standards on Auditing (ISAs) (UK). We are required to provide an independent opinion as to whether the financial statements:

- give a true and fair view of the financial position of the Council at the year end and of its expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

We gave a modified disclaimed opinion on the Council's financial statements on 28 February 2025. This was due to the lack of assurance over opening balances, as the prior year financial statements were also disclaimed by the previous auditor.

Key issues arising from the accounts audit

We asked the Council to request an Asset Ceiling Report from the actuary to determine whether there was an additional liability resulting from past service contributions. This identified an additional liability of £7.65m in 2023/24 that needs to recognised in the financial statements.

Other matters

We are required to report to the Council by exception the following matters, if:

- the Annual Governance Statement does not comply with "Delivering Good Governance in Local Government: Framework 2016 Edition" published by CIPFA/SOLACE; or
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014; or
- we make a written recommendation to the Council under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We concluded that there were no matters to bring to the Council's attention in respect of these matters.

More detailed findings can be found in our Audit Completion Report which was reported to the Accounts, Audit and Risk Committee on 15 January 2025.

4. Value for Money

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

The Code requires us to report our commentary on the Council's arrangements under three specified reporting criteria:

- Financial sustainability – how the Council plans and manages its resources to ensure it can continue to deliver its services;
- Governance – how the Council ensures it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness – how the Council uses information about its costs and performance to improve the way it manages and delivers its services.

The NAO has issued guidance for auditors to report against each of the three specified reporting criteria. The guidance also includes a number of further areas for review within each criteria for the auditor to assess those arrangements.

Our risk assessment did not identify any potential risks of significant weakness.

We asked management to complete an evidenced self-assessment of the Council's arrangements. We then reviewed the evidence provided and carried out follow up work as appropriate to consider whether there are any significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources.

Our commentary on the Council's arrangements in each of these three areas is set out in sections 5, 6 and 7 of the report. Our recommendations for improvement are included in section 8.

5. Financial sustainability

We considered how the Council plans and manages its resources to ensure it can continue to deliver its services, including how it:

- ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them;
- plans to bridge its funding gaps and identifies achievable savings;
- plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities;
- ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system; and
- identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans.

Overview and 2023/24 outturn

The Council reported a balanced position on the general fund in its 2023/24 outturn report to the Executive on 10 June 2024. The balanced position was after a transfer to reserves of £4.461m, demonstrating a surplus having been achieved before the reserves transfers.

Financial planning and monitoring

The Council keeps its forecast financial position under review throughout the year with monthly monitoring reports to the Executive covering revenue and capital performance. The monitoring highlights the major budget variances, setting out the reasons for the variance and any remedial actions where necessary.

The Medium-Term Financial Strategy (MTFS) was presented to the Council on 27 February 2023 and identified year on year funding gaps of £4.687m for 2024/25, £13.078m for 2025/26, £0.966m in 2026/27 and (£0.153m) in 2027/28. This represents a cumulative funding gap of £18.565m over the MTFS period. These deficits increased because of assumed funding reforms to take effect with funding not increasing as costs continue to rise.

When the 2024/25 budget was set in February 2024, the updated MTFS year on year funding gaps were £6.909m in 2025/26, £4.294m in 2026/27, £3.198m in 2027/28 and (£0.863m) in 2028/29. This is a cumulative funding gap of £13.539m.

Currently, the Council has sufficient reserves to address any potential future deficits, and they continue to develop options for closing the future budget gaps.

Achieving efficiency savings

The Council's 2023/24 Budget Setting Report set out a proposal for savings of £1m to be made across directorates, with a detailed breakdown of schemes included as an appendix to the report. The monthly monitoring report sets out savings non-delivery at a directorate level where that is a contributory factor to a variance, with a more detailed report going to Corporate Leadership team that RAG rates the savings delivery for each Directorate.

The Council reported in its Performance, Risk and Finance Monitoring end of year report that there was non-delivery of savings of £0.198m in 2023/24. This did not have a detrimental impact on the outturn position due to significant underspends on base budgets, leading to an overall surplus of £4.461m. The savings non-delivery was reported at a directorate level in the report but does not include a comparison of the delivery against the detailed savings plan from the original budget setting report appendix.

We consider that the Council's arrangements for the monitoring of savings during the year are further developed than many other councils, however we feel that they could be further enhanced if the savings achieved in the year were reported against the original detailed proposals. This would highlight to members which of the proposed schemes were successfully delivered within each directorate. We have included an improvement recommendation in respect of this.

2024/25 financial planning

The budget setting process starts with the budget holders at service level reviewing their performance in the previous financial year. Budget challenge meetings take place with Finance and Human Resources (HR) staff working with budget holders. A balanced 2024/25 budget was approved by the Council on 26 February 2024. This included planned contributions from reserves of £3.4m, the majority of this (£3.2m) being capital reserves. The budget also includes proposed savings of £1.8m.

The financial planning assumptions feeding into the 2024/25 budget are based on assumptions captured by the MTFS. Considerations of these risks appear to be appropriately scrutinised as they are considered by the Business Planning Meeting as part of the financial planning process.

We also noted that the Council aligns its financial plans with its capital plans and ensures that workforce issues are considered with Human Resources representation as budget challenge meetings.

Based on the work carried out, we are satisfied that there are no significant weaknesses in the Council's financial sustainability arrangements. We have made a recommendation for improvement at section 8.

6. Governance

We considered how the Council ensures that it makes informed decisions and properly manages its risks, including how it:

- monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud;
- approaches and carries out its annual budget setting process;
- ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed, including in relation to significant partnerships;
- ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee; and
- monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests), and for example where it procures or commissions services.

Risk management

The Council's Risk Strategy clearly defines how risks are managed and reported within the Council and is reviewed annually by the Accounts, Audit and Risk Committee.

The risk reporting in place covers strategic risks detailing the lead member, risk owner and risk manager. For each risk identified, the risk report details the RAG rating, the inherent risk, controls in place to mitigate the risk and any further comments on the management of the risk.

The Performance, Risk and Financial Monitoring Report is received monthly by the Executive and senior management, and quarterly by the Accounts, Audit and Risk Committee. Any comments or updates are noted, and each risk is updated regularly, before an update is given to the Council.

The Council's Governance Structure is made up of the Full Council and the Executive, supported by a number of Committees which have delegated responsibility for their areas. This allows for reliable and direct channels of communication in order to report any risks.

Internal control

The Council's Internal Audit was provided by Oxfordshire County Council in 2023/24, who have a representative at each of the Accounts, Audit and Risk Committee meetings to present any findings. The Committee approves the Annual Internal Audit Plan and is provided with a progress report against the plan at each meeting.

Through our review of the Internal Audit reports, along with review the Accounts, Audit and Risk Committee minutes and supporting documents, we have not identified any significant gaps in the assurance the Council receives over matters in the work programme.

Internal Audit completed their work for the 2023/24 financial year and the Head of Internal Audit opinion stated that the Council has a satisfactory overall control environment and arrangements for governance, risk management and control.

The Counter Fraud Strategy is presented annually to the Accounts, Audit and Risk Committee. There is a named Counter-Fraud lead for the Council who reports progress against the plan to the Committee.

The Accounts, Audit and Risk Committee has a key role to play in ensuring the overall effectiveness of internal controls. The Committee discharges this function appropriately by adhering to its terms of reference and challenging officers in relation to internal and external audit findings.

Budget setting and budgetary control

Budgets are developed by identifying significant pressures, changes in funding, and anticipated expenditure by the Council. When developing the budgets, the most probable scenarios are used as assumptions whilst alternative options are also considered and presented to the Business Planning Meeting. Proposed savings go out to a public consultation before the

Executive propose the budget to Full Council. Once the budget has been set, budget holders sign up to accept responsibility of the budgets they are responsible for.

Budget monitoring takes place on a monthly basis. Budget holders are held responsible for their budgets and are expected to provide mitigations for any variances. The monthly reports contain relevant non-financial information included, which helps to support any variances that are reported.

Decision making

All reports presented to members have been approved by Finance, Legal, Risk and Sustainability departments. The reports include alternative options that have been considered and are written by the appropriate Directorate for the area. Any formal decisions are reviewed by the Executive Committee before being presented to full Council. This is in line with best practice.

We are satisfied that appropriate arrangements are in place to ensure that all relevant information is provided to decision makers before major decisions are made, and that there are arrangements for challenge of such decisions before they are made.

There is an appropriate culture set by senior officers, driven by the Council's constitution and the Employee Code of Conduct. These set out the expectations for the behaviour of officers and promotes best practice, including the requirements to follow Nolan's Seven Principles of Public Life.

Attendance at Accounts, Audit and Risk Committee and minutes reviews have confirmed that the Committee holds officers and the Executive to account and provides effective challenge.

Ensuring appropriate standards

We have been informed that there have been no instances of significant non-compliance within the year. Throughout our review, we have not identified anything that has contradicted this.

Treasury management decisions are made in line with the Treasury Management Strategy, which is reviewed annually by the Accounts, Audit and Risk Committee. There is no evidence from our work indicating any non-compliance with capital or other statutory requirements.

The Council's Employee Code of Conduct and further specific policies outline the expected behaviours throughout the Council. Non-compliance throughout the Council is monitored by Statutory Officers and the HR department enforce mandatory training on relevant topics.

The Council has other appropriate policies and procedures in place to ensure appropriate standards are maintained. These include the Counter Fraud, Corruption and Bribery Policy and the Gifts and Hospitality policy.

Elected Members declarations of interest are publicly available on the page with each member's contact details. The declarations of interest published are made in line with the relevant regulations and the LGA model Code of Conduct expectations. Arrangements for making a declaration of interest are in place at the beginning of all formal Council and Committee meetings.

We are satisfied that the Council has appropriate arrangements in place to monitor compliance with legislation and regulatory requirements.

Based on the work carried out, we are satisfied that there are no significant weaknesses in the Council's governance arrangements.

Improving economy, efficiency and effectiveness

We considered how the Council uses information about its costs and performance to improve the way it manages and delivers its services, including:

- how financial and performance information has been used to assess performance to identify areas for improvement;
- how the Council evaluates the services it provides to assess performance and identify areas for improvement;
- how the Council ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives; and
- where the Council commissions or procures services, how it assesses whether it is realising the expected benefits.

Assessing performance and evaluating service delivery

The Council reports its performance against its priorities to the Executive on a monthly basis. The Performance, Risk and Finance Monitoring Report provides the Executive with a detailed assessment of performance in delivering its priorities, managing potential risks and balancing its finances. The report monitors the reasons for movements to identify areas for improvement and makes recommendations as appropriate

The Council has access to local area benchmarking tools, including CFO Insights, LG Inform and Local Insight, and are currently looking to produce benchmarking reports which connect to the performance management system. The Council also use local networks through the Publica arrangements to benchmark their performance against local councils to identify key areas of focus for the improvement of services. There is clear collaboration with other councils to improve overall performance.

The LGA Corporate Peer Challenge carried out in December 2022 provided detailed for areas of improvement and guidance on the approach to be taken. The Council have an action plan in place for the delivery of the recommendations, with a number of recommendations having been implemented. A progress review follow up was carried out by the LGA in February 2023, which noted the positive progress being made by the Council, further demonstrating that the Council has fully engaged in the process.

There is evidence that the Council reviews and challenges the cost effectiveness of activities through its performance management framework. It has also started a transformation process. An example of this is the Environmental Services review. The review considered the current service delivery, including the cost, productivity and performance and then provided alternative delivery models. Some recommendations coming out of the review were included in the 2024/25 budget consultation, with others being consulted on for implementation during the Medium-Term Financial Strategy period. All services will be covered by the transformation process.

The Accounts, Audit and Risk Committee receive recommendations from Internal Audit. This reporting includes tracking of the target implementation dates for open recommendations. Internal Audit send monthly emails to Assistant and Corporate Directors detailing all open recommendations to ensure that any delays in implementation can be followed up. There is good evidence of the Council implementing internal and external audit recommendations.

Partnership working

The Council have established appropriate governance arrangements for key partnerships, with an example being Bicester Garden Town. The Council works with Oxfordshire County Council, Homes England, developers and other stakeholders on this partnership. There is an Officer Programme Board (OPB) consisting of officers from Cherwell and the County Council. The Strategic Oversight Partnership (SOP) provides oversight of the project, the SOP includes Councillors from Cherwell DC, Bicester Town Council and the County Council, along with other stakeholders including Homes England and the Oxford LEP. It is then also attended by the officers from the delivery side of the arrangement. This demonstrates how the Council effectively monitors the partnership work.

The Council has subsidiary companies of Graven Hill Village Holdings Ltd and Crown House Banbury Ltd, which have their own associated subsidiary companies. The companies report quarterly to the Shareholder Committee which is how members are informed of how the companies have performed against the objectives in their business plans.

Commissioning and procuring services

The Council's Procurement Strategy was approved in October 2023. Guidance, procedures and templates are made available to all officers and ensures that standards are met. These are updated to ensure compliance with relevant policies and legislation. Procurements are overseen by legal and procurement teams to ensure compliance with the laws and procedures. We have not identified, and have not been made aware, of any instances of the Council failing to operate a fair procurement exercise on significant contracts.

The Council monitors the performance of service providers and takes action to resolve issue when they arise. An example of this are the arrangements for monitoring the performance of the Parkwood Leisure Centre, which includes reviews of key performance indicators, construction issues, and customer feedback.

Based on the work carried out, we are satisfied that there are no significant weaknesses in the Council's arrangements for improving economy, efficiency and effectiveness.

7. Recommendations

KEY:



Recommendations that refer to issues that have resulted in a significant weakness in the Council's arrangements.



Recommendations that should improve the arrangements in place at the Council but are not as a result of identifying a significant weakness.

Current Year Issues

Reporting of financial savings	
	
The supporting papers for the 2023/24 budget included a schedule detailing the proposed saving schemes. The monitoring and reporting of savings achieved are at Directorate level and do not set out the details of which savings were achieved compared to the budget.	**Recommendation** The reporting of savings achieved in the year could be further enhanced by reporting the outturn position against the original proposed savings schemes within each directorate that were included in the budget. **Management comment** The council does currently include high level reporting on savings delivery/non-delivery in the monthly finance reports to Executive at the directorate level and, where relevant, in the detailed revenue narratives explaining forecast variance to budget. However, we recognise that there is room to improve the clarity and granularity that is reported to members and will explore how the reporting could be improved.

