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DISTRICT COUNCIL
NORTH OXFORDSHIRE

Committee: **Audit and Governance Committee**

Date: **Wednesday 22 July 2026**

Time: **6.30 pm**

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

Membership

Councillor Simon Lytton (Chair)

Councillor Besmira Brasha

Councillor Ian Middleton

Councillor Robert Parkinson

Nelly Lukwo

Sarah Thompson

Councillor David Rogers (Vice-Chair)

Councillor Mark Gorman

Councillor Julian Nedelcu

Councillor Alisa Russell

Independent Person, no voting rights

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 7 - 12)

To confirm as a correct record the Minutes of the meeting of the Committee held on 17 June 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. Housing Management Complaints Report (Pages 13 - 50)

Report of Assistant Director Wellbeing and Housing.

Purpose of report

To provide the Committee with an annual report relating to housing complaints performance, in accordance with the Housing Ombudsman's Complaints Handling Code.

Recommendations

The Audit and Governance Committee resolves:

- 1.1 To note the content of the report and appendices. The appendices, including the Complaints Handling Code self-assessment, will be published on the Council's website and will form the basis of the Council's return to the Housing Ombudsman for 2025-26.

8. Housing Benefit Subsidy Audit 2022/23 (Pages 51 - 66)

Report of Assistant Director of Finance (S151 Officer).

Purpose of report

To provide members of this Committee with an update on the final position of the Housing Benefit subsidy claim audit for the financial year 2022/23.

Recommendations

Audit and Governance Committee resolves:

- 1.1 To note the contents of this report

9. Annual Governance Statement 2025-26 (Pages 67 - 112)

Report of Assistant Director Law and Governance and Monitoring Officer.

Purpose of report

The report sets out the Annual Governance Statement (AGS) for the Council for 2025-26 for approval. The AGS summarises the key governance issues for the Council and the actions required to address these. The AGS is required to be approved by those charged with governance, the Audit and Governance Committee (previously Accounts, Audit & Risk Committee), under the Accounts and Audit Regulations 2015.

Recommendations

The Audit and Governance Committee resolves:

- 1.1 To approve the Annual Governance Statement 2025-26, subject to any changes by the Monitoring Officer.
- 1.2 To authorise the Portfolio Holder for Finance, as the Leader of the Council for the year to which the Statement relates, and the Chief Executive, to sign the Annual Governance Statement on behalf of Cherwell District Council.

10. Treasury Management Report - Quarter 1 2026/27 (Pages 113 - 130)

Report of Assistant Director of Finance (S151 Officer).

Purpose of report

To provide information on treasury management performance and compliance with treasury management policy for 2026-27 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 Audit and Governance Committee resolves:

- 1.1 To note the contents of this Treasury Management Performance Report.

11. Draft Statement of Accounts 2025-26 (Pages 131 - 320)

Report of Assistant Director of Finance (S151 Officer).

Purpose of report

To provide an opportunity for review of the draft 2025/26 Statement of Accounts which were published on the council's website on 30 June 2026.

Recommendations

The Audit and Governance Committee resolves:

- 1.1 To note the report and publication of the draft Statement of Accounts 2025/26 (Appendix 1).

12. Review of Committee Work Programme (Pages 321 - 322)

To consider and review the Work Programme.

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.

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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 14 July 2026

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Cherwell District Council

Audit and Governance Committee

Minutes of a meeting of the Audit and Governance Committee held at 39 Castle Quay, Banbury, OX16 5FD, on 17 June 2026 at 6.30 pm

Present:

Councillor Simon Lytton (Chair)
Councillor David Rogers (Vice-Chair)
Councillor Besmira Brasha
Councillor Mark Gorman
Councillor Ian Middleton
Councillor Julian Nedelcu
Councillor Robert Parkinson
Nelly Lukwo, Independent Person, no voting rights
Sarah Thompson, Independent Person, no voting rights

Substitute Members:

Councillor Lesley McLean (In place of Councillor Alisa Russell)

Apologies for absence:

Councillor Alisa Russell

Also Present:

Councillor David Hingley, Portfolio Holder for Finance
Councillor Frank Ideh, Portfolio Holder for Law and Governance
Ed Lambert-Martin, Internal Audit - Veritau
Stuart Limb, Internal Audit - Veritau

Officers:

Michael Furness, Assistant Director Finance & S151 Officer
Joanne Kaye, Head of Finance and Deputy S151 Officer
Patrick Davis, Democratic and Elections Officer

Officers Attending Virtually:

Kaimi Ithia, Head of Chief Executive's Office
Claire Cox, Assistant Director Human Resources
Ed Potter, Assistant Director Environmental Services
Celia Prado-Teeling, Performance Team Leader
Ruth Wooldridge, Health and Safety Manager

3 **Declarations of Interest**

There were no declarations of interest.

