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

Date: **Wednesday 18 March 2026**

Time: **6.30 pm**

Venue: **39 Castle Quay, Banbury, OX16 5FD**

Membership

Councillor Simon Lytton (Chair)	**Councillor David Rogers (Vice-Chair)**
Councillor Besmira Brasha	Councillor Frank Ideh
Councillor Nicholas Mawer	Councillor Ian Middleton
Councillor Robert Parkinson	Councillor Dom Vaitkus
Nelly Lukwo	Independent Person, no voting rights
Sarah Thompson	Independent Person, no voting rights

Substitutes **Any member of the relevant political group.**

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. **Minutes** (Pages 9 - 14)

   To confirm as a correct record the Minutes of the meeting of the Committee held on 14 January 2026.

4. **Chair's Announcements**

   To receive communications from the Chair.

5. Requests to Address the Meeting

The Chair to report on any requests to address the meeting.

6. Urgent Business

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

7. Health and Safety Report Quarter 3 2025/26 (Pages 15 - 26)

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 for Quarter 3 of the 2025/26 financial year.

Recommendations

The Accounts, Audit and Risk Committee resolves:

1.1 To review and note the content of the report

8. Risk Based Verification Policy (Pages 27 - 40)

Report of Assistant Director of Finance (Section 151 Officer)

Purpose of report

To update the Committee with details of Risk Based Verification (RBV) policy and to seek approval for the reviewed RBV policy for 2026/27.

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 2026/27 (Appendix 1 to the report).

9. Risk Monitoring Report Quarter 3 2025-26 (Pages 41 - 52)

Report of Head of Chief Executive's Office

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 2025-26.

10. Draft Annual Report of the Accounts, Audit and Risk Committee 2025/26 (Pages 53 - 66)

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 2025/26. 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 request officers to finalise it accordingly, in preparation for the Accounts, Audit and Risk Committee Chair's presentation to Council.

11. Internal Audit Progress Report 2025/26 (Pages 67 - 84)

Report of Assistant Director of Finance, (S151 Officer)

Purpose of report

This report provides the Accounts, Audit and Risk Committee with an update on delivery of the internal audit work programme for 2025/26.

Recommendations

The Accounts, Audit and Risk Committee resolves to:

1.2 Note the progress made in delivering the 2025/26 internal audit work programme.

12. Internal Audit Work Programme 2026/27 and 2027/28 (Pages 85 - 100)

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 in 2026/27 and 2027/28.

Recommendations

The Accounts, Audit and Risk Committee resolves to:

1.3 Approve the 2026/27 audit work programme and note the indicative 2027/28 internal audit work programme.

13. Counter Fraud Progress Report (Pages 101 - 108)

Report of Assistant Director Finance (Section 151 Officer)

Purpose of report

This report presents an update on counter fraud work undertaken so far in 2025/26

Recommendations

The Accounts, Audit and Risk Committee resolves to:

1.1 Note the counter fraud progress report

14. Counter Fraud Plan Report (Pages 109 - 130)

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 2026/27.

The Accounts, Audit and Risk Committee resolves to:

1.4 Note the counter fraud plan.

15. 2024/25 Final Statement of Accounts (Pages 131 - 358)

Report of Assistant Director of Finance (Section 151 Officer)

Purpose of report

To ask the Committee to note the final 2024/25 Statement of Accounts and the changes that have been made since the draft version which was brought to the Committee at its July 2025 meeting.

Recommendations

The Accounts Audit and Risk Committee resolves to:

1.1 Note the final 2024/25 Statement of Accounts (Appendix 1) and the associated changes between draft and final version.

1.2 Note the final letter of representation for 2024/25 (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.

16. External Audit Plan 2025/26 (Pages 359 - 382)

Report of Assistant Director Finance (Section 151 Officer)

Purpose of report

To receive the External Audit Plan for 2025/26 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 2025/26 (Appendix 1).

17. Treasury Management Report - Q3 2025/26 (Dec 2025) (Pages 383 - 398)

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 2025-26 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 Performance Report.

18. 2025/26 Accounting Policies (Pages 399 - 448)

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

Recommendations

The Accounts, Audit and Risk Committee resolves:

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

For Information

Committee dates for the 2026/27 municipal year (all Wednesday, 6.30pm): 17 June 2026; 22 July 2026; 30 September 2026; 25 November 2026; 13 January 2027; 17 March 2027.

It is mandatory for AARC members to attend training each municipal year before attending a Committee meeting. Training for the 2026/27 municipal year is scheduled for 5.45pm – 6.15pm on Wednesday 17 June, in person for AARC members and hybrid for non-AARC Members.

Councillors are requested to collect any post from their pigeon hole in the Members' Lounge before or 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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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.

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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 10 March 2026

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Cherwell District Council

Accounts, Audit and Risk Committee

Minutes of a meeting of the Accounts, Audit and Risk Committee held at 39 Castle Quay, Banbury, OX16 5FD, on 14 January 2026 at 6.30 pm

Present:

Councillor Simon Lytton (Chair - from agenda item 7, minute 67)
Councillor David Rogers (Vice-Chair, in the Chair for agenda items 1 to 6, minutes 62 - 66)
Councillor Frank Ideh
Councillor Ian Middleton
Councillor Robert Parkinson
Councillor Dom Vaitkus
Nelly Lukwo, 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, Property & Regeneration
Councillor Chris Brant, Portfolio Holder for Corporate Services

Also Present Virtually:

Ed Lambert-Martin, Internal Audit - Veritau

Officers:

Shiraz Sheikh, Assistant Director Law & Governance and Monitoring Officer
Joanne Kaye, Head of Finance and Deputy S151 Officer
Patrick Davis, Democratic and Elections Officer

Officers Attending Virtually:

Claire Cox, Assistant Director Human Resources
Ruth Wooldridge, Health and Safety Manager
Mary Denedo, Strategic Finance Business Partner

62 **Declarations of Interest**

There were no declarations of interest.

63 **Minutes**

The Minutes of the meeting of the Committee held on 19 November 2025 were agreed as a correct record and signed by the Chair.

64 **Chair's Announcements**

There were no Chair's announcements.

65 **Requests to Address the Meeting**

There were no requests to address the meeting.

66 **Urgent Business**

There were no items of urgent business.

(The Chair joined the meeting and took the Chair from the Vice-Chair).

67 **Annual Governance Statement 2024/2025 – Update on Actions**

The Assistant Director Law and Governance and Monitoring Officer submitted a report to consider an update on actions from the Annual Governance Statement 2024/2025.

In introducing the report, the Assistant Director Law & Governance and Monitoring Officer advised the Committee that the Annual Governance Statement was a key part of the Council's governance framework as it helped to identify areas that required improvement and ensured transparency and compliance with good governance principles.

In response to a query regarding the status of the implementation of the strategic site management tool the Committee was informed that although the project was behind schedule good progress was now being made on this as part of the Council's transformation plan.

The Head of Finance undertook to provide more information regarding the mid-point in the financial year forecast overspends in Property, Housing and Wellbeing and Environmental Services.

Resolved

(1) That the update on the actions arising from the Annual Governance Statement 2024/2025 be noted.

68 **Local Code of Corporate Governance**

The Assistant Director Law & 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 Law & Governance and Monitoring Officer advised the Committee that although it was not a legal requirement, it was best practice for local authorities to have a Local Code of Corporate Governance based on the CIPFA / Solace Framework for Corporate Governance in Local Government. The Code set out and described the Council's commitment to corporate governance and identified arrangements that would ensure its effective implementation and application in all aspects of the Council's work.

Resolved

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

69 **Health and Safety Security at Castle Quay Offices**

The Assistant Director Human Resources submitted a report that outlined the new draft Security at Castle Quay Office policy. The policy set out the proposed response to any events occurring in or around the council office at Castle Quay and ensured compliance with current health and safety regulations along with the Terrorism Bill (Martyn's Law).

In introducing the report, the Portfolio Holder for Corporate Services explained the policy had been drafted to reflect new legislation and good practice. It was expected that the policy would be rolled out to Council staff in early 2026.

In response to a question regarding the inclusion of committee meetings in the policy, the Health and Safety Manager agreed that procedures covering all public meetings or events the council holds would be added to the policy. Members were also assured that out of hours first aid was available at the council offices.

Resolved

(1) That the Security at Castle Quay Offices Policy be approved for implementation.

70 **Draft Capital and Investment Treasury Management Strategies 2025/26**

The Assistant Director of Finance (Section 151 Officer) submitted a report for the Committee to consider the draft Capital and Investment Strategy and Treasury Management Strategy for 2026-27 and recommend to Executive.

In introducing the report, the Portfolio Holder for Finance, Property and Regeneration advised that the Strategies were reviewed annually as part of the budget setting process and submitted to the Committee for review, comment and recommendation to the Executive. As part of the 2026-27 review, it was proposed that the operational boundary for debt be reduced from £200M to £199M to reflect a more realistic estimate of the maximum external debt. The updated Capital and Investment Strategy now included the implementation of a Carbon Impact Assessment as part of the appraisal of capital proposals.

In response to a request for an explanation of the affordability ratio, the Committee was advised that this was a comparison between the Ratio of Financing Costs (looking at how much the Council was spending on interest payable and Minimum Revenue Provision charges compared to taxation income streams) and the Ratio of Service Investment Income (which took into account the income received from investments).

In response to a question regarding the use of the Carbon Assessment Matrix in the decision making process for capital projects, the Head of Finance explained that although this was an important factor that would be taken in to account when reviewing proposals, there could potentially be scenarios where a project was given the go ahead despite having a Negative Impact Score (red), for example, if a project was considered critical to the Council or its residents.

In response to a request for treasury management training to be made available to all Councillors, the Monitoring Officer agreed to review this as part of the member training programme.

Resolved

(1) That the draft Capital and Investment Strategy for 2026-27 and draft Treasury Management Strategy for 2026-27 be recommended to Executive

71 **Review of Committee Work Programme**

The Committee considered its work plan and had no queries or additional items for the Committee Work Plan.

Resolved

(1) That the work programme update be noted.

The meeting ended at 7.30 pm

Chair:

Date:

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This report is public	
Health and Safety Report Quarter 3 2025/26	
Committee	Accounts, Audit and Risk Committee
Date of Committee	18 March 2026
Portfolio Holder presenting the report	Portfolio Holder for Corporate Services, Councillor Chris Brant
Date Portfolio Holder agreed report	3 March 2026
Report of	Assistant Director of Human Resources, Claire Cox

Purpose of report

To provide the Accounts, Audit and Risk Committee with the Council's Health and Safety performance for Quarter 3 of the 2025/26 year.

1. Recommendations

The Accounts, Audit and Risk Committee resolves:

1.1 To review and note the content of the report.

2. Executive Summary

2.1 This report is a statement of Cherwell District Council's health and safety performance for quarter 3 of the 2025/26 financial year. It demonstrates that Cherwell District Council shows strong commitment to the health and safety of its workforce of 626 employees (full and part-time, as of 31 March 2025) and to others who may be affected by its activities.

2.2 There have been no regulatory interventions taken against the council during this reporting period.

2.3 The corporate health and safety (H&S) 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.

2.4 The number of reported accidents/incidents in council services are a little higher than the same period last year. Work is ongoing to identify causes and look at actions required where necessary in a bid to reduce the rate.

2.5 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.

2.6 The H&S team will continue to report monthly to the Corporate Leadership Team (CLT) and attend Directorate Leadership Teams (DLT) where possible across all areas of the business.

Implications & Impact Assessments

Implications	Commentary			
Finance	This is an information report with no financial implications. Kelly Wheeler, Finance Business Partner, 25 February 2026			
Legal	The report notes that the Council has put in place procedures to meet its legal requirements. There are no legal implications arising directly as a result of this report. Denzil – John Turbervill, Head of Legal Services. 3/03/2026			
Risk Management	The Quarter 3 report reflects a broadly strong health and safety position, with continued commitment across the organisation to maintaining safe and compliant operations. While some incident levels have risen, this has led to improved reporting habits and greater visibility, enabling teams, particularly within Environmental Services, to take more proactive action. Ongoing audit activity, closer management engagement, and increased support from the Health and Safety team are already strengthening assurance. Continued focus on training completion, open reporting, and consistent safe working practices will help build on this positive progress and further reduce future risk. Related risks are being managed and monitored through each service operational risk register, and they will be escalated to the leadership risk register as and when deemed necessary. Celia Prado-Teeling, Performance & Insight Team Leader, 2 March 2026.			
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				N/A

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. Executive 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 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:

- The Health, Safety and Wellbeing Policy which was reviewed in May 2024 following the arrival of Gordon Stewart as Chief Executive and the change in administration.

- 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

Health, Safety and Wellbeing Policy

4.1 The council’s health, safety and wellbeing policy was subject to periodic review in February 2026. This has been updated and was approved at Personnel Committee on the 4 March 2026. Now that this has been approved the council’s webpages will be updated accordingly.

Vehicle Incidents Quarter 3

4.2 Table 2 below provides details of vehicle incidents which have occurred during quarter 3 of 2025/26 all of which occurred within Environmental Services. This year there have been 22 vehicle incidents so far and in the same period last year there were a total of 17 vehicle incidents of a similar nature to those detailed below.

Table 2: Vehicle Incidents Quarter 3

Date	Type of Incident	Service Area	Description
16 Oct 2025	Collision	Waste Collection	Manoeuvring around parked cars and caught fence with rear of vehicle
15 Oct 2025	Collision/Reverse	Waste Collection	Broken front offside bumper after reversing into a lamp post vehicle CCTV unavailable
10 Nov 2025	Collision/Reverse	Waste Collection	Reversed into parked car
26 Nov 2025	Collision/Reverse	Waste Collection	Reversed into metal fence
10 Dec 2025	Collision/Reverse	Waste Collection	Reversing into a cul-de-sac caught the wing mirror of a 3rd party vehicle.
17 Dec 2025	Collision	Waste Collection	Loader opened door onto a car. Food waste

			vehicle on wrong side of the road

Personnel Accidents Quarter 3

4.3 Table 3 provides details of personal incidents which have occurred during quarter 3 of 2025/26. Out of a total of 18 this year, all but one incident occurred within Environmental Services. We do remind all staff to report any accidents and incidents to us wherever they occur in the business on a regular basis. In the same period last year there were a total of 5 personal accidents of a similar nature to those detailed below. This an increase of 7 for the same quarter across the 2 years.

Table 3: Personnel Incidents Quarter 3

Date	Service Area	Description	Days Lost	RIDDOR Yes/No
01/10/2025	Street Cleansing	Twisted ankle whilst litter picking due to uneven pavement	3	No
07/10/2025	Waste Collection	Pinched Thumb when manoeuvring a sofa on the 7.5 box van	0	No
17/10/2025	Street Cleansing	Whilst lifting a small fridge, a sharp corner cut through the work clothing and made a small cut to the stomach	0	No
27/10/2025	Waste Collection	Twisted ankle in pothole	Still absent	No
11/12/2025	Waste Collection	Driver braked and loader hit windscreen injured neck	1	No

Near Misses Quarter 3

4.4 Table 4 contains information regarding near misses which have occurred during the third quarter of 2025/26. It was at the request of the AARC Committee that near misses be formally reported on, so as Health and Safety information has only recently been presented to this Committee, we do not currently have any comparable data but will routinely collect and report on this going forward. It should also be noted that though we do remind people about the importance of reporting near misses as well as accidents there is some risk of under reporting.

Table 4: Near Misses Quarter 2

Date	Service Area	Description
18/11/2025	Waste Collection	Crew reacted and tipped load in fire bay at Grundons preventing damage to vehicle.
04/12/2025	Housing Grants & Standards	Concern over the PACE room at the Town Hall for staff if someone being interviewed becomes aggressive and staff could be quite vulnerable.

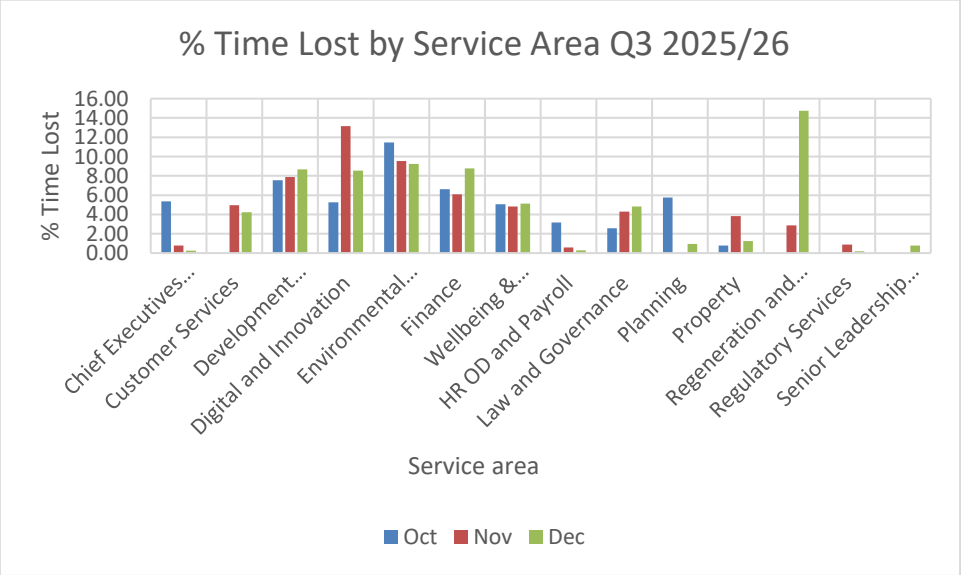
Physical and Verbal Abuse

4.5 There have been no reported cases of physical and verbal abuse reported in quarter 3 of 2025/26.

Sickness absence amongst staff

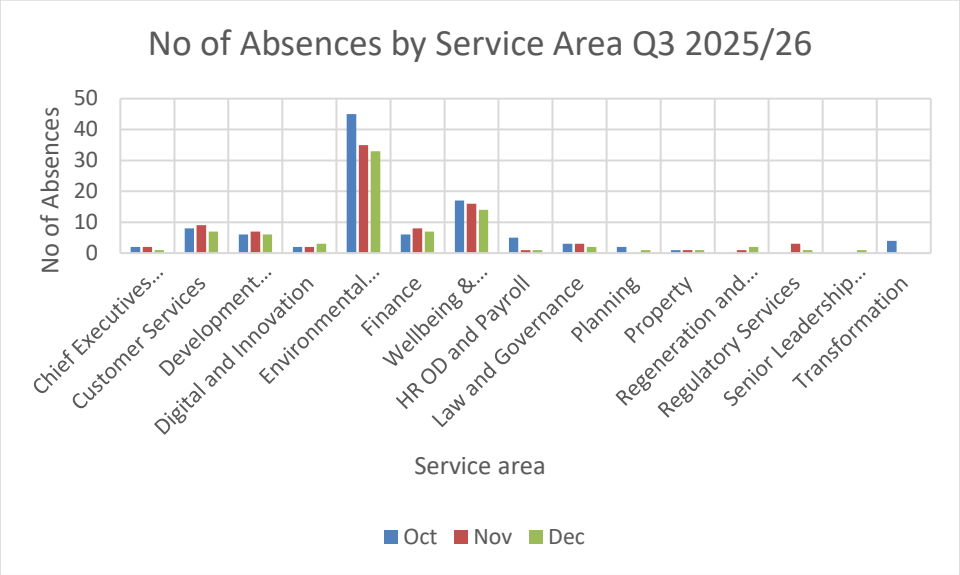
4.6 Graph 1 below shows the time lost due to sickness absence per service area by month for October to December 2025. Environmental Services has the largest percentage time lost partially due to the numbers of staff within the service. Within Growth and Economy and also Human Resources there was a long period of absence from one member of staff in each area, but this has now been concluded.

Graph 1: Comparison of % Working time lost October to December 2025



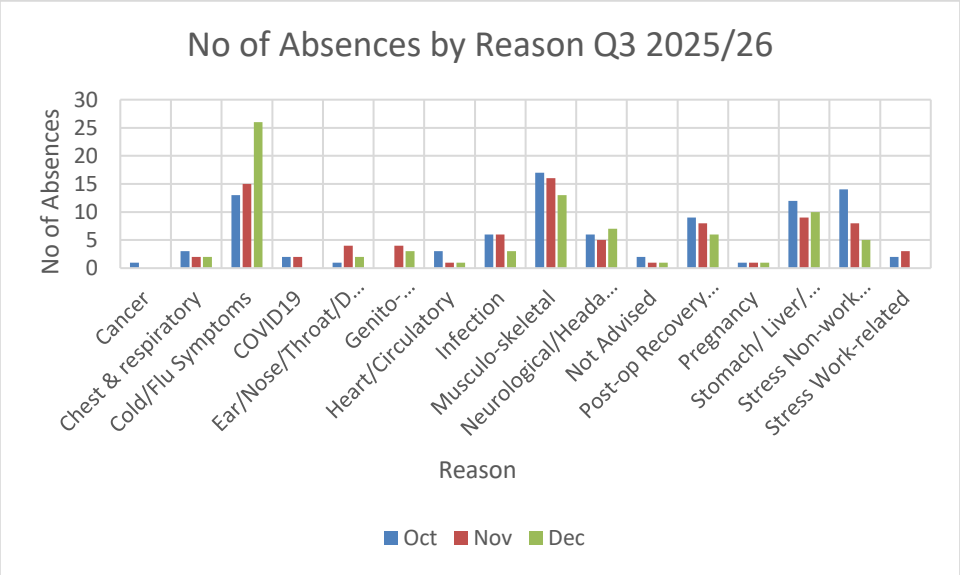
4.7 Graph 2 provides information on the number of instances of sickness by service area for each month in quarter three. Again, environmental services stands out due to the size of the service. Now that we are approaching the winter months, we would expect the levels to slightly increase in quarter three.

Graph 2: No of Sickness Absence by Service Area – October to December 2025



4.8 Graph 3 provides details of the reasons for sickness in each month. The categories are taken from the HR information system. It can be seen that as the quarter has progressed that absence for colds and flu are dropping as would be expected. There has been an increase in absence due to muscular-skeletal problems particularly within Environmental Services due to the nature of the work that they undertake. This is being investigated with the HR Team currently to look at what can be done corporately to reduce these numbers and also their sickness absence levels in general.

Graph 3: No of Absences by reason October to December 2025



Health and Safety Training

iHasco Training (E-Learning)

4.9 All employees are required to complete e-learning training on health and safety matters. Line managers have access to training completion data for their direct reports, the figures remain unchanged at 21.8% of staff required to complete the essential health and safety module within iHasco though some of these are new starters within the first 6 months of employment, which is slightly lower than previous months but there is still some way to go. The senior leadership team are now doing a push on getting everyone to complete the mandatory training on IHASCO not just the health and safety element.

4.10 The HR Team have provided further data to Executive Directors and Assistant Directors regarding the completion rates of all mandatory training and are in the process of working with ICT to develop a report using Power BI that will be accessible to managers on a more regular basis and will require less data manipulation than the current reporting. This is still a work in progress, but we hope to report as soon as possible by service area.

Internal Health and Safety Audits

4.11 At the start of each financial year, a timetable of audits and inspections is programmed for the year. The team undertakes two comprehensive workplace audits per year usually in June and December. In December 2026 the health and safety team audited the Customer Services area with one observation made which we are waiting for a response.

4.12 Any corrective actions following an audit are kept in a log held by the Health and Safety Team who check in with those responsible for completing actions identified on a regular basis and monitor progress. Some of the actions are low priority but still require completion. Currently there are no overdue actions.

4.13 The Leisure and Community Facilities Manager has requested assistance with auditing all Community Centres (twelve) over the next three months. This has come about because up until now it has not been definitively established where responsibilities lie for maintenance etc of these buildings.

4.14 With these audits it is hoped to build a clear picture of the status of these centres. The aim is to evaluate compliance levels and identify any issues across various operational areas within these buildings.

4.15 These will be addressed once a comprehensive overview of the status of all Centres has been established. The Community Facilities Manager wants to build a picture of all of the issues at the Community centres before committing to any remedial works that could be required. It will also need to be established at each centre where the responsibilities sit before anything is decided. Any serious safety concerns will be addressed immediately but it is expected that most of the findings will be relatively minor in nature. It is hoped that most of the centres will be audited by the end of the Year.

4.16 Details of the audits and inspections and the number of outstanding actions can be found in Table 5 below. These are the only audits and inspections which have actions outstanding which have occurred so far in quarter one and two.

Table 5 Internal Health and Safety Audits Q3

Month	AD Init.	Team/Area	No. actions identified	No. of actions completed	No. of actions outstanding	No. of actions overdue
October ‘25	NR	Thorpe Lane Depot	7	2	5	0
November	CC	CQ Offices	11	3	8	0
December ‘25		Customer Services	1	0	1	0

Month	AD Init.	Community Centre/Hall	No. Findings identified
September ‘25	NR	Kingsmere Community Centre	26
October ‘25	NR	Grimsbury Community Hall	19
October ‘25	NR	Longford Park Community Hall	13
November ‘25	NR	West Bicester Community Centre	16
November	NR	Langford Village Community Centre	3
November	NR	Bicester East Community Centre	10
December	NR	Ruscote Community Centre	9
December	NR	Hanwell Fields Community Centre	24

Crew Inspections for both Depots

4.17 The Health and Safety Supervisor undertakes waste collection crew audits each month. The Waste Supervisors also undertake their own crew audits in addition to this.

4.18 The purpose of the crew inspections is to meet with the crews with emphasis placed on the following main themes:

- working on the highway
- manual handling
- reversing assistants - assessing their working practices and correcting where necessary.

4.19 Any shortcomings are addressed at the time and refresher training is arranged where necessary.

Environmental Services

4.20 The Health and Safety Supervisor has been spending approximately 1 day per week with the Environmental Services Management team and staff since April 2024. In early 2026 it has been agreed that the team will be spending three days per week at the depots to support their safe operations. This extra resource with Health and Safety Supervisor has helped engage the Environmental Services supervisors and has ensured that actions such as accident investigation have been undertaken within more realistic timescales. This will continue for the foreseeable future and has recently been increased to offer more support for the Environmental Services teams.

4.21 The work that the Health and Safety Supervisor has undertaken has benefited the service as a whole and has definitely contributed the improved reporting of incidents both to us and our insurance advisor where necessary. One of the Assistant Supervisors has also been assigned H&S responsibilities. It has also been reiterated to all the Supervisors that they still have their own health and safety responsibilities as part of their day-to-day role.

4.22 Time spent with this team has consisted of:

- Collaborating with supervisors and updating accident and incident information.
- Crew audit inspections – North & South. These inspections raise supervisory awareness and concentrate on the more hazardous areas such as manual handling and reversing.
- Involvement in incident investigations, supporting with reports, gathering information for, and ensuring that, timeframes are met for RIDDOR reports. Also input into accident and incident meetings with ES team members. This has further ensured that reporting of accidents and incidents is a high priority, and that information is provided promptly.
- Working with Supervisors to ensure that all staff have access to safe working practice notes, corporate arrangements, and risk assessments and to evidence that they have been viewed and understood. This was an action from the Veritau audit and has meant that all operational staff have signed for and understood the content of these documents.
- Providing training to the different teams including accident investigation training for all supervisors.

Legislation Update

Martyn's Law (Terrorism Bill)

4.23 This law came about following the Manchester Arena bombings and it highlighted the need to protect members of the public at events where large numbers of people are in one area/building. Martyn's Law received Royal Assent on 3 April 2025 and is now the Terrorism (Protection of Premises) Act 2025. The implementation period for this act is expected to be two years but anyone responsible for qualifying premises and events are urged to get preparations underway now.

4.23 A draft Security policy has been written by the Health and Safety Team and the Facilities Management Team for the Castle Quay offices. This includes protecting staff in customer services area as well as general security of the council offices. This was provided to CLT for review 16 December and was then presented to AARC in January 2026. There is a minor adjustment to be made regarding the inclusion of evening meetings which is currently being worked on.

4.24 Training is due to commence shortly for all staff. Once this has been completed we will take the opportunity to test the process with an exercise. There will also be a security policy developed for both depots over the coming months.

Compliance

4.25 Work is ongoing to centralise records regarding compliance with all of our properties with regard to Fire, Asbestos, Legionella, Gas and electrical safety.

4.26 The Health and Safety Manager has now brought together a Health and Safety Compliance Working Group, consisting of members of staff from Housing, Leisure, Environmental Services, and Facilities Management to work on ensuring maintaining compliance across all areas working collaboratively.

4.27 A set of Terms of Reference have been developed for the group. Their tasking will include oversight of accidents, incidents, trends, audits, inspections, policies, and procedures going forward.

4.28 The Health and Safety Manager is acting as Chair, and the Senior Responsible Officer position will be held jointly by Claire Cox, Assistant Director for HR and Mona Walsh, Assistant Director for Property.

4.29 On 24 October a HSE Inspector visited the Castle Quay offices to look at how we manage asbestos in council buildings. This is a UK wide initiative with HSE Inspectors visiting local authorities across the country as there is concern about the amount of asbestos present in public buildings.

4.30 The Corporate Health and Safety Team and Facilities Management team met with the Inspector. As part of the visit, they were required to visit establishments where asbestos is present. Site visits took place at Bodicote House, Thorpe Lane & Highfields and Stratfield Brake. Following the visits recommendations were made for improvements on Policy, Surveys and Asbestos Management plans for all four buildings.

4.31 Actions were completed promptly and submitted to the HSE in January 2026. On 18 February 2026 we had email confirmation that they were content with the actions we had taken following the visit.

5. Alternative Options and Reasons for Rejection

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

Option 1: As this report is for information and follow up there are no alternative options. It is important that Health and Safety information in recorded and reported on a regular basis in order to monitor overall compliance and ensure good practice.

6 Conclusion and Reasons for Recommendations

6.1 AARC are invited to request any additional health and safety related information that they would like to be included in this report.

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
Executive Director Approval (unless Executive Director or Statutory Officer report)	Executive Director of Resources, Stephen Hinds, 24 February 2026

This report is public	
Risk Based Verification Policy	
Committee	Accounts Audit and Risk Committee
Date of Committee	18 March 2026
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 2026
Report of	Assistant Director of Finance (Section 151 Officer)

Purpose of report

To update the Committee with details of Risk Based Verification (RBV) policy and to seek approval for the reviewed RBV policy for 2026/27

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 2026/27 (Appendix 1 to the 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.

2.2 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. There have been no changes made to the policy as part of the review.

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 Rachel Ainsworth – Finance Business Partner for Resources, 20 January 2026			
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. In order to ensure that the RBV policy is working it may be helpful to compare data from previous years to see if there is a similar trend in claims made and awarded across the categories. Consideration should also be given as to any data protection issues that could arise it personal information is added to the system and stored. Denzil John Tuberville – Head of Legal Services, 22 January 2026			
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 – Performance Team Leader, 20 January 2026			
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 of the council's proposals, changes and decisions take 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, including employees and service users?		X		As set out above
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.			
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 (RBV) 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 Risk Based Verification (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, Appendix 1 to this report.

4.3 The Department for Work and Pensions (DWP) suggests that around 55% of cases will be low risk, 25% medium risk and 20% high risk.

4.4 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.

4.5 An updated RBV policy was approved by both members and the S151 Officer in March 2025. This policy must be reviewed each year but cannot be amended in-year as this would complicate the subsidy audit process.

4.6 The policy for Cherwell District Council has now been reviewed (attached at Appendix 1 of this report). There are only minor changes, and these do not affect the substance of the policy.

4.7 The evidence list and risk categories are set out at Appendix 2.

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 2026/27 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 1	Risk Based Verification Policy 2026-27
Appendix 2	List of evidence
Background Papers	N/A
Reference Papers	N/A
Report Author	Sandra Ganpot, Benefit Services and Performance Manager
Report Author contact details	Sandra.ganpot@cherwell-dc.gov.uk 01295 221721
Executive Director Approval (unless Executive Director or Statutory Officer report)	N/A – Statutory Officer report

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Appendix 1

Cherwell District Council
Risk Based Verification Policy

Background

It is estimated that the overall spend on Housing Benefit in 2024-2025 was £13.9 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 6161 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 and an automated software solution to carry out the risk scoring. Customers may also apply on a hard copy form. The software is integrated into the 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.

The council's system 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 software provider where the risk group will be adjusted, and level of verification applied will be checked.

Monthly reports will be provided 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 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

Appendix 2

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**

Cherwell DISTRICT COUNCIL NORTH OXFORDSHIRE

Appendix 2

	>	Dependents (responsibility for not ID of)		Nothing required	>	Originals or Photocopies or Searchlight check	>	Originals Required or searchlight check
	>	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

Cherwell DISTRICT COUNCIL NORTH OXFORDSHIRE

Appendix 2

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*

Cherwell

DISTRICT COUNCIL
NORTH OXFORDSHIRE

Appendix 2

This report is public	
Risk Monitoring Report Quarter 3 2025-26	
Committee	Accounts, Audit & Risk Committee
Date of Committee	18 March 2026
Portfolio Holder presenting the report	Portfolio Holder for Corporate Services, Councillor Chris Brant
Date Portfolio Holder agreed report	14 January 2026
Report of	Head of Chief Executive's Office

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 2025 – 26.

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.

Implications & Impact Assessments

Implications	Commentary
Finance	There are no financial and resource implications arising directly from this report. Joanne Kaye, Head of Finance, 14 January 2026
Legal	Appendix 1 to this report highlights identified areas of legal and governance risk which are monitored on an on-going basis. There are no legal implications arising directly from this report. Denzil – John Turbervill, Head of Legal Services, 14 January 2026
Risk Management	This report contains a full update with regards to the council's risk position at the end of Quarter 3 2025-26. Celia Prado-Teeling, Performance & Insight Team Leader, 07 January 2026

Impact Assessments	Positive	Neutral	Negative	Commentary
Equality Impact		x		There are no direct equalities and inclusion implications because of this report. Celia Prado-Teeling, Performance & Insight Team Leader, 07 January 2026
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 has 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 conducts 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, in 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 Corporate Leadership Team reviews the Leadership Risk Register quarterly; however, this is a live document that gets updated as and when required.

4.2 Please note risks deemed as high (L01, L05) and medium (L03, L04, L09, L10, L13, L14, L16 and L17) present higher scores, mostly due to the magnitude of the impact these events could have for the organisation, mitigating actions are in place across them all to reduce the potential severity of the impact, and controls are established to prevent the probability of the risk event happening.

4.3 There was one score change within the Leadership Risk Register during Quarter 3, L05 - Planning Applications for Major Development increased its score from 12 (medium) to 20 (high). Transformation and improvement of work remain ongoing. Following a review by the Planning Advisory Service (PAS) on 29 May 2025 of the Council's decision-making processes for major developments, recommendations are currently under consideration and will be presented to the Council's Executive in the new year. While performance improved during the 2024–2026 monitoring period, provisional figures for 2023–2025 indicate that the nationally prescribed 10% threshold is likely to be exceeded. This has contributed to the risk score decreasing in Q2 but rising again in Q3. This is largely due to the legacy of decisions taken in 2023 and 2024, and the percentage of appeal overturns for major developments fell significantly in 2025. The overall position at the time of running this report (07/01/2026) of all Leadership risks is as follows:

		Probability				
		1 - Remote	2 - Unlikely	3 - Possible	4 - Probable	5 - Highly Probable
Impact	5 - Catastrophic			L10		
	4 - Major		L08-L11	L03-L09-L13-L14-L16	L01	L05
	3 - Moderate		L06-L07-L12	L02-L15	L17	L04
	2 - Minor					
	1 - Insignificant					

Figure 1: Risk scorecard showing the risk scores in the Leadership Risk Register for Quarter 3 2025-26

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 set out below.

Option 1: 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 as at the end of Quarter 3 of financial year 2025-26.

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	Leadership Risk Register Quarter 3 2025-26
Background Papers	None
Reference Papers	None
Report Author	Celia Prado-Teeling, Performance Team Leader
Report Author contact details	celia.prado-teeling@Cherwell-dc.gov.uk , 01295 551226
Executive Director Approval (unless Executive Director or Statutory Officer report)	Stephen Hinds, Executive Director – Resources, 13 January 2026

Appendix 1 – Leadership Risk Register as at 07/01/2026

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			L10		
	4 - Major		L08-L11	L03-L09-L13-L14-L16	L01	L05
	3 - Moderate		L06-L07-L12	L02-L15	L17	L04
	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 22/12/2025
	Reduction in services to customers				Planning for balanced medium term and dynamic ability to prioritise resources.	Fully								The budget for 2025/26 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 2025/26 with mitigations required if slippage is identified. The budget and transformation process for 2026/27 began in May 2025 and has involved 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. Consultation on Fairer Funding 2.0 was launched in July 2025. This provided some indications of the potential impact on the council, but the full impact will not be known until late November 2025. In the meantime the council continues to lobby the government, contribute to the District Council Network's response and to work with government as part of the MHCLG Implementation Working Group.		
	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, SDCT, DCN 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 reorganisation (devolution/unitarization) has been noted but as yet the potential impact on the council is unknown. Officers will continue to monitor the discussions at local and national levels. The council has submitted its response to the long awaited consultation on Fairer Funding 2.0. The government's response to the consultation was released late November 2025. Officers are digesting the outcome of the provisional local government financial settlement released 18 Dec and will report to members in Q4.		
	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.		
														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 Banbury town centre.		

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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.	No change as at Q1 25/26	Risk reviewed on 16/12/2025
	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 appropriate 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.		
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. Failure at 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 submission version of the emerging Local Plan was approved by Council on 21 July. It was submitted to the Secretary of State for Housing, Communities and Local Government for independent Examination on 31 July at which point the Examination commenced. First round of hearing sessions confirmed for w/c 16 February 2026 concentrating on 3 topics - Transitional arrangements, Oxford's unmet need, and duty to co-operate. The Oxford Growth Commission's interim report has been published which presents some risk to the plan making processes of the Oxfordshire Local Planning Authorities. However, the OGC report has not been responded to by Government and the Council's barrister is engaged to support officers in managing the risk presented.	Risk updated on 19/12/25
	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	Partially								Continuance of internal Members' Advisory Group meetings.		
	Failure to submit Plan for Examination 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.		