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Bishop Fleming is a trading name of Bishop Fleming LLP, a limited liability partnership registered in England and Wales No. OC391282, and Bishop Fleming Bath Limited, a limited company registered in England and Wales No. 07869428. Registered offices: Stratus House, Emperor Way, Exeter Business Park, Exeter, Devon, EX1 3QS. A list of members' names for the LLP is available at the above address.

ICAEW CHARTERED ACCOUNTANTS

KRESTON UK

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Audit Completion Report
Cherwell District Council

For the year ended 31 March 2024



Date: 28 February 2025

Those Charged with Governance
Cherwell District Council
Bodicote House
Bodicote
Banbury
OX15 4AA

Dear Sirs and Madams

Cherwell District Council – Audit Completion Report

We are pleased to attach our Audit Completion Report. This report summarises our audit conclusions, highlights the key findings arising from our work and details a number of points that we would like to discuss further with you.

We have initially discussed the contents of our report with management and have incorporated their comments where relevant.

This report is intended to be solely for the information and use of management and those charged with governance of the Council and should not be shared with anyone beyond the Council without our prior approval.

We would like to take this opportunity to thank the finance team for the co-operation and assistance afforded to us during the course of the audit.

Kind regards

Yours faithfully



BISHOP FLEMING LLP

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Appendices

1. Letter of representation
2. Required communications with the Accounts, Audit and Risk Committee

1. Executive summary

Status of audit

The scope of our work is set in accordance with the National Audit Office's Code of Audit Practice (the Code) and the International Standards on Auditing (ISAs) (UK). Our work is planned to provide a focused and robust audit. We are required to provide an independent opinion as to whether the financial statements:

- give a true and fair view of the financial position of the Council at the year end and of its expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Our audit is largely complete, however, is subject to the resolution of certain outstanding queries outlined in section 2. We anticipate issuing a modified disclaimed opinion due to the lack of assurance over opening balances, due to the prior year financial statements also being disclaimed by the previous auditor.

Amendment to audit deadlines

On 9 September 2024, the Secretary of State for MHCLG laid regulations to introduce statutory deadlines for publication of audited accounts amending the Accounts and Audit Regulations 2015. These came into force on 30 September with the intention of addressing the backlog in local government accounts.

For the 2023/24 financial year, under these new regulations, an authority must publish its audited statements (namely its audited statement of accounts, annual governance statement and narrative statement) on or before 28 February 2025.

Key audit issues

Within our Audit Plan which was presented to the Accounts, Audit and Risk Committee in May 2024, we outlined a number of risks that we considered to be of particular significance to the audit. Our plan also detailed our planned approach for addressing each of these risks.

The specific risks highlighted were as follows:

- Management override of controls;
- Fraud in revenue recognition;
- Fraud in expenditure recognition;
- Valuation of land and buildings;
- Valuation of investment properties; and
- Valuation of the pension fund net liability.

Our audit work has been satisfactorily completed on each of the above areas and is further detailed in section 2 of this report.

Audit Adjustments

During the course of our work, adjustments were identified and, on agreement of management, were adjusted in the financial statements.

Further adjustments were proposed but not made, as those charged with governance do not consider them to be material to the financial statements. We accept this explanation.

Full details of the adjustments identified are included in section 6 to this report.

Management Letter Points and Internal Control Matters

Three control points were identified during the course of our work and these are further detailed in section 7 to this report. Of the matters noted, none are considered to have an important effect on your system of internal control.

Value for Money

We are also required to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024. The National Audit Office's Code of Audit Practice requires us to report on the Council's arrangements under three specified reporting criteria:

- Financial sustainability – how the Council plans and manages its resources to ensure it can continue to deliver its services;
- Governance – how the Council ensures it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness – how the Council uses information about its costs and performance to improve the way it manages and delivers its services.

Our work has not identified any significant weaknesses; see section 8 for more details. The results of the Value for Money work are reported separately in our Auditor's Annual Report.

Independence

The FRC Ethical Standard and ISA 260 requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our independence and objectivity. The aim of these communications is to ensure full and fair disclosure by us to those charged with governance on matters in which you have an interest.

We are not aware of any relationships that, in our professional judgment, may reasonably be thought to bear on our independence or the objectivity of the audit engagement team.

We confirm that in our professional judgment, Bishop Fleming is independent within the meaning of regulatory and professional requirements and the objectivity of the audit engagement partner and audit staff has not been compromised.

We consider that our independence in this context is a matter that should be reviewed by both you and ourselves. It is therefore important that you consider the facts of which you are aware and come to a view. Should you have any specific matters that you wish to discuss, please contact us.

2. Introduction

Responsibilities of the audited body

The audited body is responsible for the preparation of the financial statements and for making available to us all the information and explanations we consider necessary. Therefore, it is essential that it confirms that our understanding of all matters referred to in this report are appropriate, having regard to its knowledge of the particular circumstances.

We would point out that the matters dealt with in this report came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the financial statements of Cherwell District Council.

In consequence, our work did not encompass a detailed review of all aspects of the system and controls and cannot be relied upon necessarily to disclose possible frauds or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might reveal.

Materiality

In carrying out our audit work we have considered whether the financial statements are free from 'material misstatement'. Materiality is an expression of the relative significance of a particular matter in context of the financial statements as a whole.

In general, misstatements, including omissions, are considered to be material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

The assessment of whether a misstatement is material in the context of the financial statements is a matter of professional judgement and will have regard to both the size and the nature of the misstatement, or a combination of both. It is also affected by our perception of the financial information needs of users of the financial statements.

	Basis of materiality	Amount
Cherwell District Council - Group	2% of gross expenditure	£3,040k
Cherwell District Council	2% of gross expenditure	£1,917k

The level of materiality has changed since our Audit Plan. This is a result of materiality being revised based on actual figures from the draft financial statements. For initial planning procedures including preparing the audit plan, materiality was calculated using the 2022/23 gross expenditure amounts as an estimate since the 2023/24 financial statements had not been published.

Anticipated audit report

As the Council's financial statements for 2022/23 were given a disclaimed audit opinion by the predecessor auditor, with no substantive audit work being carried out. As a result, we do not have assurance over the opening balances for the 2023/24 audit and we will be issuing a disclaimed opinion on the financial statements of Cherwell District Council for the year ended 31 March 2024. We will be aiming to rebuild assurance over subsequent audit years, although the timeframe for getting the Council to an unqualified opinion is currently unclear and is the subject of significant discussions within the sector.

Representation Letter

The representation letter is attached at Appendix 1.

Update on our planned approach

Our audit work is being carried out in accordance with our Audit Plan in response to the perceived audit risks No matters were identified which required us to change our approach and no additional risks were identified.

Our audit work is substantially complete although we are finalising our procedures in the following areas:

- Final partner review of audit working papers
- Receipt of the signed management representation letter
- Final completion procedures including consideration of post balance sheet events prior to signing

Confidentiality

This document is strictly confidential and although it has been made available to those charged with governance to facilitate discussions, it may not be taken as altering our responsibilities to the Council arising under the Local Audit and Accountability Act 2014 (the Act) and from the Code of Audit Practice. The contents of this report should not be disclosed to third parties without our prior written consent.

3. Audit and accounts process

The preparation of the financial statements is a vital process for the management of the Council and one which should be performed on a timely basis. We met with senior officers as part of our planning work to discuss how we would work together to make the audit process effective.

We discussed key accounting issues early, so they could be considered before the audit commenced.

Readiness for audit 

Quality of financial statements 

Accuracy of financial records 

Quality of working papers 

Availability of Staff 

Key (Impact on audit approach)

No impact 

Some impact 

Significant impact 

We invested significant time into the audit running as smoothly as possible. At the start of the audit, we held planning meetings with the finance team. During the final audit, we had daily calls with the finance team. In addition to this, the team had an on-site presence during the fieldwork audit visit.

As a result of the investment made by both parties, the audit has generally proceeded very smoothly, although some areas have taken longer to audit than we had expected.

We are keen to continually improve our service and the effectiveness of the process and, therefore, will hold a debrief discussion with management to identify areas where this might be possible.

Readiness for audit

We were provided with a copy of the draft financial statements in line with the timetable agreed before the start of the audit and as outlined in our audit plan.

Information requested during the onsite fieldwork was generally provided promptly to our staff. This made the core audit work progress relatively smoothly, although there were delays in some areas. Most notable was in of respect of the documentation requested in relation to IT controls, which we recognise is outside of the control of the finance team.

Quality of financial statements

The statement of accounts produced were of a good standard with significant variances and changes clearly explained to users of the financial statements. We have not identified any significant omissions from the draft financial statements.

Accuracy of financial records

The majority of the underlying financial records were accurate, agreed to the information provided in the audit file and were easy to understand.

Quality of working papers

The quality of the working papers and supporting evidence provided by the finance team was very good.

Availability of Staff

Key members of the finance team made themselves available to us throughout the audit where possible. We were kept informed of any instances when staff were not available.

4. Audit risks

Management override of controls	
Significant Risk We are required by auditing standards (ISA 240) to consider fraud and management override of controls to be a significant risk for all audits as no matter how strong a control environment, there is the potential for controls to be overridden or bypassed.	**Work done and conclusion** To address this risk, we have: • reviewed the reasonableness of accounting estimates and critical judgements made by management. • tested journals with a material impact on the results for the year; and • considered a sample of other journals with key risk attributes. In testing journals, we used data analytics tools to interrogate the whole population of journals posted in the year and focus on those with key risk factors. We have not identified any material errors from our work carried out.

Fraud in revenue recognition	
Significant Risk There is also a presumption under auditing standards that the risk of fraud in revenue recognition is considered to be a significant risk area.	**Work done and conclusion** Having considered the risk factors set out in ISA240 and the nature of the revenue streams of the Council, we have concluded that the risk of fraud arising from revenue recognition can be rebutted because: • There is little incentive to manipulate revenue recognition; • Opportunities to manipulate revenue recognition are very limited; and • The culture and ethical framework of local authorities, including Cherwell District Council, mean that all forms of fraud are seen as unacceptable.

Fraud in expenditure recognition

Significant Risk

Practice Note 10: Audit of Financial Statements and regularity of public sector bodies in the United Kingdom sets out that the risk of fraud related to expenditure is also relevant.

We consider that the risk of fraud at the Council to be around the cut-off at year end.

Work done and conclusion

At the planning stage, we considered whether we have any significant concerns about fraudulent financial reporting of expenditure which would need to be treated as a significant risk for the audit.

We concluded that this was not a significant risk for Cherwell District Council because:

- expenditure is well controlled, and the Council has a strong control environment; and
- the Council has clear and transparent reporting of its financial plans and financial position.

Valuation of land and buildings

Significant Risk

There is a risk over the valuation of land and buildings due to the high degree of estimation uncertainty, and judgements involved in build valuations.

Work done and conclusion

To address this risk, we have:

- documented our understanding of the processes and controls put in place by management, and evaluate the design of the controls;
- reviewed the instructions provided to the valuer and the valuer's skills and expertise, in order to determine if we can rely on the management expert;
- written to the valuer to confirm the basis on which the valuation was carried out; and
- formed our own expectations regarding the movement in property values and comparing this to the valuations reflected in the Council's financial statements, following up valuation movements that appear unusual.

From our work, we identified an error in relation to Highfield Depot. The original calculation assumed the depot had a total area of 1.28 hectares. From our procedures, we estimated the areas to be approximately 0.5 hectares. This was challenged with the external valuer, Montagu Evans, who agreed that there was an error and that the area used in the valuation should have been 0.53 hectares. This led to a £495,000 difference in valuation which management have agreed to adjust. See section 6 below.

We also identified a smaller difference of £99,812 the valuation in relation to the Bodicote house offices assets. This was driven by a discrepancy between the actual floorplans and the measurements used by the valuer. This error has been extrapolated over our sample in section 6.

Valuation of investment properties

Significant Risk

There is a risk over the valuation of investment properties due to the values involved and the high degree of estimation uncertainty, due to the sensitivity of the estimate to changes in key assumptions and judgements.

Work done and conclusion

To address this risk, we have:

- documented our understanding of the processes and controls put in place by management, and evaluate the design of the controls;
- reviewed the instructions provided to the valuer and the valuer's skills and expertise, in order to determine if we can rely on the management expert;
- written to the valuer to confirm the basis on which the valuation was carried out; and
- form our own expectations regarding the movement in property values and comparing this to the valuations reflected in the Council's financial statements, following up valuation movements that appear unusual.

We have not identified any material errors from our work carried out.

Valuation of the pension fund net liability

Significant Risk

There is a risk over the valuation of the pension fund net liability due to the values involved and the high degree of estimation uncertainty, due to the sensitivity of the estimate to changes in key assumptions.

Work done and conclusion

To address this risk, we have:

- documented our understanding of the processes and controls put in place by management, and evaluate the design of the controls;
- reviewed the instructions provided to the actuary and the actuary's skills and expertise, in order to determine if we can rely on the management expert;
- considered the accuracy and completeness of the information provided to the actuary;
- carried out procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and
- obtained assurances from the auditor of Oxford Pension Fund in respect of the controls around the validity and accuracy of membership data, contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.

We have not identified any material errors from our work carried out.

We also considered whether a material onerous funding liability existed at 31 March 2024 and whether there was an impact on the prior year. An additional liability of £7.65m was identified as at 31 March 2024 with no impact on the 2023 position. This has been updated in the amended accounts. See section 5 for more details.

5. Other audit and financial reporting matters

Valuation of the Pension Fund

The macro-economic environment has had a significant effect on the actuarial valuation of the Council's share of Local Government Pension Scheme, with deficits reported by the Council's actuary through their IAS 19 report reducing significantly in each of the last two years.

Across the Local Government Sector accounting surpluses have become more prevalent. IFRIC 14 provides guidance from the International Financial Reporting Interpretations Committee on the extent to which an IAS 19 surplus can be recognised on the balance sheet and whether any additional liability needs to be recognised in respect of onerous funding commitments. The sector-wide approach to applying IFRIC 14 has developed over the last year as IAS 19 surpluses are becoming more common. This has resulted in some actuaries revising their approach when producing 'asset ceiling' calculations that adopt the principles set out in IFRIC 14.