4 **Minutes**

The Minutes of the meetings of the Committee held on 18 March 2026 and 20 May 2026 were agreed as a correct record and signed by the Chair.

5 **Chair's Announcements**

There were no Chair's announcements.

6 **Requests to Address the Meeting**

There were no requests to address the meeting.

7 **Urgent Business**

There were no items of urgent business.

8 **Health & Safety Quarter 4 2025-26**

The Assistant Director Human Resources submitted a report to provide the Committee with an update on the Council's Health and Safety performance for Quarter 4 of the 2025/26 financial year.

In introducing the report, the Portfolio Holder for Law and Governance explained that as in previous reporting periods, the majority of incidents involved Environmental Services as this was the highest risk area for the Council. Each incident was investigated and corrective action taken where necessary including training, supervision and monitoring.

In response to a question regarding Graph 1, that showed the percentage of time lost due to sickness, the Assistant Director Human Resources confirmed that this was the percentage for each service and was not based on the actual numbers of staff in each department. The higher percentage for Environmental Services was largely due to there being a higher number of manual staff, who were unable to work from home, unlike office based staff, for illnesses that did not require workers to be absent under agile working principles.

In response to a question regarding the audit of community centres and if there was a potential risk arising from the change in status of the relationship between the council and the community centres, the Assistant Director

Human Resources and Healthy and Safety Manager undertook to provide details to Committee members after the meeting.

In response to a question regarding the resource level to manage health and safety issues within the Environment Services department, the Assistant Director Environmental Services explained that the significant level of risk associated with the activities undertaken within the service required additional support and expertise to ensure the risks were mitigated as much as possible. The Assistant Director Environment Services outlined the processes in place for new starter induction of new employees and ongoing training for existing employees, which took place on a regular basis and following any accidents. It was reiterated that line management for health and safety rested with supervisors and that the Health and Safety team visited the depots regularly to provide support to the arrangements in place.

Resolved

- (1) That the Health and Safety Report Quarter 4 2025/26 be noted.

9

Risk Monitoring Report Quarter 4 2025-26

The Head of Chief Executive's Office submitted a report to update the Committee on how well the Council was managing its strategic risks.

In introducing the report, the Leader (of the Council) – Strategic Partnerships and Regeneration (Councillor McLean) confirmed that there were no score changes in the Leadership Risk Register during the last quarter of the 2025-26 financial year. High and medium risks remained under close review with mitigating actions in place.

The Committee was advised that as the risk register reflected the final quarter of the 2025-26 financial year, it did not include any changes in light of the Ministry of Housing, Communities and Local Government (MHCLG) recently placing the council under government designation for major developments. The Leader – Strategic Partnerships and Regeneration explained that once further review of the impact had concluded, the risk register would be updated accordingly.

Resolved

- (1) That the Risk Monitoring Report for Quarter 4 2025-26 be noted

10

Head of Internal Audit Annual Report 2025-26

The Assistant Director Finance (Section 151 Officer) submitted a report which presented the Head of Internal Audit's Annual Report for 2025/26 which summarised internal audit work undertaken in 2025/26 and provided an opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control.

In introducing the report, Ed Lambert-Martin, Internal Audit Manager at Veritau advised the Committee that for the 2025-26 financial year the Head of Internal Audit's opinion was that "Reasonable Assurance" could be provided on the overall adequacy and effectiveness of the council's framework of governance, risk management and control. One significant control weakness had been identified which was considered relevant to the preparation of the Annual Governance Statement, the council's utilities management arrangements.

In response to a question regarding the significant control weakness, the Internal Audit Manager explained that progress had been made to address issues identified in the utilities management audit issued in January 2024, however weaknesses remained relating to the fragmented responsibilities, limited oversight and financial risk exposure. Actions to address these had been identified and included the appointment of a specialist external company. Veritau would conduct further work to confirm the action had been completed and weaknesses addressed.

In response to a request for an update on the internal audits that were currently in progress, the Internal Audit Manager advised that the audit work on Section 106 agreements was currently being reviewed, the Crown House and Graven Hill audit was scheduled for submission to the September Committee meeting. Work had only just commenced on the Project management relating to the Bicester Market Square audit.

Resolved

- (1) That the results of internal audit work undertaken, and the opinion of the Head of Internal Audit that Reasonable Assurance can be provided on the adequacy and effectiveness of the council's framework of governance, risk management and internal control be noted.
- (2) That the update on Veritau's quality assurance and development arrangements, including the confirmation that the internal audit service conforms to public sector internal auditing standards be noted.
- (3) That it be noted that one significant control weakness had been identified by internal audit during the year which was considered relevant to the preparation of the Annual Governance Statement, this being: the council's utilities management arrangements.