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L04 - 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.	4	4	16	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 additional 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 the developer.	Partially	Councillor J. Conway	Ian Boll	David Peckford	5	3	15	↔	Regular monitoring and review Preparation & adoption of a new Local Plan Regular Briefings 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 2025 Annual Monitoring Report (AMR) was approved by the Council's Executive on 2 December 2025. It was reported that the district has a 3.1 year housing land supply. The Council has an approved Housing Delivery Action Plan. A new Local Plan with proposed additional land supply is presently being Examined. The district also has over 10,000 homes with outline or detailed planning permission.	Risk updated on 19/12/25
L05 - Planning Applications for Major Development - The need to reduce the percentage of planning decisions for major development overturned at appeal	Over the period April 2022 to March 2024, and allowing for appeal decisions to December 2024, 10.4% of decisions on major applications were overturned at appeal (12 out of 115 decisions). The Council avoided designation for exceeding the prescribed 10% threshold due to the positive actions being taken to improve performance. Although performance has improved for the monitoring period 24-26, the legacy effect is that there is a high risk of the percentage for 23-25 also exceeding 10%.	5	4	20	A review of the Council's decision making processes by the Planning Advisory Service. Entering into an improvement plan to address issues identified in the review. Ensuring full, timely and successful implementation of the improvement plan.	Fully	Councillor J. Conway	Ian Boll	David Peckford	5	4	20	↑	Discussion with the Planning Advisory Service about the review of decision-making Corporate oversight	Transformation and improvement work remains ongoing. Following a review by the Planning Advisory Service (PAS) on 29 May 2025 of the Council's decision-making processes for major developments, recommendations are currently under consideration and will be presented to the Council's Executive in the new year. While performance improved during the 2024–2026 monitoring period, provisional figures for 2023–2025 indicate that the nationally prescribed 10% threshold is likely to be exceeded. This has contributed to the risk score decreasing in Q2 but rising again in Q3. This is largely due to the legacy of decisions taken in 2023 & 2024 and tye percentage of appeal overturns for major developments fell significantly in 2025	Risk updated 19/12/25
L06 - 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 operation	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 corporate-wide exercise took place as planned and draft debrief report produced for 25/26 was used to feed into cycle of review and update in Q3 of 25/26. Update and review of BIAs scheduled for completion by end of Dec 25. Slightly behind schedule - so will be working to get back on track for BCP updates by end of March 26.	Risk reviewed - 06/01/2026
	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 having been 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		

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L07 - Emergency Planning (EP) - 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.	OCC Joint resilience Team arrangements to be continued into 26/27. EP plans due review and refresh in 2026 - will be reviewed and updated on prioritised basis. EP arrangements working well and have supported response to illegal landfill site nr. Kidlington.	Risk reviewed - 06/01/2026
	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										
L08 - 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	Nicola Riley	Tim Hughes	2	4	8	↔	Continue in linking in with Safer Oxfordshire partnership and contributing towards partnership activity to ensure safeguarding responsibilities are met.	Full risk review carried out. Risk controls updated	Risk reviewed - 16/12/2025
	Council subject to external reviews				Exploitation concerns and actions discussed routinely at Joint Agency Tasking and Co-ordination meetings on a monthly basis	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.															
L09 - 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 January 2025. Work is almost complete with 2 minor actions due to be closed end September 2025 which sit with Environmental Services. Still awaiting confirmation that these actions have been completed.	Risk reviewed on 02/12/2025
	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										
L10 - 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 11/12/2025 - no change
	Prosecution – penalties imposed				Additional 3rd party monitoring in place using a SIEM tool and 24/7 monitoring via a SOC	Fully								Cyber Security advice and guidance regularly highlighted to all staff.		
	Individuals could be placed at risk of harm				A zero trust VPN model.	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		
	Reduced capability to deliver services				Schedule of regular security patching	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.		
	Unlawful disclosure of sensitive information				Vulnerability scanning	Fully								Internal Audits complete regular cyber audits.		
	Inability to share services or work with partners				Malware protection and detection	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.		
	Loss of reputation				File and data encryption on computer devices	Fully										
					Managing access permissions and privileged users controls.	Fully										
					Effective information management and security training and awareness programme for staff	Fully										
					Password and Multi Factor Authentication security controls in place.	Fully										
					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										

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L11 - 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	Nicola Riley	Susan Asbury	2	4	8	↔	Action plan acted upon and shared with Overview and scrutiny committee once a year	Mitigations refreshed	Risk reviewed 16/12/2025 No changes
	Council subject to external reviews				Safeguarding Policy and procedures in place	Fully								Comprehensive on line training available for all staff and 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		
														Monitoring of implementation of corporate policies and procedures to ensure fully embedded		
					Data sharing agreement with other partners	Fully										
					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										
														Member training completions shared twice a year		
														SAR's and Lessons Learned reports circulated to improve practice and knowledge.		
L12 - 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.	New NEDs in place following recruitment in Q2.	Risk reviewed and updated on 06/01/2026
	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										

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L13 - 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	Darren Jacobs	3	4	12	↔	Creditsafe UK tool purchased to allow Procurement to carry out supplier credit checks when required.	Mitigations in place and operational.	Risk reviewed and updated on 06/01/2026
					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															
L14 - 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. Transfer of historic public open space land - renegotiation with the land Owner, developers, internal property and planning teams to facilitate due diligence to enable transfers to take place.	Full risk review carried out - potential impacts updated	Risk reviewed on 16/12/2025
					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 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										

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				
L15 - 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.	Fully	Councillor L. McLean	Ian Boll	Tom Dobrashian	3	3	**9**	↔	Regular infrastructure & project meetings are held between officers at Oxfordshire County and Cherwell District Councils in order to monitor progress. Projects also included within Area Oversight Priority Plans for monitoring at AOGs held quarterly for each area.	Cherwell are introducing more rigorous Prince 2 templates for major projects which is being rolled out and all relevant officers are being trained and supported in their use. A further study funded by Homes England around Kidlington constraints and mitigations is being initiated.	Risk reviewed on 30/12/2025
					Need to institute regular and effective dialogue with developers.	Fully								Regular and effective dialogue with developers via Area Developer Forums and Area Oversight Groups held on a quarterly basis. Joint work with ATLAS team from Homes England to understand capacity constraints of infrastructure necessary for housing delivery. This is financed by MHCLG and Homes England.		
	Delivery of Infrastructure projects fail to accelerate housing delivery as commercial pressures impact house builders															
L16- 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. We continue to collect recruitment data to better identify areas where recruitment is proving challenging so that a review and actions can be carried out at the earliest opportunity.	Risk reviewed and updated 22/12/2025
	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.		
L17 - 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**	↔	Implement proposals from our Transformation Plan to ensure improved efficiencies and improving our resilience	Proposal submitted into Government in November 2025 in line with deadlines set. Cross Council group continuing to work together on planning and preparation for implementation which includes the next phase of work to support public consultation in February 2026.	Risk reviewed and updated on 06/01/2026
	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.															

This report is public	
Draft Annual Report of the Accounts, Audit and Risk Committee 2025/26	
Committee	Accounts, Audit and Risk Committee
Date of Committee	18 March 2026
Portfolio Holder presenting the report	Deputy Leader and Portfolio Holder for Finance, Property & Regeneration, Councillor Lesley McLean
Date Portfolio Holder agreed report	6 March 2026
Report of	Assistant Director of Finance (S151 Officer)

Purpose of report

This report presents the draft annual report of the Accounts, Audit and Risk Committee for the year 2025/26. 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 request officers to finalise it accordingly, 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.

2.3 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).

2.4 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 2025/26, and that its work aligns with the principles in CIPFA's position statement (and accompanying guidance).

2.5 It is for members of AARC to determine and agree that the report provides a complete and accurate representation of its work during 2025/26 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, 2 March 2026			
Legal	There are no legal implications arising directly from this report. Shiraz Sheikh, Assistant Director of Law, Governance and Monitoring Officer, 3 March 2026			
Risk Management	There are no risk implications arising directly from this report. Celia Prado-Teeling, Performance Team Leader, 3 March 2026			
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 efficient and effective functioning which supports the priorities set out in the 2025/26 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 This report aims to capture the work of the committee during 2025/26 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 2025/26

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 2025/26 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	N/A
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 2025/26
Background Papers	None
Reference Papers	None
Report Author	Ed Lambert-Martin, Audit Manager (Veritau)
Report Author contact details	Ed.Lambert-Martin@veritau.co.uk 01904 552932
Executive Director Approval (unless Executive Director or Statutory Officer report)	Assistant Director of Finance (Section 151 Officer), 6 March 2026

Accounts, Audit and Risk Committee Annual Report

Report of the work of the Accounts, Audit and Risk Committee during 2025/26

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 2025/26.

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 was appointed to the role of Chair of this committee in May 2025. 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 SIMON LYTTON

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 2025/26 (overview)

Core functions	May 2025	July 2025	September 2025	November 2025	January 2026	March 2026
Governance, risk, and control						
Counter Fraud Annual Report 2024/25 (Veritau)						
Annual Health and Safety Report 2024/24						
Risk monitoring report – Year end 2024/25						
Housing management performance inc. complaints handling code						
Annual Governance Statement 2024/25						
Risk monitoring report – Q1 2025/26						
Monitoring Officer annual report 2024/25, inc. LGSCO annual report						
Health and Safety report Q1 2025/26						
Environmental, Social and Governance considerations						
Support to Subsidiaries						
Counter fraud progress report						
Risk monitoring report – Q2 2024/25						
Risk management strategy and guidance						
Health and safety report Q2 2025/26						
Local Code of Corporate Governance						
Annual Governance Statement 2024/25 – Update on actions						
Health and Safety Security at Castle Quay Offices						
Counter fraud work programme 2026/27 (Veritau)						
Health and Safety Q3 report						
Risk monitoring report – Q3 2025/26						
Housing Benefit Risk Based Verification Policy						
Internal audit						

APPENDIX 1

Head of Internal Audit Annual Report 2024/25 (Veritau)						
Rutten Lane planning application: review outcomes and action plan						
Internal audit progress report						
Internal audit work programme 2026/27						
External audit						
External audit update 2024/25 (Bishop Fleming)						
External audit – Draft auditor's annual report 2024/25						
External audit – Draft letter of representation 2024/25						
External audit plan 2025/26						
Financial reporting						
Housing benefit subsidy audit 2021/22						
Draft statement of accounts 2024/25						
Financial Management Code – forecast self-assessment update 2025/26						
Final statement of accounts 2024/25						
Accounting policies 2025/26						
Accountability arrangements						
Accounts, Audit and Risk Committee annual report 2025/26						
Treasury management						
Treasury management annual performance report 2024/25						
Treasury management report – Q1 report 2025/26						
Treasury management report – mid-year review 2025/26						
Draft Capital and Investment and Treasury Management Strategies						
Treasury management report – Q3 2025/26						

Key activities in 2025/26

The committee is considered to have effectively discharged its responsibilities for 2025/26, 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 July 2025, the committee approved the 2024/25 annual governance statement (AGS) for inclusion in the council's final statement of accounts. It received an update against the AGS actions in January 2026.

Also in January 2026, 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 presented with the leadership risk register in July, September, and November 2025, and in March 2026.

The committee received an annual health and safety report in May 2025 and quarterly health and safety reports throughout the year. In addition, it received a report on health and safety and security at its Castle Quay offices.

The committee received the counter fraud annual report in May 2025 and received progress reports (detailing proactive and reactive work undertaken by the service) in July and November 2025, and in March 2026. The 2026/27 counter fraud work programme was approved by the committee at its 18 March 2026 meeting.

In July and September 2025, the committee received reports from the Monitoring Officer on matters relating to standards and corporate complaints. In September 2025, the committee received reports informing it of the level of support the council provides to its subsidiaries.

Internal Audit

The committee received the 2024/25 head of internal audit report in May 2025. The report gave the annual opinion on the strength of the council's framework of risk management, governance, and internal control. This is one of the most important outcomes from internal audit and should be used in preparing the council's annual governance statement. An opinion of reasonable assurance was reached by the council's 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.

Throughout the year, the committee received regular progress reports (in July and November 2025, and in March 2026) against the internal audit work programme that it agreed in March 2025. 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.

The committee also met with the Assistant Director – Audit Assurance (Head of Internal Audit) (Veritau) in private session in January 2026 and satisfied itself that the council's internal audit service is free to carry out its duties without undue restriction.

External Audit

The council's external auditors are Bishop Fleming. The committee received a verbal update from the auditors in September 2025 and the draft auditor's annual report in November 2025. The final statement of accounts was presented in March 2026.

The committee met with its external auditors, in private session, in January 2026. 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 2024/25 draft statement of accounts was presented to the committee in July 2025, with the final accounts then presented in March 2026.

In March 2026, the committee also reviewed and approved the council's accounting policies to be included in the 2025/26 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 2025/26. The report was considered and approved at its 18 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 committee intends to undertake a self-assessment during the 2026/27 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 committee received a report on the council's treasury management performance for 2024/25 at its May 2025 meeting. It then received quarterly updates on treasury management performance in 2025/26 over the remainder of the year, and, in January 2026,

recommended that both the capital and investment strategy and the draft treasury management strategy for 2026/27 be approved by Executive.

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This report is public	
Internal Audit Progress Report 2025/26	
Committee	Accounts, Audit and Risk Committee
Date of Committee	18 March 2026
Portfolio Holder presenting the report	Deputy Leader and Portfolio Holder for Finance, Property & Regeneration Councillor Lesley McLean
Date Portfolio Holder agreed report	6 March 2026
Report of	Assistant Director of Finance, (S151 Officer)

Purpose of report

This report provides the Accounts, Audit and Risk Committee with an update on delivery of the internal audit work programme for 2025/26.

1. Recommendations

The Accounts, Audit and Risk Committee resolves to:

1.1 Note the progress made in delivering the 2025/26 internal audit work programme.

2. Executive Summary

2.1 The work of internal audit in local government is governed by the Global Internal Audit Standards in the UK Public Sector. This regime, which came into effect on 1 April 2025, is made up of the Institute of Internal Auditors' Global Internal Audit Standards (including Topical Requirements), and the Application Note: Global Internal Audit Standards in the UK Public Sector.

2.2 In accordance with these standards, periodic reports on internal audit work are presented to this committee.

2.3 The committee is required to consider the progress and outcomes of internal audit work as part of its responsibility for overseeing the internal audit service. The report (contained in appendix 1) provides the information required by the committee to fulfil its oversight role.

2.4 Overall, the report shows that good progress is being made in delivering the 2025/26 work programme. It includes outcomes from three audits which have been finalised since the November meeting of this committee.

2.5 The report updates the committee on the status of ongoing work, and sets out priorities for the remainder of the year. It also shows that a generally good level of progress is being made by the council to implement actions agreed in previous audit reports.

Implications & Impact Assessments

Implications	Commentary			
Finance	This is an information report on the progress made in delivering the 2025/26 internal audit work programme and does not have any financial implications. The work carried out by Veritau is within budget. Joanne Kaye, Head of Finance (Dep. s151), 2 March 2026			
Legal	There are no legal implications associated with this report. Shiraz Sheikh, Assistant Director of Law, Governance and Monitoring Officer, 3 March 2026			
Risk Management	The council will be non-compliant with the GIAS if the performance of the internal audit function, and the results of its work, are not reported to the committee. This could result in external scrutiny and challenge. Celia Prado-Teeling, Performance & Insight Team Leader, 3 March 2026			
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 all four of the council's priorities, as set out in its 2025-30 corporate strategy. Internal audit's contribution			

	to these priorities is to provide independent, risk-based, assurance, advice, and insight relating to the council's systems of governance, risk management, and internal control. By doing so, internal audit supports the organisation to create the conditions to become a modern council inspiring and enabling positive, lasting change.
Human Resources	N/A
Property	N/A
Consultation & Engagement	No consultation has been required in the preparation of this report. The internal audit work programme, on which this report is based, was itself subject to consultation with senior management and with members of the Accounts, Audit and Risk Committee.

Supporting Information

3. Background

3.1 The 2025/26 internal audit work programme was approved by the Accounts, Audit and Risk Committee at its 19 March 2025 meeting.

3.2 To conform to professional standards, and the council's audit charter, the Head of Internal Audit must report periodically to this committee on the progress made against the internal audit work programme, and on the results of audit activities undertaken.

3.3 Appendix 1 to this report provides an update on progress made in delivering the 2025/26 internal audit work programme. This includes a summary of completed work, work currently in progress, and work scheduled for the remainder of the year. It also reports on outcomes from the follow-up of actions agreed in previous audit reports.

4. Details

4.1 The detailed progress report is included in appendix 1 – Internal Audit Progress Report 2025/26.

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 internal audit functions under the terms of reference for the Accounts, Audit and Risk Committee, it is required to note the progress made in delivering the 2025/26 internal audit work programme.

6 Conclusion and Reasons for Recommendations

6.1 The Accounts, Audit and Risk Committee is recommended to note the progress made in delivering the council's internal audit work programme. 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.

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	Internal Audit Progress Report 2025/26
Background Papers	None
Reference Papers	None
Report Author	Ed Lambert-Martin, Audit Manager (Veritau)
Report Author contact details	Ed.Lambert-Martin@veritau.co.uk 01904 552932
Executive Director Approval (unless Executive Director or Statutory Officer report)	Assistant Director of Finance (Section 151 Officer), 6 March 2026

Cherwell
DISTRICT COUNCIL
NORTH OXFORDSHIRE

Internal Audit Progress Report 2025/26

Date: 18 March 2026

APPENDIX 1

Veritau
Assurance for the public sector

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3	Background
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4	Follow up
5	Annex A: Internal audit work in 2025/26
7	Annex B: Current audit priorities
8	Annex C: Summary of key issues from finalised audits
9	Annex D: Assurance engagement opinions and finding priorities
10	Annex E: Follow up of agreed audit actions

BACKGROUND

1 Internal audit provides independent and objective assurance and advice about the council's operations. It helps the organisation to achieve its overall objectives by bringing a systematic, disciplined approach to the evaluation and improvement of the effectiveness of risk management, control, and governance processes.

2 The work of internal audit is governed by the Accounts and Audit Regulations 2015 and relevant professional standards. These include the Global Internal Audit Standards and the Application Note: Global Internal Audit Standards in the UK Public Sector.

3 In accordance with the Global Internal Audit Standards (UK Public Sector), the Head of Internal Audit is required to report progress against the internal audit plan (the work programme) agreed by the Accounts, Audit & Risk Committee, and to identify any emerging issues which need to be brought to the attention of the committee.

4 The internal audit work programme was agreed by this committee in March 2025.

5 Veritau has adopted a flexible approach to work programme development and delivery. Work to be undertaken during the year is kept under review to ensure that audit resources are deployed to the areas of greatest risk and importance to the council.

6 The purpose of this report is to update the committee on internal activity up to 28 February 2026.

INTERNAL AUDIT PROGRESS

7 A summary of internal audit work currently underway, as well as work finalised in the year to date, is included in annex A. Annex A also details other work completed by internal audit during the year.

8 Since our last report to this committee, three audits have been finalised. These were IT Asset Management (Reasonable Assurance); Cyber Security: user awareness and training (Reasonable Assurance) and the utilities management follow up audit report. This was a follow up of a red rated audit from the previous provider. There is one action from this audit, which is rated critical.

9 Three audits from the 2025/26 work programme are in progress. Licensing is in the final stages and a draft report will be issued very shortly. Fieldwork is ongoing for the Section 106 agreements audit and planning is underway for a project management audit relating to Bicester Market Square.

10 The 2025/26 audits of LATCO governance and Procurement Act compliance are in the initial planning stage. Contact will be made with officers over the coming weeks to agree specifications and begin fieldwork.

11 The work programme, showing current priorities for internal audit work, is included at annex B. At this stage in the year all work is categorised as 'do now' as completion of these audits will see the conclusion of the work programme. The 2026/27 work programme is being presented as a separate agenda item in this committee meeting.

12 Annex C summarises the key findings from the utilities management audit, and includes actions agreed with officers to address identified control weaknesses.

13 Annex D lists our current definitions for finding priorities and overall assurance levels.

FOLLOW UP

14 All actions agreed with services as a result of internal audit work are followed up to ensure that underlying control weaknesses have been addressed. As a result of this work, we are generally satisfied that sufficient progress is being made to address the control weaknesses identified in previous audits.

15 A summary of the current status of follow up activity is included at annex E.

ANNEX A: INTERNAL AUDIT WORK IN 2025/26

Final reports issued

Audit	Reported to Committee	Opinion
Cloud, network and security management and monitoring	July 2025	Substantial Assurance
ICT applications: third party assurance	July 2025	Substantial Assurance
Risk management	November 2025	Reasonable Assurance
Performance Management Framework	November 2025	Reasonable Assurance
Governance and decision making	November 2025	Substantial Assurance
Treasury management	November 2025	Substantial Assurance
Utilities management: follow-up audit	March 2026	No opinion given
Cybersecurity: user awareness and training	March 2026	Reasonable Assurance
IT Asset Management	March 2026	Reasonable Assurance

Audits in progress

Audit	Status
Licensing	Fieldwork complete
Section 106 agreements	In progress
Project management: Bicester Market Square	Planning
LATCO governance: Crown House and Graven Hill	Planning
Procurement Act compliance	Planning

Other work completed in 2025/26

Internal audit work has been undertaken in other areas during the year, including those listed below.

- Follow up of agreed actions, including preparation of regular reports to Corporate Leadership Team (CLT).
- Development of follow-up and escalation procedure

Internal audit work has been undertaken in other areas during the year, including those listed below.

- Attendance at, and support to, CLT, Corporate Oversight Governance Group, and the Statutory Officers' Group.
- Contribution to the council's governance dashboard.
- Contribution to the council's Annual Governance Statement and Local Code of Corporate Governance.

ANNEX B: CURRENT AUDIT PRIORITIES

Audit / Engagement	Rationale
Category 1 (do now)	
Section 106 agreements	Risks and controls are changing.
Project management: Bicester Markey Square	Review to establish lessons learned for project management, using example of Bicester Market Square
LATCO governance: Crown House and Graven Hill	Provides coverage of key assurance area. Being undertaken following a request from senior management.
Procurement Act compliance	To provide assurance that the council complies with the procurement act 2023, which came into force in February 2025.
Category 2 (do next)	
Category 3 (do later)	

ANNEX C: SUMMARY OF KEY ISSUES FROM AUDITS FINALISED SINCE THE LAST REPORT TO THE COMMITTEE

System/area (month issued)	Opinion	Area reviewed	Comments / Issues identified	Management actions agreed
Utilities management follow up (February 2026)	No opinion given[1]	A follow-up of the actions agreed in the utilities management report, issued in January 2024.	The review found that some progress has been made but significant elements of the originally identified control weaknesses remain unresolved. One critical rated action has been agreed, which is anticipated to address the issues identified. Positive developments include a new corporate utilities register, improved meter reading within Property Services, and progress toward procuring a utilities specialist. However, major actions, particularly the corporate landlord approach and consistent council-wide processes, are only partially implemented, leaving fragmented responsibilities, limited oversight, and ongoing financial risks. Future plans appear credible, with the planned engagement of Laser from 2026 expected to centralise expertise, streamline processes, and embed stronger governance. to ensure preparations for appointing	The council will complete work to appoint a utilities specialist. A clear specification of work will be developed, and deliverables specified, which address the outstanding actions from the previous audit and which set the framework for a sustainable, joined-up approach to utilities management.

[1] No opinion is given when the scope of the work doesn't allow for an opinion on the overall system of governance, risk and control. In this case the work was a follow up of previous issues and agreed actions.

System/area (month issued)	Opinion	Area reviewed	Comments / Issues identified	Management actions agreed
			the specialist address current weaknesses, and further follow up will take place to confirm implementation of this action.	
IT Asset Management	Reasonable Assurance	A review of the maintenance and accuracy of ICT asset inventory, policies and procedures and processes for redistribution, upgrade, and disposal of desktops, laptops and mobile devices.	IT asset management is generally well managed through Microsoft Intune, but gaps in lifecycle data, inconsistent device allocation, and outdated policies reduce assurance over the accuracy and completeness of the asset register. Policies are appropriate and supported by technical controls which ensure only enabled devices can connect to the council network. Device reallocation processes are not consistently followed, and end-of-life and disposal procedures lack formalisation, leading to assets remaining incorrectly listed as active. Despite these weaknesses, most devices are up to date, visibility in Intune is strong, and minor user-assignment issues identified during the audit were promptly resolved.	The council will enhance its asset register by adding and maintaining full lifecycle data, completing a full clean-up, and introducing routine reconciliations. The one-in, one-out process will be reinforced to the team.
Cyber security: user awareness and training	Reasonable Assurance	A review of policies and procedures, staff training	The Council has the necessary cyber-security policies and procedures in place and recently updated, though formats and approval information are inconsistent.	The council will review completion rates and

System/area (month issued)	Opinion	Area reviewed	Comments / Issues identified	Management actions agreed
		and guidance. It also included a staff survey to assess effectiveness of awareness raising.	Monthly Mimecast training and mandatory annual iHasco modules provide appropriate awareness and guidance, but incomplete iHasco training records mean overall compliance cannot yet be confirmed. A staff survey showed strong understanding of cyber-security responsibilities, though improvements are needed around AI, personal device use, and password practices. Some intranet guidance remains outdated, and while phishing simulations are regularly used to assess awareness, incident-management information online does not fully reflect current procedures.	work with HR to improve them if required. Policies will be reviewed and updated as required, as will cyber security guidance on the intranet. Officers will reflect on the results of the survey and take actions to address areas of lower confidence or understanding.

ANNEX D: ASSURANCE ENGAGEMENT OPINIONS AND FINDING PRIORITIES

Audit opinions

Audit work is based on sampling transactions to test the operation of systems. It cannot guarantee the elimination of fraud or error. Our opinion is based on the risks we identify at the time of the audit. Our overall audit opinion is based on four grades of opinion, as set out below.

Opinion	Assessment of internal control
Substantial assurance	Overall, good management of risk with few weaknesses identified. An effective control environment is in operation but there is scope for further improvement in the areas identified.
Reasonable assurance	Overall, satisfactory management of risk with a number of weaknesses identified. An acceptable control environment is in operation but there are a number of improvements that could be made.
Limited assurance	Overall, poor management of risk with significant control weaknesses in key areas and major improvements required before an effective control environment will be in operation.
No assurance	Overall, there is a fundamental failure in control and risks are not being effectively managed. A number of key areas require substantial improvement to protect the system from error and abuse.

Finding ratings

Critical	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.
Significant	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Moderate	The system objectives are not exposed to significant risk, but the issue merits attention by management.
Opportunity	There is an opportunity for improvement in efficiency or outcomes but the system objectives are not exposed to risk.

ANNEX E: FOLLOW UP OF AGREED AUDIT ACTIONS

1 In figure 1, below, the status of agreed actions from follow-up activity undertaken up to 28 February 2026 is shown. Actions have been categorised by the rating of the finding from which they were raised (i.e. from a scale of opportunity to critical – see annex D for definitions).

2 For clarity, figure 1 is showing the results of all actions followed up between 1 April 2025 and 28 February 2026, regardless of when they were originally due (i.e. it may include actions which fell due prior to the reporting period but which are still being followed up). It also shows the number of actions which have been agreed in finalised audits but which have either (a) not yet fallen due, so have not been followed up or (b) which have been followed up and a revised completion date has been agreed.

Figure 1: Total actions followed up in 2025/26



3 A total of 70 agreed actions have required follow up this year[2]. Of these, 52 (74%) have been satisfactorily implemented.

4 Two actions have been marked as risk accepted[3]. The risk accepted status is used when senior management has decided to accept the risk of not completing the action.

[2] A further 8 agreed actions are not due for follow up at the time of reporting.
[3] These relate to frequency of emissions monitoring and reporting from the 2022/23 Climate audit, which officers have identified as not being in line with standard practice or being realistic to implement. Annual monitoring and reporting does remain in place.

5 Seven actions have had their original implementation timescale extended (i.e. a revised date has been agreed with the action owner). These relate to the following audits:

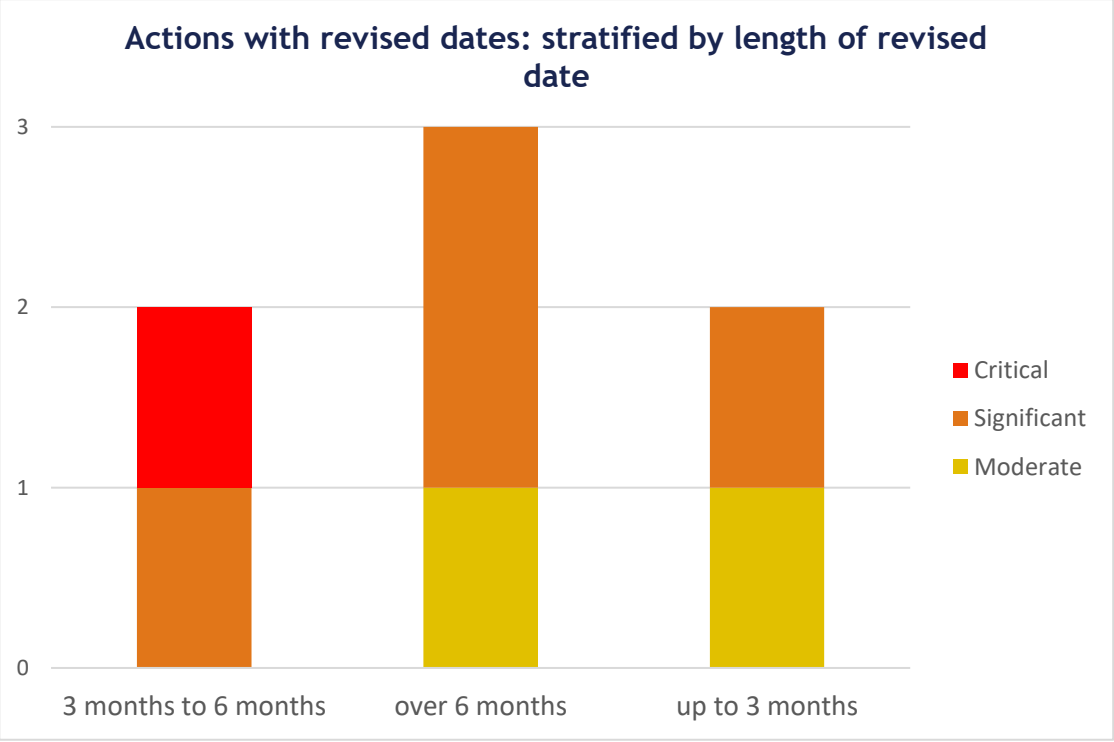
- Performance management framework
- Procurement compliance
- PCI DSS
- Risk Management

6 Figure 2, below, groups agreed actions by how far from the original implementation date the revised date has been set, and the priority of the action.

7 We agree revised dates where the delay in addressing an issue will not lead to unacceptable exposure to risk and where the delays may be unavoidable. However, the committee should be aware that lengthy or continued revised dates do inevitably lead to a degree of risk exposure to the council.

8 From figure 2, the committee can see that three actions have been revised by over six months from the original implementation date and two actions have been revised for between three to six months from the original implementation date. One critical action (relating to PCI DSS) has been revised by over six months from the original implementation date and a total of four significant actions have had revised dates agreed.

Figure 2: Length of revised dates for action implementation



9 At the time of reporting, 3 agreed actions are overdue. These relate to the following audits:

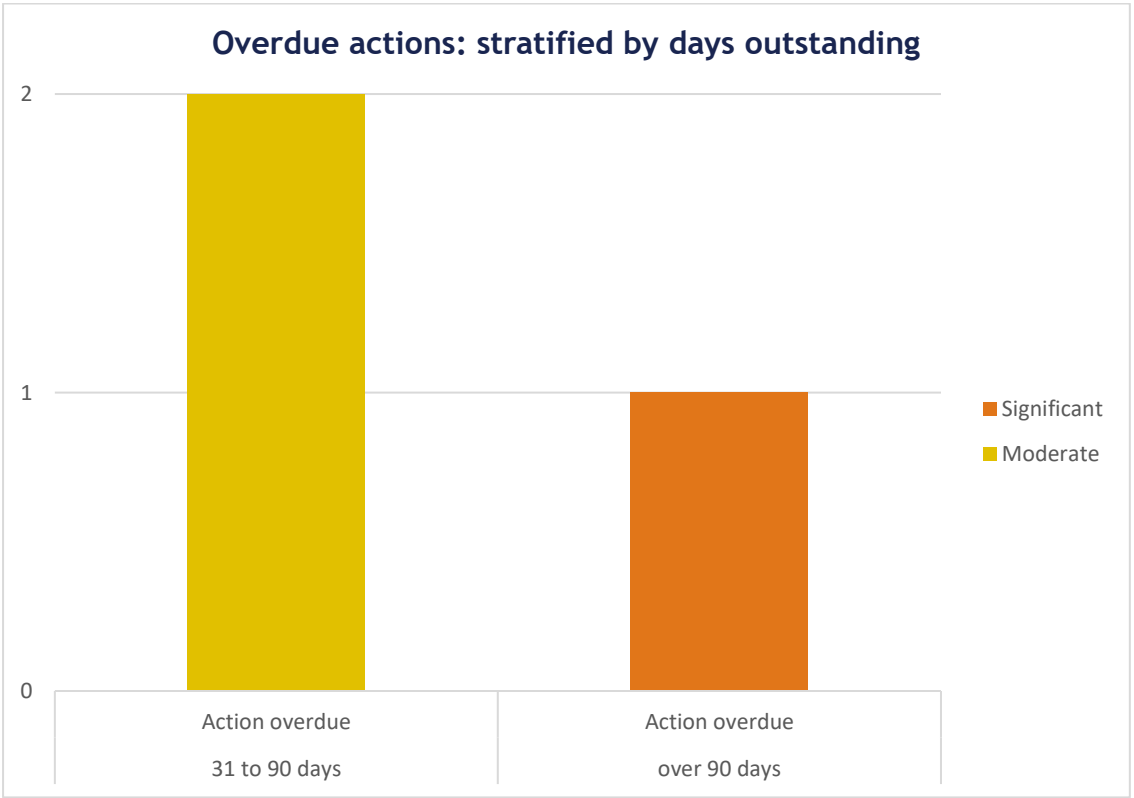
- Governance and decision making
- Utilities management

10 Actions are categorised as overdue when the implementation date (either original or revised) has passed, and we have not had an adequate response from the action owner to confirm completion.

11 Two of the overdue actions are rated moderate and a response has been received from the officer. It is likely a revised date will be agreed for these actions but communications with officers are ongoing to agree a revised date.

12 The significant overdue action relates to the previous utilities management audit. One action from the original audit has not been superseded by the new critical action raised in the recently issued follow up report. This action related to an expected credit relating to utilities payments for Banbury museum; officers have been waiting on an external report commissioned by Banbury Museum's Trust and this has been delayed. This will continue to be followed up until a conclusion is reached.

Figure 3: Length of time actions have been overdue



This report is public	
Internal Audit Work Programme 2026/27 and 2027/28	
Committee	Accounts, Audit and Risk Committee
Date of Committee	18 March 2026
Portfolio Holder presenting the report	Deputy Leader and Portfolio Holder for Finance, Property & Regeneration Councillor Lesley McLean
Date Portfolio Holder agreed report	6 March 2026
Report of	Assistant Director of Finance, (S151 Officer)

Purpose of report

This report presents the programme of internal audit work to be undertaken in 2026/27 and 2027/28.

1. Recommendations

The Accounts, Audit and Risk Committee resolves to:

1.1 Approve the 2026/27 audit work programme and note the indicative 2027/28 internal audit work programme.

2. Executive Summary

2.1 The council's internal audit service must comply with the Global Internal Audit Standards in the UK Public Sector ('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 for 2026/27 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 2026/27 (contained in appendix 1).

2.5 The indicative 2027/28 work programme is also presented to the committee in this report. The process of LGR means it is prudent to consider the assurance requirements and priorities over a longer period. However, this is to be noted only; audit priorities are continuously re-evaluated and work programmes may change. A

further report will be presented to this committee in March 2027 seeking approval of the 2027/28 work programme.

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, 2 March 2026			
Legal	The are no legal implications arising directly from this report. Shiraz Sheikh, Assistant Director of Law, Governance and Monitoring Officer, 3 March 2026			
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, 3 March 2026			
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 all four of the council's priorities, as set out in its 2025-30 corporate strategy. Internal audit's contribution to these priorities is to provide independent, risk-based, assurance, advice, and insight relating to the council's systems of governance, risk management, and internal control. By doing so, internal audit supports the organisation to create the conditions to become a modern council inspiring and enabling positive, lasting change.
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 2026/27.

4. Details

4.1 The internal audit programme in appendix 1 outlines priorities for work in 2026/27 and indicative priorities for 2027/28. 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 2026/27 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 2026/27. 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.