Due to the Council not having had an external audit in 2022/23, it had not been aware of this emerging issue and had not requested an asset ceiling report from its actuary. On production of the asset ceiling report for the valuation as at 31 March 2024 the Council's actuary, Hymans Robertson, determined that an additional liability of £7.65m should be recognised to reflect an onerous funding commitment that results from the Council's commitment to make secondary contributions over the funding horizon period set out at the Triennial Valuation. This had not been reflected in the draft financial statements.

We asked the Council to get confirmation from the actuary whether an onerous funding commitment applied as at 31 March 2023. The Council provided evidence that they believed supported that there would not be an impact as art 31 March 2023. We reviewed this evidence and were satisfied that the Council's conclusion is correct and that there is no impact on the liability at 31 March 2023.

An additional liability of £7.65m was identified as at 31 March 2024 with no impact on the 2023 position. This has updated in the amended accounts, with the adjustment set out in section 6.

6. Audit Adjustments

In accordance with the requirements of International Standards on Auditing, we must communicate all adjusted and unadjusted items identified during our audit work, other than those which we believe to be clearly insignificant.

Adjusted items

All adjusted misstatements are set out in detail below along with the impact on the key statements for the year ended 31 March 2024:

	Comprehensive Income and Expenditure Statement		Balance sheet	
	Dr	Cr	Dr	Cr
	£'000	£'000	£'000	£'000
Additional pension liability due to onerous funding commitment				
Pension liability				7,650
Pension reserve			7,650	
Actuarial Remeasurement	7,650			
Valuation of Highfield Depot - Incorrect land area used by the valuer				
Property, Plant and Equipment				495
Revaluation Reserve			495	
Change to Tramway valuation – change identified by the Council				
Property, Plant and Equipment				1,430
Revaluation Reserve			1,430	
Total	**7,650**		**9,875**	**9,875**

Misclassifications and adjustments to disclosures

The table below provides details of any misclassification and disclosure changes identified during the audit.

Misclassification/ Disclosure change	Audit comment	Adjusted?
Banbury Museum	Our audit identified that Banbury Museum lease the building from the council on a peppercorn basis which is not disclosed in the financial statements.	✓
Intangible Assets	The draft financial statements included a table of useful lives for intangible fixed assets that did not match the Council's arrangements. This table would be removed and the narrative disclosure updated.	✓
Senior officer remuneration	Senior officer remuneration note was going to be updated to reflect two changes: 1) The expenses line to reflect taxable expenses only. 2) The salary for the Head of Digital and Innovation has been updated.	✓
External audit fees	The disclosure did not show the 2023/24 statutory audit fee separately from other fees adjustments relating to prior years.	✓

Unadjusted items

The table below provides details of adjustments identified during the 2023/24 audit which have not been made within the final set of financial statements. The Audit Committee is required to approve management's proposed treatment of all items recorded within the table below. (These are also set out in the Letter of Representation.)

	Comprehensive Income and Expenditure Statement		Balance sheet	
	Dr	Cr	Dr	Cr
	£'000	£'000	£'000	£'000
Repairs and Maintenance	118			
Other debtors				118
Being the extrapolated error identified during other debtors testing				
Accruals			158	
Management Fee		158		
Extrapolated error identified in other expenditure testing, driven by the management fee accrual difference				
Grants received in advance			241	
Grants income		241		
Extrapolated error identified on grants received in advance – driven by the planning skills delivery grant which should have been recognised in the year				
PPE				136
Revaluation Reserve			136	
Extrapolated error identified during PPE testing, driven by difference in NIA of the Bodicote House Floor plan				
Total	**118**	**399**	**535**	**254**

7. Management letter points and internal control systems

The Council's management is responsible for the identification, assessment and monitoring of risk, for developing, operating and monitoring the systems of internal control and for providing assurance to the Those Charged with Governance that it has done so.

In accordance with the terms of our engagement we have not provided a comprehensive statement of all issues which may exist in the accounting and internal control systems or of all improvements which may be made, but outline below our observations arising from the audit; none of which are considered significant.

KEY:



Observations refer to issues that are so fundamental to the system of internal control that management should address immediately to minimise the risk of a material misstatement within the financial statements.



Observations refer mainly to issues that have an important effect on the system of internal control and, if left uncorrected could potentially lead to a material misstatement within the financial statements.



Observations refer to issues that would, if corrected, improve internal control in general and engender good practice, but is unlikely to have a material impact on the financial statements.

Current Year Issues

Housing benefit payments	
	
During our expenditure cut off testing, we noted Housing benefit payments which straddle the year end were not being correctly accrued and recognised in the correct period. This was discussed with management who acknowledge that whilst this should be done, they believe the impact on the financial statements is immaterial.	**Recommendation** We recommend an exercise is undertaken to identify which housing benefit payments should be accrued each year. **Management comment** The council recognises that it does not follow the usual accruals process in relation to Housing Benefit Expenditure claims that cross over the year end date. This is due to the requirements for subsidy claims to be based on the housing benefit paid out in that financial year, irrespective of the financial year the claim related to. Therefore the council does not make an accrual so that the income recognised for the subsidy claimed from central government matches the expenditure from Housing Benefit payments. The council has performed an analysis of the impact on 2023/24 if the accruals had been made, which indicates that it would have increased expenditure by £67k, which is not material.

Employee Contracts	
	
We sample tested thirty employees substantively back to original contract documentation. Six of the contracts that we tested had not been signed.	**Recommendation** The Council should ensure that all employee contracts have been signed by both parties. **Management comment** Whilst there are some employees the council does not have a signed contract for, these employees are working to the terms and conditions of the contract of employment. The council has recently moved to a new recruitment process through the ITrent system and all contracts now require a signature to move forward.

Right to work documents	
	
In our testing of the thirty employees, four employees did not have appropriate ID or right to work documentation in their personnel files. This was discussed with management who confirmed this was due to their length of service.	**Recommendation** The Council should ensure that appropriate right to work documents are kept for all employees. **Management comment** For some employees that have worked at the council for a longer period of time, we do not have right to work documentation. The council has since changed the process to be much tighter to ensure right to work documentation is obtained, and HR has taken an action to contact the employees where this documentation is missing and ensure it is obtained.

Infrastructure assets	
	
During our physical verification testing, we had requested evidence that one of the infrastructure assets held on the PPE listing still exists and is in use. No such evidence of was able to be provided as the council did not know where this paving was located. This leads to a risk that fixed assets are overstated.	**Recommendation** We recommend a review of the infrastructure assets held is undertaken to ensure that all of these items held as part of PPE still actually exist and remain in use. **Management comment** Agreed.

Review of older S106 balances held within receipts in advance	
	
During our grants received in advance testing, we picked a S106 grant as part of our sample and requested supporting information for the deferred amount. It was identified that this item should have been utilised in the year and should not have been carried forward.	**Recommendation** We recommend a review of all older S106 grants held within the grants received in advance schedule to ensure that amounts held are still appropriate. **Management comment** The Council continues to review and expand its record of historic receipts in advance and, as noted, better record keeping procedures are now in place.

Record keeping for some older grants	
	
During our grants received in advance testing, we noted for any grants which were received prior to 2013 – there are limited / zero records on the movements on these grants between initial receipt and 2013. We acknowledge that these are historic issues which are difficult to rectify as they issues relate to weak record keeping before the employment of the current finance team. We acknowledge that there are now better record keeping processes for these grants in place.	**Recommendation** For any older grants received prior to 2013, we recommend that any gaps are bridged in record keeping as much as possible whilst maintaining your current record keeping system **Management comment** The council continues to review and expand its record of historic receipts in advance and, as noted, better record keeping procedures are now in place.

Journal posting dates	
	
When completing our journal testing, we noted that for some manual journals, the effective date of the journal is documented. The default date is the posting day which is not always updated to reflect the date in which the journal relates.	**Recommendation** We recommend that journals are dated to reflect the day in which the journal relates. **Management comment** The Council will consider the benefits of adjusting the effective dates of manual adjustments.

8. Other matters

Other information

We are also required by the Code of Audit Practice to give an opinion on whether other information published together with the audited financial statements is consistent with the financial statements. Because the 2023/24 opinion is being disclaimed, we also do not express an opinion on whether other information published together with the audited financial statements is consistent with the financial statements

Reporting by exception

We are required to report to you by exception the following matters, if:

- the Annual Governance Statement does not comply with "Delivering Good Governance in Local Government: Framework 2016 Edition" published by CIPFA/SOLACE; or
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014; or
- we make a written recommendation to the Council under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report on these matters.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. No such objections have been raised.

Going concern

Our work has not identified a material uncertainty related to going concern. We are satisfied that management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Value for money arrangements

We are required to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024. The Code of Audit Practice requires us to report on the Council's arrangements under three specified reporting criteria:

- Financial sustainability – how the Council plans and manages its resources to ensure it can continue to deliver its services;
- Governance – how the Council ensures it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness – how the Council uses information about its costs and performance to improve the way it manages and delivers its services.

We asked management to complete an evidenced self-assessment of the Council's arrangements. We then reviewed the evidence provided and carried out follow-up work as appropriate to consider whether there are any significant weaknesses in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources.

We have not identified any significant weakness and the results of the Value for Money work are reported separately in our Auditor's Annual Report.

Whole of Government accounts work

Alongside our work on the financial statements, we also review and report to the National Audit Office on the Council's Whole of Government Accounts (WGA) return. The extent of our review, and the nature of our report, is specified by the National Audit Office.

We have received the group instructions from the National Audit Office in respect of our work on the Council's WGA submission and will complete this work alongside the conclusion of our audit work.

Audit certificate

At the end of the audit, as auditors, we are required to certify the completion of the audit. The effect of this certificate is to close the audit and marks the point when the auditor's responsibilities in respect of the audit of the period covered by the certificate have been discharged.

We cannot formally conclude the audit and issue the audit certificate until we have confirmation from the NAO that no additional work (beyond submission of the Assurance Statement) will be required in respect of the Whole of Government Accounts exercise.

Audit fees

Our final fee for the 2023/24 audit is set out below:

	Fee proposed at planning stage (£)	Final fee (subject to approval by PSAA) (£)
PSAA scale fee 2023/24	175,188	175,188
Fee variation for additional procedures in relation to the revision to ISA 315	TBC	11,995
Fee variation for first year Group audit procedures	TBC	7,070
Fee variation for additional work in respect of the disclaimed 2022/23 opinion		7,106
Total (excluding VAT)	**175,188**	**201,359**

We can confirm that we have not undertaken any non-audit work at the Council during the year.

9. Audit backlog update

On 9 September 2024, the Secretary of State for MHCLG laid regulations to introduce statutory deadlines for publication of audited accounts amending the Accounts and Audit Regulations 2015. This came into force on 30 September with the intention of addressing the backlog in local government accounts.

For the 2023/24 financial year, under these new regulations, an authority must publish its accountability statements (namely its audited statement of accounts, annual governance statement and narrative statement) on or **before 28 February 2025.**

This follows on from proposals from the Department for Levelling Up, Housing and Communities (DLUHC) outlined a comprehensive plan before the general election which involved three key phases to address the audit backlog and reform the local audit process:

1. **Reset Phase**: This phase focuses on clearing the backlog of audits up to the financial year 2022/23 by a proposed backstop date. Auditors would be required to issue opinions based on the work completed at a backstop date, even if it means providing modified or disclaimed opinions due to the tight deadlines.

2. **Recovery Phase**: Following the reset, this phase aims to stabilize the audit process and prevent future backlogs by setting clear backstop dates for subsequent years. The goal is to ensure that audits are completed timely while maintaining auditor independence and compliance with auditing standards.

3. **Reform Phase**: This long-term phase addresses systemic challenges within the local audit system. It includes measures to enhance auditor capacity, improve financial reporting standards, and ensure sustainable and timely audits. The Financial Reporting Council (FRC) and other system partners will play a crucial role in implementing these reforms.

The intention when this plan was issued was that the backstop date for 2022/23 audits would be 30 September 2024. The general election delayed the finalisation of plans and supporting changes in legislation and guidance required. The first backstop date has now been set as 13 December 2024 to clear the backlog of unaudited accounts up to and including financial year 2022/23.

The legislation includes five further backstop dates up to and including financial year 2027/28 to allow for a phased return to a timely audit sign-off. The proposed backstop dates are:

- FY up-to-and-including 2022/23: 13 December 2024
- FY 2023/24: 28 February 2025
- FY 2024/25: 27 February 2026
- FY 2025/26: 31 January 2027
- FY 2026/27: 30 November 2027
- FY 2027/28: 30 November 2028

Appendices

1. Letter of representation

Bishop Fleming LLP
Salt Quay House
4 North East Quay
Sutton Harbour
Plymouth
Devon
PL4 0BN

[Date]

Dear Sirs

Cherwell District Council

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

The following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience such as we consider necessary in connection with your audit of the Cherwell District Council (the Council) financial statements (and its subsidiary undertakings) for the year ended 31 March 2024. These enquiries have included inspection of supporting documentation where appropriate and are sufficient to satisfy ourselves that we can make each of the following representations. All representations are made to the best of our knowledge and belief.

1. **General**

   We have fulfilled our responsibilities for the preparation of the group and Council's financial statements in accordance with International Financial Reporting Standards and the CIPFA/ LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code) and applicable law and for being satisfied that they give a true and fair view and for making accurate representations to you.

   All the transactions undertaken by the group and the Council have been properly reflected and recorded in the accounting records.

   All the accounting records have been made available to you for the purpose of your audit of the group and the Council. We have provided you with unrestricted access to all appropriate persons within the Council, and with all other records and related information requested, including minutes of all Council and Committee meetings.

   The financial statements are free of material misstatements, including omissions.

   The effects of uncorrected misstatements (as set out in the appendix to this letter) are immaterial both individually and in total.

2. **Internal control and fraud**

   We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error, and we believe that we have appropriately fulfilled these responsibilities. We have disclosed to you the results of our risk assessment that the financial statements may be misstated as a result of fraud.

   We have disclosed to you all instances of known or suspected fraud affecting the group and the Council involving management, employees who have a significant role in internal control or others where fraud could have a material effect on the financial statements.