11

Counter Fraud Annual Report 2025-26

The Assistant Director Finance (Section 151 Officer) submitted a report which presented the Counter Fraud Annual Report for 2025/26.

The Assistant Director Finance (Section 151 Officer) explained that the council's counter fraud service was delivered by Veritau. The savings realised from work undertaken were approximately the same as its costs.

In response to a question regarding the significant increase in the number of referrals made to the Counter Fraud Team, the Corporate Investigations Manager explained that this did not necessarily represent an increase in the level of fraud and was likely due to a heightened awareness among staff of the risk of fraud. The Corporate Fraud Manager undertook to provide comparative data in future reports to assist the Committee to understand trends.

In response to a query regarding the outcomes of fraud investigations, the Corporate Investigations Manager advised that if significant issues were identified in a particular area, the Internal Audit team (Veritau) would be notified to determine whether a full investigation should be undertaken.

Resolved

- (1) That the Counter Fraud Annual Report 2025-26 be noted.

12 Treasury Management Report - Outturn 2025/26

The Assistant Director Finance (S151 Officer) submitted a report which provided information on treasury management performance and compliance with the Treasury Management Policy for 2025-26 as required by the Treasury Management Code of Practice. The report also demonstrated 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.

In introducing the report, the Portfolio Holder for Finance advised that as at 31 March 2026 the Council had borrowings of £144M, with investments of £16M, which resulted in a net borrowing of £128M. This reflected a £16M decrease on the net borrowing position as at the end of March 2025 and was largely due to a £14.6M discount received from the Public Works Loan Board (PWLb) following the early repayment of a 50 year loan.

In response to a question relating to the rationale of borrowing from other Councils rather than using the PWLB whose rates seemed lower, the Head of Finance explained that the PWLB rates were no longer available and that other council lending rates were now better than the PWLB ones.

Resolved

- (1) That the Treasury Management Performance Report – Outturn 2025/26 be noted and that Council be recommended to receive the report.

13 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 8.20 pm

Chair:

Date:

This report is public	
Housing Management Complaints Report	
Committee	Audit and Governance
Date of Committee	22 July 2026
Portfolio Holder presenting the report	Councillor Ian Middleton - Portfolio Holder for Housing and Greener Communities
Date Portfolio Holder agreed report	8 July 2026
Report of	Assistant Director Wellbeing and Housing – Nicola Riley

Purpose of report

To provide the Committee with an annual report relating to housing complaints performance, in accordance with the Housing Ombudsman's Complaints Handling Code.

1. Recommendations

The Audit and Governance Committee resolves:

- 1.1 To note the content of the report and appendices. The appendices, including the Complaints Handling Code self-assessment, will be published on the Council's website and will form the basis of the Council's return to the Housing Ombudsman for 2025-26.

2. Executive Summary

- 2.1 As part of meeting our statutory duties in relation to our stock holding and as part of new regulatory frameworks, the Council is required to produce and publish a report that outlines its complaint handling and compliance with the Housing Ombudsman's Complaint Handling Code every year. This relates to complaints that the Council receive as a landlord and that relate to its landlord functions.
- 2.2 Complaints that relate to other areas of the Council and do not relate to the discharge of our landlord functions for our housing stock are not within the scope of the report.

Implications & Impact Assessments

Implications	Commentary
Finance	This report does not have any direct financial implications. Kelly Wheeler, Finance Business Partner, 22 June 2026

Legal	The legal framework relating to housing complaints performance and improvement is set out in the main body of this report. There are no additional legal implications arising from the report. Denzil – John Turbervill, Head of Legal Services. 24th June 2025.			
Risk Management	There are no risk implications arising directly from this report. However, this report is a necessary action that mitigates the risk of not complying with the corresponding legislation. Celia Prado-Teeling, Performance Team Leader, 22nd June 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		
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	Quality Housing and Place Making			
Human Resources	Not applicable			
Property	Not applicable			
Consultation & Engagement	None			

Supporting Information

3. Background

- 3.1 The Council has a small stock holding of 245 units. 99 of these are held within shared ownership, where the Council has fewer responsibilities as a landlord as the shared owner has responsibilities for the upkeep and repair of their home. The rest of the portfolio is made up of rented property. It is a mix of general needs accommodation, supported accommodation and temporary accommodation for homeless households.
- 3.2 The Housing Ombudsman's Complaint Handling Code came into effect in April 2024 in conjunction with the wider Social Housing (Regulation) Act 2023. It empowered the Ombudsman to issue a code of practice that landlords should have in place for considering complaints. It also places a duty on the Ombudsman to monitor compliance with the code. The code outlined definitions of complaints, timescales that they should be handled within and how they should be handled. It also advises that the Council must report on compliance with the code to its appropriate governing body or committee and complete a self-assessment form annually. It must also publish outcomes on its website.