6.2 The Accounts, Audit and Risk Committee is asked to note the indicative 2027/28 internal audit work programme.

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	Internal Audit Work Programmes: 2026/27 and 2027/28
Background Papers	None
Reference Papers	None
Report Author	Ed Lambert-Martin, Audit Manager (Veritau)

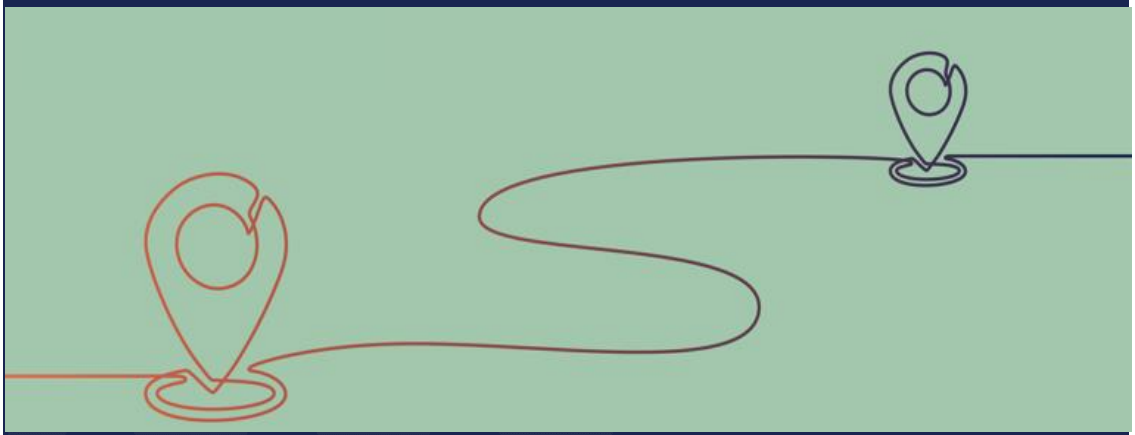
Report Author contact details	Ed.Lambert-Martin@veritau.co.uk 01904 552932
Executive Director Approval (unless Executivee Director or Statutory Officer report)	Assistant Director of Finance (Section 151 Officer), 6 March 2026

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APPENDIX 1

Cherwell DISTRICT COUNCIL NORTH OXFORDSHIRE

Internal Audit Work Programmes: 2026/27 and 2027/28



Veritau
Assurance for the public sector

CONTENTS

3 Introduction

3 Strategic context

5 Programme principles: development & delivery

7 2026-28 internal audit work programmes

9 Annex A: internal audit work programme 2026/27 and

10 Indicative internal audit work programme 2027/28

Introduction

1 This report sets out the proposed 2026/27 programme of internal audit work for Cherwell District Council, and an indicative programme of work for 2027/28.

2 The work of internal audit is governed by the Global Internal Audit Standards (GIAS) and the council's audit charter. 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 GIAS require that the Head of Internal Audit *"must create an internal audit plan that supports the achievement of the organization's objectives… the plan must be approved by the board".* The internal audit plan must enable the head of internal audit to give its annual 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.

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 2026/27. The council is required to make savings of £2.3m in 2026/27[1].

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 in 2027/28 and although this will stabilise in future years it is still predicted to total £3m over the five-year period to 2030/31.

10 The council has developed a strategy to address the projected funding gap. It is continuing its transformation programme, focussing on customer engagement, planning service transformation, and the environmental services operational improvement programme. The council has earmarked £1.1m for projects to deliver the transformation and aims to achieve £3-4 of ongoing savings from the programme.

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.

13 The process of Local Government Reorganisation (LGR) will create either one, two or three new unitary authorities in the Oxfordshire area and result in Cherwell District Council forming part of a new organisation with neighbouring councils. Cherwell District Council has worked with neighbouring authorities to propose an 'Oxford and Shires Council' which would see Cherwell, West Oxfordshire and Oxford City councils form one unitary authority. Government launched its consultation on the three options on 5 February 2026 and it will close on 26 March 2026.

[1] Budget 2026/27 and Medium Term Financial Strategy (Budget Council, 23 February 2026)

14 Based on the government timeline, the new council or councils are due to take on the functions of local government from April 2028. Until that date, the council will continue to work towards the achievement of its stated objectives. Once the government has decided which structure to put in place, elections to a shadow authority will take place in May 2027 and some restrictions will be placed on existing authorities, which may determine some aspects of Cherwell District Council's activity during 2027/28.

Programme principles: development & delivery

15 Flexible work programming and a risk-based approach to prioritising internal audit work are important principles for delivery of Cherwell District Council's 2026/27 internal audit work programme.

16 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.

17 The process of LGR and anticipated remaining two years of operation for the council will significantly impact on its operations. In light of this, internal audit has produced a two-year work programme.

18 As noted above, audit priorities are continuously re-evaluated and work programmes could change. It is especially likely that plans for 2027/28 will change as priorities are reevaluated once there is more certainty regarding LGR. Over the course of 2026/27 we will be considering the 2027/28 indicative programme and refining it along the way in order that it can be successfully delivered in the lead up to LGR.

19 The 2027/28 work programme will be presented to this committee for approval in March 2027.

20 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.

21 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.

11 key assurance areas	
Strategic planning	
Organisational governance	
Financial governance	
Risk management	
Information governance	
Performance management and data quality	
Procurement and contract management	
People management	
Asset management	
Programme and project management	
ICT governance	

22 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)

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

24 Items 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.

25 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.

2026-28 Internal audit work programme

26 The proposed internal audit work programme for 2026/27 and the indicative 2027/28 work programme are included in annex A.

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

28 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.

29 The programmes presented in annex A to this report aim 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.

30 The programmes each include 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.

31 The 2026-27 work programme presented here requires the committee's approval.

32 The 2027-28 work programme is presented for information at this stage and will be brought to the committee next year for approval.

ANNEX A: Internal audit work programmes 2026/27 & 2027/28

2026/27 work programme

Programme area	Internal audit activity
Strategic / corporate & cross cutting	▲ Information Governance ▲ Climate action plan ▲ Business continuity
Technical / projects	▲ IT Audit – Disaster recovery ▲ IT audit – User access
Service areas	▲ Property asset management: Castle Quay ▲ Overtime
Financial systems	▲ Key financial systems
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

2027/28 indicative work programme

Programme area	Internal audit activity
Strategic / corporate & cross cutting	▲ Asset Management Strategy ▲ Transformation programme ▲ Performance management ▲ Contract management
Technical / projects	▲ IT audit - Cybersecurity ▲ IT audit – AI governance
Service areas	▲ Recruitment and selection
Financial systems	▲ Key financial systems
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	18 March 2026
Portfolio Holder presenting the report	Deputy Leader of the Council and Portfolio Holder for Finance and Resources, Councillor Lesley McLean.
Date Portfolio Holder agreed report	6 March 2026
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 2025/26.

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 (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	This is an information report on the progress of counter fraud activity between April 2025 and February 2026 and does not have any financial implications. The work carried out by Veritau is within budget. Michael Furness, Assistant Director of Finance, 27 February 2026
Legal	There are no legal implications arising directly as a result of this report. The Appendix notes that active training is being provided and refers to our requirements under the Local Government Transparency Code 2015 to publish annual data in relation to counter fraud work. This report helps us to comply with these requirements. The report notes that the Council is actively pursuing measures to investigate and counter fraud and lists the number of incidents which have been reported.

	Shiraz Sheikh, Assistant Director of Law, Governance and Monitoring Officer, 5 March 2026			
Risk Management	There are no risk implications rising directly from this report. Celia Prado-Teeling, Performance & Insight Team Leader, 5 March 2026			
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 2025/26 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, and the estimated annual losses in the United Kingdom are as high as £81 billion. Veritau delivers the Council's counter fraud service, which helps mitigate fraud risk by investigating allegations of fraud and taking appropriate action where necessary. The service also supports the Council through preventative measures such as staff training and awareness campaigns.

4. Details

4.1 The counter fraud progress report in appendix 1 details counter fraud work undertaken between 1 April 2025 and 27 February 2026.

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	Stuart Limb, Corporate Investigations Manager (Veritau)
Report Author contact details	Stuart.Limb@veritau.co.uk 01904 555652

Executive Director Approval (unless Executive Director or Statutory Officer report)	Assistant Director of Finance (Section 151 Officer) 27 February 2026

Cherwell
DISTRICT COUNCIL
NORTH OXFORDSHIRE

Counter Fraud Progress Report 2025/26

Date: 18 March 2026

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 National Audit Office estimates that fraud and error cost the taxpayer between £55 and £81 billion in 2023/24 and that only a fraction of this was detected[2]. 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 This report provides the Accounts, Audit and Risk Committee with a summary of counter fraud activity undertaken by Veritau in 2025/26.

COUNTER FRAUD MANAGEMENT

4 Veritau has continued to provide fraud awareness training across Cherwell District Council. Training was presented to Corporate Leadership Team in November, and a further session is planned with the Executive Leadership Team to discuss further how the new offence of Failure to Prevent Fraud may present itself. All staff have a responsibility to be aware of fraud and report any suspicion to the fraud team.

5 Veritau provides information to all client councils including Cherwell District Council relating to International Fraud Awareness Week and the Anti-Corruption Day to raise awareness annually of the potential risks faced.

6 The National Anti-Fraud Network (NAFN) shares fraud alerts across the local government counter-fraud community. Veritau ensures relevant council departments receive this critical information. Recent alerts from NAFN have included mandate frauds where attempts have been made by fraudsters who impersonate trusted council suppliers with requests to divert payments to bank accounts controlled by them rather than the genuine accounts of suppliers.

MULTI-AGENCY WORK

[1] Progress combatting fraud (Forty-Third Report of Session 2022-23), Public Accounts Committee, House of Commons, published March 2023.

[2] An overview of the impact of fraud and error on public funds, National Audit Office, published November 2024.

7 As part of the Department for Work and Pension's (DWP) arrangements for investigating Housing Benefit offences, the counter fraud team regularly responds to DWP information requests, known as LAIEFs. Since April 2025, the team has responded to 11 LAIEF requests.

8 Veritau's regular contact with the regional Department for Work (DWP) investigation team includes conducting joint investigations where state benefits and Council Tax Support are in effect. There is one joint working investigations ongoing.

INVESTIGATIVE WORK

9 The counter fraud team has received 117 referrals since 1 April 2025. These were received from sources including members of the public, council officers and data matching from the National Fraud Initiative (NFI).

10 Since 1 April, investigative work has identified £47,000 for recovery. This relates to Single Person Discount and Council Tax Reduction Scheme claims.

11 As part of these cases visits were conducted in November and December to residential properties where it was established that eight false claims for Single Person Discount had been obtained. Revised bills were issued and £6,000 has already been repaid.

12 Since 1 April 2025, 22 investigations have been completed. This includes three cases where warnings have been issued and 11 cases where overpayments have been identified.

13 There are currently 19 ongoing investigations which range from Council Tax Reduction Scheme, Single Person Discount, Business Rate, Housing and an internal case where there are concerns around overtime claims from a staff member.

This report is public	
Counter Fraud Plan Report	
Committee	Accounts, Audit and Risk Committee
Date of Committee	18 March 2026
Portfolio Holder presenting the report	Deputy Leader and Portfolio Holder for Finance, Property & Regeneration Councillor Lesley McLean
Date Portfolio Holder agreed report	6 March 2026
Report of	Assistant Director of Finance, (Section 151 Officer)

Purpose of report

This report presents the annual counter fraud plan for 2026/27.

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 2026/27 (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. The Counter Fraud Plan is expected to be completed with the budget available to the Council. Michael Furness, Assistant Director of Finance, 27 February 2026
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. Shiraz Sheikh, Assistant Director of Law, Governance and Monitoring Officer, 5 March 2026

Risk Management	There are no risk implications rising directly from this report. Celia Prado-Teeling, Performance & Insight Team Leader, 5 March 2026			
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	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 2026-27 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 2026/27 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 Plan 2026/27
Background Papers	None
Reference Papers	None
Report Author	Stuart Limb, Corporate Investigations Manager (Veritau)
Report Author contact details	Stuart.Limb@veritau.co.uk 01904 555652
Executive Director Approval (unless Executive Director or Statutory Officer report)	Assistant Director of Finance (Section 151 Officer), 27 February 2026

Cherwell
DISTRICT COUNCIL
NORTH OXFORDSHIRE

2026/27
Counter Fraud Plan

Date: 18 March 2026

APPENDIX 1

Veritau
Assurance for the public sector

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3 National Counter Fraud Strategy

5 Fraud Risk Assessment

5 Counter Fraud Development and Work Plans

6 Policy Framework Review

7 Annex A: Fraud risk assessment

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18 Annex C: Counter Fraud Work Plan

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 Fraud committed against the public sector diverts resources away from vital public services into the hands of criminals. CIPFA and the national Fight Fraud and Corruption Locally strategy for councils acknowledge that counter fraud activity is an important part of good governance and key to protecting public funds. Local authorities should ensure that they have the right policies and procedures in place to prevent fraud 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 Fraudsters are constantly adapting and refining their approach. This now includes use of AI and online resources leading to more sophisticated attempts to defraud local authorities in some cases. 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 annual fraud risk assessment, sets out how counter fraud resources will be used in 2026/7 and, details new and ongoing developmental activity.

NATIONAL COUNTER FRAUD STRATEGY

5 Cherwell District Council follows principles set out by CIPFA and Fighting Fraud and Corruption Locally (FFCL) to guide and develop its response to fraud.

6 CIPFA's 2014 guidance sets 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.

[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

7 More recently Fighting Fraud and Corruption Locally (FFCL) published a counter fraud and corruption strategy for local government[4]. Cherwell District Council follows the principles set out by CIPFA and FFCL to guide and develop its response to fraud.

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

- **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.*

Senior officers and elected members set the tone from the top that fraud and corruption is not acceptable. The Council has a robust anti-fraud policy framework that is routinely reviewed to ensure that is continues to remain up to date with legislative requirements and best practice. It also has an employee code of conduct that sets clear expectations of honesty and integrity for all officers. The counter fraud team regularly promote anti-fraud and whistleblowing arrangements through targeted campaigns and employee messages. Counter fraud work is regularly reported to members and officers in the course of the year.

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

Cherwell District Council acknowledges its potential exposure to fraud and corruption by presenting an annual fraud risk assessment to the Audit Committee. It is informed by national fraud trends, as well as local intelligence derived from fraud reported to and investigated by the counter fraud team. The risk assessment is used to help direct counter fraud resources. The Council engages Veritau to provide a counter fraud service which ensures access to specialist fraud prevention and detection resources, including a team of trained investigators.

- **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.*

Fraud prevention is considered as a matter of course in the work of both the counter fraud and internal audit teams. Where investigations or audits identify weaknesses or lapses in controls, these findings are discussed with senior council officers along with recommendations to strengthen processes. Agreed actions for improvement are followed up to ensure any necessary actions are implemented. The Council recognises that effective fraud prevention relies on skilled and informed staff. The counter fraud team will deliver both targeted training within high risk areas, and general messaging for all employees to raise awareness of how fraud can affect the Council. The counter fraud team also invests in training for its officers

[4] A strategy for the 2020s, Fighting Fraud and Corruption Locally

to ensure they remain up to date in the use of technology to undertake proactive work and assist with investigation.

- **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 pursue criminals and to recover funds lost to fraud. All allegations of fraud are assessed to determine the appropriate course of action and support recovery of public funds. 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. The counter fraud team will work with other law enforcement agencies to support the Council's interests where it has been a victim of fraud. By working together investigations into criminals defrauding both the Council and other organisations – such as the DWP – will be more effective and efficient.

- **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 against Cherwell District Council not only harms the authority financially but can also impact residents and communities if funding is diverted from essential services. National data matching helps identify where residents may directly be the victims of identity theft in frauds also affecting the Council. Regular liaison with other councils in the region and nationally can identify fraud that is occurring across boundaries. The counter fraud team will consider opportunities for work with neighbouring authorities as they arise. Work to prevent fraud and seek redress when it does occur is key to helping protect communities from the impact criminality can have on delivering services.

FRAUD RISK ASSESSMENT

9 Veritau assess fraud risks annually to identify priorities for counter fraud work. The 2026/27 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 estimates the level of potential risk that remains of fraud being attempted and on occasions potentially successful. The residual risks are used to inform areas of focus for fraud awareness training to staff and potentially proactive exercises to provide further assurance. Whilst fraud prevention methods are in place there remains the need for reactive investigations which Veritau in order to seek legal redress and recovery of any proceeds of crime.

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.

10 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.

11 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.

12 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

13 The 2026/27 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.

14 The counter fraud work plan is included in annex C. The plan sets out the areas of counter fraud work to be undertaken in 2026/27. 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

15 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).

16 The review found no requirement to change or update policies at the present time.

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, e.g. 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 (e.g. 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, e.g. 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 2025 National Anti-Fraud Network Counter Fraud Survey noted an increase in the volume of medium to low value fraud cases. 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 (e.g. 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**	**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. Fraud and error in this area is of relatively low value on a case-by-case basis but cumulatively fraud in this area could amount to a substantial loss. CTR fraud can involve applicants failing to correctly declare their assets, income, or household composition. Those receiving support are also required to notify relevant authorities when they have a change in circumstances that may affect their entitlement to support. Most CTR claims are linked to state benefits (eg Universal Credit) which are administered by the Department for Work and Pensions (DWP).				
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.				

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. Weaknesses in controls could result in fraud or error through unauthorised transactions. 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 Corporate Leadership Team	Governing	May 2026	Veritau / Corporate Leadership Team	Training to be provided on the risks and officer responsibilities following the new failure to prevent fraud provisions.
2	Continue providing fraud awareness to staff in emerging areas, including housing, parking, revenues, recruitment and polygamous working frauds.	Governing	Ongoing	Veritau	
	Provide fraud awareness training to Members of the Audit and Risk Commitee	Governing	December 2026	Veritau	

Ref	Action Required	Theme	Target Date	Responsibility	Notes / Further Action Required
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 the risk assessment remains up to date.
4	Support service areas in collation and submission of data for the National Fraud Initiative within agreed deadlines.	Pursuing	October 2026	Veritau / Service areas	A full biannual exercise is schedule to take place in 2026/27. Data submission is anticipated for October 2026.
5	Continue active engagement 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.
6	Support the council to introduce the new Crisis and Resilience Fund.	Protect	Ongoing	Veritau / Service area	Helping to prevent fraud in this new scheme will protect funds meant to support the community in times of crisis.

ANNEX C: COUNTER FRAUD WORK PLAN

A large part of the work of the team involves undertaking reactive investigations. The level of investigations is driven by referrals received from officers and the public about suspected fraud. Other work will be undertaken in accordance with priorities determined by the Fraud Risk Assessment and Counter Fraud Development Plan. A high-level summary of areas for counter fraud work is shown in table 1 below.

Table 1: Counter fraud work plan

Programme area	Purpose
Counter Fraud Framework	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 Audit and Governance Committee 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 appropriate 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 submission of data to the Public Sector Fraud Authority for the National Fraud Initiative (NFI) data matching programme and investigation of subsequent matches.
Fraud Liaison	Acting as a single point of contact for the Department for Work and Pensions, to provide data to support housing benefit investigations.

This report is a public report	
2024/25 Final Statement of Accounts	
Committee	Accounts, Audit and Risk Committee
Date of Committee	18 March 2026
Portfolio Holder presenting the report	Deputy Leader and Portfolio Holder for Finance, Property & Regeneration Councillor Lesley McLean
Date Portfolio Holder agreed report	3 March 2026
Report of	Assistant Director of Finance (S151 Officer), Michael Furness

Purpose of report

To ask the Committee to note the final 2024/25 Statement of Accounts and the changes that have been made since the draft version which was brought to the Committee at its July 2025 meeting.

1. Recommendations

The Accounts Audit and Risk Committee resolves to:

1.1 Note the final 2024/25 Statement of Accounts (Appendix 1) and the associated changes between draft and final version.

1.2 Note the final letter of representation for 2024/25 (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 2024/25 was required to be completed by the 28 February 2026.

2.2 On the 29 January 2026 the council's external auditors Bishop Fleming LLP issued a disclaimed opinion for the 2024/25 statement of accounts. This was due to ongoing impact of the disclaimed 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 either the 2023/24 or the 2024/25 audits. 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 2026

to finalise and sign the accounts and the final Letter of Representation. They did so on 22 January 2026. The council published the accounts on its website on the 5 February 2026.

2.4 Since the publication of the draft Statement of Accounts for 2024/25 there has been one change 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. Joanne Kaye, Head of Finance, 23 February 2026			
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. Denzil – John Turbervill, Head of Legal, 23 February 2026			
Risk Management	There are no risk management implications arising directly from this report. Celia Prado-Teeling, Performance & Insight Team Leader, 23 February 2026			
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,				N/A

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 draft Statement of Accounts for 2024/25 were noted by the committee at its meeting 16 July 2025. The committee received a draft of the 2024/25 letter of representation at its meeting in November 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 November 2025 meeting it was also outlined that the 2024/25 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 2024/25 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 July 2025, there has been one change made to reach the final statement of accounts.

4.2 The change relates to the council's loan to Crown House Banbury Limited, a wholly owned subsidiary. As part of finalising the 2024/25 accounts, the loan was

reassessed in accordance with IFRS 9 – Financial Instruments. This review concluded that changes to the loan terms constituted a substantial modification, requiring derecognition of the original financial asset and recognition of a new financial asset based on the revised cash flows.

4.3 This resulted in a reclassification of £9.533m of the outstanding loan balance, with a reduction in Long- Term Debtors and an equivalent increase in Long- Term Investments on the Balance Sheet. This is a presentational adjustment only and does not change the council's overall Net Assets. The updated treatment ensures compliance with IFRS 9 and is consistent with the approach adopted in the Group Accounts.

4.4 This adjustment has been incorporated into the final Statement of Accounts at Appendix 1. As the change represents only a movement between Balance Sheet line items, there is no change to the council's overall Balance Sheet total. Table 1 below shows the movement between Long-term Debtors and Long-term Investments between the draft and final versions. There is no change to the prior year comparative figures.

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

Balance Sheet as at 31 Mar 2025	Draft	Changes	Final
	£'000	**£'000**	**£'000**
Property, Plant and Equipment	168,824		168,824
Investment Property	4,545		4,545
Intangible Assets	1,309		1,309
Long Term Investments	35,649	9,533	45,182
Long Term Debtors	71,727	(9,533)	62,194
Long Term Assets	**282,054**		**282,054**
Short-term Investments	0		0
Inventories	234		234
Short Term Debtors	12,603		12,603
Cash and Cash Equivalents	5,225		5,225
Assets Held for Sale	0		0
Current Assets	**18,062**		**18,062**
Short-Term Borrowing	(27,095)		(27,095)
Short-Term Creditors	(29,955)		(29,955)
Provisions	(3,567)		(3,567)
Grants Receipts in Advance - Revenue	(3,093)		(3,093)
Grants Receipts in Advance - Capital	(3,651)		(3,651)
Cash and Cash Equivalents	(408)		(408)
Current Liabilities	**(67,768)**		**(67,768)**

Provisions	(2,198)		(2,198)
Long Term Borrowing	(139,000)		(139,000)
Pension Liabilities	(27,933)		(27,933)
Long Term Creditors	(59)		(59)
Grants Receipts in Advance - Revenue	(5,682)		(5,682)
Grants Receipts in Advance - Capital	(8,821)		(8,821)
Long Term Liabilities	**(183,694)**		**(183,694)**
Net Assets	**48,654**		**48,654**
Usable Reserves	(46,557)		(46,557)
Unusable Reserves	(2,097)		(2,097)
			0
Total Reserves	**(48,654)**		**(48,654)**

Audit Opinion

4.5 On 29 January 2026, the council's external auditors issued a disclaimer opinion for the 2024/25 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.

4.6 As well as the adjustment outlined above, the auditors identified four prior year extrapolated errors as part of their 2024/25 testing. These are summarised on page 14 of Appendix 4. The Council has not adjusted for these amounts, as they represent extrapolated estimates from sample testing rather than specific transaction errors. As such, they do not indicate an exact amount that should be corrected, and the total is well below materiality, meaning no adjustment is required in the 2024/25 Statement of Accounts. The individual items identified in the samples will be corrected as part of the 2025/26 closedown process. Officers will continue to strengthen processes in these areas to reduce the likelihood of similar issues occurring in future years.

4.7 The auditors have outlined a few recommendations in Section 6 of Appendix 4, none of which are significant control issues. The Council has reviewed these recommendations and provided a management response and action for each within the appendix.

4.8 As reported to the committee in November, 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 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 2024/25
Appendix 2	Final Letter of Representation 2024/25
Appendix 3	Auditor's Annual Report 2024/25
Appendix 4	Audit Completion Report 2024/25
Background Papers	None
Reference Papers	External Audit 2024/25 Update – November 2025 AARC
Report Author	Mary Denedo, Strategic Finance Business Partner
Report Author contact details	mary.denedo@cherwell-dc.gov.uk, 01295 227941
Executive Director Approval (unless Executive Director or Statutory Officer report)	N/A – Statutory Officer report

Appendix 1

FINAL

Statement of Accounts

2024/25

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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.

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.

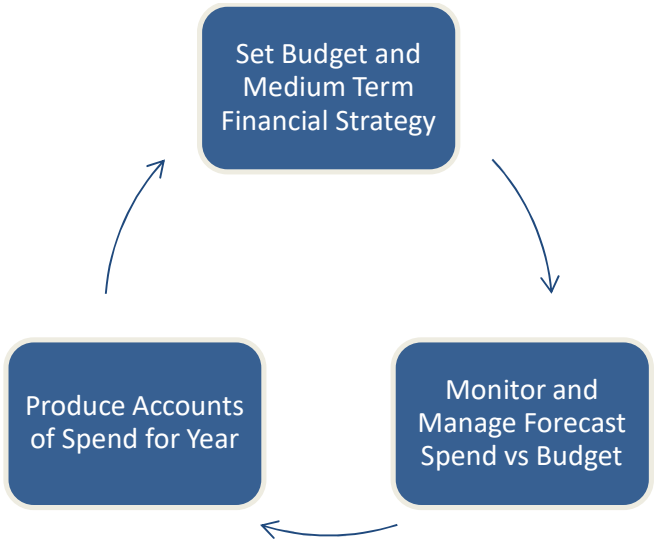
We hope you find the financial statements of interest and we look forward to hearing your views.

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

Narrative Statement – Overview of 2024/25

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.

2024/25 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 2024/25.

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.

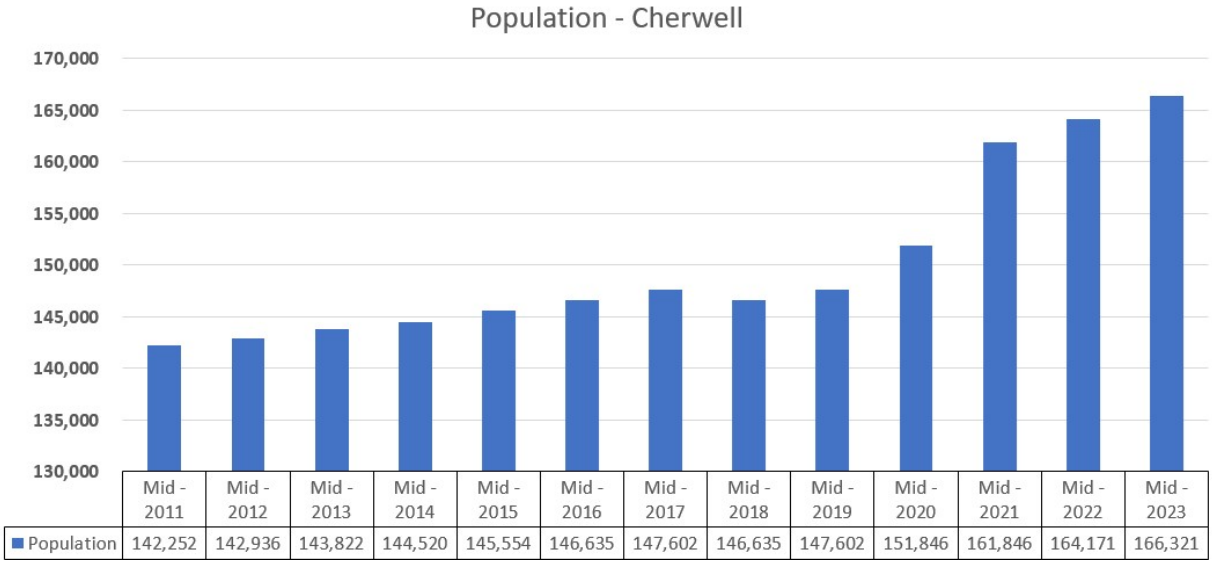
About the District



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 October 2024 totaling 166,321 (mid-2023).

Between the 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	Mid - 2023
Population	142,252	142,936	143,822	144,520	145,554	146,635	147,602	146,635	147,602	151,846	161,846	164,171	166,321

Figure 1- Time series bar chart showing the total population of Cherwell mid-2011 to mid- 2023. There are currently 72,156 houses that are subject to council tax (December 2024).

Our Business Plan 2024 – 2025

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 2024/25 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 2024 - 2025 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 19 performance goals. In 2024/25, 11 of the 19 Business Plan measures achieved their year-end target or reported within tolerance, with 5 reported as slightly behind target, and 3 reported as very behind their end of year target.

The eight measures that missed their 2024-25 target are:

"Number of Homeless Households living in Temporary Accommodation"

The number of households in temporary accommodation has been consistently high and above target throughout the year. This has increased again through Q4, as it did similarly in Q4 of 2023-24. The service has been increasing the numbers of self-contained accommodation to reduce the number of hotel placements that are made to accommodate this growing client group. The waiting list for permanent housing has increased 10% in the last year, and most of these households are in housing need, so the numbers across the service suggest a significant and growing demand for housing.

"Percentage of Major Applications overturned at appeal"

The national target is to ensure that less than 10% of major planning application decisions are overturned at appeal by the Planning Inspectorate. During 24/25 10.71% of decisions were overturned (6 out of 56 decisions). National monitoring takes place over a prescribed two-year period and allows an additional period for appeal decisions to follow. Over the period April 2022 to March 2024, and allowing for appeal decisions to December 2024, 10.4% of decisions on major applications were overturned at appeal (12 out of 115 decisions). Officers are engaging with the Planning Advisory Service about a review of decision-making to support improvement. Had one application fewer been overturned, the Council would have been under the 10% threshold.

"Net Additional Housing Completions to meet Cherwell needs"

Provisional housing completions for the year were 783 against a target of 1,142. Final figures have not yet been verified. However, this is the second consecutive year when housing completions have been significantly below the requirements of the Cherwell Local Plan 2011-2031. Housing completions have not yet commenced on the sites contributing to Oxford's needs. Housing completions are dependent on the wider housing market and economic conditions affect housebuilders. Although the district has over 8,000 homes with outline or full planning permission, there are also local factors affecting delivery such as infrastructure provision at Bicester in particular. The rate of delivery affects the district's five-year housing land supply position. The Council is preparing a Housing Delivery Action Plan with the aim of doing all it can to support delivery.

“Percentage of Building Control full plans assessed within 5 weeks (or longer with applicant's agreement)”

The end of year percentage for full plan applications determined within five weeks (or otherwise agreed period) is 90.43%. Although the 95% target has not been met, the Building Control service is taking management measures to achieve a higher percentage. There have been no instances where a development has proceeded without approval.

“Percentage Waste Recycled & Composted”

Recycling rate will end the year down 1% due to the reduction in garden waste of 1,000 tonnes. This was due to the poor weather in the summertime.

“Percentage Reduction in fuel consumption”

In the reporting Year 2024/25 there has been no change in the fleet profile from previous year but a slight reduction in fuel usage.

“Percentage of Climate Action plan delivering to target”

At the end of 2024/25 the position of the Climate Action plan is of the 126 Climate Actions, 103 were Ongoing, 13 On-hold, and 10 Completed. RAG ratings showed 56 actions in Green, 54 in Amber, and 16 in Red.

Work on the Local Area Energy Planning (LAEP) is progressing in partnership with OCC, ARUP, and neighbouring authorities. Phase 1 began with a mobilisation meeting in January, and we're advancing the baseline report and stakeholder engagement plan.

The Climate Action Working Group concluded its work this municipal year, recommending seven priority actions, which were taken to the Overview & Scrutiny Committee. A briefing on the Solar Strategy study was held with councillors, and the final report will be available early next quarter (April'25).

We hosted a Climate Community event with around 30 attendees from 14 community groups and organizations. Draft reports for the district's carbon baseline, and a fleet study were received, reviewed, and shared with the consultants for further refinements. Draft report for business and industrial emissions was received and is under review.

“Reduction in total Greenhouse gas emissions for the year”

During 2023/24 Cherwell District Council (CDC) total emissions increased by 1.2% (49 tonnes CO2e), from 4,071 tonnes CO2e in 2022/23 to 4,119 tonnes CO2e in 2023/24. Comparison for 2024/25 is not yet available. The main reason for the increment in emissions in 2023/24 is related to decarbonisation equipment installed in 2022/23 not realising reductions in gas demand, particularly in the leisure property portfolio. Emissions increased in areas namely Corporate Electricity, Leisure Electricity, Leisure Gas, Business Travel, Water emissions. One third of emissions increase is directly related to a 5% increase in the carbon intensity of the UK electricity grid. Also, For the first time, CDC is reporting emissions from water supply, water treatment and waste disposal.

Housing that meets your needs

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



We successfully prevented homelessness in 213 cases

Delivered 267 affordable homes, 29% more than the target for the year





Improved 162 homes through enforcement to ensure homeowners and landlords provide safe places for people to live

Processed new Housing Benefic Claims and council tax reductions in 11 days, seven 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.

Together with our Wild Oxfordshire partners, the Local Nature Recovery Strategy plan was created to summarise top biodiversity priorities and identify specific locations that could be important to biodiversity in the future.

Recycled over 5,200 tonnes of food waste, which was repurposed as bio-fertilisers for farmers and green electricity to power local homes and businesses.

Recycled 51% of waste collected, 7% more than England's average.

We marked the start of tree planting season in November, building on the 800 trees already planted. Thanks to local volunteers and groups, we set to double that number by planting another 800 new street trees

An enterprising economy with strong and vibrant local centres

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



We launched the Rural England Prosperity Fund Business Grant Scheme, offering grants between £5,000 and £20,000 to support capital investments for businesses in our villages, including Kidlington.

We reached a major milestone at Castle Quay by completing the letting of all waterfront units. These high-quality attractions are helping Banbury grow, thrive and become an even more vibrant destination for residents and visitors alike.





We offered 80 course places to residents across Cherwell, giving people a chance to explore or grow careers in construction. Whether just starting out or already in the industry, participants gained valuable skills

We launched proposals for regenerating Bicester Market Town Centre and invited residents to share their ideas. Together, we're exploring ways to improve parking, traffic flow, and pedestrian friendly space to ensure Bicester meets the needs of our community now and in the future.



Healthy, resilient, and engaged communities

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



Our Move Together programme benefited over 3,252 participants improving their physical and mental health.

We committed £64,000 to support 13 local projects helping residents with the cost of living. This funding is backing initiatives like food vouchers, warm spaces, energy-saving kits, and free period products to support those most in need.





We enabled Go Jauntily featuring dozens of digitised walks, from Kidlington to Cropredy, making it easy to get out and explore.

Attracted 3,659 residents to our You Move programme to enjoy free and reduced-price physical activities.



Risk management

During 2024/25 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 quarterly 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.

Contingencies were built into the budget to address potential ongoing impacts and financial uncertainties, in particular around market risk and inflation. Including these contingencies allowed the council to set a balanced budget whilst providing the security of knowing that additional funding was available if unforeseen financial impacts occurred for a significant period across the year.

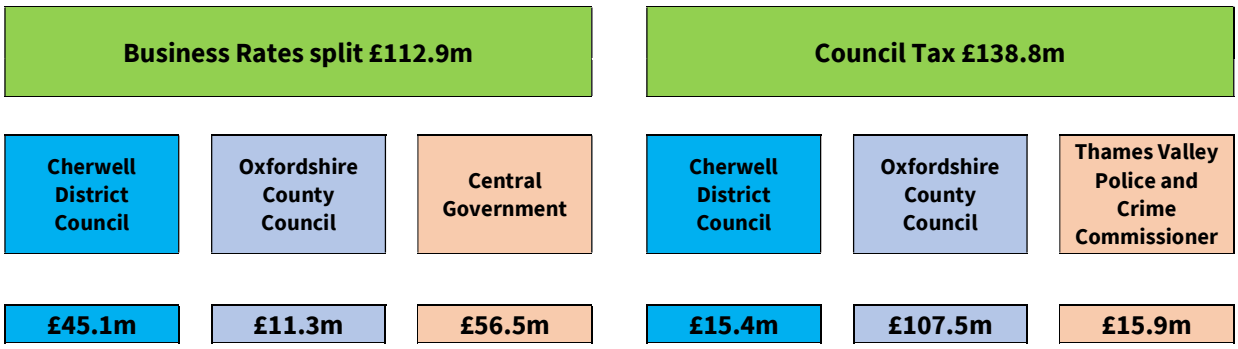
Throughout the year, regular financial management reports were presented to the Executive and quarterly for the Budget Planning Committee to scrutinise.

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

£112.9m and council tax of £138.8m was budgeted and distributed in 2024/25 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 2025, the council expected to retain a net £16m of business rates related income after all the allocations are taken into consideration.

The council collected £112.6m business rates and £142m council tax compared to the £112.9m and £138.8m 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 defined benefit pension net liability at 31 March 2025 is £27.9m; this is an increase in the liability of £5.2m from the 31 March 2024 net liability position of £22.7m. The £27.9m liability consists of a net surplus of £8.8m for the council's share of the fund, adjusted downwards by £36.7m for the effect of the asset ceiling – for more detail on the pension liability see note 35.

Contingencies

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

On 1 April 2024 the total provision for business rate appeals was £14.3m of which the council's 40 per cent share was £5.7m. During the financial year £5.1m was charged to the provision for successful appeals in 2024/25 which have been previously provided for, of which the council's 40 percent share is £2m.