   We have also disclosed to you all information in relation to allegations of fraud or suspected fraud affecting the group and the Council's financial statements communicated by current or former employees, analysts, regulators or others.

3. **Assets and liabilities**

The group and the Council has satisfactory title to all assets and there are no liens or encumbrances on the group and the Council's assets, except for those that are disclosed in the notes to the financial statements.

Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include PPE and investment property valuations, pension liability and NNDR provisions

All actual liabilities, contingent liabilities and guarantees given to third parties have been recorded or disclosed as appropriate.

We have no plans or intentions that may materially alter the carrying value and, where relevant, the fair value measurements or classification of assets and liabilities reflected in the financial statements.

4. **Accounting estimates**

The methods, data and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement and disclosure that is reasonable in the context of the applicable financial reporting framework.

5. **Legal claims**

We have disclosed to you all claims in connection with litigation that have been, or are expected to be, received and such matters, as appropriate, have been properly accounted for and disclosed in the financial statements.

6. **Laws and regulations**

We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.

We confirm that all correspondence with our Regulators has been made available to you.

7. **Related parties**

Related party relationships and transactions comply with the Council's financial regulations, relevant requirements of the Code and have been appropriately accounted for and disclosed in the financial statements. We have disclosed to you all relevant information concerning such relationships and transactions and are not aware of any other matters which require disclosure in order to comply with regulatory, legislative and accounting standards requirements.

8. **Subsequent events**

All events subsequent to the date of the financial statements which require adjustment or disclosure have been properly accounted for and disclosed.

9. **Going concern**

We believe that the group and the Council's financial statements should be prepared on a going concern basis on the grounds that the financial reporting framework applicable to local government bodies means that the anticipated continued provision of entity's services in the public sector is normally sufficient evidence of going concern. We have not identified any material uncertainties related to going concern.

10. **Annual Governance Statement**

We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

11. **Narrative Report**

The disclosures within the Narrative Report fairly reflect our understanding of the group and the Council's financial and operating performance over the period covered by the Council's financial statements.

We acknowledge our legal responsibilities regarding disclosure of information to you as auditors and confirm that so far as we are aware, there is no relevant audit information needed by you in connection with preparing your audit report of which you are unaware.

We have taken all the appropriate steps in order to make ourselves aware of any relevant audit/ other information and to establish that you are aware of that information.

Yours faithfully

.....

Signed on behalf of the Accounts, Audit and Risk Committee of Cherwell District Council

[Date]

Appendix

Unadjusted items

The table below provides details of adjustments identified during the 2023/24 audit which have not been made within the final set of financial statements. The Audit Committee is required to approve management's proposed treatment of all items recorded within the table below. (These are also set out in the Letter of Representation.)

	Comprehensive Income and Expenditure Statement		Balance sheet	
	Dr	Cr	Dr	Cr
	£'000	£'000	£'000	£'000
Repairs and Maintenance	118			
Other debtors				118
Being the extrapolated error identified during other debtors testing				
Accruals			158	
Management Fee		158		
Extrapolated error identified in other expenditure testing, driven by the management fee accrual difference				
Grants received in advance			241	
Grants income		241		
Extrapolated error identified on grants received in advance – driven by the planning skills delivery grant which should have been recognised in the year				
PPE				136
Revaluation Reserve			136	
Extrapolated error identified during PPE testing, driven by difference in NIA of the Bodicote House Floor plan				
Total	**118**	**399**	**535**	**254**

2. Required communications with the Accounts, Audit and Risk Committee

Under the auditing standards, there are certain communications that we must provide to the Accounts, Audit and Risk Committee as those charged with governance. These include:

Required communication	Where addressed
Our responsibilities in relation to the financial statement audit and those of management and those charged with governance.	Audit Plan
The planned scope and timing of the audit including any limitations, specifically including with respect to significant risks.	Audit Plan
With respect to misstatements: • uncorrected misstatements and their effect on our audit opinion; • the effect of uncorrected misstatements related to prior periods; • a request that any uncorrected misstatement is corrected; and • in writing, corrected misstatements that are significant.	Audit Completion Report
With respect to fraud communications: • enquiries of those charged with governance to determine whether they have a knowledge of any actual, suspected or alleged fraud affecting the entity; • any fraud that we have identified or information we have obtained that indicates that fraud may exist; and • a discussion of any other matters related to fraud.	Audit Completion Report Discussions at audit committees
Significant matters arising during the audit in connection with the entity's related parties.	Audit Completion Report
Significant findings from the audit including: • our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures; • significant difficulties, if any, encountered during the audit; • significant matters, if any, arising from the audit that were discussed with management; • written representations that we are seeking; • expected modifications to the audit report; and • other matters significant to the oversight of the financial reporting process or otherwise identified during the audit that we believe will be relevant to the Committee when fulfilling their responsibilities.	Audit Completion Report
Significant deficiencies in internal controls identified during the audit.	Audit Completion Report
Where relevant, any issues identified with respect to authority to obtain external confirmations or inability to obtain relevant and reliable audit evidence from other procedures.	Audit Completion Report
Audit findings regarding non-compliance with laws and regulations	Audit Completion Report Discussions at audit committees
Significant matters in relation to going concern.	Audit Completion Report
Indication of whether all requested explanations and documents were provided by the entity.	Audit Completion Report
Confirmation of independence and objectivity of the firm and engagement team members.	Audit Plan Audit Completion Report

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ICAEW CHARTERED ACCOUNTANTS

KRESTON UK

This report is public	
External Audit Plan 2024/25	
Committee	Accounts, Audit and Risk Committee
Date of Committee	19 March 2025
Portfolio Holder presenting the report	Deputy Leader and Portfolio Holder for Finance, Property & Regeneration Councillor Lesley McLean
Date Portfolio Holder agreed report	6 March 2025
Report of	Assistant Director of Finance, (Section 151 Officer),

Purpose of report

To receive the External Audit Plan for 2024/25 from the Council's external auditors, Bishop Fleming LLP.

1. Recommendations

The Accounts, Audit and Risk Committee resolves:

1.1 To note the External Audit Plan for 2024/25 (Appendix 1).

2. Executive Summary

2.1 The Council's external auditors, Bishop Fleming, have provided their plan for the 2024/25 external audit for members to note and provide an opportunity for discussion.

Implications & Impact Assessments

Implications	Commentary
Finance	There are no financial implications arising directly from this report. The external audit fees are set and approved by Public Sector Audit Appointments Limited. The council has sufficient budget set aside for the external audit fees as set out in the audit plan. Michael Furness, Assistant Director of Finance, 05 March 2025
Legal	There are no legal implications arising directly from this report. Denzil Turbervill, Head of Legal, 05 March 2025
Risk Management	There are no risk management implication arising directly from this report. Celia Prado-Teeling, Performance Team Leader, 07 March 2024

Impact Assessments	Positive	Neutral	Negative	Commentary
Equality Impact				Not Applicable
A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?				N/A
B Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?				N/A
Climate & Environmental Impact				N/A
ICT & Digital Impact				N/A
Data Impact				N/A
Procurement & subsidy				N/A
Council Priorities	N/A			
Human Resources	N/A			
Property	N/A			
Consultation & Engagement	N/A			

Supporting Information

3. Background

3.1 Bishop Fleming have been appointed as the Council's external auditor by Public Sector Audit Appointments for 2023/24 – 2027/28. Under the auditing standards auditors are required to provide certain communications to those charged with governance. The audit plan for 2024/25 is part of these required communications,

and covers the auditors' responsibilities in relation to the audit and the planned scope and timing of the audit.

4. Details

4.1 Bishop Fleming have provided the Council with their Audit Plan (attached as Appendix 1) which sets out how they intend to carry out their responsibilities as our auditor. The purpose of the report is to provide the Accounts, Audit & Risk Committee with a basis to review the proposed audit approach and scope for the 2024/25 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. It is also to ensure that the audit is aligned with the Committee's service expectations.

4.2 This Audit Plan summarises the initial assessment of the key risks driving the development of an effective audit for the Council and outlines the planned audit strategy in response to those risks.

4.3 A new risk area for 2024/25 outlined in the audit plan is around the implementation of IFRS 16 – leases, a new accounting standard the council must adopt for 2024/25. This is not considered to be a significant risk, but the auditors will complete additional work to address the potential risk of the new standard being implemented incorrectly.

4.4 Bishop Fleming welcome the opportunity to discuss their report with the Committee, as well as to understand whether there are other matters which the Committee consider may influence their audit.

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: No alternative options have been identified as this report is for information only, however, members may wish to request further information from Council officers and Bishop Fleming.

6 Conclusion and Reasons for Recommendations

6.1 This report is to update members on the planning for the external audit for 2024/25. This is for information only, and members are therefore recommended to note the report and provide comments on the External Audit Plan.

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	External Audit Plan for the year ended 31 March 2025
Background Papers	None
Reference Papers	None
Report Author	Alex Rycroft
Report Author contact details	Alex.rycroft@cherwell-dc.gov.uk, 01295 221 541
Corporate Director Approval (unless Corporate Director or Statutory Officer report)	N/A – Statutory Officer report

Bishop Fleming

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External Audit Plan
Cherwell District Council

For the year ended 31 March 2025



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3. Sector updates

Welcome

The purpose of this report is to give you an overview of the nature and scope of our audit work and bring to your attention the key aspects of the audit. The document also ensures that there is good communication between us, as auditors, and you.

If you have any queries regarding the plan, including the arrangements noted below, then please do not hesitate to contact us.

This Audit Plan has been prepared for the sole use of the management and those charged with governance of the Council. Except where required by law or regulation, this report should not be made available to any other parties without our prior written consent. No responsibilities are accepted by Bishop Fleming towards any party acting or refraining from action as a result of this plan.

We are issuing our 2024/25 External Audit Plan now to ensure that there is timely discussion of the key areas of focus. As your 2023/24 external audit was disclaimed there may be some further changes to our approach, depending on sector development in rebuilding assurance. We will communicate any changes with you, as our audit progresses.

Craig Sullivan – Key Audit Partner

T: 01752 234324
E: csullivan@bishopfleming.co.uk

1. General Audit Information

Engagement objectives and scope

The scope of our work is set in accordance with the National Audit Office's Code of Audit Practice (The Code) and the International Standards on Auditing (ISAs) (UK). Our work is planned to provide a focused and robust audit. We are required to provide an independent opinion as to whether the financial statements:

- give a true and fair view of the financial position of the Council at the year end and of its expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Throughout the audit we will also ensure that, in line with the latest Auditing Standards, we communicate on a regular basis with the Accounts, Audit and Risk Committee as those charged with governance.

We are also required to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2025. The Code of Audit Practice requires us to report on the Council's arrangements under three specified reporting criteria:

- Financial sustainability – how the Council plans and manages its resources to ensure it can continue to deliver its services;
- Governance – how the Council ensures it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness – how the Council uses information about its costs and performance to improve the way it manages and delivers its services.

The respective responsibilities of the audited body and the auditor are summarised in The Code. They are also set out in the PSAA Statement of Responsibilities of auditors and audited bodies issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as your external auditor.

Audit reports

Financial statements

On completion of our audit work on the financial statements, we will issue our Audit Completion Report to the Accounts, Audit and Risk Committee, which will set out our findings.

In our auditor's report, we will report on the basis under which the financial statements have been prepared and whether they give a true and fair view. The audit report will also:

- report on whether other information presented with the audited financial statements (for example, the Narrative Report and Annual Governance Statement) is materially consistent with the financial statements or our knowledge obtained in the audit; and
- conclude on the appropriateness of management's use of the going concern basis of accounting.

The form and content of our auditor's report may need to be amended in light of our audit findings.

We are required to report to you by exception the following matters, if:

- the Annual Governance Statement does not comply with "Delivering Good Governance in Local Government: Framework 2016 Edition" published by CIPFA/SOLACE; or
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014; or

- we make a written recommendation to the Council under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

Where no matters are identified, this will also be confirmed.

Value for Money arrangements

On the completion of our work on whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources, we will issue our Auditor's Annual Report to the Accounts Audit and Risk Committee. This will provide a commentary on the Council's arrangements under the three specified criteria. The report will also set out whether any significant weaknesses were identified and any relevant recommendations.

Audit materiality

In planning and performing our audit work we will consider whether the financial statements are free from 'material misstatement'.

Materiality is an expression of the relative significance of a particular matter in the context of the financial statements as a whole. In general, misstatements, including omissions, are considered to be material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

The assessment of whether a misstatement is material in the context of the financial statements is a matter of professional judgement and will have regard to both the size and the nature of the misstatement, or a combination of both. It is also affected by our perception of the financial information needs of users of the financial statements. Thus, different materiality levels may be appropriate when considering different aspects of the financial statements.

If there are any areas of specific concern in which you would like us to pay particular attention to then we will be pleased to discuss this with you, and whether our audit approach can be readily adapted to accommodate such a level in that area, or whether it will be more appropriate for a special exercise to be carried out on the area.

Our basis of materiality has been set as follows:

	Basis of materiality
Cherwell District Council - Group	2% of gross expenditure This equates to £3,060k
Cherwell District Council	2% of gross expenditure This equates to £1,921k

Whilst the level of materiality is applied to the financial statements as a whole, we must also address the risk that any identified unadjusted audit differences are material when considered in aggregate. To reduce the risk of this being the case, we apply a lower level of materiality which we utilise within our work, known as Performance Materiality. This is set at a lower level than overall materiality and is determined by our assessment of the element of audit risk that pertains to the internal control environment of the Council.

Risk assessment and significant risks

Financial statements

When planning our audit work, we will seek to minimise the risk of material misstatements occurring in the financial statements. To do this, we consider both the risk inherent in the financial statements themselves and the control environment in which the Council operates. We then use this assessment to develop an effective approach to the audit.

This risk assessment directs our testing towards the balances and transactions at the greatest risk of material misstatement so as to minimise the risk of undetected material misstatements. However, we do not test every group of transactions or balances but carry out sample testing of balances and transactions. Therefore, there is an inherent and unavoidable risk that some material misstatements may not be detected and therefore audit procedures should not be relied upon to detect all material misstatements, fraud, irregularities or instances of non-compliance.

Based on our knowledge of the Council, we have identified the following as significant risk areas to be addressed during the audit along with our proposed audit approach.