4. Details

- 4.1 Appendix 1 shows the complaints received within 2026-26 that are within the scope of the Housing Ombudsman and the Council's performance against the code. It includes the required self-assessment, within 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: Not to produce and publish a report.

It is a regulatory requirement to produce a report and report our performance in these areas as part of the legislation that is outlined within the report. This is therefore rejected.

6. Conclusion and Reasons for Recommendations

- 6.1 The report provides members with information regarding complaints performance within the scope of the Housing Ombudsman. It is a requirement within social housing regulation to report and publish our performance.

Decision Information

Key Decision	Not applicable
Subject to Call in	No
If not, why not subject to call in	Not applicable
Ward(s) Affected	All wards

Document Information

Appendices	
Appendix 1	Housing Complaint Performance Annual Report
Appendix 2	Housing Ombudsman Complaint Handling Code Self-Assessment
Background Papers	None
Reference Papers	None
Report Author	Richard Smith – Head of Housing
Report Author contact details	richard.smith@cherwell-dc.gov.uk 01295 221640
Corporate Director Approval (unless Corporate Director or Statutory Officer report)	Kristian Aspinall, Executive Director – Neighbourhood Services, 24 th June 2026.

Housing Management Complaint Performance – Annual Report

Introduction

The Housing Ombudsman's Complaint Handling Code became statutory from 1 April 2024, which means that social housing landlords are now obliged by law to follow its requirements.

The Social Housing (Regulation) Act 2023 places a legal duty on the Ombudsman to monitor social housing landlord's compliance with the Code. Section 8 of the Housing Ombudsman's Service Complaint Handling Code requires that landlords must produce an Annual Complaints Performance and Service Improvement Report for scrutiny and challenge.

This annual report provides an analysis of the complaints received by the Council's Housing Management Team during 2025/26. This process and these complaints are different and separate from complaints received by other Council services, that are reported through a separate process.

This report seeks to provide information on the performance of the Council's complaint handling in terms of the volume and timeliness of the responses. In addition, the report seeks to identify themes, trends and lessons learnt to bring about service improvements.

The Housing Ombudsman Service has a two-stage complaint handling process which requires:

- All complaint acknowledgements sent within 5 working days.
- A first stage complaint must be responded to within 10 working days.
- A second stage complaint within 20 working days.

Cherwell District Council operates a 2-stage complaint process.

Stage 1 – Formal Complaint

A Stage 1 Formal Complaint involves a senior officer within the service investigating the matter for the complainant. A stage 1 complaint will be acknowledged within 5 working days, and a full response will be sent within 10 working days.

Stage 2 – Formal Review

A Stage 2 formal review involves a member of the Extended Leadership Team reviewing the Stage 1 Formal Complaint investigation. It will also be someone who has not been involved in the matter before.

The acknowledgement for the Stage 2 request will be provided within 5 working days, and a full response will be sent within 20 working days.

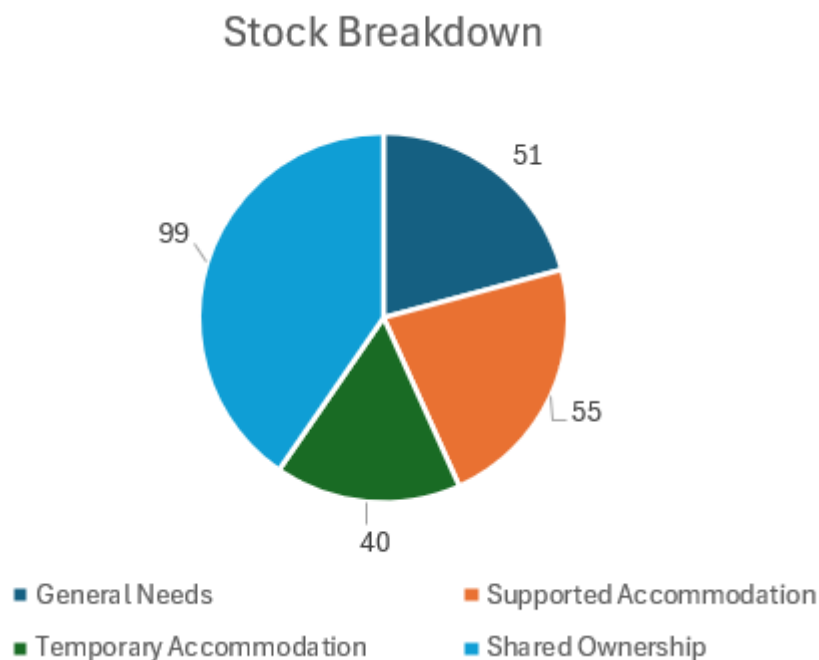
Scope of report

The Council has a small stock holding of 245 units. As 99 properties are Shared Ownership and the Council's share is less than 50%, the effective units that the Council owns and manages is under 200. This is made up of a mix of Supported Accommodation, Temporary Accommodation, General Needs Housing and Shared Ownership.