After reflecting the amounts charged to the provision in 2024/25, the council carried out an assessment of the future risk of appeal losses. Following this, the 2024/25 overall provision for business rates appeals decreased to £14m of which the council's 40 per cent share is £5.6m.

- Appeals provision 31 March 2024: £5.7m
- Appeals provision 31 March 2025: £5.6m

Council Funding 2024/25

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).

2024/25 Revenue Budget Funding	Budget £m	Actual £m	Variance £m
Government Grants	(0.328)	(0.328)	(0.000)
Council Tax	(9.318)	(9.316)	0.002
Business Rates related income	(15.966)	(16.152)	(0.186)
New Homes Bonus	(1.375)	(1.375)	(0.000)
Total Funding	**(26.987)**	**(27.171)**	**(0.184)**

Revenue Financial Outturn Position

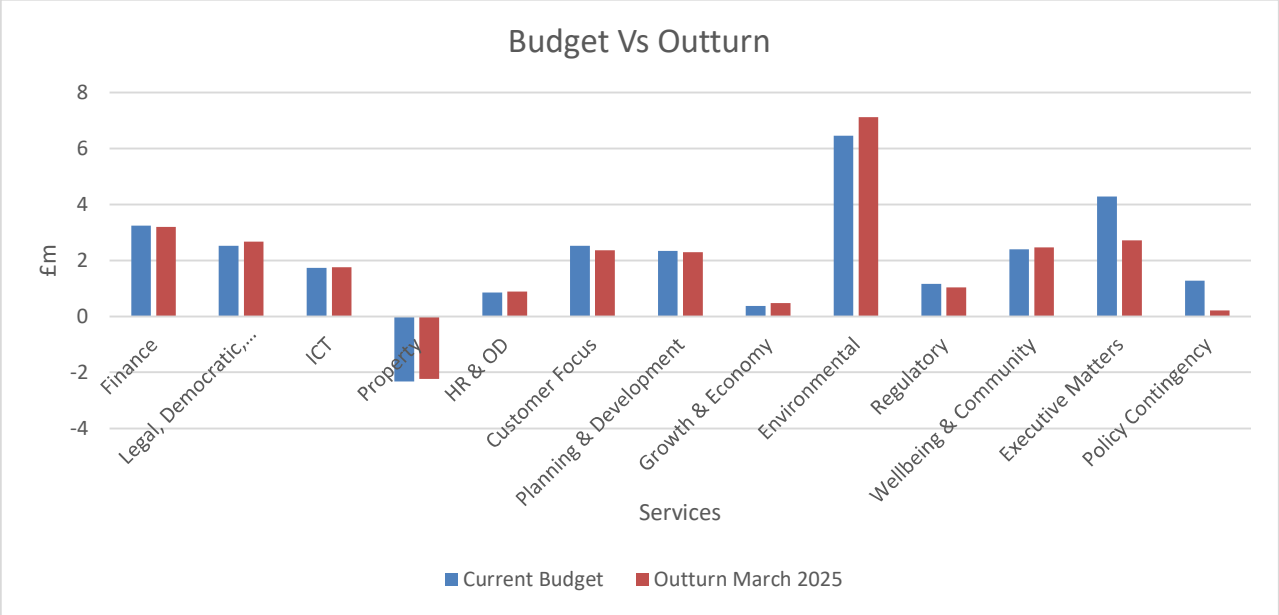
The council set a balanced budget in February 2024 for the 2024/25 financial year which anticipated the council retaining sufficient reserves to cover unexpected financial impacts on the council, with a number of specific reserves to help cover the council's commercial activities.

Regular monitoring reports were considered by the council's Executive and the council has delivered a surplus for 2024/25 of (£0.167m) after taking into account the variances on both the Cost of Services before transfers to reserves (underspend of £2.003m) and Total Funding (overachieved by £0.184m).

The table below summarises the 2024/25 financial outturn position across the council:

Financial Outturn	Budget £m	Actual £m	Variance £m
Communities	12.739	13.389	0.650
Resources & Transformation	8.571	8.651	0.080
Total Directorates	**21.310**	**22.040**	**0.730**
Executive Matters	4.400	2.725	(1.675)
Policy Contingency	1.277	0.219	(1.058)
Total Cost of Services	**26.987**	**24.984**	**(2.003)**
Funding	(26.987)	(27.171)	(0.184)
Total Net Cost of Services before transfers to reserves	**0.000**	**(2.187)**	**(2.187)**
Transfers to reserves	0.000	2.020	2.020
Total Net Cost of Services	**0.000**	**(0.167)**	**(0.167)**

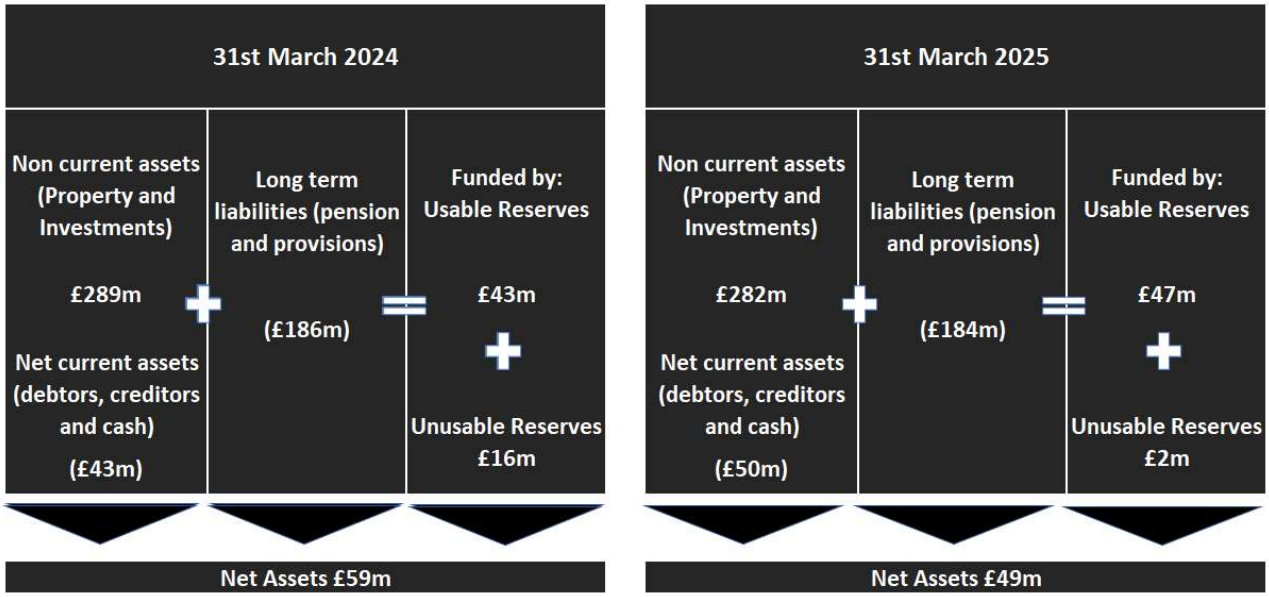
In summary, the council delivered an overall balanced position against a net budget of £26.987m.



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, a dividend received from the council's subsidiary company, an amortised revenue benefit from a discount received from the early redemption of a loan to the Public Works Loans Board and unallocated contingency budgets which have been transferred to reserves.

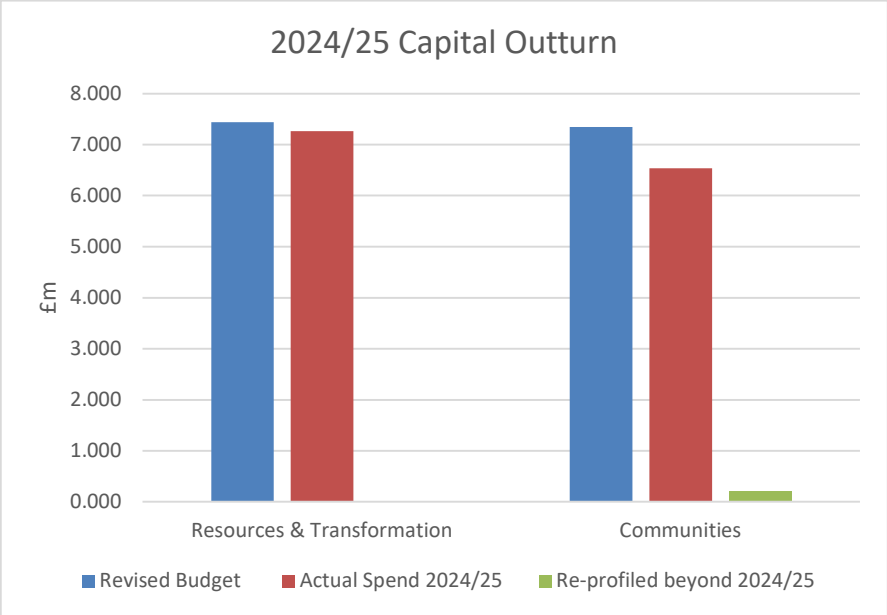
Financial Position

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



Capital Programme

The council has a 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 2024/25

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. Refurbishment completed in February 2025, with tenants beginning to move into the 36 units of between 1 and four bedrooms in March 2025.

Castle Quay Offices

During 2024/25 the council converted the former BHS and Gap shop units at Castle Quay into modern offices, with the council moving in on 31 March 2025.

The new office marks a significant step in the council's climate action goals, with the building providing energy cost savings and a lower carbon footprint, thanks to its A rated Energy Performance Certificates. The council headquarters now sit at the heart of our community, making them easily accessible to the residents we serve.

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 2024/25 are set out on pages 20 to 136.

The accounts bring together all the council's financial statements for the year 2024/25 and show its financial position as at 31 March 2025. 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 2025 and of its income and expenditure for the 2024/25 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 2025 for the 2025/26 financial year. In setting the 2025/26 budget, the council considered the ongoing financial impacts of the pay and inflation and considered if other budget pressures would be identified.

A policy contingency budget of £2.6m has been developed which includes contingencies of £1.1m for market risk, £1.0m for inflation and £0.5m general contingency.

The level of business rates income and council tax base were reviewed resulting in increases of income against previous plans (from the MTFS in February 2024) due to housing growth 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 £30.1m of earmarked reserves when setting the budget. In line with the Section 151 officer's risk assessments the level of general balances has been increased from £6.0m to £7.9m.

The Government has given a clear indication that it intends to introduce a business rates reset from 1 April 2026 and is also considering how it wishes to distribute funding across local government from 1 April 2026. The 2025 Spending Review was announced on 11 June 2025 and covers the years 2026/27 – 2028/29. This gives an indication of sector-wide spending levels in future years. However, there is no indication of detailed local government funding levels for 2026/27 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 2025. 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 2025 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 2024 and 31 March 2025 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 2025 of the assets and liabilities recognised by the council. The net assets of the council (assets less liabilities) are matched by the reserves held by the council, analysed between 'useable' and 'unusable' reserves.
Cash Flow Statement	This summarises the changes in cash and cash equivalents during 2024/25. The statement shows how the council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. 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 draft 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 2025.



Michael Furness
Assistant Director of Finance and Section 151 Officer **Date: 22/01/2026**

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 Simon Lytton

Chairman of Accounts, Audit and Risk Committee **Date: 22/01/2026**

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 2025, 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 2024-25.

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 2025, by 27 February 2026 ('the backstop date').

The audit of the financial statements for the year ended 31 March 2024 for Cherwell District Council was not completed for the reasons set out in our 'Basis for disclaimer of opinion' on those financial statements dated 28 February 2025.

Our audit work in the current year was focused on transactions in the year and the current year balance sheet.

As a result of the disclaimer of opinion in the prior year and the scope of our audit work, which was impacted by the backstop date, we do not have sufficient appropriate audit evidence over the following:

- the opening balances for the comparative period and as a result, we have not been able to obtain sufficient assurance over the balance sheet, comprehensive income and expenditure statement and cash flow statement and accompanying notes that are calculated as a movement between the opening and closing balances;
- the valuation of property assets held at valuation included in 'other land and buildings' that were revalued in the year ended 31 March 2023; and
- the closing reserves balance of £48.7 million and the split between usable and unusable reserves as at 31 March 2025, due to the uncertainty over their opening amount.

Therefore, we are disclaiming our opinion on the financial statements.

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 2024-25, 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 2024-25, 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 2025.

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 2025 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 2025.

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 Audit Limited

Chartered Accountants and Statutory Auditors

Plymouth

29 January 2026

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 25					
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**
Communities	13,389	1,137	14,526	8,759	23,285
Resources & Transformation	8,650	1,040	9,690	11,624	21,314
Net Cost of Services	**22,039**	**2,178**	**24,217**	**20,382**	**44,599**
Other Income and Expenditure	(22,207)	(6,217)	(28,424)	(9,210)	(37,634)
(Surplus) or Deficit on Provision of Services	**(167)**	**(4,040)**	**(4,208)**	**11,172**	**6,965**
Opening General Fund and Earmarked Reserve Balance*			**(37,028)**		
Plus / less (Surplus) or Deficit on the General Fund Balance for the Year (Statutory basis)			**(4,208)**		
Closing General Fund and Earmarked Reserve Balance*			**(41,236)**		

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

Year Ending 31 Mar 24					
Services	**Net expenditure for internal reporting (Restated)** **£'000**	**Adjustment for use of / (transfer to) Earmarked Reserves included in internal reporting (Restated)** **£'000**	**Net Expenditure Chargeable to the General Fund Balance (Restated)** **£'000**	**Adjustments between accounting and funding basis (Restated)** **(Note 7a)** **£'000**	**Net Expenditure in the Comprehensive Income and Expenditure Statement (Restated)** **£'000**
Communities	12,284	1,401	13,685	6,158	19,843
Resources & Transformation	9,141	318	9,459	2,184	11,643
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

Comprehensive Income and Expenditure Statement

Year Ending 31 Mar 24 (Restated)				Directorates	Year Ending 31 Mar 25		
Expenditure	**Income**	**Net**			**Expenditure**	**Income**	**Net**
£'000	**£'000**	**£'000**	**Notes**		**£'000**	**£'000**	**£'000**
38,893	(19,050)	19,843		Communities	42,391	(19,106)	23,285
44,856	(33,213)	11,643		Resources & Transformation	55,154	(33,839)	21,314
83,749	**(52,263)**	**31,485**		**Cost of Services**	**97,544**	**(52,945)**	**44,599**
6,042	(109)	5,933	10	Other Operating Expenditure	6,356	(128)	6,227
6,026	(7,454)	(1,428)	11	Financing and Investment (Income) and Expenditure	5,617	(6,889)	(1,272)
0	(40,551)	(40,551)	12	Taxation and Non-Specific Grant (Income)	0	(42,589)	(42,589)
95,816	**(100,377)**	**(4,560)**		**(Surplus) or Deficit on Provision of Services**	**109,517**	**(102,552)**	**6,965**
		462	14, 25	(Surplus) or deficit on revaluation of Property, Plant and Equipment			278
		(5,115)	35	Remeasurement of the net defined benefit liability / (asset)			3,584
		(4,653)		**Other Comprehensive (Income) and Expenditure**			**3,862**
		(9,213)		**Total Comprehensive (Income) and Expenditure**			**10,827**

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 1 April 2024	**(6,152)**	**(30,876)**	**(606)**	**(5,688)**	**(43,322)**	**(16,158)**	**(59,480)**
Movement in reserves during 2024/25							
(Surplus) or deficit on the provision of services	6,965	0	0	0	**6,965**	0	**6,965**
Other Comprehensive (Income) / Expenditure	0	0	0	0	**0**	3,862	**3,862**
Total Comprehensive (Income) and Expenditure	**6,965**	**0**	**0**	**0**	**6,965**	**3,862**	**10,827**
Adjustments between accounting basis and funding basis under regulations - Note 08	(11,172)	0	606	367	**(10,200)**	10,200	**0**
Net (Increase) or Decrease before Transfers to Earmarked Reserves	**(4,208)**	**0**	**606**	**367**	**(3,235)**	**14,062**	**10,827**
Transfers (to) / from Earmarked Reserves - Note 09	2,340	(2,340)	0	0	**0**	0	**0**
(Increase) or Decrease in 2024/25	**(1,868)**	**(2,340)**	**606**	**367**	**(3,235)**	**14,062**	**10,827**
Closing Balance at 31 March 2025	**(8,021)**	**(33,216)**	**0**	**(5,321)**	**(46,557)**	**(2,097)**	**(48,654)**

	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 April 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)**

Balance Sheet

31-Mar-24			31-Mar-25
£'000	**Notes**		**£'000**
173,866	14	Property, Plant and Equipment	168,824
4,274	15	Investment Property	4,545
1,750	16	Intangible Assets	1,309
35,649	17	Long Term Investments	45,182
73,236	17	Long Term Debtors	62,194
288,774		**Long Term Assets**	**282,054**
13,087	17	Short-term Investments	0
263	18	Inventories	234
12,982	19	Short Term Debtors	12,603
8,955	20	Cash and Cash Equivalents	5,225
199	21	Assets Held for Sale	0
35,486		**Current Assets**	**18,062**
(36,937)	17	Short-Term Borrowing	(27,095)
(29,745)	22	Short-Term Creditors	(29,955)
(4,193)	23	Provisions	(3,567)
(3,141)	29	Grants Receipts in Advance - Revenue	(3,093)
(3,428)	29	Grants Receipts in Advance - Capital	(3,651)
(1,408)	20	Cash and Cash Equivalents	(408)
(78,852)		**Current Liabilities**	**(67,768)**
(1,770)	23	Provisions	(2,198)
(145,000)	17	Long Term Borrowing	(139,000)
(22,700)	35	Pension Liabilities	(27,933)
(14)	17	Long Term Creditors	(59)
(5,655)	29	Grants Receipts in Advance - Revenue	(5,682)
(10,789)	29	Grants Receipts in Advance - Capital	(8,821)
(185,928)		**Long Term Liabilities**	**(183,694)**
59,480		**Net Assets/(Liability)**	**48,654**
(43,322)	24	Usable Reserves	(46,557)
(16,158)	25	Unusable Reserves	(2,097)
(59,480)		**Total Reserves**	**(48,654)**

I certify that the statement of accounts gives a true and fair view of the financial position of the authority at 31 March 2025 and its income and expenditure for the year to 31 March 2025.

M.J. Furness

Michael Furness

Assistant Director of Finance and Section 151 Officer **Date: 22/01/2026**

Cash Flow Statement

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

31-Mar-24 £'000	Cash Flows from Operating Activities	Note(s)	31-Mar-25 £'000
(4,560)	Net (Surplus)/Deficit on Provision of Services		**6,965**
(5,102)	Depreciation & Impairment	14	(5,438)
(3,794)	Changes in Market Value of Property, Plant, Equipment	14, 32	(9,852)
(549)	Amortisation of Intangible Assets	16	(527)
(367)	Changes in Fair Value of Investment Properties	15	272
(89)	Disposal of Assets	14, 15 & 16	(1,055)
(130)	Impairment of assets	14	0
(94)	Changes in Inventory	18	(29)
(4,579)	Changes in Short term Debtors	19	(379)
17,305	Changes in Short term Creditors	22	(210)
2,139	Changes in Provisions	23	198
8,609	Changes in Net Pension Liability	25	(5,233)
(5,115)	Remeasurement of Net Defined Benefit Liability	35	3,584
1,553	Changes in long term creditors	17	(45)
2,827	Changes in long term debtors	17	(11,042)
6,108	Capital Grants Recognised	29	7,026
606	Proceeds on Disposal of Property, Plant & Equipment	24	891
14,768	**Net Cash Flows from Operating Activities**		**(14,875)**
	Cash Flows from Investing Activities		
8,992	Purchase of Property, Plant & Equipment	14, 31, 32	11,382
0	Purchase and Enhancement of Investment Property	15	0
334	Purchase of Intangible Assets	16	86
(606)	Proceeds from the Disposal of Property, Plant and Equipment	24	(891)
(22,014)	Net Changes in Short-term and Long-term Investments	17	(3,554)
(13,294)	**Net Cash Flows from Investing Activities**		**7,023**
	Cash Flows from Financing Activities		
(1,824)	Changes in Grants and Contributions received in advance	29	1,766
(6,108)	Capital Grants and Contributions Recognised	29	(7,026)
6,964	Cash Receipts of Short-term and Long-term Borrowing	17	15,842
(968)	**Net Cash Flows from Financing Activities**		**10,582**
505	**Net (Increase)/Decrease in Cash and Cash Equivalents in the Period**		**2,731**
8,052	Cash and Cash Equivalents at the Beginning of the Period		7,547
7,547	**Cash and Cash Equivalents at the End of the Period**	**20**	**4,816**
	Items included in net cash flow from operating activities include:		
(7,160)	Interest Receivable and similar income	17	(6,619)

4,738	Interest Payable (including Finance lease interest)	17	4,625
(2,422)			**(1,994)**

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 councils 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.

Note 2 – Accounting Standards Issued, Not Adopted

Under the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (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:

- IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability) issued in August 2023. The amendments to IAS 21 clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable..
- IFRS 17 Insurance Contracts issued in May 2017. IFRS 17 replaces IFRS 4 and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts.

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 where the council is a lessor as either operating leases or finance leases. The accounting policy for leases is set out in Note 1.

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 2024/25 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 £169m. 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-offs 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 2025, 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 and Prior Year Restatements

Pensions

The actuary carried out a valuation as at 31 March 2025. This has resulted in pension assets increasing from £151m at 31 March 2024 to £153m at 31 March 2025. Liabilities have decreased from £166m at 31 March 2024 to £144m at 31 March 2025. In addition the adjustment to reflect the asset ceiling has increased from £8m to £37m (see note 35 for more detail). In total this has resulted in an increase in the net liability of £5m.

Prior year Restatements

During 2024/25 the council amended its directorate structure to remove the Chief Executive directorate and share the services within this directorate between the Communities and Resources directorates. In addition, the Resources directorate was renamed Resources & Transformation. The Customer Focus and HR & OD services are now part of the Resources & Transformation directorate, and the Wellbeing & Housing service is now part of the Communities directorate.

Within the 2024/25 financial statements all comparative figures have been restated under the new directorate structure. The effects of this restatement on the primary statements are shown in the tables below (note that only the lines which have changed are shown):

Comprehensive Income and Expenditure Statement	**As previously stated £'000**	**Change £'000**	**Restated amount £'000**
Expenditure			
Chief Executive	19,553	(19,553)	0
Communities	23,801	15,092	38,893
Resources & Transformation	40,395	4,461	44,856
Income			
Chief Executive	(10,373)	10,373	0
Communities	(9,329)	(9,722)	(19,050)
Resources & Transformation	(32,562)	(651)	(33,213)
Net			
Chief Executive	9,180	(9,180)	0
Communities	14,473	5,370	19,843
Resources & Transformation	7,833	3,810	11,643

Expenditure and Funding Analysis	As previously stated £'000	Change £'000	Restated amount £'000
Net Expenditure for internal reporting			
Chief Executive	5,462	(5,462)	0
Communities	10,147	2,137	12,284
Resources & Transformation	5,816	3,325	9,141
Adjustment for use of / (transfer to) Earmarked Reserves included in internal reporting			
Chief Executive	962	(962)	0
Communities	734	667	1,401
Resources & Transformation	23	295	318
Net Expenditure Chargeable to the General Fund Balance			
Chief Executive	6,424	(6,424)	0
Communities	10,881	2,804	13,685
Resources & Transformation	5,839	3,620	9,459
Adjustments between accounting and funding basis (Note 7a)			
Chief Executive	2,756	(2,756)	0
Communities	3,592	2,566	6,158
Resources & Transformation	1,994	190	2,184
Net Expenditure in the Comprehensive Income and Expenditure Statement			
Chief Executive	9,180	(9,180)	0
Communities	14,473	5,370	19,843
Resources & Transformation	7,833	3,810	11,643

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 25	Net Capital Statutory Adjustments £'000	Net Pensions Statutory Adjustments £'000	Other Statutory Adjustments £'000	Other Differences £'000	Total Adjustments £'000
Communities	8,164	420	0	174	8,759
Resources & Transformation	9,230	125	19	2,250	11,624
Net Cost of Services	**17,394**	**545**	**19**	**2,424**	**20,382**
Other Income and Expenditure	(10,392)	1,104	2,502	(2,424)	(9,210)
Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement	**7,002**	**1,649**	**2,521**	**0**	**11,172**

Year Ending 31 Mar 24	Net Capital Statutory Adjustments (Restated) £'000	Net Pensions Statutory Adjustments (Restated) £'000	Other Statutory Adjustments (Restated) £'000	Other Differences (Restated) £'000	Total Adjustments (Restated) £'000
Communities	5,477	613	0	67	6,158
Resources & Transformation	4,550	(5,615)	191	3,058	2,184
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**

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-25	Revenues from External Customers £'000	Revenues from Other Segments £'000	Interest Revenue £'000	Interest Expense £'000	Depreciation and Amortisation £'000
Communities	(11,679)	(8,409)	0	0	3,659
Resources & Transformation	(11,656)	(22,184)	0	0	2,306
Non Distributed Services	(270)	(26,806)	(6,119)	4,625	0
Total Managed by Segments	**(23,605)**	**(57,399)**	**(6,119)**	**4,625**	**5,965**

31-Mar-24	Revenues from External Customers (Restated) £'000	Revenues from Other Segments (Restated) £'000	Interest Revenue (Restated) £'000	Interest Expense (Restated) £'000	Depreciation and Amortisation (Restated) £'000
Communities	(10,710)	(9,205)	0	0	3,414
Resources & Transformation	(10,190)	(23,024)	0	0	2,237
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**

Note 8 - Adjustments between Accounting Basis and Funding Basis under Regulations 2024/25

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

2024/25	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)	(1,649)	0	0	1,649
Council tax and NDR (transfers to or (from) the Collection Fund Adjustment Account)	(2,457)	0	0	2,457
Holiday pay (transferred to the Accumulated Absences reserve)	(19)	0	0	19
Movement in Expected Credit Losses (transferred to the capital adjustment account)	(45)	0	0	45
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)	(19,430)	0	0	19,430
Total Adjustments to Revenue Resources	**(23,600)**	**0**	**0**	**23,600**
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	1,184	(891)	0	(293)
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	4,111	0	0	(4,111)
Revenue contribution to Capital	107	0	0	(107)
Total Adjustments between Revenue and Capital Resources	**5,402**	**(891)**	**0**	**(4,511)**
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	0	1,597	0	(1,597)
Write down of Capital loans repaid to the Council	0	(101)	0	101
Application of capital grants to finance capital expenditure	6,776	0	367	(7,143)
Donated assets fair value less consideration included in the (Surplus) or Deficit on the Provision of Services transferred to the Capital Adjustment Account	250	0	0	(250)
Total Adjustments to Capital Resources	**7,026**	**1,496**	**367**	**(8,889)**
Total Adjustments	**(11,172)**	**606**	**367**	**10,200**

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 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 2023	Net transfers (to)/from Earmarked Reserves in 2023/24	Balance at 31 March 2024	Net transfers (to)/from Earmarked Reserves in 2024/25	Balance at 31 March 2025
	£'000	£'000	£'000	£'000	£'000
General Earmarked Reserves					
Pensions Deficit	**(2,152)**	252	**(1,900)**	252	**(1,648)**
Transformation Reserve	**(2,000)**	295	**(1,705)**	809	**(896)**
Dilapidations, Garage Project and Canalside	**(560)**	165	**(395)**	(24)	**(419)**
Capital Reserve	**(39)**	(2,027)	**(2,066)**	2,066	**0**
Projects	**(4,073)**	47	**(4,027)**	(1,583)	**(5,610)**
Transformation Implementation Reserve	**(2,000)**	(2,974)	**(4,974)**	0	**(4,974)**
Market Risk Reserve	**(4,996)**	(3,303)	**(8,300)**	(596)	**(8,896)**
M&S Surrender Premium	**(1,902)**	1,902	**0**	0	**0**
Business Rates Equalisation	**0**	(586)	**(586)**	(1,819)	**(2,405)**
Interest rate equalisation	**0**	(2,400)	**(2,400)**	(1,592)	**(3,992)**
Planning Control	**(296)**	87	**(209)**	(363)	**(572)**
Legal Projects reserve	**0**	0	**0**	(500)	**(500)**
Other General Earmarked reserve	**(1,880)**	116	**(1,763)**	378	**(1,386)**
Revenue Grant Earmarked Reserves					
S31 Reserve	**(586)**	586	**0**	0	**0**
Homelessness Prevention	**(889)**	65	**(824)**	622	**(202)**
Bicester Garden Town	**(1,059)**	404	**(655)**	278	**(377)**
Other Revenue Grant Earmarked reserves	**(1,238)**	165	**(1,073)**	(267)	**(1,340)**
Total Earmarked Reserves	**(23,670)**	**(7,206)**	**(30,876)**	**(2,340)**	**(33,216)**

Note 10 - Other Operating Expenditure

31-Mar-24 £'000	Other Operating Expenditure	31-Mar-25 £'000
6,042	Precepts to other authorities and charging bodies	6,356
(109)	(Gains)/losses on the Disposal of Non-Current Assets	(128)
5,933	**Total Other Operating Expenditure**	**6,227**

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-24 £'000	Financing and Investment Income & Expenditure	31-Mar-25 £'000
4,738	Interest payable and similar charges	4,625
1,505	Net interest on the net defined benefit liability (asset)	1,102
(7,160)	Interest receivable and similar income	(6,619)
215	Income and expenditure in relation to investment properties and changes in their fair value	(424)
(726)	Other investment income and expenditure	44
(1,428)	**Total**	**(1,272)**

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-24 £'000	Taxation and Non-Specific Grant Income	31-Mar-25 £'000
(14,958)	Council tax income	(15,783)
(8,921)	Business rates income	(6,261)
(13,584)	Non-ringfenced government grants	(14,770)
(3,087)	Capital grants and contributions	(5,774)
(40,551)	**Total**	**(42,589)**

Note 13 – Expenditure and Income Analysed by Nature

The Council's expenditure and income is analysed as follows:

31-Mar-24 £'000	Nature of Expenditure or Income	31-Mar-25 £'000
	Expenditure	
25,854	Employee benefits expenses	32,714
53,532	Other expenditure	59,858
4,738	Interest payments	4,625
6,042	Precepts and levies	6,356
5,651	Depreciation and amortisation	5,965
0	Gain or loss on disposal of non-current assets	0
95,816	**Total Expenditure**	**109,517**
	Income	
(21,848)	Fees, charges and other service income	(23,722)
(7,160)	Interest and investment income	(6,619)
(23,879)	Income from local taxation	(22,045)
(47,380)	Government grants and contributions	(50,037)
(109)	Gain or loss on disposal of non-current assets	(128)
(100,377)	**Total Income**	**(102,552)**
(4,560)	**(Surplus) or Deficit for Year**	**6,965**

Note 14 – Property, Plant and Equipment

Movements to 31-Mar-25

	Land and Buildings	Right of use Assets	Vehicles Plant & Equipment	Infrastructure	Community	Surplus	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation								
Balance brought forward	**157,810**	**0**	**22,014**	**5,566**	**305**	**17**	**9,797**	**195,508**
Adjustments re IFRS 16 implementation (see note 32)	**(9,469)**	**8,486**	**0**	**0**	**0**	**0**	**0**	**(983)**
At 1 April 2024 (post implementation)	**148,340**	**8,486**	**22,014**	**5,566**	**305**	**17**	**9,797**	**194,525**
Additions	847	0	1,029	0	19	0	9,111	11,007
Accum. Dep & Impairments Written Off to Gross Carrying Amount	(3,162)	0	0	0	0	(108)	0	(3,270)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	657	0	0	0	0	52	0	709
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(10,627)	0	0	0	0	905	0	(9,722)
Derecognition - Disposals	(750)	0	(11)	(2,250)	0	0	0	(3,012)
Assets reclassified (to)/from Assets Held for Sale	0	0	0	0	0	199	0	199
Assets reclassified (to)/from Investment Property	0	0	0	0	0	0	0	0
Other movements in Cost or Valuation	11,170	119	0	46	0	3,400	(14,735)	0
At 31 March 2025	**146,476**	**8,605**	**23,032**	**3,361**	**324**	**4,464**	**4,173**	**190,436**

Accumulated Depreciation & Impairment	Land and Buildings	Right of use Assets	Vehicles Plant & Equipment	Infrastructure	Community	Surplus	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance Brought Forward	**(4,601)**	**0**	**(12,703)**	**(3,450)**	**0**	**0**	**(888)**	**(21,642)**
Adjustments re IFRS 16 implementation (see note 32)	**255**	**0**	**0**	**0**	**0**	**0**	**0**	**255**
At 1 April 2024 (post implementation)	**(4,347)**	**0**	**(12,703)**	**(3,450)**	**0**	**0**	**(888)**	**(21,387)**
Depreciation Charge	(3,434)	(558)	(1,286)	(174)	0	0	0	(5,452)
Acc. Depreciation Written Off to Gross Carrying Amount	2,274	0	0	0	0	108	0	2,382
Acc. Impairment Written Off to Gross Carrying Amount	888	0	0	0	0	0	0	888
Impairment (Losses)/Reversals recognised in the Revaluation Reserve	0	0	0	0	0	0	0	0
Impairment (Losses)/Reversals recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0	0
Derecognition - Disposals	58	0	11	1,887	0	0	0	1,957
Other movements in Depreciation and Impairment	(770)	0	0	0	0	(119)	888	0
At 31 March 2025	**(5,330)**	**(558)**	**(13,977)**	**(1,736)**	**0**	**(10)**	**0**	**(21,612)**
Net Book Value								
At 31 March 2025	**141,146**	**8,047**	**9,055**	**1,626**	**324**	**4,454**	**4,173**	**168,824**
At 1 April 2024 (post IFRS16 implementation)	**143,994**	**8,486**	**9,312**	**2,116**	**305**	**17**	**8,909**	**173,138**
At 31 March 2024	**153,208**	**0**	**9,312**	**2,116**	**305**	**17**	**8,909**	**173,866**

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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							
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
Accum. Dep & Impairments Written Off to Gross Carrying Amount	(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 Investment Property	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

	Land and Buildings	Vehicles Plant & Equipment	Infrastructure	Community	Surplus	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
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 Written Off to Gross Carrying Amount	1,911	0	0	0	0	0	1,911
Acc. Impairment Written Off to Gross Carrying Amount	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**

Property, Plant and Equipment Revaluations

31-Mar-25	Other Land and Buildings	Right of use Assets	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Carried at historical cost	13,830	494	23,032	3,361	229	0	4,173	**45,120**
Valued at current value as at:								
31/03/2025	67,116	0	0	0	0	4,164	0	**71,280**
01/04/2024	0	8,112	0	0	0	0	0	**8,112**
31/03/2024	28,656	0	0	0	95	300	0	**29,051**
31/03/2023	36,554	0	0	0	0	0	0	**36,554**
31/03/2022	320	0	0	0	0	0	0	**320**
Total Cost or Valuation	**146,476**	**8,605**	**23,032**	**3,361**	**324**	**4,464**	**4,173**	**190,436**

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-24 £'000	Investment Property Income and Expenditure	31-Mar-25 £'000
(163)	Rental income from investment property	(161)
11	Direct operating expenses from investment property	8
(152)	**Net (gain)/loss**	**(153)**

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-24 non-current £'000	Investment Property Movements in Year	31-Mar-25 non-current £'000
4,640	**Opening Balance**	**4,274**
0	Additions: Purchases	0
0	Enhancements	0
0	Disposals	0
(367)	Net gains/(losses) from fair value adjustments	272
0	Transfers to/(from) Property, Plant and Equipment	0
4,274	**Closing Balance**	**4,545**

Fair value hierarchy

Details of the Council's investment properties and surplus assets and information about the fair value hierarchy as at 31 March 2025 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 2025 £'000
Investment Properties	0	4,545	0	4,545
Surplus Assets	0	306	4,148	4,454
Assets Held for Sale	0	0	0	0
Totals	**0**	**4,851**	**4,148**	**8,999**
Comprised of:				
Office Units	0	365	4,148	4,513
Commercial Units	0	4,180	0	4,180
Other	0	306	0	306
Totals	**0**	**4,851**	**4,148**	**8,999**

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
Totals	**0**	**4,489**	**0**	**4,489**
Comprised of:				
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**

Transfers between Levels of the Fair Value Hierarchy

A transfer between hierarchies occurred during the financial year on determining that an asset categorised as held for sale as at the balance sheet opening date, no longer met the recognition criteria under IFRS 5 adapted by the CIPFA code. The asset remained un-operational as at the closing balance sheet date and was transferred to Surplus Assets,

transitioning from Level 2 (income approach) to Level 3 (residual approach) in the hierarchy on revaluation.

Valuation Techniques used to Determine Level 2 and Level 3 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.

Significant Unobservable Inputs – Level 3

The office units located in the local authority area are measured using the residual approach. The residual approach is based on the completed gross development value, deducting development costs and developer return to arrive at the value of the property. The assets categorised as Level 3 in the fair value hierarchy use significant unobservable inputs to determine the fair value measurements (and there is no reasonably available information that indicates that market participants would use different assumptions).