Significant risks:

Risk	Audit Approach
Management override of controls (required under the ISAs)	We are required by auditing standards (ISA 240) to consider fraud and management override of controls to be a significant risk for all audits as no matter how strong a control environment, there is the potential for controls to be overridden or bypassed. To address this risk, we will: • Review the reasonableness of accounting estimates and critical judgements made by management; • Test material journals processed at the year-end; and • Test other journals with key risk attributes. In testing journals, we will use data analytics tools to interrogate the whole population of journals posted in the year and focus on those with key risk factors.
Valuation of land and buildings	There is a risk over the valuation of these assets due to the values involved and the high degree of estimation uncertainty, due to the sensitivity of the estimate to changes in key assumptions and judgements. To address this risk, we will: • Document our understanding of the processes and controls put in place by management, and evaluate the design of the controls; • Review the instructions provided to the valuer and the valuer's skills and expertise, in order to determine if we can rely on the management expert; • Write to the valuer to confirm the basis on which the valuation was carried out; • Confirm that the basis of valuation for assets valued in year is appropriate based on their usage; • Review the appropriateness of assumptions used in the valuation of land and buildings. For assets not formally revalued in the year we will assess how management has satisfied itself that these assets are not materially different from the current value at the year-end; • Review accuracy and completeness of information provided to the valuer, such as floor areas; • Test a sample of revaluations made during the year to ensure that they have been input correctly into the Council's asset register; and • Form our own expectations regarding the movement in property values and comparing this to the valuations reflected in the Council's financial statements, following up valuation movements that appear unusual.

Risk	Audit Approach
Valuation of investment properties	There is a risk over the valuation of these assets due to the values involved and the high degree of estimation uncertainty, due to the sensitivity of the estimate to changes in key assumptions. To address this risk, we will: • Document our understanding of the processes and controls put in place by management, and evaluate the design of the controls; • Review the instructions provided to the valuer and the valuer's skills and expertise, in order to determine if we can rely on the management expert; • Write to the valuer to confirm the basis on which the valuation was carried out; • Confirm that the basis of valuation for assets valued in year is appropriate based on their usage; • Review the appropriateness of assumptions used in the valuation; • Review accuracy and completeness of information provided to the valuer, such as floor areas; • Test a sample of revaluations made during the year to ensure that they have been input correctly into the Council's asset register; and • Form our own expectations regarding the movement in property values and comparing this to the valuations reflected in the Council's financial statements, following up valuation movements that appear unusual.
Valuation of the pension fund net liability	There is a risk over the valuation of the pension fund net liability due to the values involved and the high degree of estimation uncertainty, due to the sensitivity of the estimate to changes in key assumptions. To address this risk, we will: • Document our understanding of the processes and controls put in place by management, and evaluate the design of the controls; • Review the instructions provided to the actuary and the actuary's skills and expertise, in order to determine if we can rely on the management expert; • Consider the accuracy and completeness of the information provided to the actuary; • Ensure that the disclosures in the financial statements in respect of the pension fund liability are consistent with the actuarial report from the actuary; • Carry out procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and • Obtain assurances from the auditor of Oxfordshire Pension Fund in respect of the controls around the validity and accuracy of membership data, contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.

As part of our planning, we have rebutted the risks of fraud in revenue recognition (required under the ISAs) and fraud in expenditure recognition (required under the Financial Reporting Council's Practice Note 10: Audit of Financial Statements and regularity of public sector bodies in the United Kingdom).

Other risks:

For the 2024/25 audit, we have included an 'other risk' relating to the first-year implementation of IFRS 16 Leases.

Risk	Audit Approach
Implementation of IFRS 16 Leases	2024/25 will be the first year in which local government bodies are required to implement the provisions of IFRS 16 leases. There are transitional arrangements in place for the 'cumulative catch-up' approach mandated by CIPFA in the 2024/25 Code of Practice which will require an adjustment to the opening balances as well as supporting disclosures in the accounts. The value of the right of use assets and lease liabilities arising will depend on the nature and value of the underlying leases as well as assumptions adopted by the Council for the incremental borrowing rate. From discussions with officers the risk of material misstatement at Cherwell District Council is expected to be minimal based on the value of the estimate and its sensitivity to changes in assumptions. Therefore we do not consider this to be a significant risk, but as this is the first year of implementation, we have included this as an 'other risk' in our Audit Plan. To address this risk, we will: • Document our understanding of the processes and controls put in place by management for identifying lease contracts, including those not covered by the transitional arrangements, and evaluate the design of the controls; • Review the appropriateness of assumptions used in calculating the estimate; • Review the completeness and accuracy of the data gathering exercise; • Confirm the appropriateness of application of exemptions for existing contracts such as short term and low value leases; • Review the required transitional disclosures and the application of the adjustment to the opening balances; and, • Test a sample of leases for accuracy in calculating the right of use asset and lease liabilities. Additional guidance on the implementation of the new standard is included in Appendix 2 of this Audit Plan.

We will report back to you, as part of our completion audit work, on the outcome of our work addressing both the significant and other risk areas.

Value for money arrangements

As part of our planning work, we have also considered whether there are any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources that we need to perform further procedures on.

We have not identified any risks of significant weakness at this stage.

We will keep our risk assessment under continual review and any changes will be communicated to those charged with governance.

Control environment

Through our audit planning procedures, we will continue to develop our understanding of the control environment in which the Council operates. At the time of issuing our Audit Plan we have concluded that the control environment in which the Council operates is effective and we will tailor our audit approach accordingly.

Although we consider that the Council operates effective and formalised controls, we will not incorporate controls-based testing into our audit approach. Therefore, our work will focus on substantive procedures.

Adjusted and unadjusted items

Of the potential audit adjustments that we identify during our audit work, some may require adjustment. The decision to make an adjustment to the financial statements is one that the Council will need to make.

At the conclusion of the audit, we shall provide you with a schedule of potential adjustments that we identified during our audit work.

We will require you to confirm that you have considered the items and whether you have decided to adjust them in the financial statements; this will be included in the letter of representation.

We shall also provide you with a schedule, detailing those items that we identified during our audit work, which have not been adjusted for in the financial statements. This summary will not include errors that are 'clearly trivial', defined by us as those errors which individually account for no more than 5% of our materiality level.

We will require you to confirm that you have duly considered these unadjusted errors and that you have decided not to adjust for them in the financial statements; this will also be included in the letter of representation.

Fraud

While the Council has the ultimate responsibility for the prevention and detection of fraud, we are required to obtain reasonable assurance that the financial statements are free from material misstatement, including those arising as a result of fraud. Our audit approach includes the consideration of fraud throughout the audit, including making enquiries of management and those charged with governance.

Prior year recommendations

We will follow up on the progress made by the Council in addressing the recommendations made by us in respect of issues reported in our 2023/24 Audit Completion Report and our 2023/24 Auditor's Annual Report.

2. The Audit Team

Key Audit Partner:	Craig Sullivan
Email:	csullivan@bishopfleming.co.uk
Manager:	Mark Bartlett
Email:	mbartlett@bishopfleming.co.uk

3. Timetable

A full audit timetable has been included below:

Cherwell District Council YEAR END: 31 March 2025			
Date	**Requirement**	**Bishop Fleming**	**Council**
Throughout 2025	Regular liaison meetings with management and the Chair of Accounts Audit and Risk Committee	✓	✓
w/c 5 March 2025	Date for issue of audit deliverables	✓	
TBC	Date for receipt of audit deliverables		✓
w/c 10 March 2025	Planning procedures and interim audit work undertaken, examining systems and controls in place, and completion of early substantive testing on transactions to January/February 2025.	✓	✓
TBC	Date for receipt of VFM self-assessment from management		✓
TBC	Audit team to undertake VFM work	✓	
30 June 2025	Date for receipt of the draft financial statements		✓
w/c 18 August 2025	Audit fieldwork to be undertaken, completing work on significant risk areas and other material balances.	✓	✓
TBC	Audit completion meeting to discuss draft Audit Completion Report	✓	✓
TBC	Presentation of Audit Completion Report and Auditor's Annual Report to those charged with governance	✓	✓

4. Audit Fees

Cherwell District Council, in line with most other local government bodies, opted into the national scheme run by Public Sector Audit Appointments (PSAA) for the appointment of its external auditor for the five-year period with effect from 2023/24. PSAA set the scale fee for the audit of Cherwell District Council under the contract. The audit scale fee set by PSAA for the Council and our proposed variations are set out below:

PSAA scale fee 2024/25	£190,874
Proposed fee variations at the planning stage:	
Review of implementation of IFRS 16	TBC
Additional procedures required to build back assurance	TBC
Additional procedures in respect of the new ISA600 – Group audits	TBC
Total (excluding VAT)	**TBC**

The scale fees set by PSAA:

- are based on the expectation that complete and materially accurate financial statements, with supporting working papers, will be available within agreed timeframes (as set out in PSAA's Statement of Responsibilities document); and
- reflect as far as possible the previous assessment of audit risk and complexity.

Where work was substantially more or less than envisaged by the scale fee, we will propose that the fees should be varied. PSAA determine the outcome of any fee variations. The proposed fee variations set out above reflect issues that were not reflected in the scale fee when it was set by PSAA.

As the individual responsible for the project management of the audit, Mark Bartlett will monitor the position in relation to any issues that could potentially give rise to a fee variation and discuss them with the s.151 officer at the earliest opportunity.

There are no non-audit fees proposed at the planning stage.

5. Ethical Issues

In order to comply with professional and ethical standards we are required to communicate to you all significant facts and matters that, in our professional judgement, may affect the firm's independence. This is for reference only, and unless you wish to make any comments, there is no need to respond.

Threats & safeguards

The standards require us to consider the perceived potential threats to our objectivity and independence in carrying out the audit. We are not providing any other audit related or non-audit related services. We have not identified any threats to the firm's independence.

Overall assessment

We can confirm that we comply with the Financial Reporting Council's (FRC) Ethical Standard and are able to issue an objective opinion on the financial statements. There are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention.

Maintaining objectivity & independence

As a firm we have policies and procedures in place to monitor auditor objectivity and independence on a regular basis. If any additional threats are identified, we will of course advise you immediately.

We also perform an annual review of completed audit engagements for quality control purposes.

If you would like to discuss any of the above, please contact us.

Appendices

1. Required communications with the Accounts Audit and Risk Committee

Under the auditing standards, there are certain communications that we must provide to the Accounts Audit and Risk Committee as those charged with governance. These include:

Required communication	Where addressed
Our responsibilities in relation to the financial statement audit and those of management and those charged with governance.	Audit Plan
The planned scope and timing of the audit including any limitations, specifically including with respect to significant risks.	Audit Plan
With respect to misstatements: • uncorrected misstatements and their effect on our audit opinion; • the effect of uncorrected misstatements related to prior periods; • a request that any uncorrected misstatement is corrected; and • in writing, corrected misstatements that are significant.	Audit Completion Report
With respect to fraud communications: • enquiries of those charged with governance to determine whether they have a knowledge of any actual, suspected or alleged fraud affecting the entity; • any fraud that we have identified or information we have obtained that indicates that fraud may exist; and • a discussion of any other matters related to fraud.	Audit Completion Report Discussions at Accounts, Audit and Risk Committees
Significant matters arising during the audit in connection with the entity's related parties.	Audit Completion Report
Significant findings from the audit including: • our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures; • significant difficulties, if any, encountered during the audit; • significant matters, if any, arising from the audit that were discussed with management; • written representations that we are seeking; • expected modifications to the audit report; and • other matters significant to the oversight of the financial reporting process or otherwise identified during the audit that we believe will be relevant to the Committee when fulfilling their responsibilities.	Audit Completion Report
Significant deficiencies in internal controls identified during the audit.	Audit Completion Report
Where relevant, any issues identified with respect to authority to obtain external confirmations or inability to obtain relevant and reliable audit evidence from other procedures.	Audit Completion Report
Audit findings regarding non-compliance with laws and regulations	Audit Completion Report Discussions at Accounts, Audit and Risk Committees
Significant matters in relation to going concern.	Audit Completion Report
Indication of whether all requested explanations and documents were provided by the entity.	Audit Completion Report
Confirmation of independence and objectivity of the firm and engagement team members.	Audit Plan Audit Completion Report

2. Implementation of IFRS 16 Leases

The CIPFA Code of Practice 2024/25 requires local authorities to adopt the provisions of IFRS 16 Leases from 1 April 2024. This standard replaces IAS 17 Leases.

The Code includes one adaptation to the standard for leases with nil consideration and several interpretations for the transitional arrangements applied at 1 April 2024. Under the transitional arrangements, local authorities are required to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 Leases and IFRIC 4.

The key tasks for authorities are:

- To apply the standard to any leases classified as such under IAS 17
- Consider any exemptions for existing contracts (short term and low value leases)
- Review any arrangements which are not covered by the transitional provisions (leases for nil consideration and, where relevant, housing tenancies)
- Determine and adopt accounting policies for recognition and measurement at transition
- Document key judgements and estimates
- Adjust opening balance sheet at transition (1 April 2024) for cumulative impact

CIPFA has mandated a 'cumulative catch-up' approach, in which the application is retrospective but does not restate comparative information. The cumulative effect of initial application should be recognised as an adjustment to the opening balances at the date of initial application (1 April 2024).

In the year of implementation additional disclosures will be required confirming that the change in accounting policy is in accordance with transitional provisions in Code and describing the nature of the change in accounting policy and the transitional provisions. Authorities will also be required to explain the difference between the operating lease commitments disclosed at 31 March 2024, discounted using the incremental borrowing rate at application date, and liabilities recognised at initial application date, and disclose the weighted average incremental borrowing rate applied to lease liabilities recognised in the Balance Sheet at the date of initial application.

As your auditors, we will engage with you to undertake early work on arrangements for transitional implementation as part of our interim audit. In order to facilitate this, best practice for authorities will be to prepare an accounting paper detailing:

- what the authority has done to identify arrangements covered by the Code's definition of a lease, including those which may not be covered by the transitional provisions such as those for nil consideration
- key accounting policy approaches, including the threshold for low value items and the framework for determining discount rates, and any supporting detail for those judgments
- any application of materiality and the justification for this, and the approach to determining any arrangements for consolidating leases into portfolios
- draft disclosures for the impact of the transitional arrangements.