Complaints and other data presented as part of this report relate to the Council's stock holding and to the residents within.

The breakdown of the properties is shown in **Figure 1**

Figure 1 – Cherwell District Council Housing Stock Breakdown



Definition of a Complaint

In accordance with the Housing Ombudsman's Complaints Handling Code, a complaint is an

“expression of dissatisfaction, however made, about the standard of service, actions or lack of action by the landlord, its own staff, or those acting on its behalf, affecting a resident or groups of residents”

The word complaint does not have to be used by the resident for it to be treated as such.

There is a different between a complaint and a service request. This is outlined within the Council's complaints procedure.

Types of complaints within scope of this report

Within scope of the report are complaints that are raised by residents or raised by residents through an appropriate third party.

The Council receives enquiries from Members of Parliament and elected members, sometimes on behalf of customers or to enquire on their behalf. Where appropriate, the enquiry received may be escalated to a complaint and handled as such if it is clear that there is a service failing that needs to be investigated and addressed. Not all enquiries that are made by MP's or Councillors are treated as complaints. They are primarily dealt with as requests for information and through part of day to day communications.

Volume of Complaints

The data below summarises the Council's performance regarding complaints and the compliance with the Housing Ombudsman's Code regarding timescales and complaint handling.

It should be noted that the scope of the stock to which the Code relates is small, as outlined in previous sections.

Figure 2a - Number of Housing Management related complaints received and compliance with response times - acknowledgement

Complaint Stage	Number Received	Acknowledgment sent within 5 working days
Formal Stage 1 (Housing Ombudsman Stage 1)	4	4 (100%)
Stage 2 Formal Review (Housing Ombudsman Stage 2)	3	3 (100%)
Logged as complaint but closed as service request	0	N/A

Figure 2b - Number of Housing Management related complaints received and compliance with response times

Complaint Stage	Number Received	Response within Housing Ombudsman Timescales
Formal Stage 1 (Housing Ombudsman Stage 1)	4	4 (100%)
Stage 2 Formal Review (Housing Ombudsman Stage 2)	3	2 (66%)

Complaints by Theme

When analysing the themes of the complaints received, **Figure 3** shows the nature of the complaints that were received in 2024/25.

Complaint Theme	Number of complaints
Poor handling or progression of housing case	0
Staff attitude/behaviour	0
Failure to attend appointment	0
Condition of property	3 (75%)
Poor workmanship	0
Relating to performance of a contractor	0
Other	1 (25%)

*As 3 complaints progressed to stage 2, the tenure figures don't count complaints twice.

Complaints by Tenure

The Council holds a small but varied stock holding, as outlined in previous sections. The breakdown of the complaints by tenure of property is shown below in **Figure 4**

Tenure	Number of complaints
Shared Ownership	3 (75%)
Supported Accommodation	0
General Needs Housing	1 (25%)
Temporary Accommodation	0

*As 3 complaints progressed to stage 2, the tenure figures don't count complaints twice.

Method in which a complaint is received

The below table shows the method in which complaints were received by the Council during 2024-25. It shows that the Council's digital channels are most prevalent when reporting complaints.

Figure 5 – Method in which complaints are received

Complaint Type	Number Received	Received by Email/Website Link	Received by phone	Received by letter	Received in person
Complaint logged as per Housing	7 (100%)	7 (100%)	0	0	0

Ombudsman Code					
Logged as complaint but closed as service request	0	0	0	0	0

Complaint Outcomes

As part of complaint handling, the Council wishes to learn lessons where possible from the feedback it receives from customers. The below table shows the number of complaints that the Council upheld in 2025-26.

Figure 6a - Number of stage 1 complaints that were upheld by the Council

Number of complaints	Reason for complaint	Percentage upheld
3	Condition of property	33%
1	Other	0%

Figure 6b – Number of stage 2 complaints that were upheld by the Council

Number of complaints	Reason for complaint	Percentage upheld
3	Condition of property	33%

Findings of non-compliance with the Housing Ombudsman Complaint Handling Code

There was a single instance of failure to comply with the code. This was due to one Stage 2 complaint being sent late. All acknowledgements and Stage 1 complaints were sent within the timescales provided by the Housing Ombudsman, within the code.

Performance Commentary and Service Improvements

There has been a rise in complaints to this area of service within the past year. This is the highest level in the 3 years of reporting. Complaints about the service should not always be seen as negative, in accordance with Ombudsman guidance.

It is worthy of note that two of the stage 1 complaints, that became stage 2 complaints, were about the same issue from two separate neighbours. Both these complaints were not upheld.