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-24	Intangible Assets	31-Mar-25
£000	**Opening Balance**	**£000**
6,801	Gross Carrying Amount	4,651
(4,836)	Accumulated Amortisation & Impairment	(2,901)
1,965	**Net Carrying Amount**	**1,750**
334	Additions	86
0	Disposals	0
(549)	Amortisation for the Period	(527)
1,750	**Net Carrying Amount at End of Year**	**1,309**
	Comprising:	
4,651	Gross Carrying Amount	4,737
(2,901)	Accumulated Amortisation & Impairment	(3,429)
1,750	**Closing Balance**	**1,309**

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 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-24 Short term	31-Mar-24 Long-term	Financial Instruments - Liabilities	31-Mar-25 Short-term	31-Mar-25 Long-term
£'000	**£'000**	**Financial Liabilities**	**£'000**	**£'000**
		Loans at amortised cost:		
(36,000)	(145,000)	- Principal sum borrowed	(26,000)	(139,000)
(937)	0	- Accrued interest	(1,095)	
(36,937)	**(145,000)**	**Total Borrowing**	**(27,095)**	**(139,000)**
		Liabilities at amortised cost:		
0	0	- Finance leases	(69)	(45)
0	(14)	- Other Liabilities	0	(14)
0	**(14)**	**Total Other Liabilities**	**(69)**	**(59)**
		Liabilities at amortised cost:		
(3,215)	0	- Trade payables	(5,296)	
(4,099)	0	- Other payables	(707)	
(7,314)	**0**	**Included in Creditors**	**(6,003)**	
		Cash and Cash Equivalents At amortised cost:		
(1,408)	0	Principal	(408)	
(1,408)	**0**	**Total Cash and Cash Equivalents**	**(408)**	
(45,659)	**(145,014)**	**Total Financial Liabilities**	**(33,575)**	**(139,059)**

The total short-term borrowing includes £645k (2024: £663k) accrued interest due within 12 months on long-term borrowing.

The creditors lines on the Balance Sheet include £23,883k (2024: £22,431k) short-term creditors that do not meet the definition of a financial instrument.

Financial Instruments – Assets

31-Mar-24		Financial Instruments - Assets	31-Mar-25	
Short Term	Long Term		Short Term	Long Term
£'000	£'000	**Financial Assets**	£'000	£'000
		At amortised cost:		
13,000	0	- Principal	0	0
87	0	- Accrued interest	0	0
		At fair value through profit & loss:		
0	35,649	- Fair value	0	45,182
13,087	**35,649**	**Total Investments**	**0**	**45,182**
		At amortised cost:		
0	0	- Principal	0	0
		At fair value through profit & loss:		
8,920	0	- Fair value	5,205	0
35	0	- Accrued interest	20	0
8,955	**0**	**Total Cash and Cash Equivalents**	**5,225**	**0**
		At amortised cost:		
1,755		- Trade receivables	2,219	
4,414		- Other receivables	2,816	
100	66,647	- Loans made for service purposes	107	57,560
0	1	- Accrued interest	0	1
0	(693)	- Loss allowance	0	(738)
6,269	**65,956**	**Included in Debtors**	**5,142**	**56,823**
28,311	**101,605**	**Total Financial Assets**	**10,366**	**102,005**

The debtors lines on the Balance Sheet include £7,461k (2024: £6,714k) short-term and £5,371k (2023: £7,280k) 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-24 £'000	Offsetting Financial Assets & Liabilities	31-Mar-25 £'000
289	Bank accounts in credit	809
(1,696)	Bank overdrafts	(1,217)
(1,408)	**Net position of offset accounts**	**(408)**
0	Other bank accounts	0
(1,408)	**Net position on balance sheet**	**(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	2024/25 Total	2023/24 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Interest expense	4,612	0	0	0	4,612	4,723
Fees paid	12	0	0	0	12	15
Interest payable and similar charges	**4,625**	**0**	**0**	**0**	**4,625**	**4,738**
Interest income	0	0	(6,172)	(447)	(6,619)	(7,160)
Fees	0	0	0	0	0	0
Interest and investment income	**0**	**0**	**(6,172)**	**(447)**	**(6,619)**	**(7,160)**
Net impact on (surplus)/deficit on provision of services	**4,625**	**0**	**(6,172)**	**(447)**	**(1,995)**	**(2,422)**

Financial Instruments - Fair Value – Liabilities

Balance Sheet 31-Mar-24 £'000	Fair Value 31-Mar-24 £'000		Fair value Level	Balance Sheet 31-Mar-25 £'000	Fair Value 31-Mar-25 £'000
		Financial liabilities held at amortised cost:			
(145,000)	(114,399)	Long-term loans	2	(139,000)	(107,146)
(36,937)	(36,543)	Short-term loans	2	(27,095)	(26,993)
0	0	Lease payables and PFI liabilities	2	(114)	(114)
(181,937)	**(150,943)**	**Total**		**(166,209)**	**(134,254)**
(8,735)		Liabilities for which fair value is not disclosed		(6,415)	
(190,672)	**(150,943)**	**Total Financial Liabilities**		**(172,624)**	**(134,254)**
		Recorded on balance sheet as:			
(7,314)		Short-term creditors		(6,062)	
(36,937)		Short-term borrowing		(27,095)	
(14)		Long-term creditors		(59)	
(145,000)		Long-term borrowing		(139,000)	
(1,408)		Cash and Cash Equivalents		(408)	
(190,672)		**Total Financial Liabilities**		**(172,624)**	

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-24	**31-Mar-24**			**31-Mar-25**	**31-Mar-25**
£'000	**£'000**		**Fair Value Level**	**£'000**	**£'000**
		Financial assets held at fair value:			
8,955	8,955	Money market funds	1	5,225	5,225
35,649	35,649	Shares in unlisted companies	3	45,182	45,182
		Financial assets held at amortised cost:			
13,087	11,679	Bank deposits & repos	2	0	0
66,055	66,055	Loans to companies	3	57,673	57,673
123,746	**122,339**	**Total**		**108,080**	**108,080**
6,169		Assets for which fair value is not disclosed		5,035	
129,916	**122,339**	Total Financial Assets		**113,115**	
		Recorded on balance sheet as:			
65,956		Long-term debtors		57,566	
35,649		Long-term investments		45,182	
6,269		Short-term debtors		5,142	
13,087		Short-term investments		0	
8,955		Cash and cash equivalents		5,225	
129,916		**Total Financial Assets**		**113,115**	

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:

31-Mar-24 £'000	Long Term Credit Rating (Fitch)	31-Mar-25 £'000
0	AA	0
13,087	AA-	0
0	A+	0
13,087	**Total**	**0**

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-24	Credit Risk: Debtors	31-Mar-25
£'000	**Duration outstanding**	**£'000**
332	One months	402
251	Two months	40
67	Three months	138
1,115	More than three months	1,295
1,765	**Total**	**1,875**

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 2025
Graven Hill Village Development Co Ltd	£69.6m	£52.7m

The Council has also provided a financial guarantee of £1.4m 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 planned 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 which is due in less than 1 year):

31-Mar-24	Liquidity Risk	31-Mar-25
£'000	**Time to maturity**	**£'000**
(36,000)	Less than 1 year	(26,000)
(6,000)	1 – 2 years	(6,000)
(31,000)	2 – 5 years	(51,000)
(69,000)	5-10 years	(47,000)
(10,000)	10-20 years	(5,000)
(30,000)	20-30 years	(30,000)
(182,000)	**Total**	**(165,000)**

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-24 £'000	Inventories	31-Mar-25 £'000
357	Opening Balance	**263**
863	Purchases	821
(957)	Recognised as an expense in the year	(850)
263	**Closing Balance**	**234**

Note 19a – Short Term Debtors

An analysis of the debtor's balance is shown below

31-Mar-24 £'000	Short Term Debtors	31-Mar-25 £'000
1,755	Trade Receivables	2,219
3,209	Pre-Payments	3,167
8,018	Other Receivable Amounts	7,217
12,982	**Total Debtors**	**12,603**

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-24 £'000	Short Term Debtors for Local Taxation	31-Mar-25 £'000
0	Less than three months	0
0	Three to six months	0
368	Six months to one year	415
472	More than one year	505
840	**Total Debtors**	**919**

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-24 £'000	Cash and Cash Equivalents	31-Mar-25 £'000
(1,408)	Bank Balances/(Overdraft)	(408)
8,955	Short Term Investments	5,225
7,547	**Total Cash and Cash Equivalents**	**4,817**

Note 21– Assets Held for Sale

31-Mar-24 £'000	Assets held for Sale	31-Mar-25 £'000
0	Balance at start of year	199
	Assets transferred to / (from) Assets Held for Sale:	
199	Property Plant and Equipment	(199)
	Assets Sold:	
0	Property Plant and Equipment	0
199	**Balance at year end**	**0**

Note 22 – Short Term Creditors

The table below provides detail on the level of creditors balances set out in the Balance Sheet.

31-Mar-24 £'000	Short Term Creditors	31-Mar-25 £'000
(3,215)	Trade Payables	(5,296)
(26,530)	Other Payable Amounts	(24,659)
(29,745)	**Total Creditors**	**(29,955)**

Note 23 – Provisions

The main provisions during 2024/25 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-25	Health Walks Training Provision £'000	Graven Hill Deposit Guarantee £'000	NNDR Appeals Provision £'000	Total £'000
Opening Balance	0	0	(4,193)	(4,193)
Increase in provision during year	0	0	(145)	(145)
Utilised during the year	0	0	772	772
Transferred from Long term	0	0	0	0
Closing Balance	**0**	**0**	**(3,567)**	**(3,567)**
31-Mar-24 £'000	**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)**

Long Term Provisions

31-Mar-25	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	(1,519)	(63)	(18)	(47)	(123)	(1,770)
Increase in provision during year	(1,802)	0	0	0	0	(1,802)
Utilised during year	1,295	13	18	47	0	1,374
Transferred to short term	0	0	0	0	0	0
Closing Balance	**(2,026)**	**(50)**	**0**	**0**	**(123)**	**(2,198)**

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)**

Total Provisions

31-Mar-24 £'000	Provisions Summary	31-Mar-25 £'000
(8,103)	Opening Balance	(5,964)
(1,661)	Increase in provision during year	(1,947)
3,800	Utilised during year	2,146
(5,964)	**Closing Balance**	**(5,765)**

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-24 £'000	Usable Reserves Summary	31-Mar-25 £'000
(6,152)	General Fund	(8,021)
(30,876)	Earmarked Reserves	(33,216)
(606)	Capital Receipts Reserve	0
(5,688)	Capital Grants Unapplied Reserve	(5,321)
(43,322)	**Total**	**(46,557)**

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-24 £'000	General Fund Reserve	31-Mar-25 £'000
(6,152)	Opening Balance	(6,152)
0	Transfers to general reserves	(1,869)
0	Use of general reserves in year	0
(6,152)	**Closing Balance**	**(8,021)**

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.

31-Mar-24 £'000	Earmarked Reserves	31-Mar-25 £'000
(23,670)	Opening Balance	(30,876)
(9,603)	Transfers to reserves	(7,876)
2,396	Use of reserves in year	5,537
(30,876)	**Closing Balance**	**(33,216)**

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-24 £'000	Capital Receipts Reserve	31-Mar-25 £'000
0	Opening Balance	(606)
(606)	Receipts from disposal of an interest in a capital asset	(891)
(15,079)	Receipts from repayments of capital loans made by the council	(101)
15,079	Capital Receipts used for financing	1,597
(606)	**Closing Balance**	**0**

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-24 £'000	Capital Grants Unapplied	31-Mar-25 £'000
(5,849)	Opening Balance	(5,688)
(324)	Capital grants recognised in year	(477)
486	Capital grants and contributions applied	844
(5,688)	**Closing Balance**	**(5,321)**

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-24 £'000	Unusable Reserves Summary	31-Mar-25 £'000
(39,184)	Revaluation Reserve	(37,224)
1,446	Capital Adjustment Account	6,131
22,700	Pension Reserve	27,933
(114)	Deferred Capital Receipts Reserve	(407)
(1,464)	Collection Fund Adjustment Account	993
458	Accumulated Absences Account	476
(16,158)	**Total**	**(2,097)**

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-24 £'000	Revaluation Reserve	31-Mar-25 £'000
(40,702)	**Opening balance**	**(39,184)**
(2,890)	Upward revaluation of assets	(2,902)
3,352	Downward revaluation of assets and impairment losses not charged to the Surplus or Deficit on the Provision of Services	2,207
0	Revaluation of Right of use assets	973
462	**Surplus or deficit on revaluation of non-current assets not charged to the Surplus or Deficit on the Provision of Services**	**278**
1,004	Difference between fair value depreciation and historical cost depreciation	1,264
51	Accumulated gains on assets sold or scrapped	418
0	Accumulated gains on Property transferred to Investment Property	0
1,056	**Amount written off to the Capital Adjustment Account**	**1,683**
(39,184)	**Closing Balance**	**(37,224)**

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-24	Capital Adjustment Account	31-Mar-25
£'000		**£'000**
364	**Opening balance**	**1,446**
5,232	Charges for depreciation and impairment of non-current assets	5,438
3,794	Revaluation losses on non-current assets	9,722
	Revaluations of right of use assets on adoption of IFRS16	130
549	Amortisation of intangible assets	527
3,472	Revenue expenditure funded from capital under statute	2,830
89	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	1,055
13,137	**Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement**	**19,702**
(1,056)	Adjusting Amounts written out of the Revaluation Reserve	(1,683)
12,081	**Net written out amount of the cost of non-current assets consumed in the year**	**18,019**
(15,079)	Use of Capital Receipts Reserve to finance new capital expenditure	(1,597)
(5,230)	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(7,143)
(4,410)	Statutory provision for the financing of capital investment charged against the General Fund	(4,111)
(687)	Increase in expected credit losses provision for long-term loans receivable	45
0	Direct Revenue contributions	(107)
(25,406)	**Capital financing applied in year:**	**(12,913)**
15,079	Write down of Capital Loans repaid to the Council	101
367	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(272)
(1,039)	Donated assets fair value less consideration	(250)
1,446	**Closing Balance**	**6,131**

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.

A debit balance on the Pensions Reserve would usually show a shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. However, at 31st March 2025, as shown in note 35, the council has a surplus of assets compared to defined benefit obligations of £8.8m. The overall debit balance is due to the effect of the asset ceiling, which is an additional liability of £36.7m. This effect of the asset ceiling reflects that current employer contribution levels would lead to a surplus in the pension fund which the council would not be able to benefit from. It should be noted however that this asset ceiling calculation assumes that contribution levels will not change, but the contributions are reviewed and adjusted every 3 years. 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.

31-Mar-24 £'000	Pension Reserve	31-Mar-25 £'000
31,309	Opening Balance	22,700
(5,115)	Remeasurements of the net defined benefit (liability)/asset	3,584
5,633	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	5,418
(9,127)	Employer's pensions contributions and direct payments to pensioners payable in the year	(3,769)
22,700	**Closing Balance**	**27,933**

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-24 £'000	Deferred Capital Receipts reserve	31-Mar-25 £'000
(522)	Opening Balance	(114)
(114)	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure statement	(407)
522	Transfer to the capital receipts reserve upon receipt of cash	114
(114)	**Closing Balance**	**(407)**

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-24 £'000	Collection Fund Adjustment Account	Business Rates	Business Rates – other	Council Tax	31-Mar-25 Total
		£'000	£'000	£'000	£'000
(5,314)	Opening Balance	(1,156)	2	(310)	(1,464)
3,818	Amount by which income credited to the CIES is different from income calculated for the year in accordance with statutory requirements	2,637		(112)	2,525
32	Other transfers to/(from) the General Fund in accordance with non-domestic rates regulations		(68)		(68)
(1,464)	**Closing Balance**	**1,481**	**(66)**	**(422)**	**993**

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-24 £'000	Accumulated Absences Account	31-Mar-25 £'000
270	Opening Balance	458
(270)	Settlement or cancellation of the accrual made at the end of the preceding year	(458)
458	Amounts accrued at the end of the year	476
458	**Closing Balance**	**476**

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 2024/25 were as follows:

31-Mar-24 £'000		31-Mar-25 £'000
349	Allowances	353
4	Expenses	6
353	**Total Members' Allowances**	**359**

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-24	Officers' Remuneration	31-Mar-25
Number of employees	**Remuneration Band**	**Number of employees**
21	£50,001 to £55,000	15
18	£55,001 to £60,000	27
6	£60,001 to £65,000	13
3	£65,001 to £70,000	5
2	£70,001 to £75,000	4
0	£75,001 to £80,000	1
0	£80,001 to £85,000	1
1	£85,001 to £90,000	0
0	£90,001 to £95,000	1
0	£110,001 to £115,000	1
1	£120,001 to £125,000	0
52	**Total**	**68**

The Remuneration paid to senior employees in Cherwell District Council 2024/25 is as follows:

Post Title	Salary (Including Fees & Allowances) £	Expense Allowances and Other Emoluments £	Compensations for Loss of Employment £	Total Remuneration Excluding Employers' Pension Contribution £	Employers' Pension Contribution £	Total Remuneration including Employers' Pension Contribution £
Chief Executive & Head of Paid Services - Gordon Stewart	156,000	0	0	**156,000**	24,804	180,804
Corporate Director of Resources & Transformation	111,239	0	0	**111,239**	17,687	128,925
Corporate Director of Communities	121,139	0	0	**121,139**	19,261	140,400
Assistant Director Customer Focus	88,569	0	0	**88,569**	14,082	102,651
Assistant Director Law and Governance & Monitoring Officer	101,533	0	0	**101,533**	16,144	117,677
Assistant Director Environmental Services	92,277	0	0	**92,277**	14,672	106,949
Assistant Director Planning and Development	92,277	0	0	**92,277**	14,672	106,949
Assistant Director Growth and Economy*	92,277	0	64,109	**156,386**	14,672	171,059
Assistant Director Finance & S151	104,005	0	0	**104,005**	16,537	120,542
Assistant Director Housing & Wellbeing	89,805	0	0	**89,805**	14,279	104,085
Assistant Director Human Resources & Operational Resources	79,921	0	0	**79,921**	12,707	92,628
Assistant Director Property	89,805	0	0	**89,805**	14,279	104,085
Head of Digital and Innovation	70,123	0	0	**70,123**	11,149	81,272
Head of Finance & Deputy S151	68,720	0	0	**68,720**	10,926	79,646
Head of Regulatory Services & Community Safety	67,660	0	0	**67,660**	10,758	78,418
Head of Legal & Deputy Monitoring Officer**	24,997	0	0	**24,997**	3,974	28,971
Total	**1,450,347**	**0**	**64,109**	**1,514,456**	**230,605**	**1,745,061**

*Assistant Director of Growth and Economy's employment ended in March 2025

**Head of Legal & Deputy Monitoring Officer was in post from November 2024

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 of Environmental Services	88,728	548	-	**89,275**	14,108	103,383	-	**103,383**	
Assistant Director of Planning and Development	88,728	318	-	**89,046**	14,108	103,153	-	**103,153**	
Assistant Director of Growth and Economy	88,728	-	-	**88,728**	14,108	102,835	-	**102,835**	
Assistant Director of Finance S151	98,817	463	-	**99,279**	15,712	114,991	-	**114,991**	
Assistant Director of 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**	
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**	

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 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 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

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 relation to the 2022/23, 2023/24 and 2024/25 external audits are still subject to approval by the PSAA.

31-Mar-24 £'000s	Fees	31-Mar-25 £'000s
	Fees payable with regard to external audit services carried out by the appointed auditor	
175	In relation to this financial year	191
(26)	In relation to previous financial years	31
179	**Fees payable for the certification of grant claims and returns**	161
328	**Total**	**383**

Note 29 – Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2024/25;

Grant Income Credited to Taxation and non-specific Grant Income and Expenditure

31-Mar-24 £'000	Grant Income Credited to Taxation	31-Mar-25 £'000
	Revenue Grants and Contributions	
(307)	Revenue Support Grant	(361)
(8,504)	Non-Domestic Rates (incl. Section 31 grant)	(9,141)
(1,625)	New Homes Bonus	(1,375)
(154)	Services Grant	(27)
(2,839)	Funding Guarantee Grant	(3,461)
(154)	Other Revenue Grants and Contributions	(406)
	Capital Grants and Contributions	
(1,427)	Local Authority Household Fund	0
0	Eco Town Grant	(3,484)
(1,039)	Longford Park Asset Donation	0
(406)	S106 Capital Contributions	(1,192)
(216)	Other Capital Grants and Contributions	(1,099)
(16,671)	**Total**	**(20,545)**

Grant Income Credited to Services

31-Mar-24 £'000	Grant Income Credited to Services	31-Mar-25 £'000
(21,379)	Rent Allowances Subsidy Grant	(21,146)
(285)	Housing Benefit Administration Subsidy Grant	(270)
(243)	NDR Cost of Collection Grant	(243)
(778)	Homeless Support Grants	(798)
(567)	Section 106 Developer contributions	(748)
(232)	Discretionary Housing Payments	(281)
(1,348)	Disabled Facilities Grant*	(1,252)
(2,463)	Contributions from other Local Authorities	(2,375)
(741)	Home Office – Housing Refugees	(1,095)
(37)	Covid-19 related grants	0
(1,672)	Local Authority Housing fund Round 2*	0
(221)	UK Shared Prosperity Fund	(658)
(742)	Other Grants & Contributions	(628)
(30,709)	**Total**	**(29,493)**

*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-24 £'000		31-Mar-25 £'000
(1,015)	Section 106 developer contributions	(546)
(30)	COVID-19 Grant - LRSG Closed Addendum	(30)
(2)	COVID-19 Grant - LRSG Open	(2)
(7)	Council Tax Rebate Grant	(7)
(481)	Afghan Refugee Accommodation Programme	(1,463)
(726)	Homes for Ukraine	(539)
(266)	Asylum Dispersal Grant	(306)
(613)	Other Grants and contributions	(200)
(3,141)	**Total**	**(3,093)**

Grants Receipts in Advance (Capital Grants) - Current Liabilities

31-Mar-24 £'000		31-Mar-25 £'000
(3,208)	Section 106 developer contributions	(3,261)
(220)	Other Grants and Contributions	(390)
(3,428)	**Total**	**(3,651)**

Grants Receipts in Advance (Revenue Grants) - Long Term Liabilities

31-Mar-24 £'000		31-Mar-25 £'000
(5,650)	Section 106 Developer Contributions - Capital	(5,677)
(5)	Community Build Banbury	(5)
(5,655)	**Total**	**(5,682)**

Grants Receipts in Advance (Capital Grants) - Long Term Liabilities

31-Mar-24 £'000		31-Mar-25 £'000
(7,305)	Section 106 Developer Contributions - Capital	(8,821)
(3,484)	Eco Town Grant	0
(10,789)	**Total**	**(8,821)**

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 Rob Pattenden (appointed July 2024) 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 totals £3.964m (2023/24: £12.949m), representing the present value of the contractual amount of £13.497m repayable in 2067. The loan is provided at a non-market rate of interest and has therefore been discounted using an effective interest rate of 5%, which the directors consider to be an appropriate market rate.

The difference between the cash advanced and the present value of the loan has been treated as an investment in the Company. The income recognized by the Council in relation to Crown House Banbury Limited for the year was £0.573m (2023/24: £0.624m), relating to interest on the loan and IT and project management services provided to the Company. The loan will subsequently be measured at amortized cost using the effective interest method.

Crown Apartments Banbury Limited

The company is a subsidiary of Crown House Banbury Ltd which manages the residential property. Councillor Rob Pattenden (appointed July 2024) 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 2024/25 or 2023/24.

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 was a director of the company from March 2023 to May 2024.

The value of loans outstanding from the council to the company as at the balance sheet date total £12.234m (2023/24 £12.234m). The income recognised by the council in relation to interest on the loan for the year was £1.468m (2023/24 £1.472m). In addition, the company paid a dividend of £0.5m (2023/24 £0.5m) 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 was a director of the company from March 2023 to May 2024.

At the balance sheet date, the outstanding amount owed to the council by the company was £40.413m (2022/23 £40.427m). 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. In addition the council holds £1.7m of S106 receipts in advance from the company on its balance sheet. The income recognised by the council in relation to Graven Hill Village Development Company Limited for the year was £2.460m (2023/24 £3.290m). This relates primarily to interest on the loans, with a small amount in relation to IT and other support recharged to the company.

Veritau Public Sector Limited

Veritau Public Sector Limited is a teckal company limited by guarantee without share capital. The company provides the council's internal audit and counter-fraud functions. The council joined as a member of this company in November 2024. The other member authorities are City of York council, North Yorkshire council, Redcar and Cleveland Borough council and Leicester City council. CDC Officer Michael Furness is a director of this company. In the year the council paid £0.074m to the company for membership and services (2023/24 nil).

Officers

- During 2024-25 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 2024/25 the Council paid a grant of £10,000 (2023/24 £15,000) 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 2024/25 grant funding payments of £0.393m (2023/24 £0.383m) 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-24 £'000	Capital Expenditure and Capital Financing	31-Mar-25 £'000
238,400	**Opening Capital Financing Requirement**	**234,440**
	IFRS16 - Right of Use Assets brought onto balance sheet	375
238,400	**Opening Capital Financing Requirement - IFRS16 Implementation**	**234,815**
	Capital Investment:	
8,992	Property Plant and Equipment	11,007
0	Investment Property	0
334	Intangible Assets	86
3,472	Revenue Expenditure Funded from Capital Under Statute	2,830
0	Long Term Investments	0
9,000	Debtors	0
21,798	**Total Capital Spending**	**13,923**
	Sources of Finance:	
(15,079)	Capital receipts	(1,597)
(5,230)	Government Grants and other contributions	(7,143)
(1,039)	Donated Assets fair value less consideration included in capital investment above	(250)
	Sums set aside from revenue:	
0	Direct revenue contributions	(107)
(4,410)	Minimum revenue Provision	(4,111)
(25,758)	**Total Sources of Finance**	**(13,208)**
234,440	**Closing Capital Financing Requirement**	**235,530**

31-Mar-24 £'000		31-Mar-25 £'000
450	Increase in underlying need to borrow (unsupported by government financial assistance)	4,825
(4,410)	Statutory provision for repayment of debt (minimum Revenue Provision)	(4,111)
(3,960)	**Increase/(decrease) in Capital Financing Requirement**	**715**

Note 32 – Leases

32.1 Authority as Lessee

The council from 1st April 2024 has adopted IFRS 16 per the mandatory requirements of the CIPFA code. This has been done in line with the transitional provisions in the CIPFA code. The main impact of the requirements of IFRS 16 is that, for arrangements previously accounted for as operating leases, a right-of-use asset and a lease liability (where rent payments are due under the lease) are now included on the balance sheet.

In assessing whether the council has the right-of-use, the council has applied recognition exemptions for short-term leases, i.e. contracts with a term of 12 months or less, and low value assets with a value or cost individually lower than £10,000 (with cost a proxy for asset value where value is not readily determinable). The council recognises the lease payments associated with these leases as an expense on a straight-line bases over the lease term.

IFRS16 has been applied retrospectively, but with the cumulative effect recognised at 1 April 2024. This means that right-of-use assets and lease liabilities have been calculated as if IFRS16 had always applied but recognised in 2024/25 and not by adjusting prior year figures. The council has also applied practical expedients under 4.2.2.94 of the CIPFA code whereby contracts entered prior to the initial date of application are not required to be revisited to determine whether the contract contains a lease under IFRS 16.

Right-of-use assets are generally held on balance sheet at Fair Value. For leases longer than one year but that are sufficiently short-term (i.e. less than 5 years remaining on the lease with rent review provisions), the cost model has been applied where deemed materially appropriate.

The council has no material leases with corresponding lease liabilities but has brought £0.375m of right-of-use assets on balance sheet in addition to those already held in Land and Buildings. As at the closing balance sheet date, approximately £7.8m of assets held on the balance sheet are leased to the council at a peppercorn rent. Lease liabilities totaled £0.114m as at 31st March 2025, compared to £0.123m of future minimum payments under operating leases as at 31st March 2024.

The below table is a reconciliation of the adjustments required to bring right-of-use assets on balance sheet and remeasure existing assets on balance sheet to reflect the requirements of the accounting standard.

Adjustments on implementation of IFRS 16	**Land & Buildings** £'000
Cost or Valuation	
Right-of-use assets already on balance sheet as at 1st April 2024	**9,469**
IFRS 16 Implementation adjustments:	
Accumulated Depreciation w/o to Gross Carrying Amount on revaluation of right of use as at 1st April 2024	(255)
Revaluation adjustments for right-of-use basis recognised in the revaluation reserve	(973)
Revaluation adjustments for right-of-use basis recognised in the surplus/deficit on provision of services	(130)
Right-of-use assets brought onto balance sheet at 1st April 2024	375
Total adjustments under IFRS16 implementation on 1st April 2024	**(983)**
Gross Carrying amount at 1st April 2024 – post IFRS16 implementation	**8,486**
Accumulated Depreciation	
Right-of-use assets already on balance sheets as at 1st April 2024	**(255)**
IFRS 16 implementation adjustments:	
Accumulated Depreciation w/o to Gross Carrying Amount on revaluation of right of use as at 1st April 2024	255
Accumulated depreciation at 1st April 2024 – post IFRS16 implementation	**0**
Net book value at 1st April 2024 – pre IFRS16 implementation	**9,214**
Net book value at 1st April 2024 – post IFRS16 implementation	**8,486**

The table below shows the change in net book value of right-of-use assets held under leases by the authority in the 2024/25 financial year. For more detail of the gross movements, see note 14.

	Land and Buildings £'000
Balance at 1st April 2024	**8,486**
Additions	0
Lease remeasurements	119
Revaluations	0
Depreciation and Amortisation	(558)
Disposal	0
Balance at 31st March 2025	**8,047**

Maturity analysis of lease liabilities

The lease liabilities are due to be settled over the following time bands (measured at the undiscounted amounts of expected cash payments)

31-Mar-24 £'000		**31-Mar-25** £'000
73	Less than one year	73
45	One to five years	47
3	More than five years	0
121	**Total undiscounted liabilities**	**121**

The below table shows the weighted average interest rate applied to discounted lease liabilities on balance sheet and the interest expense associated with the liabilities

1-Apr-24 £'000		**31-Mar-25** £'000
124	Discounted lease liabilities	114
1.93%	Weighted average interest rate	3.82%
6	Interest charge	6

32.2 Authority as Lessor

The authority leases out property and equipment under operating leases for the following purposes:

- For the provision of community services, such as sports facilities, community centres and culture
- For economic development purposes to provide suitable affordable accommodation for local businesses
- For the provision of affordable and shared ownership housing to provide affordable residential accommodation to local residents

Transactions under leases

The authority generated the following income from leases during the year

2023/24 £'000		2024/25 £'000
0	Finance lease	0
(7,791)	Operating leases	(7,569)
(7,791)	**Total lease income**	**(7,569)**

Maturity analysis of lease receivables

The lease receivables are due to be collected over the following time bands (measured at the undiscounted amounts of expected cash receipts):

31st March 2024			31st March 2025	
Finance leases £'000	**Operating leases** £'000		**Finance leases** £'000	**Operating leases** £'000
0	5,027	Less than one year	0	4,392
0	4,187	One to two years	0	4,082
0	3,836	Two to three years	0	3,780
0	3,554	Three to four years	0	3,485
0	3,235	Four to five years	0	3,187
0	69,875	More than five years	0	67,447
0	**89,714**	**Total undiscounted**	**0**	**86,373**

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 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.

There have been no impairments in 2024/25.

Note 34 - Termination Benefits

The authority terminated the contracts of four employees which resulted in termination benefits of £133k in 2024/25. The Figure in the financial year of 2023/24 was £83k.

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	
	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24
£0-£20,000	2	2	2	0	4	2	£15,536	£11,888
£20,001-£60,000	2	1	1	1	3	2	£117,199	£71,535
Total	**4**	**3**	**3**	**1**	**7**	**4**	**£132,736**	**£83,423**

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-24		31-Mar-25
£'000	**Comprehensive (Income) and Expenditure Statement** **Cost of Services:**	**£'000**
3,906	Current Service Cost	3,891
91	Past Service Cost/(Gain) – Including Curtailments	279
131	Administration Expense	146
	Financing and Investment (Income) and Expenditure:	
1,505	Net Interest Expense	1,102
5,633	**Total Post Employment Benefit Charged to the (Surplus) or Deficit on the Provision of Services**	**5,418**
	Other Comprehensive (Income) and Expenditure:	
(9,401)	Return on Plan Assets (excluding amounts included in net interest expense)	3,263
(924)	Actuarial (Gains) & Losses Arising on Changes in Demographic Assumptions	(290)
(7,726)	Actuarial (Gains) & Losses Arising on Changes in Financial Assumptions	(26,326)
5,286	Experience (Gain)/loss on defined benefit obligation	(1,783)
0	Other actuarial (Gains) & Losses on assets	0
7,650	Remeasurement of the effect of asset ceiling	28,720
(5,115)	**Post-Employment Benefit Charged to the Comprehensive Income and Expenditure Statement**	**3,584**
	Movement in Reserves Statement	
(5,633)	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for Post-employment Benefits in accordance with the Code	(5,418)
9,127	Employer's Contributions Payable to the Pension Scheme	3,769
3,494	**Total**	**(1,649)**

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-24 £'000	Pension Assets and Liabilities Recognised in the Balance Sheet	31-Mar-25 £'000
(166,369)	Present value of the defined benefit obligation	(144,424)
151,319	Fair value of plan assets	153,228
(7,650)	Effect of the Asset ceiling	(36,737)
(22,700)	**Net liability arising from defined benefit obligation**	**(27,933)**

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-24 £'000		31-Mar-25 £'000
	Reconciliation of Present Value of Scheme Liabilities	
(163,942)	Liabilities as of the Beginning of the Period	(166,369)
(4,037)	Current Service Cost	(4,037)
(7,741)	Interest Cost	(7,945)
(1,287)	Contributions by Scheme Participants	(1,451)
7,726	Change in financial assumptions	26,326
924	Change in demographic assumptions	290
(5,286)	Experience (Losses)/Gains on defined benefit obligation	1,783
0	Losses on Curtailments	0
7,365	Benefits Paid	7,258
(91)	Past Service Costs	(279)
(166,369)	**Liabilities as of the End of the Period**	**(144,424)**
	Reconciliation of Fair Value of Scheme Assets	
132,633	Assets as of the Beginning of the Period	151,319
6,236	Interest on Assets	7,210
9,401	Return on assets less interest	(3,263)
0	Other Experience (Losses)/Gains	0
9,127	Employer Contributions	3,769
1,287	Contributions by Scheme Participants	1,451
(7,365)	Benefits Paid	(7,258)
151,319	**Assets as of the End of the Period**	**153,228**

	Reconciliation of Effect of Asset Ceiling	
0	Balance at the beginning of the period	(7,650)
0	Interest on the Effect of Asset Ceiling	(367)
(7,650)	Actuarial remeasurement of the Asset Ceiling	(28,720)
(7,650)	**Balance at the end of the period**	**(36,737)**

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 £144m 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 £27.9m (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 2026 is £3.308m.

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 2025 as follows:

31-Mar-24 £'000	Sensitivity analysis	31-Mar-25 £'000
2,811	0.1% per cent decrease in the real discount rate	2,429
241	0.1% per cent increase in the salary increase rate	90
2,620	0.1% per cent increase in the pension increase rate	2,406
6,655	1-year increase in member life expectancy	5,777

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-24 per cent	Principal Assumptions	31-Mar-25 per cent
3.20	Rate of inflation: RPI	3.15
2.80	Rate of inflation: CPI	2.80
2.80	Rate of increase in salaries	2.80
2.80	Rate of increase in pensions	2.80
4.80	Rate of discounting scheme liabilities	5.80

These assumptions are set with reference to market conditions as at 31 March 2025. 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-24		31-Mar-25
Years	**Mortality Assumptions**	**Years**
	Longevity at 65 for current pensioners	
22.0	Men	22.0
24.6	Women	24.5
	Longevity at 65 for future pensioners	
22.2	Men	22.1
25.8	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-24 per cent	Estimated Asset Allocation	31-Mar-25 per cent
0	Equity Securities	0
2	Debt Securities	0
5	Private Equity	6
0	Real Estate	0
91	Investment Funds and Unit Trusts	92
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 2025 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 2025

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 7th 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 £0.988m 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 £1.41m.

Section 106 developer contributions interest

Under Section 106 of the town and country planning act 1990, developers might be required to pay contributions to the council as part of the planning permission conditions. These contributions are held as receipts in advance on the council's balance sheet until they have been used in line with the Section 106 agreement. Under this agreement the developer has the right to ask for these contributions back, plus any accrued interest, if the council does not use these contributions within a certain time period specified in the agreement (typically 10 years).

The potential accrued interest on these contributions is treated as a contingent liability due to the remote likelihood of having to repay the contributions.

Note 37 - Contingent Assets

The Council has no contingent assets at 31 March 2025.

Collection Fund Accounts

31-Mar-2024				31-Mar-2025		
Business Rates	**Council Tax**	**Total**	**Collection Fund**	**Business Rates**	**Council Tax**	**Total**
£'000	**£'000**	**£'000**	**Income:**	**£'000**	**£'000**	**£'000**
	(133,792)	(133,792)	Council Tax Receivable		(141,964)	(141,964)
(100,278)		(100,278)	Business Rates Receivable	(111,358)		(111,358)
(4,692)		(4,692)	Transitional Protection Payments Receivable	(1,246)		(1,246)
(104,970)	**(133,792)**	**(238,762)**	**Total Income**	**(112,604)**	**(141,964)**	**(254,567)**
			Expenditure:			
			Contribution to Previous Year's estimated Surplus/Deficit:			
7,493		7,493	Central Government	2,712		2,712
5,994	650	6,644	Cherwell District Council	2,170	257	2,427
1,499	4,386	5,884	Oxfordshire County Council	542	1,767	2,309
	642	642	Thames Valley Police and Crime Commissioner		261	261
			Precepts, demands and shares:			
51,338		51,338	Central Government	56,432		56,432
41,070	14,682	55,752	Cherwell District Council	45,146	15,416	60,562
10,268	100,893	111,161	Oxfordshire County Council	11,286	107,463	118,749
	14,911	14,911	Thames Valley Police and Crime Commissioner		15,895	15,895
			Charges to Collection Fund:			
			Transitional Protection Payments Payable			
			Write-offs of uncollectable amounts			
97		97	Interest payments on refunds	127		127
249	982	1,230	Increase/(decrease) in allowance for impairment	173	(133)	41
(5,265)		(5,265)	Increase/(decrease) in allowance for appeals and interest	(299)		(299)
243		243	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			
560		560	Renewable Energy	665		665
113,544	**137,146**	**250,689**	**Total Expenditure**	**119,197**	**140,926**	**260,123**
8,574	3,353	11,927	Movement on Fund Balance	6,593	(1,037)	5,556
(11,464)	(6,114)	(17,578)	Balance at the beginning of the Year	(2,890)	(2,761)	(5,651)
(2,890)	**(2,761)**	**(5,651)**	**Balance at the end of the Year**	**3,703**	**(3,798)**	**(96)**
			Shares of Balance			
(1,445)		(1,445)	Central Government	1,851		1,851
(1,156)	(310)	(1,466)	Cherwell District Council	1,481	(422)	1,059
(289)	(2,135)	(2,424)	Oxfordshire County Council	370	(2,941)	(2,571)
	(316)	(316)	Thames Valley Police and Crime Commissioner		(435)	(435)
(2,890)	**(2,761)**	**(5,651)**	**Total**	**3,703**	**(3,798)**	**(96)**

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 (54.6p in 2024/25; 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 £112.6m in 2024/25. The rateable value for the Council's area was £264.6m at 31 March 2025 VOA valuation (2023/24: £264.6m).