3. Sector updates

Devolution and Local Government Reorganisation

On 16 December 2024 the Secretary of State for Housing, Communities and Local Government published the English Devolution White paper. The White Paper announced planned changes to the Devolution Framework, aimed at "completing the map" by establishing new Strategic Authorities throughout England. Although the White Paper allows for other options, these Strategic Authorities are intended to be partnerships of multiple Local Authorities across a large geography with their own Mayor. These Strategic Authorities will be given a range of competences in areas such as transport and local infrastructure and skills and employment support and empowered to deliver on them.

In concert with the Devolution Framework, the White Paper also announced a significant programme of Local Government Reorganisation. The programme will see an end to the remaining two-tier areas, with all local authorities reorganised into unitary councils. It is expected that these new unitary councils will have a minimum population of 500,000. The government's plan is for devolution and reorganisation to work in sequence in order to facilitate changes being made quickly, based on the proposals put forward by existing authorities.

Since the White Paper was published, six new devolved areas have been announced under the Devolution Priority Programme – Cumbria, Cheshire and Warrington, Greater Essex, Hampshire and Solent, Norfolk and Suffolk, and Sussex and Brighton.

Local audit reform and the local audit backstop

The White Paper also included proposals for local audit reform. A consultation was held from 18 December 2024 to 29 January 2025 to receive responses in this area. As of 12 February 2025, the Financial Reporting Council (FRC) stepped back from the role of system leader for local audit, to be replaced by the Local Audit Office which will combine powers and responsibilities currently dispersed across the sector.

Local audit reform follows on from the backstop arrangements implemented in 2024 to address the outstanding backlog of local authority audits. Outstanding audit opinions for the financial years 2022/23 and earlier were required to be issued by 13 December 2024 except in exceptional circumstances, in the form of a disclaimer if necessary. For 2023/24 opinions, this date was 28 February 2025. The system is intended to allow both local authorities and audit providers to focus their resources on current years of account, with the intention to rebuild assurance across a number of years in cases where disclaimers of opinion were necessary. For the next four years, the statutory publication date for unaudited accounts will be 30 June, while the planned backstop dates are:

- 2024/25: 27 February 2026
- 2025/26: 31 January 2027
- 2026/27: 30 November 2027
- 2027/28: 30 November 2028

Bishop Fleming

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This is a public report	
2024/25 Accounting Policies	
Committee	Accounts, Audit and Risk Committee
Date of Committee	19 March 2025
Portfolio Holder presenting the report	Deputy Leader and Portfolio Holder for Finance, Property and Regeneration, Councillor Lesley McLean
Date Portfolio Holder agreed report	26 February 2025
Report of	Assistant Director of Finance (S151 Officer)

Purpose of report

To ask the Committee to review and approve the Accounting Policies for inclusion in the 2024/25 Statement of Accounts which are due to be published by 30 June 2025. 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.

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 which set out the specific principles, bases, conventions, rules, and practices applied by an authority in preparing and presenting the financial statements for the year. The accounting policies describe how the council has interpreted and applied the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting.

2.2 The only material changes to the accounting policies for 2024/25 is to reflect the change in accounting practices required by CIPFA in adopting International Financial Reporting Standard 16 - Leases. The primary impact of this change is that where the council is leasing in assets there will be a ‘right of use asset’ recognised on the balance sheet, whereas previously this was not done for leases treated as operating leases. See section 4.5-4.6 for more detail on this change. The other minor changes are to update the “going concern” section to reflect the council’s current position, and some minor wording clarifications.

Implications & Impact Assessments

Implications	Commentary			
Finance	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. Joanne Kaye, Head of Finance, 26 February 2025			
Legal	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. Denzil Turbervill, Head of Legal, 26 February 2025			
Risk Management	There are no risk management implications arising directly from this report. Celia Prado-Teeling, Performance Team Leader, 26 February 2025			
Impact Assessments	Positive	Neutral	Negative	Commentary
Equality Impact				
A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		X		Not Applicable – the council's accounting policies only impact the financial statements and so has no impact on residents.
B Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		X		Not Applicable – the council's accounting policies only impact the financial statements and so has no impact on residents.
Climate & Environmental Impact				N/A
ICT & Digital Impact				N/A
Data Impact				N/A

Procurement & subsidy				N/A
Council Priorities	N/A			
Human Resources	N/A			
Property	N/A			
Consultation & Engagement	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 2024/25 is required to be published by 30 June 2025. Officers expect to publish to the council's website a draft of the statement of accounts by the end of June 2025 for a period of public consultation.

4.3 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.

4.4 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 2024/25 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.

4.5 In line with the CIPFA Code, the council has adopted International Financial Reporting Standard (IFRS) 16 – Leases for the 2024/25 financial year. IFRS 16 changes the accounting requirements for leases where the council is the lessee (i.e. the council is leasing an asset from a third party) to ensure that for all leases a 'right of use' asset and a corresponding lease liability are recognised on the balance sheet. This change effectively removes the previous 'operating lease' category for lessees, which did not impact the balance sheet and lease payments were treated as expenditure. Under the new standard lease payments will be split into a principal amount charged against the lease liability, and an interest element which is charged to expenditure.

4.6 The leases accounting policy has been revised to reflect the updated standard. One of the key decisions the council makes as part of the new standard is the setting of the threshold below which low-value items are excluded. The council has adopted a threshold of £10,000, matching the de minimis limit for capitalisation of expenditure.

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:
To reject the proposed accounting policies and make alternative recommendations. This has been rejected as the current accounting policies are in line with sector guidance and current practice.

6 Conclusion and Reasons for Recommendations

6.1 Accounts, Audit and Risk Committee is invited to review and ratify the Accounting Policies for 2024/25, to ensure that the council is able to prepare and publish the draft statement of accounts for 2024/25 by the statutory deadline of the 30 June.

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	Accounting Policies 2024/25

Appendix 2	Glossary of Terms
Background Papers	None
Reference Papers	Accounts Audit and Risk Committee report 20 March 2024 - Accounting Policies 2023/24
Report Author	Alex Rycroft, Strategic Finance Business Partner
Report Author contact details	01295 221541 Alex.Rycroft@cherwell-dc.gov.uk
Corporate Director Approval (unless Corporate Director or Statutory Officer report)	N/A – Statutory Officer report

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Appendix 1

Note 1 – Accounting Policies

General principles

The Statement of Accounts summarises the council's transactions for the 2024/25 financial year and its position at the year-end of 31st March 2025. The council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, which those Regulations require to be prepared in accordance with proper accounting practices.

These practices under Section 21 of the Local Government Act 2003 primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 and the Service Reporting Code of Practice 2024/25, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

1.1 Going Concern

The accounts are prepared on a going concern basis; that is, on the assumption that the functions of the council will continue in operational existence for the foreseeable future from the date that the accounts are authorised for issue.

The council has carried out a detailed assessment of economic pressures on its financial position and performance during 2024/25 as part of the budget setting process. This included consideration of the following:

- Additional expenditure on a service-by-service basis, e.g., extra inflationary and service demand pressures.
- The impact of the above on the council's cash flow and treasury management, including availability of liquid cash, impact on investment returns, and availability of external borrowing if required.
- The estimated overall impact on the council's General Fund

As set out in the 2025/26 Budget and Medium-Term Financial Strategy up to 2029/30 approved by Council in February 2025, the council has set aside a contingency to cover potential inflation of £1.0m. The council also set a contingency budget for market risk and general contingency throughout the medium term.

The council's Medium-Term Financial Strategy identifies that the council needs to identify savings of £4.9m in 2026/27. This is primarily due to a forecast reduction in resources from business rates and central government grants, combined with forecast increased costs due to inflation.

In addition to continuing to lobby policy makers, highlighting where the council has been delivering growth and driving benefits to others, the council has developed a strategy to meet the challenges highlighted in the MTFS if funding reductions are implemented. Whilst the council will develop plans for scenarios that include a full business rates reset phased over three years, it will continue to lobby the Government for a rolling reset to be introduced. It will put forward the case that council's such as Cherwell that have embrace the Government's Business Rates Retention reward scheme should not be disadvantaged following its success in delivering business growth and associated benefits to service delivery. Implementation of savings plans developed will not take place until it is clear that the savings must be achieved. Approaches the council will adopt to identify savings will include:

Transformation

The council worked in collaboration with external consultants to provide capacity to supplement the council's approach to identifying transformative options to service delivery that would allow the council to maintain service levels but operate at reduced costs. This process has identified a significant number of opportunities for the council to evaluate further and develop over the MTFS period. The opportunities are made up of a combination of transformation service efficiencies, increased income and indicative potential changes in service levels provided by the council. Some of these proposals were included in the 2025/26 budget where they were fully developed. However, the remainder of the proposals need to be fully worked up, but initial work has estimated that the efficiencies and income proposals could be worth £5.670m in total.

All of these proposals need to be worked up further to be fully refined and it is likely that there will be some implementation costs associated with some of these proposals to support the development of new ways of working, including adopting new technologies where appropriate. This process is currently underway. Once the council has a more refined understanding of the expected savings that these proposals can develop specific business cases and identify the associated implementation costs. Implementation costs will be able to be funded from reserves following approval of a suitable business case. Currently the projected 2025/26 opening balance of the Projects Reserve is £5.5m. This could be made available towards implementation if required.

Furthermore, the council will continue to look for future transformation efficiencies through future rounds of the transformation and budget process. The council will continue to look for significant transformation opportunities across its services whilst also looking for more modest savings opportunities that can be implemented in the short term. As and when the significant savings opportunities are fully worked up, they will be brought into the MTFS.

Transformation will continue to be applied across all services of the council. This will ensure that in the future they are provided in a joined-up way that maximises the delivery of the council's priorities within the resources available to the council.

Prioritisation and Service Levels

As part of the 2025/26 budget and transformation process, the council has reviewed its services to consider what levels of service could be provided in the future from statutory minimum through to current levels of service and enhanced. Each of these service levels was also costed. Each level of service can be scored to consider what level of contribution can be made towards the council's priorities.

This process allows the council to consider what level of service can be provided at different costs whilst maximising delivery of the council's priorities. As part of the 2026/27 – 2030/31 budget and transformation process this can be further enhanced by breaking each service down into more specific activity units and so being able to generate far more specific options for service level delivery and understanding total spend against the council's priorities.

Similarly in setting the 2025/26 budget, all capital schemes have been mapped to the priority that they link most closely to. The transformation and budget process for 2026/27 – 2030/31 will then be developed to maximise the ability to deliver the priorities of the council within the level of resources available to it. An initial review has given an indicative amount of £4.5m that could be saved by adopting the prioritisation approach.

Savings Targets

Whilst the council will look to deliver savings through transformation, efficiencies and prioritisation wherever possible, the council should retain the option of issuing savings targets. If necessary, then services may be issued with a target number of savings to deliver from their budget which they have control over. So, for example where there are budgets which hold corporate costs in a service area, a savings target should not be applied to this.

Whilst identifying £4.9m savings in 2026/27 will be a challenge, the council has demonstrated that it is capable of identifying and delivering significant savings in recent years, with a total of £10.4m of savings identified across the 2021/22 to 2025/26 budgets. The Executive will receive monthly updates on the financial position throughout 2025/26, including progress against savings delivery. Progress against savings delivery is managed by the Budget Oversight Group and senior management.

In setting the 2025/26 budget, the council has determined that £7.8m of general balances is a prudent level in order to manage identified risks, in line with the Assistant Director of Finance (S151 Officer)'s risk assessment. A further £28m of other earmarked reserves could also be made available if absolutely necessary. The council continues to review its reserves position regularly as per its Reserves Policy.

The council's cashflow forecast to the end of March 2026 demonstrates that the council has access to sufficient cash over the medium-term to support planned council and Group activities. This assumes maximum planned borrowing of £180m in the period and includes flexibility for additional borrowing of up to £20m whilst remaining within the council's operational boundary should income be less than forecast or expenditure more than forecast in the period.

It is therefore noted that there is significant headroom within the General Fund to absorb the estimated financial impact of economic pressures in the short to medium-term. Furthermore, the CIPFA Code of Practice on Local Authority Accounting in England requires that local authorities prepare their accounts on a going concern basis, as they can only be discontinued under statutory prescription. For these reasons, the council

does not consider that there is material uncertainty in respect of its ability to continue as a going concern for the foreseeable future.

1.2 Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- An exception to this policy is housing benefit transactions which are accounted for on a cash basis, that is, when the payment is made.
- Interest receivable on investments is accounted for respectively as income on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded on the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- The de minimis level for manual accruals has been maintained at £20,000, which is reviewed annually. This removes small transactions at the end of the financial year that do not materially affect the accounts. Purchase orders raised automatically through the financial information system are processed with no de minimis level.
- For business rates, the levy or safety net payments owed to or from Central Government for the financial year are reported in the year they relate to on an accruals basis. Cherwell is the lead authority for the North Oxfordshire Pool and has accounted for the amounts owing to the Pool for levy payments and owed to the other pool members for the gain from the pool on an accruals basis.

1.3 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the council's cash management.

1.4 Changes in accounting policy no longer need to be material to result in a Prior Period Adjustment.

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e., in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Accounting policies that relate to statutory accounting requirements are accounted for in the same manner as other accounting policies.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding fixed assets during the year:

- Depreciation attributable to the assets used by the relevant service
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- Amortisation of intangible fixed assets attributable to the service.

The council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the council in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisations are replaced by the contribution in the General Fund Balance Minimum Revenue Payment (MRP) by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

1.5 Collection Fund Income and Expenditure Account

The council has a statutory requirement to operate a Collection Fund as a separate account to the General Fund. The purpose of the Collection Fund is to isolate the income and expenditure relating to Council Tax and National Non-Domestic Rates.

1.5.1 Council Tax and Non-Domestic Rates

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e., the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR.

Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

Collection Fund surpluses/deficits declared by the Billing Authority in relation to Council Tax are apportioned to the relevant precepting bodies in the subsequent financial year. For Cherwell District Council, the major Council Tax precepting bodies are Oxfordshire County Council and Thames Valley Police and Crime Commissioner. For Cherwell District Council, the NDR precepting bodies are Central Government (50% share) Cherwell District Council (40% share) and Oxfordshire County Council (10% share).