There is a trend this year of more complaints coming from shared owners. However, the sample size remains too small to draw conclusions and learning. Particularly, as

outlined above, that two complaints related to the same problem, which was not upheld.

As outlined in last year's return, the stock make up has shifted to more temporary accommodation provision. As residents are moving in and out of accommodation more regularly than they would be in permanent accommodation, there is arguably less likelihood of complaints against the landlord being received, as the contact time period is reduced. No complaints have been received from temporary accommodation residents, which is a positive. One complaint has been received from a general housing resident, but this was not upheld.

Process Clarity

The changes initiated by the code and the subsequent change to the complaints policy has meant a clearer distinction between complaints and service requests. There have been no instances of service requests being logged as complaints, to be later closed because they are not complaints. Further changes are currently being made to strengthen alignment with the code, these will be in place by September 2026.

Complaints by Tenure

This year has again shown a trend that all the complaints are received by tenants that hold their properties within shared ownership. Previous satisfaction surveys undertaken have also shown that this client group is less satisfied with Cherwell as a landlord.

Considering the large proportion of units held in shared ownership, larger than any other single type, the potential for complaints to be made are higher. The relationship between the Council and these tenants is different however, with less services being provided to them directly and, therefore, the less potential for there to be a complaint about services provided. The Council will continue to review its communications with these customers and monitor any concerns raised more closely and implement learning appropriately and accordingly. It should however be noted that the number of complaints remains small.

Progression to Stage 2 – Formal Review

Within the monitoring year 25/26, 3 out of the 4 complaints received at stage 1 have progressed to the formal review stage, stage 2. This is a trend that has not previously been seen.

It should be noted that 2 of the complaints are about the same issue and were not upheld at either stage. The other complaint was upheld at stage 1, and findings replicated at stage 2.

The sample size is too small to ascertain any underlying service practices that may be leading to case progression.

Response Timescale Missed

In one instance, a Stage 2 Formal Review timescale was missed. The response was sent on the 21st day, and therefore outside the 20 working days. The Council's monitoring processes aim to ensure timely responses are sent, and the central monitoring team engage with services, sending reminders, when responses are due.

Property Condition

Within the monitoring year 25/26, 3 out of the 4 complaints received at stage 1 have related to property condition.

It should be noted that these complaints are all from shared owners, where our contractual responsibilities are different to those in other types of accommodation in which we are the landlord. In two of these complaints, which were about the same issue, the complaint was not upheld and stage 1 or 2. However, there is learning to be taken from one of the complaints, particularly around poor communication of timescales and progress, which has been acknowledged and improvements implemented.

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Appendix 2 – Housing Ombudsman Service Complaints Handling Code Self Assessment Results

Code provision	Code requirement	Comply: Yes / No	Evidence Commentary / explanation
1.2	A complaint must be defined as: <i>'an expression of dissatisfaction, however made, about the standard of service, actions or lack of action by the landlord, its own staff, or those acting on its behalf, affecting a resident or group of residents.'</i>	Yes	Cherwell District Council Service Complaints Procedure, P2-3 Published on Cherwell District Council website Provides a definition of complaints that references dissatisfaction with standard of service received, but is generic to all residents within the community.
1.3	A resident does not have to use the word 'complaint' for it to be treated as such. Whenever a resident expresses dissatisfaction landlords must give them the choice to make complaint. A complaint that is submitted via a third party or representative must be handled in line with the landlord's complaints policy.	Yes	Cherwell District Council Service Complaints Procedure P1-3 provides a definition of a complaint and what is or is not treated as such. It provides guidance on other alternative methods of reporting issues with other matters or individuals not related directly to Council service provision. A review of the policy is currently taking place, to conclude by September 2026, to address the usage of the word "complaint" more expressly and to ensure when it is clear a resident is dissatisfied, they are given the option to complain.
1.4	Landlords must recognise the difference between a service request and a complaint. This must be set out in their complaints policy. A service request is a request from a resident to the landlord requiring action to be taken to put something right. Service requests are not complaints, but must be recorded, monitored and reviewed regularly.	Yes	Cherwell District Council Service Complaints Procedure, P2
1.5	A complaint must be raised when the resident expresses dissatisfaction with the response	Yes	

Code provision	Code requirement	Comply: Yes / No	Evidence Commentary / explanation
	to their service request, even if the handling of the service request remains ongoing. Landlords must not stop their efforts to address the service request if the resident complains.		Cherwell District Council Service Complaints Procedure will be adjusted to make a clearer link between service requests. Specifically, that if someone raises dissatisfaction with their service request outcome, a complaint is raised. Or that a complaint will not stop efforts to resolve a service request issue. In practice, there is confidence that both of these occur, but the policy is being reviewed to ensure that this is addressed specifically.
1.6	An expression of dissatisfaction with services made through a survey is not defined as a complaint, though wherever possible, the person completing the survey should be made aware of how they can pursue a complaint if they wish to. Where landlords ask for wider feedback about their services, they also must provide details of how residents can complain.	Yes	Due to the small number of properties that the Council manages, the Council is able to respond directly to feedback such as this received with residents where identified and appropriate.