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 2024/25 the accumulated provision for bad debts stood at £2,844m (£3.419m for 2023/24) made up as follows:

31-Mar-24 £'000	Provision for Uncollectable Amounts	31-Mar-25 £'000
1,484	Non-Domestic Rates	1,326
1,935	Council Tax	1,518
3,419	**Total Provision**	**2,844**

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 2024/25 are:

Band	Estimated equivalent no. of taxable properties after effect of discounts	Ratio	Band D Equivalent Dwellings
A	4,197	6/9ths	2,798
B	12,816	7/9ths	9,968
C	16,494	8/9ths	14,661
D	11,123	9/9ths	11,123
E	8,499	11/9ths	10,388
F	4,173	13/9ths	6,027
G	2,726	15/9ths	4,544
H	240	18/9ths	480
Totals	**60,268**		**59,989**
Adjustment for non-collection (-2.0 per cent)			(1,200)
Contribution from MOD Properties			238
Council Tax Base 2024/25			**59,027**
Council Tax Base 2023/24			**58,184**

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	102.33	1,213.71	179.52	1,495.56
B	7/9ths	119.39	1,415.99	209.44	1,744.82
C	8/9ths	136.44	1,618.28	239.36	1,994.08
D	9/9ths	153.50	1,820.56	269.28	2,243.34
E	11/9ths	187.61	2,225.13	329.12	2,741.86
F	13/9ths	221.72	2,629.70	388.96	3,240.38
G	15/9ths	255.83	3,034.27	448.80	3,738.90
H	18/9ths	307.00	3,641.12	538.56	4,486.68

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.

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 2024/25, the company's results showed a profit of £0.479m (£0.981m profit in 2023/24), and net assets of £34.771m (2023/24: £34.792m). Loans outstanding owed to the group total £12.234m (2023/24: £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 2024/25, the company's results showed a surplus of £0.550m (2023/24: £3.417m), and net assets of £42.690m (2023/24: £43.485m). Loans outstanding from the group to the company total £52.648m (2023/24 £52.648m).

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.

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 2024/25, the company's results showed a loss of £0.315m (2023/24: profit of £2.124m), and net liabilities of £4.311m (2023/24: £4.028m). The value of loans outstanding from the council total £3.964m (2023/24: £12.949m).

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 2024/25, the company's results showed a profit of £0.010m (2023/24 profit of £0.006m) and net assets of £0.042m (2023/24 £0.031m).

Non-consolidated entities

The following entities have not been consolidated into the group accounts as they are cumulatively not material to the group:

CSN Resources Ltd.

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. In March 2025 the council received the final distribution of its shared of the company and the company was dissolved on 19 June 2025.

Graven Hill Village Management Company Ltd

Graven Hill Village Management Company Ltd is a company limited by guarantee, controlled by Graven Hill Village Development Company which manages the property retained within the group. The company was dormant for 2023/24 and 2024/25.

Graven Hill Village Lease Company Ltd

Graven Hill Village Lease Company Ltd is a company limited by share capital, owned by Graven Hill Village Development Company. This company manages leasehold property for the development company.

Graven Hill Village Management Company Block A Ltd

Graven Hill Village Management Company Block A Ltd is a company limited by guarantee, controlled by Graven Hill Village Development Company. The company was dormant for 2023/24 and 2024/25.

Graven Hill Village Management Company Block C Ltd

Graven Hill Village Management Company Block C Ltd is a company limited by guarantee, controlled by Graven Hill Village Development Company which manages the property at the Block C apartments. In 2023/24 this company was included in the group consolidation, but it has not been consolidated in 2024/25 as it is not material.

Graven Hill Village Management Company Block E Ltd

Graven Hill Village Management Company Block E Ltd is a company limited by guarantee, controlled by Graven Hill Village Development Company which manages the property at the Block E apartments. In 2023/24 this company was included in the group consolidation, but it has not been consolidated in 2024/25 as it is not material.

Graven Hill Village Management Company Block F Ltd

Graven Hill Village Management Company Block A Ltd is a company limited by guarantee, controlled by Graven Hill Village Development Company. The company was dormant for 2023/24 and 2024/25.

Veritau Public Sector Limited

Veritau Public Sector Limited is a teckal company limited by guarantee. The company provides the council's internal audit and counter-fraud functions. The council joined as a member of this company in November 2024.

Group Comprehensive Income and Expenditure Statement

Year Ending 31 Mar 24			Directorates	Year Ending 31 Mar 25		
Expenditure	**Income**	**Net**		**Expenditure**	**Income**	**Net**
£'000	**£'000**	**£'000**		**£'000**	**£'000**	**£'000**
93,307	(84,503)	8,804	Communities	67,738	(46,171)	21,567
44,856	(32,887)	11,969	Resources & Transformation	55,153	(33,768)	21,385
138,163	**(117,391)**	**20,773**	**Cost of Services**	**122,891**	**(79,939)**	**42,952**
6,042	(109)	5,933	Other Operating Expenditure	6,355	(128)	6,227
8,787	(4,157)	4,629	Financing and Investment (Income) and Expenditure	7,055	(4,192)	2,863
0	(40,551)	(40,551)	Taxation and Non-Specific Grant (Income)	0	(42,589)	(42,589)
152,992	**(162,208)**	**(9,215)**	**(Surplus) or Deficit on Provision of Services**	**136,301**	**(126,848)**	**9,453**
		462	(Surplus) or deficit on revaluation of Property, Plant and Equipment			(72)
		(5,115)	Remeasurement of the net defined benefit liability / (asset)			3,584
		(4,653)	**Other Comprehensive (Income) and Expenditure**			**3,512**
		(13,868)	**Total Comprehensive (Income) and Expenditure**			**12,965**

Group Movement in Reserves Statement

24/25	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Capital Grants Un-applied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2024	**2,098**	**(30,877)**	**(606)**	**(5,347)**	**(34,732)**	**(16,749)**	**(51,481)**
Restatement to remove non-consolidated subsidiaries*	**(76)**	**0**	**0**	**0**	**(76)**	**0**	**(76)**
Opening Balance at 1 April 2024	**2,022**	**(30,877)**	**(606)**	**(5,347)**	**(34,808)**	**(16,749)**	**(51,557)**
Movement in Reserves during 2024/25							
Surplus or deficit on the provision of services	9,453	0	0	0	**9,453**	0	**9,453**
Other Comprehensive Income / Expenditure	0	0	0	0	**0**	3,512	**3,512**
Total Comprehensive Income and Expenditure	**9,453**	**0**	**0**	**0**	**9,453**	**3,512**	**12,965**
Adjustments between accounting basis and funding basis under regulations	(11,130)	0	606	367	**(10,157)**	10,157	**0**
Net Increase or Decrease before Transfers to Earmarked Reserves	**(1,677)**	**0**	**606**	**367**	**(704)**	**13,669**	**12,965**
Transfers to / from Earmarked Reserves	2,340	(2,340)	0	0	**0**	0	**0**
(Increase) or Decrease in 2024/25	**663**	**(2,340)**	**606**	**367**	**(704)**	**13,669**	**12,965**
Closing Balance at 31 March 2025	**2,685**	**(33,217)**	**0**	**(4,980)**	**(35,512)**	**(3,080)**	**(38,592)**

*In the prior year Graven Hill Management Company Block E and Graven Hill Management Company Block C were consolidated. In 24/25 the council is no longer consolidating these companies as they are not material to the group accounts.

23/24	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Capital Grants 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)**

Group Balance Sheet

31 March 2024 £000		31 March 2025 £000
181,583	Property, Plant & Equipment	177,087
4,274	Investment Property	4,545
1,750	Intangible Assets	1,309
1,111	Long Term Investments	10,644
8,231	Long Term Debtors	6,215
196,948	**Long Term Assets**	**199,800**
13,087	Short Term Investments	0
67,736	Inventories	61,877
13,191	Short Term Debtors	13,442
33,886	Cash and Cash Equivalents	27,353
199	Assets held for sale	0
128,099	**Current Assets**	**102,672**
(36,937)	Short Term Borrowing	(27,095)
(37,936)	Short Term Creditors	(33,857)
(4,193)	Provisions	(3,567)
(3,132)	Grants Receipts in Advance - Revenue	(3,083)
(3,428)	Grants Receipts in Advance - Capital	(3,551)
(1,408)	Cash and Cash Equivalents	(408)
(87,034)	**Current Liabilities**	**(71,561)**
(1,770)	Provisions	(2,198)
(145,000)	Long Term Borrowing	(139,000)
(22,700)	Pension Liability	(27,933)
(617)	Long Term Creditors	(10,360)
(5,655)	Grants Receipts in Advance - Revenue	(5,667)
(10,789)	Grants Receipts in Advance - Capital	(7,161)
(186,531)	**Long Term Liabilities**	**(192,319)**
51,481	**Net Assets / (Liabilities)**	**38,592**
(34,732)	Useable Reserves	(35,512)
(16,749)	Unusable Reserves	(3,080)
(51,481)	**Total Reserves**	**(38,592)**

Group Cash Flow Statement

2023/24 £'000		Note(s)	2024/25 £'000
	Cash Flows from Operating Activities		
(9,215)	**Net (Surplus)/Deficit on Provision of Services**		**9,454**
(5,105)	Depreciation & Impairment	14	(5,488)
(1,144)	Changes in Market Value of Property, Plant & Equipment	14	(9,852)
(549)	Amortisation of Intangible Assets	16	(527)
(367)	Changes in Fair Value of Investment Properties	15	272
(89)	Disposal of Assets	14, 15 & 16	(1,055)
(130)	Impairment of assets	14	0
(23,026)	Changes in Inventory	18	(5,858)
450	Changes in Short Term Debtors (decrease)	19	251
21,291	Changes in Short Term Creditors (increase)	22	4,003
2,102	Changes in Provisions (increase)	23	198
8,609	Changes in Net Pension Liability (decrease)	35	(5,233)
(5,115)	Remeasurement of Net Defined Benefit Liability	35	3,584
2,089	Changes in Long Term Creditors (increase)	17	(9,729)
1,757	Changes in Long Term Debtors (decrease)	17	(2,016)
6,108	Capital Grants Recognised	31	7,039
606	Proceeds on Disposal of Property, Plant & Equipment	24	891
(1,722)	**Net Cash Flows from Operating Activities**		**(14,066)**
	Cash Flows from Investing Activities		
8,181	Purchase of Property, Plant & Equipment	14	11,615
0	Purchase of Investment Property	15	0
334	Purchase of Intangible Assets	16	86
(606)	Proceeds from the Disposal of Property, Plant and Equipment	24	(891)
(22,014)	Net Changes in Short Term and Long Term Investments (decrease)	17	(3,554)
(14,104)	**Net Cash Flows from Investing Activities**		**7,256**
	Cash Flows from Financing Activities		
(1,824)	Changes in Grants and Contributions	29	3,542
0	Issued share capital		0
(6,108)	Capital Grants and Contributions Recognised	29	(7,026)
6,964	Cash Receipts of Short Term and Long Term Borrowing	17	15,842
(968)	**Net Cash Flows from Financing Activities**		**12,358**
(16,794)	Net (Increase)/Decrease in Cash and Cash Equivalents in the Period		5,547
15,684	**Cash and Cash Equivalents at the Beginning of the Period**		**32,478**
32,478	**Cash and Cash Equivalents at the End of the Period**		**26,931**

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 2024/25, 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 2025	Land and Buildings	Right of use Assets	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**	**£'000**
Balance brought forward	**165,541**	**0**	**22,071**	**5,566**	**305**	**17**	**9,797**	**203,296**
Adjustment for IFRS16 implementation	(9,469)	8,486	0	0	0	0	0	(983)
At 1 April 2024 (post implementation)	**156,070**	**8,486**	**22,071**	**5,566**	**305**	**17**	**9,797**	**202,312**
Additions	847	0	1,261	0	19	0	9,111	11,238
Acc Dep & Imp WO to GCA	(3,162)	0	0	0	0	(108)	0	(3,270)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	657	0	0	0	0	52	0	709
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(10,627)	0	0	0	0	905	0	(9,722)
Derecognition – disposals	(750)	0	(11)	(2,250)	0	0	0	(3,011)
Assets reclassified (to)/from Assets held for sale	0	0	0	0	0	199	0	199
Other movements in cost or valuation	11,170	119	0	46	0	3,400	(14,735)	0
Closing Balance at 31 March 2025	**154,205**	**8,605**	**23,321**	**3,362**	**324**	**4,465**	**4,173**	**198,454**
Accumulated Depreciation and Impairment								
Balance brought forward	**(4,614)**	**0**	**(12,760)**	**(3,450)**	**0**	**0**	**(888)**	**(21,712)**
Adjustment for IFRS16 implementation	255	0	0	0	0	0	0	255
At 1 April 2024 (post implementation)	**(4,360)**	**0**	**(12,760)**	**(3,450)**	**0**	**0**	**(888)**	**(21,457)**
Depreciation charge	(3,434)	(558)	(1,322)	(174)	0	0	0	(5,488)
Acc. Depreciation WO to GCA	2,274	0	0	0	0	108	0	2,382
Acc. Impairment WO to GCA	888	0	0	0	0	0	0	888
Impairment losses/(Reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0	0	0
Impairment Losses/(reversals) recognised in the Surplus/Deficit on provision of services	0	0	0	0	0	0	0	0
Derecognition – disposals	58	0	11	1,887	0	0	0	1,957
Other movements in depreciation and impairment	(770)	0	0	0	0	(119)	888	0
Closing Balance at 31 March 2025	**(5,343)**	**(558)**	**(14,070)**	**(1,736)**	**0**	**(10)**	**0**	**(21,717)**
Net Book Value								
at 31 March 2025	**148,862**	**8,047**	**9,251**	**1,626**	**324**	**4,455**	**4,173**	**176,737**
at 31 March 2024	**160,927**	**0**	**9,311**	**2,116**	**305**	**17**	**8,908**	**181,583**

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-24 £'000	Inventory	31-Mar-25 £'000
12,261	Land	12,977
54,771	Development Costs	48,666
263	Stock	234
67,295	**Total Inventories**	**61,877**

Annual Governance Statement 2024/2025

Shiraz Sheikh
Monitoring Officer
Assistant Director Law & Governance

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INTRODUCTION

One Council vision

A modern council, inspiring and enabling positive, lasting change.

Our Key priorities

Economic prosperity

Community Leadership

Environmental Stewardship

Quality housing and place making

Delivering these priorities requires good governance - for our residents, employees, businesses, service users and councillors.

Governance means: the values, culture, processes and systems by which the Council is controlled, directed and through which we deliver services for our communities. Governance means carrying out our activities in accordance with the law and proper standards, and that public money is properly accounted for, and used well.

This Annual Governance Statement looks honestly at how effective our governance has been during 2024/25. It also looks ahead to some of our governance priorities and improvements for 2025/26.

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 and in year performance of delivering the budget.

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

As a local authority, the responsibility for good governance is shared by councillors and officers.

The Council has 48 councillors. These councillors are from different political parties and have different roles in the decision making process. All councillors agree to follow the member code of conduct and the rules for making decisions set out in our Constitution.

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.

Since May 2024 a new Liberal Democratic Leadership has been in place with no over all control.

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 and also looking to develop around 2000 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.

Shareholder Committee is a sub-committee of Executive. The Shareholder Committee manages the shareholding interests in the Council's trading companies. It also appoints and removes directors to the companies, and monitors the performance of the companies.

ANNUAL PLANNING PROCESS

The Council's Vision, Strategy and the new Corporate Plan sets the Council's future priorities, goals and aims over 5 years .

The annual delivery plan sets out the key projects for delivering the above priorities on an annual basis. The new delivery plan was agreed on 7th April 2025.

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 which is updated 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.

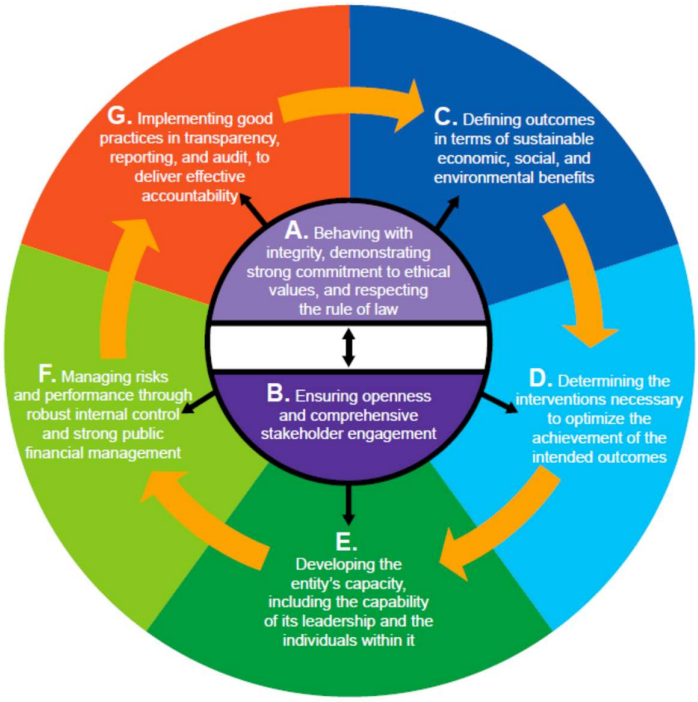
FINANCE

A new Medium-Term Financial Strategy was approved by Council in February 2025 to cover the five years 2025/26 – 2029/30. The purpose of the Medium-Term Financial Strategy is to deliver a balanced and affordable 2025/26 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. S151 issues S25 statements on robustness of estimates…

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 together with the Statutory Guidance on Best Value (2024) 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 report format and accompanying guidance 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 plans 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 on regular basis . These elements of the report are reviewed quarterly by CLT, the Budget Planning Committee and Accounts Audit and Risk Committee and the Overview and Scrutiny Committee respectively.

There is a Governance Dashboard produced and maintained by the MO which is also reviewed by the Governance and Oversight Group and CLT. The frequency of the review is being determined as it is a recent initiative. Once developed it will be presented to AARC on at least on an annual basis.

E. Developing the Council's capacity, including the capability of its leadership and the individuals within it;

The May elections resulted in a change of administration at the Council. A series of 8 “Away days” was planned with the new administration on key strategic issues, with each day including a session on governance – related to the topics covered in the away day e.g. planning, regeneration, companies.

The legal team review the officer scheme of delegation regularly, with other departments, to ensure decision making is at the correct level of delegation. The scheme of delegation is updated as and when necessary by taking a report to Full Council

On companies owned by the council, a governance review was conducted in 2023 in respect of Graven Hill and its actions are ongoing and monitored each quarter by the Shareholder Committee. A governance review of Crown House is due to be undertaken.

Legal and governance comments are included in every report that goes to members for a decision.

The MO is a member of the CLT, and provides governance advice on all matters before CLT. The MO attends all meetings of the Executive and Council, and provides governance and constitutional advice

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, Head of Internal Audit (Veritau) , Deputy S151 Officer, Head of Legal & Democratic/ Deputy Monitoring Officer.

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 Bishop Fleming and receives an Annual Audit Letter reporting on findings. The Council supplements this work with its own internal audit function (outsourced to Veritau Public Sector Limited) 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

The Council has reviewed the Council's existing governance arrangements against the revised CIPFA / SOLACE 'Delivering Good Governance in Local Government Framework - 2016 Edition' good practice guidance (See below).

The review of effectiveness is informed by three lines of defence:

- senior managers within the Council who have responsibility for the development and maintenance of the governance environment;
- the Head of Internal Audit (Veritau) and other professional leads including the Chief Executive, Chief Finance Officer, Corporate Directors, Monitoring Officer and Assistant Director of Human Resources;
- Internal Audit as provided by Veritau and other inspections made by external auditors and independent reviews.

Internal Audit

Overview of work completed in 2024/25

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 Head of Internal Audit (Veritau). 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 five internal audits and two fact finding exercises, the outcomes are reported to the Accounts, Audit & Risk Committee. There are two internal audits in progress for this years programme.

Professional standards and quality assurance

The Accounts and Audit Regulations 2015 require internal auditors working in local government to take into account public sector internal auditing standards or guidance. During 2024/25, the professional standards governing the practice of internal auditing in UK local government were the Public Sector Internal Audit Standards (PSIAS).

The 2019 CIPFA Statement on the "Role of the Head of Internal Audit in public service organisations" also applied during 2024/25. This outlines the principles that defines 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 operated in accordance with the Public Sector Internal Audit Standards (PSIAS) during 2024/25, as confirmed in the Head of Internal Audit's annual report.

With effect from 9 January 2025, the standards regime underpinning the PSIAS were replaced by the Global Internal Audit Standards. From 2025/26, the PSIAS will be replaced by a new standards regime known as the Global Internal Audit Standards in the UK Public Sector or 'GIAS UK Public Sector'.

GIAS UK Public Sector is made up of the Global Internal Audit Standards (as well as what are known as 'Topical Requirements') and the 'Application Note: Global Internal Audit Standards in the UK Public Sector' ('the Application Note'). The purpose of the Application Note is to set out interpretations and requirements which need to be applied to the Global Internal Audit Standards requirements so that these form a suitable basis for internal audit practice in the UK public sector.

Veritau used a conformance readiness tool, published by the Chartered Institute of Internal Auditors (UK and Ireland), to self-assess its conformance with the Global Internal Audit Standards. It also completed a self-assessment against the Application Note. The Head of Internal Audit confirmed that the service conforms with the GIAS UK Public Sector.

CIPFA has recently published the 'Code of Practice for the Governance of Internal Audit in UK Local Government' ('the Code'). The purpose of the Code is to ensure that the essential conditions of governance can be met in a local government context. A difference between the GIAS UK Public Sector and the Code is that the Code is intended for local authorities rather than internal audit functions. It is designed to support authorities in establishing effective internal audit arrangements and providing oversight and support for internal audit.

Internal audit functions are still expected to be aware of the Code, and to assess compliance with it (alongside GIAS UK Public Sector), but the emphasis of the Code is on ensuring that local authorities have created the conditions for internal audit to be delivered effectively. The internal

audit service has worked alongside senior management to ensure that the Code is understood and that the correct conditions for internal audit exist.

Annual opinion of the Head of Internal Audit

The Chief Internal Auditor prepared an Annual Report on the work of Internal Audit which concludes for the 12 months ended 31 March 2025. The overall opinion on the framework of governance, risk management and control operating at the council is that it provides **Reasonable Assurance**. However, in giving that opinion, the Head of Internal Audit, recommended that two significant control weaknesses be considered for inclusion in the Annual Governance Statement. These were as follows:

1. **Health and safety management system**: An audit of compliance with the Corporate Health, Safety, and Wellbeing Policy identified several significant control weaknesses which, taken together, meant that we could only provide Limited Assurance that the council's health and safety objectives will be achieved. Accident and incident reporting and investigation requirements were not adequately met, nor were requirements linked to distributing service area risk assessments amongst staff or completion of mandatory training. These issues were particularly prevalent within the council's place-based services which also carry the greatest risk to officer and public safety. Veritau has worked with officers to support development of improvement actions. Action has already been taken in some areas, with the remaining actions expected to be completed by October 2025.

2. **Management of strategic site applications (Rutten Lane)**: In April 2024, the Planning Inspectorate found the council to be at fault for the non-determination of the Rutten Lane application (21/03522/OUT). The Inspectorate's decision was that costs be awarded to the appellant, with these settled at £400k. A fact-finding review undertaken by Veritau identified several significant control weaknesses which significantly contributed to the delays and non-determination of the application. The council has already been financially exposed as a result of these weaknesses and, if left unaddressed, there is a risk that the situation reoccurs with other strategic site applications it handles. In response, the Development Management service has implemented an improvement action plan which is expected to be mostly completed by the end of 2025.

Both of these weaknesses have been included in the 2024/25 Annual Governance Statement action plan.

The Reasonable Assurance opinion given by the Head of Internal Audit means that, overall, there is satisfactory management of risk within the council but with a number of weaknesses identified. An acceptable control environment is in operation but there are a number of improvements that could be made.

Where weaknesses have been identified through internal audit review, they have worked with management to agree appropriate corrective action and timescale for improvement. Management action plans are in place and are routinely monitored by the Internal Audit team and reported to CLT and the Accounts, Audit & Risk Committee. In 2024/25, the Council and its internal audit service developed a follow-up and escalation procedure to strengthen this process further. 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 usually presented to the March meeting of the Accounts, Audit and Risk Committee, supporting the Council's Anti-Fraud and Corruption Strategy with updates taken throughout the year. The 2024/25 Counter Fraud Plan was considered in July 2024 as Veritau had recently taken over the provision of this function from the previous provider. 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 areas of work for the Counter-Fraud Strategy for 2024/25 were:

- Counter Fraud Framework – monitoring changes to regulations and guidance and maintaining the counter fraud framework
- Proactive work – raising awareness, targeted pro active counter fraud work and advice on measures to help prevent and detect fraud
- Reactive investigations – investigation of suspected frauds against the council and associated recommendations.
- National Fraud Initiative – Coordination of the submission of data to the programme and investigating subsequent data matches
- Fraud liaison – Act as a single point of contact to the DWP to provide data to support Housing Benefit investigations.

For the period April 2024 – March 2025, 47 investigated/ cases were opened. 12 investigations completed and were primarily involved Empty homes Council Tax Premium, Single person discount and Council Tax Reduction.

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.

2023/24 Actions

Significant actions have now been completed.

Actions	Update
Review focus on transformation and identify work programmes with savings.	The four phases of the Transformation programme work were completed in January 2025. Initial effectiveness changes are being built into the budget for 2025/26. Further work is underway to bring forward Case for Change for Executive approval to develop the long term transformation programme covering the next 3-5 years.
Ensure reports commissioned for transformation projects have take into account financial implications and have clear actions plans.	Some savings identified in the 2025/26 and the rest has been incorporated into the scope for next of phase of the transformation programme.
Develop Workforce Strategy to address key staff vacancies in key services with staff development objectives.	This is being transferred to next year's actions with high level People elements covered in the Corporate Strategy.
Update on the implementation of the Planning Improvement Plan following three different service review reports.	A new plan is being developed and this is part of the next year's actions.
Devise a work programme arising from the Digital Futures Strategy 2022 – 2025.	This is now incorporated into Cherwell Futures programme (as part of case for change) which will deliver this work programme.
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.	Series of seminars and away days.
Ensure Implementation of Procurement Act 2023 effective from October 2024.	Procurement & Contracts Teams Site Updates Monthly Newsletters Procurement Act FAQs Engagement with our e-tendering portal provider Cabinet Office Procurement Act accreditation Briefing/Webinars to staff & members Existing toolkits to support: Specification/KPI development Contract management & variation. Update to Forms/Templates Information for Suppliers Commercial Playbook v2 (2025)
Ensure further improvements on Information Governance by setting up as a corporate project.	This has been setup and work in underway.
Ensure Health and Safety requirements are properly understood for those working in the office and remotely.	This has now been implemented.
Implementation of the new waste regime and extended producer responsibility.	This now incorporates the Simpler recycling which has been incorporated into the next year's action plan.

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:

Actions	Timescales	Lead Officer
An audit of compliance with Health and safety management system identified several significant control weaknesses in this particularly within the Place directorate. Demonstrably meet the Council's accident and incident reporting and investigation requirements. Implement the action plan.	Without delay/ October 2025	AD HR as corporate health and safety. AD Environment for implementation
Implement improvements in report clearance processes, with DLTs taking responsibility for early engagement with legal and finance to improve quality and timeliness of reports and improved forward planning.		DLTs
Management of strategic site applications to minimise the risk of legal proceedings and costs exposure. Implement all review findings and action plan Address issues identified in the Internal Audit fact finding review relating to negative framing of officer recommendations, strategic partnerships and stakeholder management, Resource and document management, Performance management, management of planning performance agreements and. management of service improvement		AD PLANNING & DEVELOPMENT

Work with Executive and CLT to deliver the 2025/26 budget and financial challenges, giving particular attention to the delivery of the of agreed savings. Delivery of agreed savings Where overspends are identified operating within the mitigation plan outlined in the S25 statement.	AD FINANCE
In collaboration with the new administration, make better use of Portfolio Holders (PH) and CLT including focus on strategic planning and transformation change. Officers and members should work together. PH briefing, reports produced and presented to ensure that it meets members needs and provided sufficiently in advance to allow PH and Exec members to review and has political discussion. Planned away days.	CLT DLTS
Build on the existing work on transformation and develop a plan to address the budgetary shortfall identified in the Medium Term Financial Strategy beginning in 2026/27. Transformation Case for Change Strategic Planning Process	CD Resources AD FINANCE & CLT
Further embed the new Procurement Act 2023 and Procurement Regulations 2024 including Member and officer training.	AD LAW & GOVERNANCE
Produce and Implement Risk Management Strategy and framework to ensure compliance with HM Government Orange Book and implement training programme to embed risk management.	CD RESOURCES
Specific training on Information Governance as identified in the improvement plan especially in relation data breaches.	AD LAW & GOVERNANCE
Building on the Corporate Strategy which covered at a high level “People” to produce Strategic workforce plan focused on skills and knowledge gaps, performance management, including appraisal processes and learning development plans.	AD HR
Review of agency processes to ensure that pre employment checks are conducted and the reasons for	AD HR

waiver of any requirement is properly authorised and reasoned.	
To produce and implement detailed Simpler Recycling action plan	AD Environment
To define governance parameters around Local Government Reorganisation leading to implementation phase.	CLT

Other governance outcomes are shown below:

- Nil reports issued by the S151 Officer or the Monitoring Officer.
- The MO received 12 complaints about member conduct in 2024/ 2025. 9 were dismissed at initial stage with 1 offered an informal resolution. 2 were withdrawn by the complainant..
- The Local Government and Social Care Ombudsman upheld 1 complaint out of total 10 received.

STATEMENT OF OPINION

It is our opinion that the Council's governance arrangements in 2025/26 were sound and provide a robust platform for achieving the Council's priorities and challenges in 2025/26. It is our opinion that our ability to maintain sound governance during the past year, has been effective.



Gordon Stewart

Chief Executive



Cllr David Hingley

Leader of the Council

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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Appendix 2

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

22/01/2026

Dear Sirs

Cherwell District Council

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

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 2025. 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 2024/25 (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

22/01/2026

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Appendix

Unadjusted items

The table below provides details of adjustments identified during the 2024/25 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
Long Term Debtors			13	
Finance Cost		13		
Being the additional effective interest income on the Crown House loan (unadjusted as immaterial).				
Total	**0**	**13**	**13**	**0**

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Appendix 3

Bishop Fleming

Audit · Accountancy · Tax · Advisory

Auditor's Annual Report
Cherwell District Council

For the year ended 31 March 2025



Date: 29 January 2026

Members of the Accounts, Audit and Risk Committee
Cherwell District Council
39 Castle Quay
Banbury
OX16 5FD

Dear Sirs and Madams

Cherwell District Council – Auditor's Annual Report 2024/25

We are pleased to attach our Auditor's Annual Report for the financial year 2024/25. 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 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 Council's officers for the co-operation and assistance afforded to us during the course of the audit.

Yours faithfully



Bishop Fleming Audit Limited

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3. Audit of the financial statements 4
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6. Governance 8
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8. Recommendations 13

1. Introduction

Our Auditor's Annual Report (AAR) summarises the work that we completed for Cherwell District Council (the Council) for the year ended 31 March 2025.

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 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; and
- 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 its policies, aims and objectives whilst safeguarding and securing value for money from the public funds at its disposal.

The scope of our work is set in accordance with the National Audit Office's (NAO) 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 2024/25; 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 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 Audit Plan which we issued to the Council in March 2025.

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 29 January 2026. The disclaimed opinion was due to due to the lack of assurance over opening balances in 2023/24, resulting from the opinion on the 2022/23 financial statement being disclaimed by the previous auditor. See section 3 for more details.

We also completed component auditor procedures, in line with the NAO group auditor instructions.

Results on our work on other matters

We completed our review of other matters and have no issues to report. See section 3 for more details.

Results from our work on VFM arrangements

Under 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 2025.

Our conclusions are summarised below. See sections 4-8 for more details.

	2023/24	2024/25	
Financial sustainability			We did not identify any significant weaknesses in the Council's arrangements for financial sustainability. We identified one improvement recommendation in 2023/24, which has now been resolved. 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:

	Green - No significant weaknesses in arrangements identified and no recommendations made
	Amber - No significant weaknesses in arrangements identified but recommendations made
	Red - 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 Code and the International Standards on Auditing (ISAs) (UK). As stated in section 1 of this report, 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.

We gave a modified disclaimed opinion on the Council's financial statements on 26 January 2026. This was due to the lack of assurance over opening balances in 2023/24, resulting from the opinion on the 2022/23 financial statement being disclaimed by the previous auditor.

Key issues arising from the accounts audit

The Council have reduced the interest rate on the loan to its subsidiary, Crown House Banbury. The Council needed to account for the below market rate element on the loan separately. This resulted in an amendment of £9.5m between long term investments and long term debtors in the financial statements.

Other matters

As stated in section 1 of this report, 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.

We concluded that there were no matters to bring to the Council's attention in respect of these matters.

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 an audit certificate for Cherwell District Council for the year ended 31 March 2025 in accordance with the requirements of Local Audit and Accountability Act 2014 and the Code 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.

More detailed findings can be found in our Audit Completion Report which was reported to the Accounts, Audit and Risk Committee on 19 November 2025.

4. Value for Money

Under 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 2025.

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 criterion for the auditor to assess those arrangements.

Our initial 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 were any significant weaknesses in the 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 this 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 2024/25 outturn

The Council reported a surplus of £0.162m on the general fund in its 2024/25 outturn report to the Executive on 10 June 2025. This position was after a transfer to reserves of £2.020m, demonstrating a larger surplus having been achieved before the reserve transfers.

Financial planning and monitoring

The Council maintains close oversight of its projected financial position throughout the financial year. Monthly monitoring reports are submitted to the Executive, providing updates on both revenue and capital performance. These reports draw attention to significant budget variances, offering clear explanations for the causes of these deviations and, when necessary, recommending actions to address any emerging issues.

The Medium-Term Financial Strategy (MTFS) was presented to the Council on 24 February 2024. This strategy outlined anticipated year-on-year funding shortfalls of £6.909 million in 2025/26, £4.924 million in 2026/27, £3.198 million in 2027/28, and a surplus of £0.862 million in 2028/29. Collectively, these figures represent a total funding gap of £14.137 million across the MTFS period.

When the budget for 2025/26 was set in February 2025, the MTFS was updated to reflect revised funding gaps of £4.946 million in 2026/27, £5.162 million in 2027/28, £5.325 million in 2028/29, and £0.937 million in 2029/30. The cumulative funding gap for this updated period stands at £16.370 million.

At present, the Council holds sufficient reserves to offset any projected future deficits. Work continues to identify and implement options that will close the budget gaps anticipated in the coming years, with opportunities for further income and efficiencies of an estimated £5.67m being refined and developed.

Achieving efficiency savings

The Council's Budget Setting Report for 2024/25 included detailed plans to achieve savings totalling £1.807 million across its various directorates. A comprehensive breakdown of these savings schemes was appended to the main report, providing transparency and clarity regarding the specific measures proposed to deliver the required efficiencies.

To ensure effective oversight, the Council produces monthly monitoring reports which highlight, at the directorate level, any instances of non-delivery of planned savings where this has contributed to variances from the agreed budget. These reports serve as an early warning system, enabling prompt identification of issues and supporting timely intervention. In addition, a more in-depth report is submitted to the Corporate Leadership Team. This report includes a RAG (Red, Amber, Green) rating for each directorate, assessing the status of savings delivery and further strengthening the Council's monitoring arrangements.

In its Finance and Performance Monitoring end of year report, the Council recorded a shortfall in the delivery of planned savings amounting to £0.629 million for 2024/25. Notably, this non-delivery did not adversely affect the overall outturn position, as underspends in base budgets were sufficient to offset the shortfall. However, the failure to realise ongoing savings increases pressure on future years and may exacerbate the funding challenges outlined in the Medium-Term Financial Strategy.

In 2023/24 we reported that, while we felt the Council's arrangements for the monitoring of savings during the year were further developed than many other councils, they could be further enhanced if the savings achieved in the year were reported against the original detailed proposals. We included an improvement recommendation in respect of this, which the Council has actioned within its year end Finance and Performance Monitoring Report.