Cherwell District Council participates in a Business Rates pool with Oxfordshire County Council and West Oxfordshire District Council to minimise the levy payment due on growth in NDR income and thereby maximise the retention of locally generated business rates.

1.5.2 Accounting for Council Tax and NDR

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the authority's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the authority's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the authority's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments, prepayments, and provision for appeals.

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made (fixed or determinable payments), the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income Expenditure Statement or CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

1.6 Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the council's financial performance.

The council has no Exceptional Items in 2024/25.

1.7 Employee Benefits

1.7.1 Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave for current employees and are recognised as an expense for services in the year in which employees render service to the council. An accrual is made for the cost of holiday entitlements (or any form of leave - e.g., time off in lieu, flex-leave) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is charged to the service account, but then reversed out through the Movement in Reserves Statement so that holiday benefits accrual has no impact on Council Tax and holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

1.7.2 Termination Benefit

Termination benefits are amounts payable as a result of a decision by the authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service segment or, where applicable, to a corporate service segment at the earlier of when the authority can no longer withdraw the offer of those benefits or when the authority recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

1.7.3 Post-Employment Benefits

Employees of the council are members of the Local Government Pension Scheme, administered by Oxfordshire County Council, unless they choose to opt out of the scheme. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the council.

The Local Government Pension Scheme is accounted for as a defined benefit scheme.

The pension fund liability is calculated every three years by the fund's actuary, with annual updates in the intervening years. Methods and assumptions consistent with International Accounting Standard (IAS) 19 are used in the calculations. Assumptions

underpinning the valuations are agreed with the actuary and are summarised in Note 35. The estimate of the liability is therefore subject to significant variances based on changes to the assumptions used.

The liabilities of the Oxfordshire County Council pension scheme attributable to the council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e., an assessment of future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings of current employees.

Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on a high-quality corporate bond. The discount rates are based on the annualised yield on the iBoxx over 15-year AA rated corporate bond index.

The iBoxx bond market indices are benchmarks for professional use and comprise liquid investment grade bond issues. They enable investors to analyse and select benchmarks that reflect their investment profile.

The assets of the Oxfordshire County Council pension fund attributable to the council are included in the Balance Sheet at their fair value and include quoted securities at current bid price and property at market value.

The change in the net pension's liability is analysed into the following components:

1.7.4 Service cost comprising:

- Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
- Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs
- Net interest on the net defined benefit liability (asset) i.e., net interest expense for the council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

1.7.5 Re-measurements comprising:

- The return on assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Actuarial gains and losses – changes in the net pension's liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to the Oxfordshire pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards.

In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

1.7.6 Discretionary Benefits

The council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

1.8 Events after the Reporting Period

Events after the balance sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue.

Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events; and
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is

made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

1.9 Financial Instruments

Financial instruments are recognised on the Balance Sheet when the council becomes a party to the contractual provisions of a financial instrument.

1.9.1 Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The authority has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

The fair values of loans are estimated as the price the lender would receive to sell the loans to another market participant on the balance sheet date, based on observed market rates for similar transactions.

1.9.2 Financial Assets

Financial assets are classified into two types:

- Loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market; and
- Available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.

The council has financial assets comprising of long-term and short-term investments, long-term debtors, short-term debtors (excluding statutory debts such as Council Tax, Non-Domestic Rates, rent allowances, precepts, etc.) and cash & cash equivalents. These are assets that have fixed or determinable payments but are not quoted in an active market**.** They are recognised on the Balance Sheet when the council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost.

Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

1.9.3 Available-for-Sale Assets

The council has available for sale financial assets in the form of, for example, Certificates of Deposit. Available-for-sale assets are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g., dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Authority.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following techniques:

- Instruments with quoted market prices – the market price
- Other instruments with fixed and determinable payments – discounted cash flow analysis

- Equity shares with no quoted market prices – independent appraisal of company valuations

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/loss is recognised in the Surplus or Deficit on Revaluation of Available-for-Sale Financial Assets. The exception is where impairment losses have been incurred – these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain or loss for the asset accumulated in the Available-for-Sale Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any accumulated gains or losses previously recognised in the Available-for-Sale Reserve.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

1.10 Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third-party contributions and donations are recognised as due to the council when there is reasonable assurance that:

- The council will comply with the conditions attached to the payments; and
- The grants or contributions will be received.

Amounts recognised as due to the council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

1.11 Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the council as a result of past events (e.g., software licenses) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the council.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the council can be determined by reference to an active market. In practice, no intangible asset held by the council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service area in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

1.12 Interests in Companies and Other Entities

The council has material interests in companies and other entities that have the nature of subsidiaries, and require it to prepare group accounts. In the authority's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses. The Council has interests in the following companies:

- Graven Hill Village Holding Company Limited
- Graven Hill Village Development Company Limited
- Graven Hill Village Management Company Limited
- Graven Hill Village Management Company Block E Limited
- Crown House Banbury Limited

- Crown Apartments Banbury Limited
- Veritau Public Sector Limited

Group Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting, using uniform accounting policies for like transactions and other events in similar circumstances.

1.13 Inventories and Long-Term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value.

Long term contracts are accounted for by charging the Surplus or Deficit on the Provision of Services with the consideration allocated to the performance obligations satisfied based on the goods or services transferred to the service recipient during the financial year.

1.14 Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

1.15 Leases

1.15.1 The Council as Lessee

The authority classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use. The Code of Practice on Local Authority Accounting expands the scope of IFRS 16 Leases to include arrangements with nil consideration, peppercorn or nominal payments.

Initial measurement

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, 1st April 2024, if later). The leases are typically for fixed periods in excess of one year but may have extension options.

The authority initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the authority's incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined.

The right-of-use asset is measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received. However, for peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value.

Subsequent measurement

The right-of-use asset is subsequently measured using the fair value model. The authority considers the cost model to be a reasonable proxy except for assets held under non-commercial leases, or leases where rent reviews are either more infrequent than every five years or do not reflect market conditions. For these leases, the asset is carried at a revalued amount.

The right-of-use asset is depreciated straight-line over the shorter period of the remaining lease term and useful life of the underlying asset.

The lease liability is subsequently measured at amortised cost, using the effective interest method. The liability is remeasured when there is a change in future lease payments or the authority changes its assessment of whether it will exercise a purchase, extension or termination option.

When such a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any further adjustment required from remeasurement being recorded in the income statement.

Low value and short lease exemption

As permitted by the Code of Practice on Local Authority Accounting, the authority excludes leases for low value items that cost less than £10,000 when new, provided they are not highly dependent on or integrated with other items. It also excludes leases with a term shorter than 12 months.

Lease Expenditure

Expenditure in the Comprehensive Income and Expenditure Statement includes interest, straight line depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rentals for leases of low-value items or shorter than 12 months are expensed.

The council is not required to charge depreciation or revaluation and impairment losses arising on leased assets against the general fund. Instead, a prudent annual contribution is made from revenue funds as part of the minimum revenue provision in accordance with statutory requirements.

1.15.2 The Council as Lessor

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

1.15.2.1 Finance Leases

Where the council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e., netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- A charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received); and
- Finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against council tax, as the cost of noncurrent assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

1.15.2.2 Operating Leases

Where the council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g., there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

1.16 Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When applying the definition of fair value, non-financial assets and, non-current assets held for sale shall be measured at highest and best use.

1.17 Property, Plant & Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

1.17.1 Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accrual's basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e., repairs and maintenance) is charged as an expense when it is incurred.

The council has a de minimis limit of £10,000 for capital expenditure purposes which results in the capitalisation of expenditure above that limit as an asset in the balance sheet. Expenditure below this limit may be capitalised in a single financial year provided total expenditure on the project exceeds £10,000. Expenditure incurred on items that are capital in nature that are below this de minimis are charged to revenue unless strictly necessary to comply with funding or legal requirements, e.g capital grant conditions.

1.17.2 Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located if the cost is above the £5,000 de minimis threshold.

The council does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e., it will not lead to a variation in the cash flows of the council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the council.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account.

Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Vehicles, plant and equipment and infrastructure assets are held at depreciated historical cost.
- Community assets and assets under construction are held at historical cost.
- Dwellings – Current value, determined using the basis of Existing Use Value for Social Housing (EUV–SH).
- Other land and buildings and operational assets where there is an active market – Current value determined as the amount that would be paid for the asset in its existing use (EUV).
- Operational assets, such as community and sports centres, where there is no market-based evidence of current value because of the specialist nature of the asset and/or the asset is rarely sold (i.e., EUV cannot be determined)- depreciated replacement cost (DRC) using the 'instant build' approach as an estimate of current value.
- Surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective. Fair value based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at current value are revalued regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits taken to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains

might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

The council's property valuations are carried out by Montagu Evans and Colliers. The bases of valuations are undertaken in accordance with the Statement of Asset Valuation Practice and Guidance Notes, published by the Royal Institute of Chartered Surveyors (RICS).

Where decreases in value are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains); and
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

1.17.3 Impairment

Assets are assessed at each year-end as to whether there is any indication that they may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.
- Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

1.17.4 Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e., freehold land and

certain Community Assets) and assets that are not yet available for use (i.e., assets under construction).

Depreciation is calculated on the following bases:

- Dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- Vehicles, plant, furniture and equipment – straight-line allocation over the useful life of the asset, as advised by a suitably qualified officer and/or Responsible Officer for that asset; and
- Infrastructure – straight-line allocation over the useful life of the asset, as advised by a suitably qualified officer, and/or Responsible Officer and/or valuer for that asset.

Newly acquired assets and capital enhancements are depreciated from the year after acquisition.

Useful life of an asset is shown below for the relevant categories:

- Infrastructure 10 to 40 years
- Buildings 10 to 60 years
- Vehicles 5 to 10 years
- Computer Equipment / systems 3, 5 or 10 years
- Other 3 to 30 years

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. All assets with a gross value over £50,000 are considered for componentisation.

If on consideration a component is assessed to be greater than 20% of the total cost of the asset, it is componentised, and the separate components depreciated using appropriate useful lives. Components that are individually less than 20% of the total cost of the asset are not treated as separate components for accounting purposes. They are valued and depreciated as part of the building structure.

The following two components have been identified for items of property:

- Land
- Structure of Building

Each component is considered to depreciate on a straight-line basis (except those such as land which are identified as exceptions above). The useful life of a component will vary according to the type of property in which it is located and the amount of use to which it is put. The useful life of a component will be determined by the valuer when a component part is identified.

Where a component is replaced or restored, the carrying amount of the old component shall be derecognised to avoid double counting and the new component reflected at the cost or new carrying value.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

1.18 Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any losses recognised previously in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale and are kept under their original category.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e., netted off against the carrying value of the asset at the time of disposal).

Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The balance of receipts is required to be credited to the Capital Receipts Reserve and can then only be used for new capital investment or to fund previous capital investments by being applied to the Capital Financing Requirement. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement. The net book value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

1.19 Fair Value Measurement

The authority measures some of its non-financial assets such as surplus assets, investment properties, assets held for sale and some of its financial instruments, such as equity shareholdings, at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The authority measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the authority's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for the asset or liability

1.20 Minimum Revenue Provision

The council is not required to use Council Tax to fund depreciation, revaluation and impairment losses or amortisation on non-current assets. However, it is required to make an annual contribution from revenue towards provision for the reduction in its overall borrowing requirement, calculated on a prudent basis as determined by the council in accordance with statutory guidance.

Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the Minimum Revenue Provision in the General Fund Balance by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement.

1.21 Provisions, Contingent Liabilities and Contingent Assets

1.21.1 Provisions

Provisions are made where an event has taken place that gives the council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged to the Comprehensive Income and Expenditure Statement in the year that the council becomes aware of the obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year. Where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g., from an insurance claim) this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the council settles the obligation.

1.21.2 Contingent Assets

A contingent asset arises where an event has taken place that gives the authority a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

1.21.3 Contingent Liabilities

A contingent liability arises where an event has taken place that gives the council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

1.22 Reserves

The council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to count against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure. Certain reserves are

kept for the purpose of managing the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the council – these reserves are explained in the Unusable reserves note – note 25 of the financial statements.

1.23 Revenue Expenditure Funded from Capital under Statute (REFCUS)

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

1.24 VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income. The amount of VAT irrecoverable is negligible.

1.25 Rounding

In preparing the Statement of Accounts all numbers, including totals, have been rounded independently to avoid unacceptable rounding errors. This may mean that some tables do not cross cast.

This report is public	
Treasury Management Report – Q3 2024/25 (December 2024)	
Committee	Accounts, Audit and Risk Committee
Date of Committee	19 March 2025
Portfolio Holder presenting the report	Deputy Leader and Portfolio Holder for Finance, Property & Regeneration Councillor Lesley McLean
Date Portfolio Holder agreed report	10 February 2025
Report of	Assistant Director of Finance (S151 Officer)

Purpose of report

To provide information on treasury management performance and compliance with treasury management policy for 2024-25 as required by the Treasury Management Code of Practice.

To demonstrate that all treasury management activities undertaken during the reporting period complied with the CIPFA Code of Practice and the council's approved Treasury Management Strategy.

1. Recommendations

The Accounts, Audit and Risk Committee resolves:

1.1 To note the contents of this Treasury Management Q3 2024/25 report.

2. Executive Summary

2.1 The council complies with the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code) which requires scrutiny of the quarterly Treasury Management reports.

2.2 The council's Treasury Management Strategy for 2024-25 was approved by Council on 26 February 2024. The Treasury indicators have been included in this report as per the 2021 CIPFA Treasury Management in the Public Services Code of Practice requirements.