Code provision	Code requirement	Comply: Yes / No	Evidence Commentary / explanation
2.1	Landlords must accept a complaint unless there is a valid reason not to do so. If landlords decide not to accept a complaint they must be able to evidence their reasoning. Each complaint must be considered on its own merits	Yes	Cherwell District Council Service Complaints Procedure, P2-4, defines what is and isn't a complaint and alternative methods for dealing with other matters that may be attempted to be raised as complaints.
2.2	A complaints policy must set out the circumstances in which a matter will not be considered as a complaint or escalated, and these circumstances must be fair and reasonable to residents. Acceptable exclusions include: The issue giving rise to the complaint occurred over twelve months ago. Legal proceedings have started. This is defined as details of the claim, such as the Claim Form and Particulars of Claim, having been filed at court. Matters that have previously been considered under the complaints policy.	Yes	As above, Cherwell District Council Service Complaints Procedure, P2-4. The Council, as part of its policy review, will make more clear reference to excluding complaints that are relevant to housing and the code. As the policy is one that applies across the whole Council and for all services, these specifics are not addressed as clearly as they could be.
2.3	Landlords must accept complaints referred to them within 12 months of the issue occurring or the resident becoming aware of the issue unless they are excluded on other grounds.	Yes	Cherwell District Council Service Complaints Procedure, P3-4. The Council does not have scope to refuse complaints on the grounds stated within 2.3 of the code, so they would be included and dealt with as complaints and not excluded.

Appendix 2

Code provision	Code requirement	Comply: Yes / No	Evidence Commentary / explanation
	Landlords must consider whether to apply discretion to accept complaints made outside this time limit where there are good reasons to do so.		
2.4	If a landlord decides not to accept a complaint, an explanation must be provided to the resident setting out the reasons why the matter is not suitable for the complaints process and the right to take that decision to the Ombudsman. If the Ombudsman does not agree that the exclusion has been fairly applied, the Ombudsman may tell the landlord to take on the complaint.	Yes	Cherwell District Council Service Complaints Procedure, P2-4. The Council also makes reference to the Housing Ombudsman on page 7 and 8. The above outlined when and in what circumstances a complaint will not be accepted. However, it is not clear what communication will be given to the resident to explain this. This happens in practice through the central complaints handling team, but is not within the policy. The policy review will address this point and make clearer.
2.5	Landlords must not take a blanket approach to excluding complaints; they must consider the individual circumstances of each complaint.	Yes	Cherwell District Council Service Complaints Procedure, P2-4.

Code provision	Code requirement	Comply: Yes / No	Evidence Commentary / explanation
3.1	Landlords must make it easy for residents to complain by providing different channels through which they can make a complaint. Landlords must consider their duties under the Equality Act 2010 and anticipate the needs and reasonable adjustments of residents who may need to access the complaints process.	Yes	Cherwell District Council Service Complaints Procedure, P5. Multiple channels – letter, email, face to face, via staff. Council has an EDI Framework to ensure services are inclusive and respond to our responsibilities within legislation.
3.2	Residents must be able to raise their complaints in any way and with any member of staff. All staff must be aware of the complaints process and be able to pass details of the complaint to the appropriate person within the landlord.	Yes	Cherwell District Council Service Complaints Procedure, P5. Staff training and awareness for the relevant staff who deal and manage the customer contacts with our tenants is provided.
3.3	High volumes of complaints must not be seen as a negative, as they can be indicative of a well-publicised and accessible complaints process. Low complaint volumes are potentially a sign that residents are unable to complain.	Yes	Wider complaints performance of the Council is reported through the Audit and Governance Committee.. Customer Focus and performance is also regularly part of the Overview and Scrutiny Processes. Complaints and how to complain is found within one click on the Council website from the homepage. The Council is recording a low number of complaints into its housing service. Some factors are worthy of note. • The Council has a small stock holding. • The Council has a high proportion of supported accommodation with support workers available 24/7. Many customers are therefore vulnerable and have support staff managing most of their affairs.