2025/26 financial planning

The budget setting process commences with budget holders at the service level conducting a review of their performance in the preceding financial year. This reflective exercise enables each service area to assess its outcomes and identify any areas requiring adjustment or improvement.

Following this, budget challenge meetings are convened, where Finance and Human Resources (HR) staff collaborate closely with budget holders. These sessions are designed to rigorously examine service-level proposals and spending plans, ensuring that all assumptions and projections are robust and realistic.

A balanced budget for 2025/26 was formally approved by the Council on 24 February 2025. This budget incorporates planned savings and operational efficiencies totalling £1.375 million.

The financial planning assumptions underpinning the 2025/26 budget are directly informed by those set out in the Medium-Term Financial Strategy (MTFS). These assumptions, and any associated risks, are subject to thorough scrutiny as part of the financial planning process. Specifically, the Business Planning Meeting of the Executive and the Budget Planning Committee both consider these factors in detail, ensuring that the approach remains prudent and well-governed.

The Council ensures that its financial plans are fully aligned with its capital plans, fostering a joined-up approach to resource allocation and investment. Furthermore, workforce considerations are integrated throughout the process, with representation from Human Resources at budget challenge meetings. This ensures that staffing implications are given due regard and that the Council's workforce strategy is coherent with its financial objectives.

Based on the work carried out, we are satisfied that there are no significant weaknesses in the Council's financial sustainability arrangements.

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 it 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. The current strategy dates from 2023/24 and was scheduled for review in 2024/25. Although this did not take place, we have noted that it is on the Accounts, Audit and Risk Committee work programme for the November 2025 meeting.

Risk Reporting and Governance Structure

The Council has established a comprehensive system for risk reporting, which addresses strategic risks by clearly identifying the lead member, risk owner, and risk manager for each risk. Every risk is assessed and reported with a RAG (Red, Amber, Green) rating, indicating the level of concern or urgency. The reports also detail the inherent risk, describe the controls currently in place to mitigate those risks, and include any further commentary regarding ongoing risk management efforts.

To ensure timely oversight, the Performance, Risk and Financial Monitoring Report is submitted on a quarterly basis to the Executive and senior management. In addition, the Accounts, Audit and Risk Committee receives this report quarterly. As part of this process, any comments or updates relating to each risk are documented, with regular updates made to the risk register before a formal update is provided to the Council.

The Council's governance framework is structured around the Full Council and the Executive, with support from a range of Committees that each hold delegated responsibility for specific areas. This arrangement facilitates robust and direct channels of communication, ensuring that risks are reported efficiently and reliably to the appropriate bodies within the Council.

Internal control

The Council's Internal Audit was provided by Veritau Limited in 2024/25, replacing Oxfordshire County Council. Veritau Limited were engaged from 1 May 2024 on an initial 6-month contract. On 1 November 2024 the Council became a member of Veritau Public Sector Limited (VPS) and entered into a long term contract for the delivery of internal audit services. VPS have a representative at each of the Accounts, Audit and Risk Committee meetings to present any findings. The Committee approves the Annual Internal Audit Work Plan and is provided with a progress report against the plan at each meeting.

Our review of the Internal Audit reports, along with review of the Accounts, Audit and Risk Committee minutes and supporting documents, has not identified any significant gaps in the assurance the Council receives over matters in the work programme.

Internal Audit reported their completed Head of Internal Audit opinion for 2024/25 to the Accounts, Audit and Risk Committee meeting on 28 May 2025. This concluded that the framework of governance, risk management and control at the Council provides reasonable assurance. The report noted two significant control weaknesses for consideration for inclusion in the Council's Annual Governance Statement (AGS). These related to the health and safety management system and the management of strategic site applications (Rutten Lane). We have confirmed that both of these issues are referenced in the AGS and are included in the action plan.

The Council's counter fraud was provided by Veritau Limited in 2024/25, under an initial 6-month contract from 1 May 2024, in line with their provision of internal audit services. On 1 November 2024 the Council became a member of Veritau Public Sector Limited (VPS) and entered into a long term contract for the delivery of counter fraud services. The Counter Fraud Work Programme was presented to the Accounts, Audit and Risk Committee in July 2024. 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's role is fundamental to how the Council ensures 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 expenditure anticipated by the Council. When developing the budgets, the most likely scenarios are used as the assumptions whilst alternative options are also considered and presented to the business planning meeting of the Executive. Proposed savings go out to a public consultation, with the Budget Planning Committee feeding back on the budget proposals, 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.

Monthly budget monitoring takes place, with budget holders being held responsible for their budgets providing mitigations for any variances. The monthly reports also contain relevant non-financial information to help to support any variances that are reported.

Decision making

All reports presented to Council members undergo a rigorous approval process. Each report is reviewed and authorised by the Finance, Legal, Risk, and Sustainability departments, ensuring comprehensive oversight. The reports are prepared by the appropriate Directorate pertaining to their subject matter, and they include alternative options that have been considered as part of the decision-making process. This structured approach guarantees that formal decisions are subject to review by the Executive Committee prior to presentation to the full Council, thus aligning with recognised 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. In addition, there are established procedures that enable challenges to decisions before they are finalised, supporting transparency and accountability.

Senior officers foster an appropriate organisational culture, guided by the Council's constitution and the Employee Code of Conduct. These frameworks articulate the standards expected of officers, encouraging adherence to best practice principles. Notably, they require compliance with Nolan's Seven Principles of Public Life, which underpin ethical behaviour within the Council.

Attendance at the Accounts, Audit and Risk Committee meetings, as well as reviews of meeting minutes, have confirmed that the Committee actively holds officers and the Executive to account. The Committee provides robust and effective challenge, thereby reinforcing governance and strengthening accountability within the Council.

Ensuring appropriate standards

We have been informed that there have been no instances of significant non-compliance within the year. Our review has corroborated this position, as we have not identified any matters that would suggest otherwise.

Treasury management decisions are made in accordance with the Treasury Management Strategy. This strategy undergoes an annual review by the Accounts, Audit and Risk Committee to ensure it remains robust and fit for purpose. Our work has not identified any evidence of non-compliance with capital or other statutory requirements.

The Council's Employee Code of Conduct, along with other specific policies, clearly sets out the expected standards of behaviour for all Council employees. Non-compliance with these standards is closely monitored by the Statutory Officers. In addition, the completion of mandatory training across relevant topics in enforced to ensure that all employees are fully aware of their responsibilities.

The Council has implemented a range of appropriate policies and procedures aimed at maintaining high standards of conduct. These include, but are not limited to, the Counter Fraud and Corruption Policy, as well as the Gifts and Hospitality Policy.

Elected Members' declarations of interest are made publicly available alongside each member's contact details. These declarations comply with all relevant regulations and are aligned with the expectations set out in the Local Government Association (LGA) model Code of Conduct. Furthermore, arrangements are in place for declarations of interest to be made at the commencement 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.

7. 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 systematically reports its performance against established priorities to the Executive on a quarterly basis. This is achieved through the Finance, Performance and Risk Monitoring Report, which provides the Executive with a comprehensive assessment of progress in delivering key priorities, proactive risk management, and financial stewardship. The report closely monitors the underlying reasons for any movements in performance, enabling the identification of areas requiring improvement. Where necessary, recommendations are made to support continuous enhancement.

To ensure robust performance evaluation, the Council utilises a range of local benchmarking tools, including the LGA's LG Inform and the Local Insight platform. The Council also use local networks to benchmark their performance against local councils to identify key areas of focus for the improvement of services. The Council demonstrates clear collaboration with neighbouring councils, working collectively to raise overall performance standards.

The most recent LGA Corporate Peer Challenge, conducted in December 2022, identified several areas for improvement and provided guidance on the strategic approach to be adopted. A follow-up progress review by the LGA in February 2023 recognised the positive progress made by the Council, confirming its active engagement in the improvement process.

There is evidence that the Council reviews and challenges the cost effectiveness of activities through its performance management framework. It has started a transformation process, with a review of Environmental Services taking place in 2023. 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. The Council is working with West Oxfordshire District Council, Oxford City Council and Oxfordshire County Council to development a joint waste approach to bring down the cost of waste collection.

For the 2025/26 budget setting process, the Council introduced a systematic approach to assessing possible alternative service levels and their associated costs. These ranged from the statutory minimum to current and enhanced service options. Each alternative was reviewed and discussed by dedicated panels to determine the most appropriate service level moving forward

The Accounts, Audit and Risk Committee receives regular recommendations from Internal Audit via progress reports. These reports include tracking the target implementation dates for outstanding recommendations. Internal Audit maintains ongoing communication with Assistant and Corporate Directors through monthly email updates, detailing all open recommendations to ensure timely follow-up on any delays in implementation. The Council has demonstrated strong evidence of effectively implementing both internal and external audit recommendations.

Partnership working

The Council has implemented robust governance structures to ensure effective oversight and management of its principal partnership initiatives. Among these, the Bicester Garden Town project stands out as a significant collaborative endeavour involving Oxfordshire County Council, Homes England, developers, and a range of other stakeholders. This partnership is tasked with the coordinated development of the Garden Town area.

To maintain consistent and strategic direction, a monthly Officer Programme Board (OPB) has been established. This board comprises officers from both Cherwell District Council and Oxfordshire County Council who work together to manage the progress of the project. In addition to this, the Strategic Oversight Partnership (SOP) provides a further layer of governance and scrutiny. The SOP includes elected members from Cherwell District Council, Bicester Town Council, and the County Council, as well as representatives from stakeholder organisations such as Homes England and the Oxford Local Enterprise Partnership. Officers involved in the delivery aspects of the project also attend these meetings, ensuring that operational perspectives inform strategic decisions. These arrangements collectively demonstrate the Council's commitment to closely monitoring and managing its partnership work.

The Council also oversees subsidiary companies, namely Graven Hill Village Holdings Ltd and Crown House Banbury Ltd, each of which maintains its own associated subsidiaries. These companies are required to report on a quarterly basis to the Shareholder Committee. Through these regular reports, members of the Committee are kept informed about the performance of the companies, specifically regarding their progress against the objectives set out in their respective business plans. This process ensures transparency and alignment with the Council's strategic aims.

Commissioning and procuring services

The Council's Procurement Strategy was approved in October 2023. To support officers in carrying out procurement activities effectively and in compliance with legal and policy standards, comprehensive guidance, procedures, and templates are readily available. These resources ensure that all procurement processes are conducted to a high standard. In May 2025, the Contract Procedures Rules were updated to maintain alignment with current policies and new legislative requirements.

Oversight of procurement activities is jointly managed by the Council's legal services and procurement teams. This collaborative approach ensures that all procurement exercises adhere strictly to the relevant laws and established procedures. Officers undertaking procurement activities have access to a dedicated SharePoint site, which serves as a central repository for guidance, procedures, and templates. This resource is utilised across the organisation to support consistent and compliant procurement practices.

There have been no identified instances, nor have any been reported, of the Council failing to conduct a fair procurement exercise in relation to significant contracts.

The Council has robust arrangements in place for monitoring the performance of its service providers, taking prompt action to resolve any issues as they arise. This commitment to active contract management is exemplified by the oversight of the leisure centre operating contract with Parkwood Leisure.

Performance monitoring for this contract includes monthly reporting and regular meetings between the Council and the service provider. These meetings involve the review of key performance indicators, discussion of any construction-related matters, and consideration of customer feedback. This process ensures that the service provided meets the required standards and that any areas of concern are addressed proactively.

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.

8. Recommendations

KEY:



Red - Recommendations that refer to issues that have resulted in a significant weakness in the Council's arrangements.



Amber - 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

No current year issues were identified.

Prior Year Issues – Resolved

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. **2024/25 update** The Finance and Performance Monitoring Report for the 2024/25 outturn included details of the savings achieved against the previously approved position, with a detailed appendix setting out the reasons for any savings that were not achieved.

Bishop Fleming

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Appendix 4

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Audit Completion Report
Cherwell District Council

For the year ended 31 March 2025



Date: 29 January 2026

Accounts, Audit and Risk Committee
Cherwell District Council
39 Castle Quay
Banbury
OX16 5FD

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 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 Audit Limited

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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 2024/25; 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. Subject to the satisfactory finalisation of these points, we anticipate issuing a modified disclaimed opinion due to the lack of assurance over opening balances in 2023/24, resulting from the opinion on the 2022/23 financial statement being disclaimed by the previous auditor.

Key audit issues

Within our Audit Plan which was presented to the Accounts, Audit and Risk Committee in March 2025, 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 significant risks highlighted were as follows:

- Management override of controls;
- Valuation of land and buildings;
- Valuation of investment properties and
- Valuation of the pension fund net liability.

Our audit work has is still ongoing in some of these areas and is further detailed in section 2 of this report.

Audit Adjustments

No audit adjustments have been identified in our work to date.

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 5 to this report.

Management Letter Points and Internal Control Matters

A number of 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 2025. The Code 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	£2,727k
Cherwell District Council	2% of gross expenditure	£2,193k

The level of materiality in our Audit Plan was based on the prior year audited financial statements. Therefore, we have updated materiality to reflect the actual figures reported in the 2024/25 draft statement of accounts.

Anticipated audit report

We issued a disclaimed opinion on the Council's financial statements for 2023/24 due to a lack of assurance over the opening balances. This resulted from the previous auditor issuing a disclaimed opinion in 2022/23, after carrying out no substantive audit work on the financial statements. The lack of assurance over the opening balances in the 2023/24 comparative year means that we will be issuing a disclaimed opinion again on the financial statements of Cherwell District Council for the year ended 31 March 2025. We are planning to rebuild assurance over subsequent audit years, with the aim of getting the Council to an unqualified opinion in 2026/27, see section 8 for more details.

Letter of Representation

The draft letter of representation is attached at Appendix 1.

Update on our planned approach

Our audit work was 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 is substantially complete although we are finalising our procedures in the following areas:

- Final senior review of workings papers and the accounts

We will also need to complete the following tasks as part of our usual completion procedures:

- Consideration of any post balance sheet events prior to opinion being issued
- Final review of the financial statements
- Confirmation of the approval of the financial statements by the Council
- Receipt of the signed management representation letter

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. The contents of this report should not be disclosed to third parties without our prior written consent.

3. Accounts and audit 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.

	2023/24	2024/25
Readiness for audit		
Quality of financial statements		
Accuracy of financial records		
Quality of working papers		
Availability of Staff		

Key (Impact on audit approach)

None or limited 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 wider finance team in addition to our key contact.

Despite the key audit contact at the Council leaving during the first two weeks, the audit has generally proceeded very smoothly, with the engagement and responsiveness of the wider finance team being a key factor in this.

We remain keen to continually improve our service, and the effectiveness of the process, and 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.

There was an initial delay in information requests being turned around, due to the key contact for the audit leaving the Council. This was resolved once his replacement was in place, and the wider finance team also became directly included in the audit process. From this point, the core audit work progressed relatively smoothly with information requested during the onsite fieldwork generally provided promptly to our staff.

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

As in 2023/24, the quality of the working papers and supporting evidence provided by the finance team was very good.

Availability of Staff

The key contact for the audit left the Council in August 2025. This impacted this individual's availability at the start of the audit, while they completed handover arrangements with an interim replacement and dealt with other responsibilities before they left. This led to some initial delays, but the catch-up calls were then expanded to the new interim key contact and the wider finance team. The engagement of the wider finance team in the audit process worked well and we would be keen for this arrangement to continue in future years.

4. Audit risks

Significant 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 • tested 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.

Valuation of land and buildings

Significant Risk

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.

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;
- confirmed that the basis of valuation for assets valued in year is appropriate based on their usage;
- reviewed the appropriateness of assumptions used in the valuation of land and buildings. For assets not formally revalued in the year we assessed how management has satisfied itself that these assets are not materially different from the current value at the year-end;
- reviewed the accuracy and completeness of information provided to the valuer, such as floor areas;
- tested a sample of revaluations made during the year to ensure that they have been input correctly into the Council's asset register; 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.

We have not identified any material issues from our work carried out.

Valuation of investment properties

Significant Risk

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.

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;
- confirmed that the basis of valuation for assets valued in year is appropriate based on their usage;
- reviewed the appropriateness of assumptions used in the valuation of investment properties;
- reviewed the accuracy and completeness of information provided to the valuer, such as floor areas;
- tested a sample of revaluations made during the year to ensure that they have been input correctly into the Council's asset register; 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.

We have not identified any material issues 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;
- ensured that the disclosures in the financial statements in respect of the pension fund liability are consistent with the actuarial report from 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 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.

Our findings showed the assumptions used are consistent with our expectations and those used by other actuaries at 31 March 2025. Before consideration of the impact of an asset ceiling, the pension valuation has moved from a net deficit of £15.1m to a net surplus position of £8.8m.

The key driver of that change was the increase in the discount rate used by the actuaries, which results in a decrease in the net present value of your share of the scheme liabilities.

Key assumptions	2023/24	2024/25
Discount rate	4.8%	5.8%
CPI / pension increase assumption	2.8%	2.8%
Salary increases	2.8%	2.8%

Under IFRS, additional guidance is provided in IFRIC 14 on the extent to which a defined benefit pension asset should be recognised. The actuary has produced an asset ceiling report that demonstrates that by following the guidance in IFRIC 14 none of this asset should be recognised and a liability of £25.7m is recognised instead. This adjustment effectively allows for ongoing commitments to contributions to the pension scheme into the future, over and above the expected service charge.

A further £2.3m liability (2023/24: £2.6m) is recognised in relation to the unfunded obligation, resulting in a net liability recognised of £27.9m (2023/24: £22.7m).

We have not identified any material errors from our work carried out.

As part of our planning, we 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:

Implementation of IFRS 16 Leases

Other risk

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.

Work done and conclusion

To address this risk, we have:

- Documented 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;
- Reviewed the appropriateness of assumptions used in calculating the estimate;
- Reviewed the completeness and accuracy of the data gathering exercise;
- Confirmed the appropriateness of application of exemptions for existing contracts such as short term and low value leases;
- Reviewed the required transitional disclosures and the application of the adjustment to the opening balances; and,
- Tested a sample of leases for accuracy in calculating the right of use asset and lease liabilities.

The implementation of IFRS 16 resulted in Right of Use assets of £8.5m being brought onto the balance sheet at 1 April 2024, with the balance at 31 March 2025 being £8.6m.

We have not identified any significant issues in our work.

5. 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 2025:

	Comprehensive Income and Expenditure Statement		Balance sheet	
	Dr	Cr	Dr	Cr
	£'000	£'000	£'000	£'000
Adjustments required as a result of the reduction in the interest rate in the loan to Crown House Banbury to below market rate.				
Long Term Investments			9,533	
Long Term Debtors				9,533
Total				

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?
General	We identified a small number of minor presentational and disclosure errors that management have corrected.	✓

Unadjusted items

The table below provides details of adjustments identified during the 2024/25 audit which have not been made within the final set of financial statements. The Accounts, Audit and Risk 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
Cherwell District Council's share of the net understatement of pension fund assets reported by the auditor of Oxfordshire Pension Fund.			245	245
Extrapolated error – Our testing identified one housing benefit case where full benefit had been awarded, which was not supported by the evidence held by the Council.		687		687
Total		**687**	**245**	**932**

Impact of prior year unadjusted misstatements

The table below provides details of adjustments identified during the prior year which had not been made within the final set of 2023/24 financial statements. We do not consider these to impact on the 2024/25 audit.

	Comprehensive Income and Expenditure Statement		Balance sheet	
	Dr	Cr	Dr	Cr
	£'000	£'000	£'000	£'000
Repairs and Maintenance	118			
Other debtors				118
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	
Grant 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**

6. 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 Accounts, Audit and Risk Committee as '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

Journal with blank description	
	
Our journals testing identified an instance where one side of the journal was blank. We confirmed that the other side of the journal had appropriate narrative entered.	**Recommendation** Management should ensure that the narrative field has been completed on all journals. **Management comment** Agreed, officers will remind users to complete both fields when posting manual journals and approvers will be reminded to return manual journals presented without both fields completed back to the originator to rectify.

Intangible assets	
	
The intangible assets note in the Council's accounts does not disclose the gross values of assets that are fully depreciated. This meant that disposals of these assets are disclosed as nil in the note.	**Recommendation** Management should enhance the disclosure of intangible assets so that gross values are shown for fully depreciated assets. **Management comment** Agreed, officers will endeavour to introduce this for the 2025/26 statement of accounts.

Housing benefit payments	
	
Our testing of a sample 20 housing benefit payments identified one case where the claimant had been awarded full benefit but the supporting evidence did not support this. The claimant was no longer on a "passported" benefit that would entitle them to full housing benefit. The claim has been reassessed, with the claimant being entitled to a lower level of benefit.	**Recommendation** Management should ensure that checks and controls are in place to ensure that when claimants are no longer in receipt of a passported benefit they are reassessed appropriately. **Management comment** Following a review, this was an isolated issue that resulted in a claim being reinstated due to an understanding that an incorrect notification was received from Government. To prevent the chances of any suspensions being lifted incorrectly in the future, we will complete a matching exercise with Pension Credit Termination information received and the end date of Pension Credit on the claim. This will ensure that any terminations received have an end date on the claim.

Prior Year Issues – Unresolved

Employee Contracts	
	
We sample tested thirty employees substantively back to original contract documentation. Six of the contracts that we tested had not been signed.	**2023/24 recommendation** The Council should ensure that all employee contracts have been signed by both parties. **2023/24 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. **2024/25 update** Our substantive testing of employees identified six out of our sample of thirty where the contract had not been signed. **2024/25 management comment** As per 2023/24 response.

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.	**2023/24 recommendation** We recommend that journals are dated to reflect the day in which the journal relates. **2023/24 management comment** The Council will consider the benefits of adjusting the effective dates of manual adjustments. **2024/25 update** Our journal testing has confirmed that the position remains unchanged. **2024/25 management comment** We considered and decided that, for the journal type in question, the benefit of maintaining the dates as they are is more beneficial to users.

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.	**2023/24 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 **2023/24 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. **2024/25 update** Our testing of grants received in advance identified one S106 grant where the original agreement was not available. **2024/25 management comment** As per 2023/24 response.

Prior Year Issues – Resolved

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.	**2023/24 recommendation** We recommend an exercise is undertaken to identify which housing benefit payments should be accrued each year. **2023/24 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. **2024/25 update** We have followed this up and confirmed that there is no significant impact in 2024/25. We consider this issue to be resolved.

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.	**2023/24 recommendation** The Council should ensure that appropriate right to work documents are kept for all employees. **2023/24 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. **2024/25 update** Our substantive testing of employees did not identify any instances where right to work documentation was not held on file. This issue is resolved.

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.	**2023/24 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. **2023/24 management comment** Agreed. **2024/25 update** A review of infrastructure assets has been carried out with a number of assets being removed from the Fixed Asset Register in the year. This issue has been resolved.

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.	**2023/24 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. **2023/24 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. **2024/25 update** Our testing of S106 grants in 2024/25did not identify any issues with the amounts held.

7. Building back assurance

The Council's 2022/23 financial statements were given a disclaimed opinion by the predecessor auditor, with no substantive work having been carried out. As a result, we did not have assurance over the opening balances for the 2023/24 audit and issued a disclaimed opinion on the Council's financial statements for 2023/24.

We have been developing our approach to building back assurance over the Council's financial statements, with the plan being to get to an unqualified audit opinion in 2026/27.

Our approach is being developed in accordance with the National Audit Office Local Audit Reset and Recovery Implementation Guidance (LARRIG), in particular *LARRIG 05 – Rebuilding of assurance following a disclaimed audit opinion* and *LARRIG 06 – Special considerations for rebuilding assurance for specified balances following backstop-related disclaimed audit opinions.*

In the table below we have set out our plan to get to an unqualified opinion for Cherwell District Council in 2026/27, which is consistent with the illustrative timescale set out in *LARRIG 01 – General arrangements supporting guidance for auditors in implementing the reset and recovery*:

2023/24	*2024/25*	*2025/26*	*2026/27*
Opinion: Disclaimed	**Planned opinion:** Disclaimed	**Planned opinion:** Qualified	**Planned opinion:** Unqualified
Audit work carried out: All audit procedures, including work on PPE valuations for Council's assets revalued in year as part of the 3-year valuation programme.	**Audit work carried out**: All audit procedures, including work on PPE valuations for Council's assets revalued in year as part of the 3-year valuation programme.	**Audit work planned**: All audit procedures, including work on PPE valuations for Council's assets revalued in year as part of the 3-year valuation programme.	**Audit work planned**: All audit procedures.
Build back work: Initial build back planning, including analytical procedures on 2022/23 balances, reviewing predecessor auditor working papers and developing the plan to build back assurance	**Build back work:** Detailed risk assessment procedures for building back assurance	**Build back work:** Additional risk assessment procedures Build back detailed assessments and procedures.	**Build back work:** None – all build back work planned for 2025/26.
Areas with no assurance: • 2023/24 opening balances • Assets not revalued in 2023/24 • Reserve balances	**Areas with no assurance:** • 2023/24 opening balances • Assets not revalued in 2023/24 and 2024/25 • Reserve balances	**Areas with no assurance:** Lack of sufficient, appropriate evidence over comparative figures, due to previous disclaimed opinions, but the potential effects on the final statements are not deemed to be pervasive.	**Areas with no assurance:** None

8. Other matters

Other information

We are required to give an opinion on whether the other information published with the audited financial statements (for example, the Narrative Statement and Annual Governance Statement) is materiality inconsistent with the financial statement or our knowledge as obtained during the audit.

We have nothing to report in this respect.

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 2025. The Code 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 weaknesses 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 not yet completed the limited procedures required in the National Audit Office's group instructions in respect of our work on the Council's WGA submission. This will be done alongside issuing the audit opinion on the Council's accounts.

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 will be unable to issue our audit certificate alongside the auditor's opinion on the accounts until we have received 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 2024/25 audit is set out below:

	Fee proposed at planning stage (£)	Final fee (subject to approval by PSAA) (£)
PSAA scale fee 2024/25	190,874	190,874
Review of implementation of IFRS 16	TBC	6,001
Additional procedures in respect of the new ISA600 – Group audits	TBC	5,041
Detailed risk assessment procedures for building back assurance	TBC	11,626
Total (excluding VAT)	TBC	**213,542**

We can confirm that we have not undertaken any non-audit work at the Council during the year.

Appendices

1. Letter of representation

Bishop Fleming Audit Limited
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 2025

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 2025. 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 2024/25 (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]

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

Bishop Fleming

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ICAEW CHARTERED ACCOUNTANTS

KRESTON GLOBAL

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This report is public.	
External Audit Plan 2025/26	
Committee	Accounts, Audit and Risk Committee
Date of Committee	18 March 2026
Portfolio Holder presenting the report	Deputy Leader and Portfolio Holder for Finance, Property & Regeneration, Councillor Lesley McLean
Date Portfolio Holder agreed report	3 March 2026
Report of	Assistant Director of Finance, (Section 151 Officer)

Purpose of report

To receive the External Audit Plan for 2025/26 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 2025/26 (Appendix 1).

2. Executive Summary

2.1 The Council's external auditors, Bishop Fleming, have provided their plan for the 2025/26 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, 23 February 2026
Legal	There are no legal implications arising directly from this report. Denzil Turbervill, Head of Legal, 23 February 2026.

Risk Management	There are no risk management implication arising directly from this report. Celia Prado-Teeling, Performance Team Leader, 23 February 2026			
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 2025/26 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 2025/26 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 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 2025/26. 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 2026
Background Papers	None
Reference Papers	None
Report Author	Mary Denedo, Strategic Finance Business Partner
Report Author contact details	mary.denedo@cherwell-dc.gov.uk, 01295 227941
Executive Director Approval (unless Executive Director or Statutory Officer report)	Report of Statutory Officer, Section 151 Officer

Bishop Fleming
Audit · Accountancy · Tax · Advisory

External Audit Plan
Cherwell District Council

For the year ended 31 March 2026



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1. Required communications with the Accounts, Audit and Risk Committee
2. 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 2025/26 External Audit Plan now to ensure that there is timely discussion of the key areas of focus.

Craig Sullivan – Key Audit Partner

T: 01752 234333
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 2025/26; 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 2026. The Code 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 Public Sector Audit Appointments' Statement of Responsibilities of auditors and audited bodies as 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 auditor's 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.

As you will be aware, our auditor's report was disclaimed in 2024/25. Further detail on this is shown later in the Audit Plan. The form and content of our auditor's report will therefore need to be amended in light of this and any 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 and the subsequent Addendum published in May 2025 – see Page16 for more detail on the Addendum; 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 £2,726k
Cherwell District Council	2% of gross expenditure This equates to £2,193k

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 are a number of changes required to local authority financial statements as a result of CIPFA/LASAAC having regard to HM Treasury's Thematic Review on Non-investment Assets. Further detail is set out in our Sector Update at the back of this Plan. Our audit approach has been updated to reflect these changes.	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: • Hold early discussions with key officers within the Council to ascertain how the Code changes required are being implemented and whether proposed actions are in line with the guidance; • 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; • Review accuracy and completeness of information provided to the valuer, such as floor areas;

Risk	Audit Approach
	• Test a sample of revaluations made during the year to ensure that they have been input correctly into the Council's asset register; • 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; • For assets not formally revalued in the year, review the indices selected by the Council to ensure they are: o verifiable; o relevant to the asset type and the location of the asset; and o appropriate for 31 March; • Consider whether Indices have been applied to carrying amounts in accordance with the requirements of the Code, that the selection of accounting policies is reasonable and appropriate to the Council's circumstances and that accounting treatments have been applied consistently across asset types.
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 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; • 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;

Risk	Audit Approach
	• 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).

Building back assurance

The Council's 2022/23 financial statements were given a disclaimed opinion by the predecessor auditor, with no substantive work having been carried out. As a result, we did not have assurance over the opening balances for the 2023/24 audit and issued a disclaimed opinion on the Council's financial statements for 2023/24 and 2024/25.

We have been developing our approach to building back assurance over the Council's financial statements, with the plan being to get to an unqualified audit opinion in 2026/27.

Our approach is being developed in accordance with the National Audit Office Local Audit Reset and Recovery Implementation Guidance (LARRIG), in particular *LARRIG 05 – Rebuilding of assurance following a disclaimed audit opinion* and *LARRIG 06 – Special considerations for rebuilding assurance for specified balances following backstop-related disclaimed audit opinions*. The approach is in three phases:

Phase 1	An initial risk assessment plan for building back assurance. This focuses on: • Reasons for the initial disclaimed opinion and any emerging risks • Changes in the system of internal control since the last unqualified opinion including consideration of the outcomes of internal audit work • Any issues noted from our VFM work The outcome from this is our overall risk assessment for the audit and informs our materiality level and quantum of work needed to regain assurance.
Phase 2	A more in-depth risk assessment process using a bespoke, internally created methodology on an audit-by-audit basis to ascertain the appropriate risk-based approach for building back assurance on each area of the accounts where we do not have appropriate audit evidence.
Phase 3	Undertaking the detailed work as concluded upon in Phase 2.

In the table below we have set out our plan to get to an unqualified opinion for Cherwell District Council in 2026/27. This is consistent with the illustrative timescale set out in *LARRIG 01 – General arrangements supporting guidance for auditors in implementing the reset and recovery*:

2023/24	*2024/25*	*2025/26*	*2026/27*
Opinion: Disclaimed	Opinion: Disclaimed	Planned opinion: Qualified	Planned opinion: Unqualified
Audit work carried out: All audit procedures, including work on PPE valuations for Council's assets revalued in year as part of the 3-year valuation programme.	Audit work carried out: All audit procedures, including work on PPE valuations for Council's assets revalued in year as part of the 3-year valuation programme.	Audit work planned: All audit procedures, including work on PPE valuations for Council's assets revalued in year as part of the 3-year valuation programme.	Audit work planned: All audit procedures.
Build back work: Initial build back planning, including analytical procedures on 2022/23 balances, reviewing predecessor auditor working papers and developing the plan to build back assurance	Build back work: Phase 1 as described above. This work included meetings with external bodies e.g. the National Audit Office, internal discussions on audit approach with colleagues (including technical leads) and other firms.	Build back work: Phase 2 as described above. Phase 3 - Undertaking the detailed work as concluded upon in Phase 2.	Build back work: None – all build back work planned for 2025/26.
Areas with no assurance: • 2023/24 opening balances • Assets not revalued in 2023/24 • Reserve balances	Areas with no assurance: • 2023/24 opening balances • Assets not revalued in 2023/24 and 2024/25 • Reserve balances	Areas with no assurance: Lack of sufficient, appropriate evidence over comparative figures, due to previous disclaimed opinions, but the potential effects on the final statements are not deemed to be pervasive.	Areas with no assurance: None

We will report back to you, as part of our Audit Completion Report, on the outcome of our work addressing the significant risk areas and progress on rebuilding assurance.

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 2024/25 Audit Completion Report and our 2024/25 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
In-Charge:	Lea Ledermann
Email:	LLedermann@bishopfleming.co.uk

3. Timetable

A full audit timetable has been included below:

Cherwell District Council YEAR END: 31 March 2026			
Date	**Requirement**	**Bishop Fleming**	**Council**
Throughout 2026	Regular liaison meetings with management and the Chair of Accounts, Audit and Risk Committee	✓	✓
February 2026	Date for issue of audit deliverables	✓	
March 2026	Date for receipt of audit deliverables		✓
February/March 2026	Planning procedures and interim audit work undertaken, examining systems and controls in place, and completion of early substantive testing on transactions to January 2026	✓	✓
February to April 2026	Building back assurance - phase 2 and phase 3 work	✓	
16 March 2026	Date for receipt of VFM self-assessment from management		✓
March/April 2026	Audit team to undertake VFM work	✓	
1 July 2026	Date for receipt of the draft financial statements		✓
w/c 10 August 2026	Audit fieldwork to be undertaken, completing work on significant risk areas and other material balances.	✓	✓
TBC Sept 2026	Audit completion meeting to discuss draft Audit Completion Report	✓	✓
30 September 2026	Presentation of Audit Completion Report and Auditor's Annual Report to those charged with governance	✓	✓
31 January 2027	Backstop date for 2025/26 local government audits	✓	✓

4. Audit Fees

Cherwell District Council, in line with most other local government bodies, opted into the national scheme run by 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 2025/26	£196,218
Proposed fee variations at the planning stage:	
Variation 1 – Phase 2 detailed risk assessment for building back assurance as detailed on page 8	TBC
Variation 2 – Phase 3 detailed work to build back assurance	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. Sector updates

Key changes to the Code of Practice on local authority accounting in the United Kingdom 2025/26

Valuation of Property, Plant and Equipment

There are a number of changes required to local authority financial statements as a result of CIPFA/LASAAC having regard to HM Treasury's Thematic Review on Non-investment Assets. The main changes are:

- A revaluation expedient for property, plant and equipment, requiring valuations once every five years or on a five-year rolling basis and supported by indexation in intervening years. Alternatively, a desktop valuation in year three in rare cases where no index is available;
- Intangible assets to be held at historical cost only;
- Transitional arrangements when applying these changes so they will be applied prospectively, with no restatement of prior year figures;
- To assist authorities, an existing adaptation has been removed to allow both options permitted by IAS 16 for the treatment of accumulated depreciation when assets are revalued. This aligns with existing arrangements in the FreM; and
- A clarification to ensure that undertaking a full revaluation should not be a default process to demonstrate there has not been a material impairment of an asset and to comply with IAS 36 (impairment of assets).

Guidance is set out in CIPFA Bulletin 22 Indexation application guidance.

Annual Governance Statement

Following the publication of *Delivering Good Governance in Local Government: addendum | Solace covering the annual review of governance and the annual governance statement (2025),* the content of the annual governance statement (AGS) has changed. Local authorities should refer to the addendum for full details; however, the AGS should contain the following elements:

- An executive summary, including an overall opinion on whether governance arrangements were fit for purpose;
- An assessment of effectiveness, setting out how the overall opinion was arrived at;
- Where governance needs to improve, including an action plan;
- How governance has been improved over the current financial year; and
- A forward look on governance.

Revised guidance on minimum revenue provision

Under the Prudential Framework (the "Framework"), local authorities have wide freedoms to borrow and invest without seeking the government's prior approval.

The duty to make Minimum Revenue Provision ("MRP") is an important component of the Framework. Where local authorities finance capital expenditure with debt, they must set aside an amount of money each year to ensure that debt can be repaid ensuring that local authorities do not take on more debt than they can afford. Therefore, in deciding whether any capital expenditure is affordable, an authority must consider whether it can meet the cost of the associated MRP charged within an affordable budget. The amount of MRP should be determined with respect to a local authority's Capital Financing Requirement ("CFR").

Local authorities are required to charge MRP to their revenue account in each financial year in respect of all capital expenditure financed by debt. Before 2008, the 2003 Regulations contained details of the method that local authorities were required to use when calculating MRP. This has been replaced by the current regulation 28, which

gives local authorities flexibility in how they calculate MRP, providing the amount is 'prudent'. In calculating a prudent provision, local authorities are required to have regard to this guidance.

The 2003 Regulations were further amended with full effect from April 2025 to expressly provide that in determining a prudent provision, local authorities cannot exclude any amount of CFR from its calculation, unless by an exception set out in statute. Further, that capital receipts cannot be used to directly replace, in whole or part, the prudent charge to revenue. Specific exceptions were introduced for capital loans, alongside appropriate risk mitigations. These measures were taken to strengthen compliance with the duty to make MRP.

Local authorities must comply with the duty to make MRP and failure to do so, through under-charging of MRP, creates risk to the authority, the finance system and to local and national taxpayers. Under-provision can result in a local authority being unable to repay a proportion of its debt, passing the liability to future taxpayers, which will need to be met from capital receipts or accelerated MRP payments. Further, if a prudent charge is not made, then this can also encourage the local authority to take on greater levels of debt than might otherwise be affordable. The duty to charge MRP is an important mechanism in the Framework to constrain risk and ensure the affordability of capital expenditure.