Implications & Impact Assessments

Implications	Commentary			
Finance	There are no financial implications arising directly from any outcome of this report. Lynsey Parkinson, Strategic Finance Business Partner 16 January 2025			
Legal	The presentation of the report is required by regulations issued under the Local Government Act 2003 - to review the treasury management activities, the actual prudential indicators and the treasury related indicators and confirm compliance with the Code. More information can be requested if this is needed to review the contents further. Shiraz Sheikh, Assistant Director of Law and Governance and Democratic Services and Monitoring Officer - 29 January 2025			
Risk Management	It is essential that this report is considered by the Audit Committee as it demonstrates that the risk of not complying with the council's Treasury Management Policy has been avoided. This and any other risks related to this report will be managed through the service operational risk and escalated to the leadership risk register as and when necessary. Celia Prado-Teeling, Performance Team Leader 01295 221556 - 29 January 2025			
Impact Assessments	Positive	Neutral	Negative	Commentary
Equality Impact		X		Not applicable
A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		X		Not applicable
B Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		X		Not applicable
Climate & Environmental Impact				Not applicable
ICT & Digital Impact				Not applicable

Data Impact				Not applicable
Procurement & subsidy				Not applicable
Council Priorities	Not applicable			
Human Resources	Not applicable			
Property	Not applicable			
Consultation & Engagement	Not applicable			

Supporting Information

3. Background

3.1 It is a statutory duty for the council to determine and keep under review its affordable borrowing limits. During the first three quarters of 2024/25, the council has operated within the treasury and prudential indicators set out in the council's Treasury Management Strategy Statement for 2024/25. The Assistant Director of Finance reports that no difficulties are envisaged for the current or future years in complying with these indicators.

3.2 As at the end of December 2024 the council had borrowing of £180m and investments of £36.6m – a net borrowing position of £143.4m. This is a reduction from the net borrowing position of £149m at 30/09/24. This was expected due to the cashflow cycle of collecting taxes over 10 months while paying the associated precepts out over 12 months.

3.3 Overall, Treasury Management is forecast to be underspent, due to interest rates remaining higher than expected and prudent borrowing activities. A contribution will be made again this year to the Interest rate equalisation reserve, to ensure that the council has reserves should interest rates remain higher than forecast for refinancing maturing loans. Details are included in tables 11 and 12.

4. Details

Borrowing performance for year as of 31 December 2024

4.1 The council continues to pursue its strategy of keeping borrowing below its Capital Financing requirements, this is referred to as internal borrowing, in order to reduce risk and borrowing costs.

4.2 The council requires external borrowing to fund its capital programme and has a total debt of £180m at the date of this report with a comparatively low forecast interest rate of 2.65% for the 2024/25 financial year. It should be noted that as loans

become due for renewal it is likely that short term borrowing will increase as interest rates are still higher than they were in previous years.

4.3 The council's main objective when borrowing is to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required.

Table 2: Borrowing Position for quarter ended 31 December 2024

	Borrowing Amount £m	Average Interest Rate	Interest Paid Budget £m	Interest Paid Actual £m	Variance to Date £m
April to Dec 24	181 (average)	2.57%	3.327	3.224	(0.103)
As at 31/12/24	180	2.81%	-	-	-

* Interest payable relates to external loans only, excluding finance lease and other interest

4.4 As a comparison, the table below shows average borrowing rates, published by the council's treasury advisors Link.

Table 3: Average borrowing rates for the reporting period

HIGH/LOW/AVERAGE PWLB RATES FOR 02.04.24 – 31.12.24

	1 Year	5 Year	10 Year	25 Year	50 Year
02/04/2024	5.39%	4.72%	4.80%	5.28%	5.07%
31/12/2024	5.20%	5.12%	5.43%	5.91%	5.68%
Low	4.78%	4.31%	4.52%	5.08%	4.88%
Low date	17/09/2024	17/09/2024	17/09/2024	17/09/2024	17/09/2024
High	5.61%	5.16%	5.44%	5.92%	5.69%
High date	29/05/2024	19/12/2024	19/12/2024	19/12/2024	27/12/2024
Average	5.22%	4.80%	4.96%	5.43%	5.21%
Spread	0.83%	0.85%	0.92%	0.84%	0.81%

4.5 The £15m loan maturing in February 2025 has not been refinanced. To avoid having to bear the cost of current high interest rates an overdraft facility with our bank will be put in place for February, March and April 2025. This will allow the loan to be refinanced at more favourable rates in the new financial year. A full list of current borrowing is shown below:

Table 4: Borrowing

Lender	Principal Borrowed £m	Maturity Date
West Midlands Combined Authority 1-year maturity	15	13/02/2025
Cornwall Council 6-month maturity	10	22/04/2025
Cornwall Council 9-month maturity	10	18/07/2025

PWLB 6-year maturity	6	25/09/2025
PWLB 7-year maturity	6	19/09/2026
PWLB 5-year maturity	10	26/07/2027
PWLB 10-year maturity	10	31/05/2028
PWLB 6-year maturity	5	26/07/2028
PWLB 7-year maturity	10	26/07/2029
PWLB 10-year maturity	6	25/09/2029
PWLB 8-year maturity	10	26/07/2030
PWLB 11-year maturity	6	19/09/2030
PWLB 9-year maturity	16	26/07/2031
PWLB 10-year maturity	15	26/07/2032
PWLB 15-year maturity	5	31/05/2033
PWLB 15-year maturity	5	25/09/2034
PWLB 16-year maturity	5	19/09/2035
PWLB 30-year maturity	5	31/05/2048
PWLB 50-year maturity	25	10/11/2071
TOTAL	**180**	

4.6 The council monitors its exposure to refinancing risk with the maturity structure of borrowing indicator. While it is important to have flexibility to navigate changing market conditions it is critical that loan repayments are spread appropriately. The lower limit has been considered but kept at zero to ensure that the council is not forced into taking borrowings in a particular category that would lock it into an unfavourable borrowing situation.

Table 5: Maturity structure of borrowing

Refinancing rate risk indicator	Upper limit	Lower limit	Actual structure
Under 12 months	50%	0%	22.78%
12 months and within 24 months	50%	0%	3.33%
24 months and within 5 years	60%	0%	22.78%
5 years and within 10 years	70%	0%	31.67%
10 years and above	80%	0%	19.44%

Investment performance 1 April to 31 December 2024

4.7 Funds available for investment are on a temporary basis because the council prioritises keeping borrowing to a minimum and only invests surplus funds retained to meet its commitments. The level of funds available is mainly dependent on the timing of precept payments, receipt of grants and funding of the Capital Programme.

4.8 The Bank of England has not cut interest rates in line with the forecast at the time the budget was set. As a result, more interest was earned on investments which have been moved into reserves. Table 6 below shows the investment position during and at the end of the reporting period.

Table 6: Investment Position for quarter ended 31 December 2024

	Investment Amount £m	Average Interest Rate	Interest Earned Budget £m	Interest Earned Actual £m	Variance to Date £m
April to Dec 24	30.2 (average)	5.22%	(1.111)	(1.409)	(0.298)
As at 31/12/24	36.6	4.99%	-	-	-

4.9 Table 7 below shows average money-market rates. The council has an average investment period of 30 days at the average investment rate of 4.99% which is in line with the average investment rate.

Table 7: Average investment rates for the reporting period

FINANCIAL YEAR TO QUARTER ENDED 31/12/2024						
	Bank Rate	SONIA	1 mth	3 mth	6 mth	12 mth
High	5.25	5.20	5.21	5.20	5.17	5.08
High Date	02/04/2024	03/05/2024	27/06/2024	17/04/2024	31/05/2024	30/05/2024
Low	4.75	4.70	4.69	4.62	4.50	4.17
Low Date	07/11/2024	07/11/2024	16/12/2024	31/12/2024	30/10/2024	17/09/2024
Average	5.06	5.01	4.99	4.93	4.83	4.62
Spread	0.50	0.50	0.52	0.58	0.66	0.91

Source: Link

4.10 While the council is always looking for ways to invest sustainably (or green investments) this must be done within the criteria laid out in the approved Treasury Management Strategy with counterparties that meet the council's investment criteria. Security, liquidity and yield remain the primary investment considerations as required by the Treasury Management Code.

The council continues to invest in three Money Market funds that meet the criteria pursuant to Article 8 of the Sustainable Finance Disclosure Regulation (Regulation EU/2019/2088). These are highlighted in green in the full list of current investments in Table 8 below.

4.11 A full list of current investments is shown in Table 8 below:

Table 8: Investments

Counterparty	Principal Deposited £m	Maturity Date / Notice period
Fixed Term Deposits		
Lancashire County Council	1.00	03/01/2025
Cornwall Council	5.00	06/01/2025
East Hertfordshire District Council	5.00	16/01/2025
London Borough of Barking & Dagenham	3.00	20/01/2025

Great Yarmouth Borough Council	2.00	23/01/2025
Qatar National Bank	3.00	13/02/2025
National Bank of Kuwait (International) Plc	3.00	13/02/2025
Surrey County Council	3.00	13/02/2025
London Borough of Barking & Dagenham	2.00	13/02/2025
Surrey County Council	2.00	13/02/2025
Money Market Funds		
Legal & General Investment Management	1.94	Same day
Federated Investors UK	5.00	Same day
Northern Trust Asset Managements	0.02	Same day
CCLA Investment Management Limited	0.02	Same day
Goldman Sachs Asset Management	0.62	Same day
TOTAL	**36.60**	

4.12 Compliance with investment limits are detailed in Table 9 below:

Table 9: Investment Limits

Counterparty	2024/25 Limit £m	Complied?
UK Central Government	Unlimited	Yes
Other Local Authorities	5 each	Yes
Any group of organisations under the same ownership	5 per group	Yes
Approved counterparties – Banks/Building Societies	3 each	Yes
Any group of pooled funds under the same management	5 per manager	Yes
Money Market Funds total	15 in total	Yes

Non-treasury investment activity

4.13 The definition of investments in CIPFA's revised Treasury Management Code covers all the financial assets of the council. This is replicated in the government's Statutory Guidance on Local Government Investments, in which the definition of investments is further broadened to also include all such assets that provide a financial return.

4.14 As of 31 December 2024, the council holds £102.4m of investments that qualify under the code in the form of £35.6m shares and £66.8m loans to subsidiary companies and other organisations, primarily Graven Hill and Crown House.

4.15 The loan elements of these non-treasury investments generate a higher rate of return than that earned on treasury investments due to the commercial nature of the loans issued. Table 10 below shows the investment position for this reporting period.

Table 10: Non-treasury Investment Position

	Investment Amount £m	Average Interest Rate	Interest Earned Budget £m	Interest Earned Actual £m	Variance to Date £m
April to Dec 24	66.75 (average)	6.76%	(3.365)	(3.382)	(0.017)
As at 31/12/24	66.75	6.76%	-	-	-

Overall performance

4.16 The overall performance for the period April to December 24, is:

Table 11: Overall Treasury Position for the Period

	Budget 24/25 £m	Actual 24/25 £m	Variance to date £m
Borrowing costs	3.327	3.224	(0.103)
Other interest payable	0.000	0.000	0.000
Treasury income	(1.111)	(1.409)	(0.298)
Non-treasury income	(3.365)	(3.382)	(0.017)
Transferred to Reserves	0.522	0.522	0.000
Total cost/(income)	**(0.627)**	**(1.045)**	**(0.418)**

4.17 Interest on sums of S106 funding held by the council (budgeted for under other interest payable) is calculated at year end using the S106 year-end balances and an average bank rate.

4.18 In October 2025 the Treasury Management activities was forecast to be underspent by (£0.637m). It was decided to transfer £0.522m to the Interest rate equalisation reserve, leaving only the original underspent forecast of (£0.115m) as reported for Q2 24/25. The forecast underspend remains at (£0.115m) for Q3 24/25.

Table 12: Overall Treasury Position Forecast to Year End

	Full Year Budget £m	Full Year Actual £m	Full Year Variance £m
Borrowing costs	4.520	4.511	(0.009)
Other interest payable	0.769	0.818	0.049
Treasury income	(1.482)	(1.614)	(0.132)
Non-treasury income	(4.487)	(4.510)	(0.023)
Transferred to Reserves	0.522	0.522	0.000
Total cost/(income)	**(0.158)**	**(0.273)**	**(0.115)**

Interest rate forecast

4.19 The council has appointed Link Group (from the 20 January 2025 will be known as MUFG Corporate Markets) as its treasury advisors and part of their service is to assist the council to formulate a view on interest rates. The latest forecast sets out a view that short, medium and long-dated interest rates will slowly reduce over the next year until it settles at 3.50% in December 2026.

Table 13: Link Forecast Rates published on 11 November 2024

Link Group Interest Rate View	11.11.24												
	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27
BANK RATE	4.75	4.50	4.25	4.00	4.00	3.75	3.75	3.75	3.50	3.50	3.50	3.50	3.50
3 month ave earnings	4.70	4.50	4.30	4.00	4.00	4.00	3.80	3.80	3.80	3.50	3.50	3.50	3.50
6 month ave earnings	4.70	4.40	4.20	3.90	3.90	3.90	3.80	3.80	3.80	3.50	3.50	3.50	3.50
12 month ave earnings	4.70	4.40	4.20	3.90	3.90	3.90	3.80	3.80	3.80	3.50	3.50	3.50	3.50
5 yr PWLB	5.00	4.90	4.80	4.60	4.50	4.50	4.40	4.30	4.20	4.10	4.00	4.00	3.90
10 yr PWLB	5.30	5.10	5.00	4.80	4.80	4.70	4.50	4.50	4.40	4.30	4.20	4.20	4.10
25 yr PWLB	5.60	5.50	5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.60	4.50	4.50
50 yr PWLB	5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.60	4.50	4.40	4.30	4.30

5. Alternative Options and Reasons for Rejection

5.1 The nature of this report is such that alternative options are not appropriate. It is an option to request further information on the performance reported.

6 Conclusion and Reasons for Recommendations

6.1 This report details the Treasury Performance for the council for the first three quarters of 2024/25. It is submitted to the Accounts, Audit and Risk Committee for information as required by the Treasury Management Code of Practice.

Decision Information

Key Decision	n/a
Ward(s) Affected	All

Document Information

Appendices	
Appendix 1	None
Background Papers	None
Reference Papers	Treasury Management Report – Midyear review Performance Report 2024/25 with Capital Prudential indicators https://modgov.cherwell.gov.uk/documents/s57458/Treasury%20Management%20report.pdf https://modgov.cherwell.gov.uk/documents/s57436/Appendix%201%20-%20Capital%20Prudential%20Indicators.pdf Treasury Management Strategy 2024-25 https://modgov.cherwell.gov.uk/documents/s55393/Appendix%2021%20-%20Treasury%20Management%20Strategy%202024-25.pdf
Report Author	Janet du Preez – Finance Business Partner – Treasury and Insurance
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Corporate Director Approval (unless Corporate Director or Statutory Officer report)	Report of S151 Officer 29 January 2025