The guidance in full can be found on Capital finance: guidance on minimum revenue provision (5th edition) - GOV.UK.

English Devolution and Community Empowerment Bill

In last year's Audit Plan we outlined the Government's proposals around devolution and Local Government reorganisation which were set out in the English Devolution White Paper published in December 2024.

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 allowed for other options, these Strategic Authorities were intended to be partnerships of multiple local authorities across a large geography with their own Mayor. These Strategic Authorities would be given "areas of competence" such as performing functions in transport and local infrastructure and skills and employment support and empowered to deliver on them.

Since then the Government has drafted the English Devolution and Community Empowerment Bill which is currently going through Parliament. Alongside the changes outlined above, provisions within the Bill will also enable the establishment of a new public body, the Local Audit Office (LAO), to oversee the local audit system. These provisions set statutory objectives for the LAO and prescribe key elements of its governance processes and structures. The LAO's functions will include setting fees, appointment of auditors to eligible bodies, setting the code of audit practice and overseeing a regulatory framework.

In concert with the Devolution Framework, the White Paper also announced a significant programme of Local Government Reorganisation with an end to the remaining two-tier areas, resulting in all local authorities reorganised into unitary councils.

The Local Government and Public Involvement in Health Act 2007 (the 2007 Act) provides the statutory process for making structural changes to councils. The following paragraphs explain how this process works with specific reference to the invitation to all councils in two-tier areas (and small neighbouring unitary authorities) to develop proposals for unitary local government. Broadly, the stages are:

1. Stage one: Inviting unitary proposals. Invitations went to the 21 two-tier areas and their neighbouring small unitary authorities and included statutory guidance pursuant to the 2007 Act, specifying criteria for establishing new unitary authorities and matters that should be taken into account.

2. Stage two: Submission of formal unitary proposals. Each council could only make one formal proposal for unitary local government, and a proposal could either be submitted individually by a council or jointly with other councils that were invited. The Secretary of State could decide to take forward proposals that are submitted by areas with or without modification.

3. Stage three: Statutory consultation. The Government will carry out a statutory consultation in accordance with the requirements of the legislation, which is that the Secretary of State must first consult any council affected that has not submitted the proposal, as well as any other persons considered appropriate, before a proposal can be implemented.

4. Stage four: Decision to implement a proposal. Once a statutory consultation is concluded, Ministers will decide, subject to Parliamentary approval, which, if any, proposal is to be implemented, with or without modification. In taking these decisions, Ministers will judge proposals in the round against the criteria. In making a decision, Ministers will have regard to all the representations that were received, including the consultation responses, and any other relevant information available. The decision taken will be subject to collective agreement across Government.

5. Stage five: Making secondary legislation – the Structural Changes Order (SCO). Once a decision is taken on which proposal to implement, the Ministry for Housing, Communities and Local Government (MHCLG) will prepare the necessary legislation (the SCO) for Parliamentary approval. The SCO establishes the new single tier of local government in the relevant area and makes provision to abolish the predecessor councils. MHCLG will work with the current councils during the preparation of the legislation, seeking input on specific matters which might include names of the new councils, transitional arrangements and electoral arrangements:

a. The Order: will specify arrangements for the first elections for the new unitary council/s, councillor numbers, the functions the new council has in the transition period and establish suitable governance arrangements for the transition period before new councils go live, by giving powers to the relevant executive or joint committee overseeing the transition.

b. Elections: Typically, the first elections to new unitary councils take place on electoral arrangements specified in the SCO, and which are built using a mixture of existing wards, divisions or, in some cases, parishes.

c. Transition period arrangements: The SCO will specify the governance arrangements for the new unitary councils in the transition period i.e. what sort of transition body will be in place during the transition period until predecessor councils are abolished and new unitary councils go live.

6. Stage six: Transition period. Once the SCO has been made, the existing councils carry on delivering services and fulfilling their duties until vesting day, while preparing to transfer all assets, functions and staff on vesting day when the predecessor councils are dissolved and the new unitary authority takes on the legal duties and powers for providing local government to the area.

7. Stage seven: New unitary authority goes live. This is vesting day. While preparatory work may start with the development of proposals and continue through the process, a minimum of around a year is allowed to enable safe and legal transfer of key services from the point the legislation is made, to when the new unitary council/s goes live. Elections to the new unitary councils, in the transition year ahead of vesting day, aid a safe and legal transition by ensuring those who will be responsible for governing the new authority/ies are accountable for decisions on transition arrangements.

The timelines for the changes are that following final proposals being submitted at the end of November 2025, a consultation would be launched in the New Year, and it would likely close after the local elections in May 2026. Following this, decisions on which proposal to implement could be announced before the summer recess. Secondary legislation would then be prepared, to be laid in the House after the summer recess. The legislation could then be made, subject to Parliamentary approval. This would allow for elections to the new unitary authorities on 6 May 2027. The new authorities would then go live on 1 April 2028.

Local audit reform and the local audit backstop

The local audit system has faced a significant backlog of outstanding unaudited accounts at local authorities (and some other local bodies including police, fire and national parks authorities), covering multiple financial years. Just one per cent of these bodies published audited accounts for 2022/23 by the original deadline. The audit backlog was also the key factor in the Comptroller and Auditor General's decision to issue disclaimed opinions on the Whole of Government Accounts for financial 2022/23 and 2023/24.

In 2024, the Government introduced a local audit backstop programme, structured around six publication dates for audited accounts, to clear the backlog and enable a greater focus on recent accounts, setting in motion the reestablishment of discipline required for the timely publication of both unaudited and audited accounts.

While the backstops have also resulted in many disclaimed audit opinions, auditors' other statutory duties – including to report on value for money arrangements, to make statutory recommendations and issue Public Interest Reports – remain a high priority.

For the next three years, the statutory publication date for unaudited accounts will be 30 June, while the planned backstop dates are:

- 2025/26: 31 January 2027
- 2026/27: 30 November 2027
- 2027/28: 30 November 2028.

In the interests of transparency, the Government committed to publishing a non-compliance list of local bodies failing to publish audited accounts by the backstop dates. See Addressing the local audit backlog in England: Non-compliance lists.

Given the large number of disclaimed opinions, the backstops were announced alongside a five-year programme for building back assurance, with an aspiration that local audit recovers as soon as possible within that period. The Government continues to work with local bodies and audit firms to achieve this aim, and is considering what further measures may be necessary to support the process.

The Government has written to all audit firms and to all local bodies in the process of rebuilding assurance to underline the need for everyone to work together to accelerate progress and prioritise resources accordingly.

Bishop Fleming

Audit · Accountancy · Tax · Advisory



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ICAEW CHARTERED ACCOUNTANTS

KRESTON GLOBAL

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This report is public	
Treasury Management Report – Q3 2025/26 (Dec 2025)	
Committee	Accounts, Audit and Risk Committee
Date of Committee	18 March 2026
Portfolio Holder presenting the report	Deputy Leader of the Council and Portfolio Holder for Finance, Property and Regeneration, Councillor Lesley McLean
Date Portfolio Holder agreed report	6 March 2026
Report of	Assistant Director of Finance (S151), Michael Furness

Purpose of report

To provide information on treasury management performance and compliance with treasury management policy for 2025-26 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 Performance 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 the council to approve Treasury Management semi-annual and annual reports.

2.2 The council's Treasury Management Strategy for 2025-26 was approved by Council on 24 February 2025. 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	The financial implications have been taken into account in the Budget Management reports considered by Executive. Lynsey Parkinson, Strategic Business Partner. 27 February 2026			
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. Denzil Turbervill, Head of Legal, 3 March 2026			
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 and Insight Team Leader, 2 March 2026			
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		X		Investments made in line with approved Treasury Strategy
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

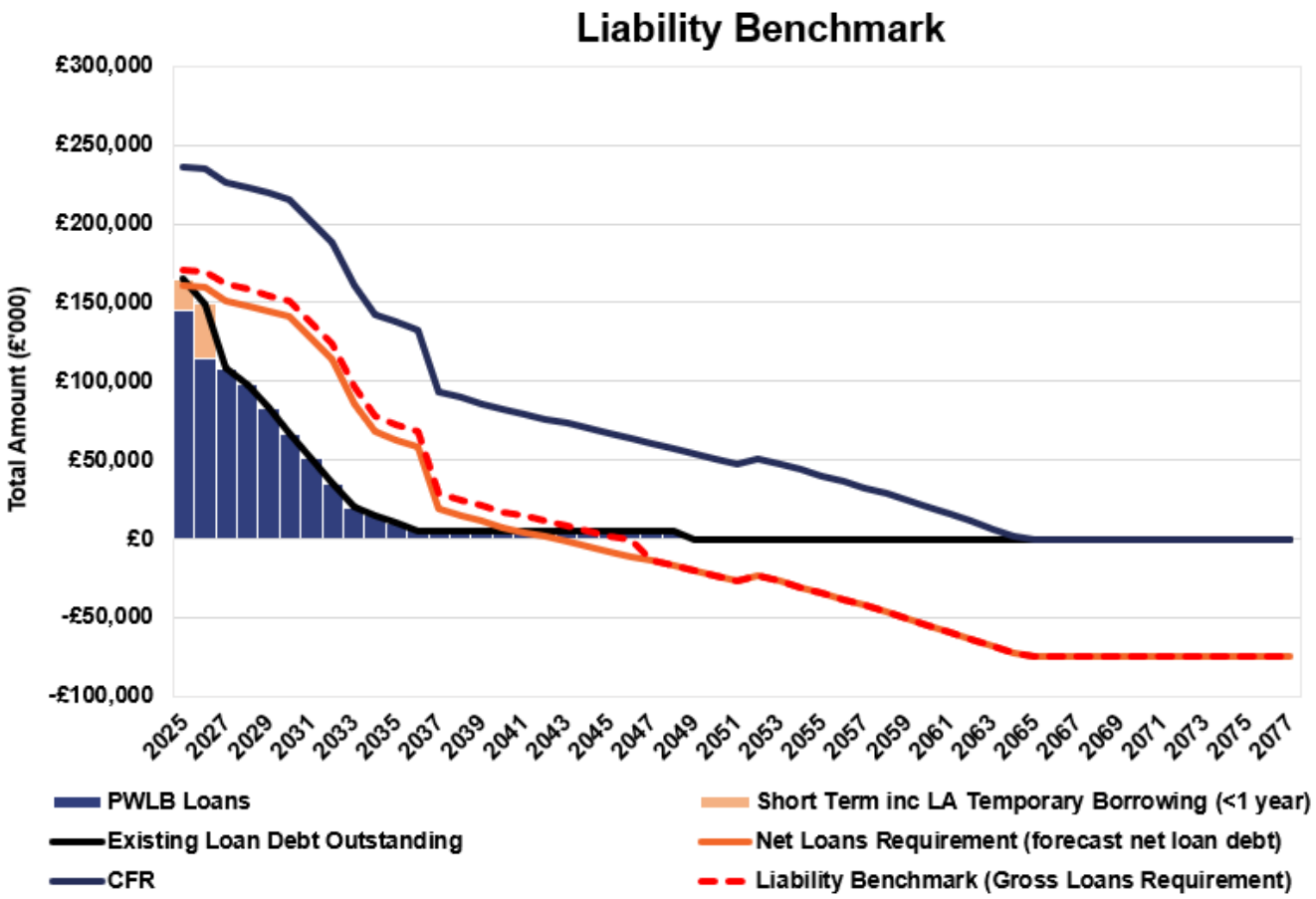
3.1 It is a statutory duty for the council to determine and keep under review its affordable borrowing limits. During the first three quarters of 2025/26, the council has operated within the treasury and prudential indicators set out in the council's Treasury Management Strategy Statement for 2025/26. The Assistant Director of Finance reports that no difficulties are envisaged for future years in complying with these indicators.

3.2 As at the end of December 2025 the council had borrowing of £149m and investments of £34m – a net borrowing position of £115m. This is a reduction from the net borrowing position of £130m at 30/09/25.

3.3 The net borrowing position at the end of December 2024 was £143m. The year-on-year decrease is primarily due to the £14.6m discount the PWLB awarded on repaying a 50-year loan early. The discount is to be amortised over 10 years, resulting in a £1.46m windfall in 25/26 which has been moved to reserves. This is referred to in point 4.17 and reflected in the forecast year end position under other interest receivable in Table 12.

3.4 The Liability benchmark is a prudential indicator which shows the Capital Financing Requirement (CFR), loan requirements and committed loans in a 50-year forecast. This graph reflects the council's position on the basis that no new capital expenditure is funded from borrowing after the end of the current capital programme.

Table 1: Liability benchmark



This graph above demonstrates the following:

3.5 The council is expecting its loans to decrease in line with the CFR and that it will not be in an overborrowed position in the future.

3.6 Cash flow is being actively managed by utilising internal borrowing (comprising of reserves and working capital) to bridge the shortfall between the CFR and net loan requirement.

3.7 New loans will need to be secured to bridge the gap between the existing loan debt and the net loan requirement. Refer to Table 5 for further detail.

3.8 Setting the liquidity buffer at £10m is delivering tangible savings in borrowing expenses and is not expected to impact the council's ability to meet its cashflow obligations.

3.9 According to the current forecast, which assumes the reserves forecast does not change, the requirement for borrowing ceases in the financial year 2041/42. The final £5 million PWLB loan, with a fixed interest rate of 2.5%, is scheduled to mature on 31 May 2048.

4. Details

Borrowing performance for year as of 31 December 2025

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'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 2025

	Borrowing Amount £m	Average Interest Rate	Interest Paid Budget £m	Interest Paid Actual £m	Variance to Date £m
April to Dec 25	156 (average)	2.87%	3.684	3.432	(0.252)
As at 31/12/25	149	2.82%	-	-	-

* Interest payable relates to external loans only, excluding finance lease and other interest

4.3 The council's loans have an average life of 4.29 years. As a comparison, the table below shows average borrowing rates.

Table 3: Average borrowing rates for the reporting period

HIGH/LOW/AVERAGE PWLB RATES FOR 01.04.25 – 31.12.25

	1 Year	5 Year	10 Year	25 Year	50 Year
01/04/2025	4.82%	4.94%	5.38%	5.95%	5.63%
31/12/2025	4.37%	4.78%	5.34%	5.95%	5.71%
Low	4.36%	4.62%	5.17%	5.78%	5.46%
Low date	04/08/2025	02/05/2025	02/05/2025	04/04/2025	04/04/2025
High	4.84%	4.99%	5.62%	6.41%	6.14%
High date	02/04/2025	21/05/2025	03/09/2025	03/09/2025	03/09/2025
Average	4.52%	4.81%	5.38%	6.08%	5.82%
Spread	0.48%	0.37%	0.45%	0.63%	0.68%

4.4 A full list of current borrowing is shown below:

Table 4: Borrowing

Lender	Principal Borrowed £m	Maturity Date
Middlesbrough Council	5	12/01/2026
Middlesbrough Council	5	13/01/2026
Lincolnshire County Council	5	01/05/2026

Lincolnshire County Council	5	29/05/2026
West Yorkshire Combined Authority	5	30/06/2026
South Oxfordshire District Council	5	17/07/2026
PWLB 7-year maturity	6	19/09/2026
Portsmouth City Council	5	28/09/2026
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
TOTAL	**149**	

4.5 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 borrowing 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%	27%
12 months and within 24 months	50%	0%	7%
24 months and within 5 years	60%	0%	32%
5 years and within 10 years	70%	0%	31%
10 years and above	80%	0%	3%

Investment performance 1 April to 31 December 2025

4.6 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 availability of investable funds is primarily influenced by the timing of precept payments, receipt of grants and funding of the Capital Programme.

4.7 Table 6 below shows the investment position during and at the end of the reporting period. Treasury management interest income is currently on track to meet budget expectations, reflecting stable performance in line with forecasted investment returns.

Table 6: Investment Position

	Investment Amount £m	Average Interest Rate	Interest Earned Budget £m	Interest Earned Actual £m	Variance to Date £m
April to Dec 25	30 (average)	4.20%	(0.800)	(0.912)	(0.112)
As at 31/12/25	34	4.10%	-	-	-

4.8 As a comparison, Table 7 below shows average money-market rates. The average investment period for fixed deposits for this quarter is 91 days.

Table 7: Average investment rates for the reporting period

FINANCIAL YEAR TO QUARTER ENDED 31.12.25

	SONIA	7 day	30 day	90 day	180 day	365 day
High	4.46	4.46	4.47	4.58	4.73	5.02
High Date	07/05/2025	28/04/2025	06/05/2025	01/04/2025	01/04/2025	01/04/2025
Low	3.72	3.73	3.87	3.95	4.04	4.31
Low Date	22/12/2025	29/12/2025	31/12/2025	31/12/2025	31/12/2025	31/12/2025
Average	4.12	4.14	4.17	4.25	4.39	4.69
Spread	0.74	0.74	0.59	0.63	0.69	0.72

4.9 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.

4.10 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		
DMADF (Debt management account deposit facility)	1.35	02/01/2026

Luton Borough Council	5.00	12/01/2026
Lancashire County Council	5.00	19/01/2026
First Abu Dhabi Bank	3.00	12/02/2026
Development Bank of Singapore	3.00	12/02/2026
Qatar National Bank	3.00	19/02/2026
Surrey County Council	3.00	19/03/2026
Money Market Funds		
Royal London Asset Management	1.00	1-day notice
Legal & General Investment Management	5.00	Same day
Federated Investors UK	2.52	Same day
Northern Trust Asset Managements	0.02	Same day
CCLA Investment Management Limited	0.02	Same day
Goldman Sachs Asset Management	2.15	Same day
TOTAL	**34.06**	

4.12 Compliance with investment limits are detailed in Table 9 below:

Table 9: Investment Limits

Counterparty	2025/26 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	20 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 2025, the council holds £102.8m of investments that qualify under the code in the form of shares (£45.1m) and loans (£57.7m) to subsidiary companies and other organisations, primarily Graven Hill and Crown House.

4.15 In accordance with IFRS9 the fair value of the loan provided to Crown House has been revised. The loan is at a non-market rate of interest and has therefore been discounted using an effective interest rate of 5%, which the directors consider to be

an appropriate market rate. The difference between the cash advanced and the present value of the loan has been treated as an investment in the Company.

4.16 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 25	57.7 (average)	6.76%	(2.957)	(2.855)	0.102
As at 31/12/25	57.7	6.76%	-	-	-

Overall performance

4.17 The overall performance for the mid-year review, April to December 25, is:

Table 11: Overall Treasury Position for the Period

	Budget 25/26 £m	Actual 25/26 £m	Variance to date £m
Borrowing costs	3.684	3.432	(0.252)
Other interest payable	0.702	0.001	(0.701)
Other interest receivable	0.000	(1.459)	(1.459)
Treasury income	(0.800)	(0.912)	(0.112)
Non-treasury income	(2.957)	(2.855)	0.102
Transfer to Reserves	0.000	1.957	1.957
Total cost / (income)	**0.629**	**0.164**	**(0.465)**

4.18 Transfers to Reserves represents 2025/26's £1.459m share of the amortised PWLB early redemption premium and £0.498m of previously declared treasury management surpluses. The full year forecast at 31 December 2025, found in Table 12 below, reflects a further surplus £0.962m made up of surpluses arising from improvements in the cost of borrowing and investment returns. This forecast surplus is being used to offset service overspends.

Table 12: Overall Treasury Position Forecast to Year End

	Full Year Budget £m	Full Year Actual £m	Full Year Variance £m
Borrowing costs	4.913	4.481	(0.432)
Other interest payable	0.769	0.001	(0.768)
Other interest receivable	0.000	(1.459)	(1.459)
Treasury income	(1.067)	(1.201)	(0.134)

Non-treasury income	(3.943)	(4.069)	(0.126)
Transfer to Reserves	0.000	1.957	1.957
Total cost / (income)	**0.672**	**(0.290)**	**(0.962)**

Interest rate forecast

4.19 MUFG Corporate Markets are the council's treasury advisors and part of their service is to assist the council to formulate a view on interest rates.

4.20 At its meeting on 17 December 2025, the Monetary Policy Committee voted by a majority of 5–4 to reduce Bank Rate by 0.25 percentage points, to 3.75%

4.21 The table below summarises the interest rate forecasts from MUFG CM and Capital Economics. A revised forecast is yet to be released, considering current world events, which are expected to impact on inflation and market sentiment.

Table 13: Forecast Rates

Interest Rate Forecasts								
Bank Rate	**Mar-26**	**Jun-26**	**Sep-26**	**Dec-26**	**Mar-27**	**Jun-27**	**Sep-27**	**Dec-27**
MUFG CM	3.75%	3.50%	3.50%	3.25%	3.25%	3.25%	3.25%	3.25%
Cap Econ	3.75%	3.50%	3.25%	3.00%	3.00%	3.00%	3.00%	3.00%
5Y PWLB RATE								
MUFG CM	4.60%	4.50%	4.30%	4.20%	4.10%	4.10%	4.10%	4.10%
Cap Econ	4.70%	4.60%	4.50%	4.50%	4.50%	4.40%	4.40%	4.40%
10Y PWLB RATE								
MUFG CM	5.20%	5.00%	4.90%	4.80%	4.80%	4.70%	4.70%	4.70%
Cap Econ	5.20%	5.20%	5.10%	5.10%	5.10%	5.10%	5.10%	5.10%
25Y PWLB RATE								
MUFG CM	5.80%	5.70%	5.60%	5.50%	5.50%	5.40%	5.30%	5.30%
Cap Econ	5.90%	5.80%	5.70%	5.60%	5.60%	5.50%	5.50%	5.50%
50Y PWLB RATE								
MUFG CM	5.60%	5.50%	5.40%	5.30%	5.30%	5.20%	5.10%	5.10%
Cap Econ	5.60%	5.50%	5.40%	5.20%	5.20%	5.20%	5.20%	5.20%

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 2025/26. 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
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	Appendix 1 – Capital Prudential Indicators
Background Papers	None
Reference Papers	Treasury Management Report - Midyear 2025/26 (Sept25) https://modgov.cherwell.gov.uk/documents/s60975/TM%20Mid-year%20report%202025%2026%20with%20Prudential%20indicators.pdf Treasury Management Strategy 2025-26 https://modgov.cherwell.gov.uk/documents/s58192/Appendix%202%20-%20Treasury%20Management%20Strategy%202025-26.pdf
Report Author	Janet du Preez Finance Business Partner – Treasury and Insurance
Contact details	janet.du-preez@cherwell-dc.gov.uk 01295 221606
Executive Director Approval (unless Executive Director or Statutory Officer report)	Report of Statutory Officer, Section 151 Officer, 27 February 2026

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Appendix 1 – Capital Prudential Indicators

1. Introduction

This appendix is structured to update members on:

- The council's capital expenditure plans;
- How these plans are being financed;
- The impact of the changes in the capital expenditure plans on the prudential indicators and the underlying need to borrow; and
- Compliance with the limits in place for borrowing activity.

2. Capital Expenditure

This provides a summary of the council's capital expenditure for 2025/26. It reflects the original estimate from the 2024/25 Treasury Management annual performance report, the current actual spent, as well as the revised position for 2025/26.

Table A1: Capital Expenditure

	25/26 Original Estimate £m	25/26 Current Position £m	25/26 Revised Estimate £m
Service Loans			
Capital Projects	13.6	3.7	7.6
New Finance Lease and PFI			
New Projects (not yet approved by Council)			
Total Capital Expenditure	13.6	3.7	7.6
Financed by:			
Capital Receipts (Asset Disposals)	(5.1)		
Capital Receipts (Loan Principal)			
Revenue Contributions			
Grants and other contributions (existing projects)	(5.8)	(3.1)	(5.0)
Grants and other contributions (new projects)			
Finance Lease and PFI liabilities			
Total financing	(10.9)	(3.1)	(5.0)
Net financing need for year	**2.7**	**0.6**	**2.6**

The current and revised estimates have been taken from the current forecasting. This indicator reflects that a large proportion of capital expenditure is expected to take place in the 4th quarter, however delays could lead to reprofiling spend to 2026/27 or beyond.

3. Capital Financing Requirement

The Capital Financing Requirement (CFR) shows the difference between the council's capital expenditure and the revenue or capital resources set aside to finance that spend.

The CFR will increase where capital expenditure takes place and will reduce as the council makes Minimum Revenue Provision (MRP) or otherwise sets aside revenue or capital resources to finance expenditure.

Table A2: Capital Financing Requirement

	25/26 Original Estimate £m	25/26 Revised Estimate £m
Opening CFR 1 April 2025	241.6	235.5
Capital Spend	13.6	7.6
Resources used	(10.9)	(5.0)
MRP	(4.7)	(4.2)
Closing CFR 31 March 2026	**239.7**	**233.9**

This reflects the reduction in capital expenditure forecast.

The original opening CFR estimate was taken from the Capital Strategy approved by Council in February 2025, while the revised estimate is based on the audited Financial Statements issued in February 2026. Changes were due to more capital financing being available than initially assumed.

4. Gross Debt and the Capital Financing Requirement

An authority should only borrow to support a capital purpose, and borrowing should not be undertaken for revenue or speculative purposes.

The council should ensure that gross debt does not, except in the short-term, exceed the total of the CFR. If the level of gross borrowing is below the council's capital borrowing need – the CFR – it demonstrates compliance with the requirement of this Indicator.

Table A3: Gross Debt & Capital Financing Requirement

	25/26 Original Estimate £m	25/26 Revised Estimate £m
CFR	239.7	233.9
Gross borrowing	179.0	149.0
Under / (over) borrowing	**60.7**	**84.9**

This indicator shows that the council is under borrowed and that debt is only being used to support capital expenditure.

In April 2025, a £25m loan due to mature in November 2071 was repaid for the principal amount of £10.4m, with the council retaining the £14.6m discount. The discount increased the council's working capital which increased the council's ability to borrow internally.

5. Operational Boundary and Authorised Limit

The Operational Boundary is the limit beyond which external debt is not normally expected to exceed.

Unlike the Authorised Limit, the Operational Boundary is not an absolute limit, but it reflects the Council's expectations of the level at which external debt would not ordinarily be expected to exceed.

Table A4: Estimated Debt, Operational Boundary and Authorised Limit

	25/26 Original Estimate £m	25/26 Revised Estimate £m
External Borrowings	179	149
Operational Boundary	**200**	**200**
Authorised Limit	**310**	**310**

The council continues to have debt below its operational boundary, indicating that the council is effectively managing its debt and cashflows.

6. Financing cost to Net Revenue Stream

This Indicator shows the trend in the cost of capital (borrowing and other long-term obligation costs) against the net revenue stream. Funding includes income such as Council tax, Business Rates as well as New Homes Bonus and Revenue Support Grant but excludes income from investments.

Table A5: Ratio of Financing costs to Net Revenue stream

	25/26 Original Estimate £m	25/26 Revised Estimate £m
Interest costs on existing borrowing	4.5	4.5
MRP	4.7	4.2
Total Financing Costs	9.2	8.7
Funding	26.2	26.2
Non-specific grant income	5.5	3.7
Net Revenue Stream	31.7	29.9
Ratio of Financing costs	**29.0%**	**29.1%**

This indicator shows that the ratio of financing costs to net revenue streams is high, however what this does not consider is that a large proportion of the council's financing costs are offset by the interest from on-lending to the council's subsidiaries, and income generated by the revenue generating assets acquired as part of the regeneration programme. See item 7 below for detail on this.

7. Net Income from Service Investment Income to Net Revenue Stream

The next indicator is the Net income from Commercial and Service investments Income to Net Revenue Stream. This Indicator shows the financial exposure of the council to the loss of its non-treasury investment income.

The council does not hold any commercial investments. All investments that are not treasury-related are service investments, the majority relating to housing and regeneration.

Table A6: Ratio of Investment Income to Net Revenue stream

	25/26 Original Estimate £m	25/26 Revised Estimate £m
Income from long term investments	4.0	4.0
Income from assets	6.9	4.6
Total Investment income	10.9	8.6
Funding	26.2	26.2
Non-specific grant income	5.5	3.7
Net Revenue Stream	31.7	29.9
Ratio of investment income	**34.4%**	**28.9%**

The last two ratios dovetail, as much of the debt was incurred with the expectation of non-treasury investment income that would in part offset the financing costs. Deducting the Ratio of net income from Service Investments from the Ratio of Financing costs reveals the affordability ratio.

Table A7: Affordability Ratio

	25/26 Original Estimate	25/26 Revised Estimate
Ratio of Financing costs	29.0%	29.1%
Ratio of Investment income	34.4%	28.9%
Affordability ratio	**(5.4%)**	**0.2%**
	£m	**£m**
Affordability ratio in £m	**(1.7)**	**0.06**

The affordability ratio shows that the council is expecting a loss of income for capital financing in 25/26. The Section 151 Officer is satisfied that the proposed capital programme is prudent, affordable, and sustainable.

The council will continue to monitor this ratio and report to senior management and members. Should the affordability ratio move adversely, the council will need to review whether this is sustainable and what actions may be required to mitigate the impact to the taxpayer as part of its budget management and Medium-Term Financial Strategy.

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

Purpose of report

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

1. Recommendations

The Accounts, Audit and Risk Committee resolves:

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

2. Executive Summary

2.1 The council is required each year to set Accounting Policies describing the specific principles, bases, conventions, rules and practices applied in preparing the financial statements. These policies explain how the council has interpreted and applied the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting for the financial year.

2.2 For 2025/26, the main change to the Accounting Policies relates to the valuation of non-investment operational assets. CIPFA Bulletin 22 (November 2025) provides sector-wide guidance supporting the adoption of a quinquennial (five-year) revaluation cycle, supplemented by annual indexation to ensure that asset values remain materially accurate between full valuations. The Bulletin gives practical advice on selecting appropriate indices, determining when desktop reviews or full valuations are required, and meeting audit expectations.

Implications & Impact Assessments

Implications	Commentary			
Finance	There are no direct financial implications arising from this report. However, due to the statutory overrides in place and requirement for minimum revenue provision, the change in accounting for leases does not have any impact on the expenditure charged to the general fund. This will however impact on the council's financial statements, with a greater amount of right of use assets and lease liabilities recognised on the balance sheet. 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, 12 February 2026			
Risk Management	There are no risk management implications arising directly from this report. The update mitigates the risk of policies becoming not compliant and misaligned with best practices. Celia Prado-Teeling, Performance & Insight Team Leader, 12 February 2026			
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
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				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 2025/26 is required to be published by 30 June 2026. Officers expect to publish to the council's website a draft of the statement of accounts by the end of June 2026 for a period of public consultation.

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

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

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

4.4 In line with the 2025/26 CIPFA Code of Practice and the guidance issued in CIPFA Bulletin 22, the council has updated its valuation methodology for non-investment operational assets. Bulletin 22 supports a move to a five-year (quinquennial) revaluation programme, with annual indexation applied in intervening years to maintain materially accurate carrying values. The Bulletin provides practical guidance on the selection of indices, the accounting treatment of indexation, and when a desktop review or a full revaluation is required.

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

5. Alternative Options and Reasons for Rejection

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

Option 1:
Reject the proposed Accounting Policies and recommend an alternative approach. This option has been rejected because the updated policies reflect the requirements of the 2025/26 CIPFA Code and the guidance in CIPFA Bulletin 22. Departing from these standards would risk the council preparing accounts that are not compliant with sector-wide accounting requirements and audit expectations.

6 Conclusion and Reasons for Recommendations

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

Decision Information

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 2025/26
Appendix 2	Glossary of Terms
Background Papers	None
Reference Papers	Accounts Audit and Risk Committee report 20 March 2024 - Accounting Policies 2024/25
Report Author	Mary Denedo, Strategic Finance Business Partner
Report Author contact details	01295 227941 mary.denedo@cherwell-dc.gov.uk
Executive Director Approval (unless Executive 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 2025/26 financial year and its position at the year-end of 31st March 2026. 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 2025/26 and the Service Reporting Code of Practice 2025/26, 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 2025/26 as part of the budget setting process. This included consideration of:

- Additional expenditure on a service- by- service basis, for example inflationary and service demand pressures.
- The impact of the above on the council's cash flow and treasury management, including the availability of liquid cash, the impact on investment returns, and the availability of external borrowing if required.

- The estimated overall impact on the council's General Fund.

As set out in the 2026/27 Budget and Medium- Term Financial Strategy up to 2030/31, approved by Council in February 2026, the council has set aside appropriate contingencies for inflation, market risk and general financial risk throughout the medium term.

The council's Medium- Term Financial Strategy identifies that the council needs to identify £3.025m of ongoing savings across the MTFS Period, reflecting forecast changes in government funding, business rates retention and inflationary pressures.

Transformation

The council continues to progress its Cherwell Futures transformation programme, which aims to deliver efficiencies, service improvements and modernised ways of working. These proposals will be developed through formal business cases and once approved, will be incorporated into the MTFS. Transformation activity will support the council in responding to future financial challenges and in ensuring that resources remain aligned to corporate priorities.

Prioritisation and Service Levels

Through the annual budget and planning cycle, the council reviews service levels and priorities to ensure that resources are directed towards achieving the greatest impact. This approach provides the flexibility to consider options for service redesign and reprioritisation over the medium term should financial pressures increase.

The council has a prudent level of reserves. When setting the 2026/27 budget, the council determined that £8.011m of general balances represents an appropriate minimum level to manage identified risks, in line with the Section 151 Officer's assessment. A further level of earmarked reserves remains available to support financial resilience should this be required. The reserves position is regularly reviewed in line with the council's Reserves Policy.

The council's cashflow forecast demonstrates that it has access to sufficient cash over the medium term to support planned council and Group activities.

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 because 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 2025/26.

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

Under IFRS 9 and the Code of Practice on Local Authority Accounting, financial assets are classified based on the council's business model for managing the assets and the contractual cash flow characteristics (the SPPI – solely payments of principal and interest – test) as:

- Amortised cost;
- Fair value through profit or loss (FVPL); or
- Fair value through other comprehensive income (FVOCI).

The council's treasury investments and loans that meet the SPPI test and are held to collect contractual cash flows are measured at amortised cost. These are initially recognised at fair value and subsequently measured using the effective interest method, with interest income recognised in the Surplus or Deficit on the Provision of Services.

Where financial assets do not meet the criteria for amortised cost (for example, certain pooled investment funds), they are measured at FVPL (or FVOCI where designated in accordance with the Code). Movements in fair value are recognised in the Surplus or Deficit on the Provision of Services (FVPL) or in Other Comprehensive Income and Expenditure (FVOCI), in line with the Code's requirements.

Impairment losses are recognised using the expected credit loss (ECL) model. The council applies the simplified approach for trade receivables and appropriate practical expedients for low credit- risk instruments. Loss allowances are measured at lifetime expected credit losses or at 12- month expected credit losses depending on whether credit risk has significantly increased since initial recognition.

Gains and losses on derecognition are recognised in the Surplus or Deficit on the Provision of Services.

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 Lease Company Limited
- Graven Hill Village Management Company Block E Limited
- Graven Hill Village Management Company Block A Limited
- Graven Hill Village Management Company Block C Limited
- Graven Hill Village Management Company Block F 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.

In accordance with the 2025/26 CIPFA Code of Practice and the guidance in CIPFA Bulletin 22, the Council carries its non- investment operational assets at current value using a quinquennial (five- year) revaluation cycle. In the intervening years, the Council applies indexation to maintain materially accurate carrying values. Indexation is based on indices that reflect the characteristics and location of the assets.

In applying indexation, the Council considers appropriate market evidence, including price movements, construction cost indices, rental data and other sector- specific indicators. Where indexation alone is not sufficient to provide assurance that the carrying amount remains materially accurate, the Council undertakes either a desktop valuation or a full revaluation in accordance with the Code and Bulletin 22.

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.

Glossary of Terms

Accruals

Adjustments made to reflect the cost of goods and services in the financial year in which they were incurred rather than when cash is paid/received. E.g. work completed but invoice not yet received; invoice paid in advance of receipt of goods.

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, as opposed to accounting entries which do not involve a cash transaction (e.g. charges for depreciation).

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 councils 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 have 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.

Going Concern

All accounts prepared in accordance with International Financial Reporting Standards (IFRS) are prepared on a going concern basis unless management either intends to liquidate the entity, to cease trading, or has no realistic alternative but to do so. For public sector bodies, such as NHS bodies and local authorities, this definition is interpreted to focus on whether the services provided by the entity are going to be continued rather than whether the entity providing the service will continue to exist. So, a body that is about to merge with another will still be a going concern as the services it provides will be provided by the newly merged body.

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.

Local Government Pension Scheme (LGPS)

A nationwide scheme for employees in local government (excluding teachers, police and fire fighters, who have separate arrangements). It is a funded defined benefit scheme with investments managed by local authorities. Cherwell District Council is a member of the Oxfordshire LGPS, which is managed by Oxfordshire County Council.

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.

Medium-term Financial Strategy (MTFS)

The MTFS is a rolling financial plan that is updated annually by local authorities. This includes planned expenditure for the following five years.

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.

Movement in reserves Statement

This statement shows the impact of the financial year on the organisation's reserves.

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.

Section 151 Officer

Section 151 of the Local Government Act 1972 requires every local authority to make arrangements for the proper administration of their financial affairs. This includes the requirement for one officer to be nominated to take responsibility for the administration of those affairs. The Section 151 officer is usually the local authority's treasurer and must be a qualified accountant belonging to one of the recognised chartered accountancy bodies. For Cherwell District Council the Section 151 officer is the Assistant Director of Finance.

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.

SPPI (Solely Payments of Principal and Interest) Test

A test under IFRS 9 that determines whether the contractual cash flows of a financial asset are only principal and interest. Assets that pass this test may be measured at amortised cost if they are held within a business model to collect contractual cash flows.

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