Code provision	Code requirement	Comply: Yes / No	Evidence Commentary / explanation
			Much of the other general needs stock has transferred to temporary accommodation, where occupancy is short term.
3.4	Landlords must make their complaint policy available in a clear and accessible format for all residents. This will detail the 2 stage process, what will happen at each stage, and the timeframes for responding. The policy must also be published on the landlord's website.	Yes	Cherwell District Council Service Complaints Procedure and details of how to make complaints and how they will be dealt with is available for download on the Council website and is also available on the Council's webpages, which are accessible. As an improvement and as part of policy review, the Council will make sure that the policy is available in an accessible format that is an alternative to navigating through the web pages.
3.5	The policy must explain how the landlord will publicise details of the complaints policy, including information about the Ombudsman and this Code.	Yes	Cherwell District Council Service Complaints Procedure, P7-8 contains details regarding the Housing Ombudsman. The policy review will make clear how the policy is publicised more expressly.
3.6	Landlords must give residents the opportunity to have a representative deal with their complaint on their behalf, and to be represented or accompanied at any meeting with the landlord.	Yes	Cherwell District Council Service Complaints Procedure, P1-2, has a section regarding third parties. Many of those living in our housing stock have representatives working on their behalf due to their level of vulnerability. The Council therefore is used to managing issues and tenancy/property matters through engagement with third parties.

Appendix 2

Code provision	Code requirement	Comply: Yes / No	Evidence Commentary / explanation
3.7	Landlords must provide residents with information on their right to access the Ombudsman service and how the individual can engage with the Ombudsman about their complaint.	Yes	Cherwell District Council Service Complaints Procedure, P7-8, Ombudsman information also included within complaint responses.

Code provision	Code requirement	Comply: Yes / No	Evidence Commentary / explanation
4.1	Landlords must have a person or team assigned to take responsibility for complaint handling, including liaison with the Ombudsman and ensuring complaints are reported to the governing body (or equivalent). This Code will refer to that person or team as the 'complaints officer'. This role may be in addition to other duties.	Yes	Specific officers within the Customer Service Team ensure standard response to complaints across the Council. They ensure that complaints are dealt with at the correct stage and ensure that an appropriate officer investigates them
4.2	The complaints officer must have access to staff at all levels to facilitate the prompt resolution of complaints. They must also have the authority and autonomy to act to resolve disputes promptly and fairly.	Yes	The Council takes complaints seriously and processes and a complaints handling system is in place to ensure that complaints are managed, escalated and responded to correctly and in accordance with procedure. The complaints officers liaise with the executive support staff across departments to ensure that complaints are managed correctly and responded to within timescales.
4.3	Landlords are expected to prioritise complaint handling and a culture of learning from complaints. All relevant staff must be suitably trained in the importance of complaint handling. It is important that complaints are seen as a core service and must be resourced to handle complaints effectively	Yes	Staff within the Customer Services Team are appropriately trained and ensure that appropriate and robust complaint handling takes place across the organisation. Performance of the Council as a whole is reported and scrutinised routinely through the Overview and Scrutiny Committee processes. The Council routinely reports in its responses which complaints are upheld and not upheld and seeks to learn, particularly when complaints are upheld or upheld in part.

Appendix 2

Code provision	Code requirement	Comply: Yes / No	Evidence Commentary / explanation
5.1	Landlords must have a single policy in place for dealing with complaints covered by this Code. Residents must not be treated differently if they complain.	Yes	Cherwell District Council Service Complaints Procedure
5.2	The early and local resolution of issues between landlords and residents is key to effective complaint handling. It is not appropriate to have extra named stages (such as 'stage 0' or 'informal complaint') as this causes unnecessary confusion.	Yes	Cherwell District Council Service Complaints Procedure includes a two stage process and doesn't expressly refer to additional stages. The policy does refer to "informal resolution" on page 4, which could cause confusion or lead to matters not being dealt with as a complaint that otherwise should have been. This will be reviewed as part of the policy review taking place.
5.3	A process with more than 2 stages is not acceptable under any circumstances as this will make the complaint process unduly long and delay access to the Ombudsman.	Yes	As above comments in 5.2.
5.4	Where a landlord's complaint response is handled by a third party (e.g. a contractor or independent adjudicator) at any stage, it must form part of the 2 stage complaints process set out in this Code. Residents must not be expected to go through 2 complaints processes.	Yes	These are carried out in accordance with the 2 stage process. If they were to occur.
5.5	Landlords are responsible for ensuring that any third parties handle complaints in line with the Code.	Yes	The Council would seek to ensure that any appointed third party complied with the Council's policy and process, as they are acting on our behalf.

Code provision	Code requirement	Comply: Yes / No	Evidence Commentary / explanation
5.6	When a complaint is logged at Stage 1 or escalated to Stage 2, landlords must set out their understanding of the complaint and the outcomes the resident is seeking. The Code will refer to this as “the complaint definition”. If any aspect of the complaint is unclear, the resident must be asked for clarification.	Yes	Cherwell District Council standard responses set this out, however, it is acknowledged that this is not expressly and clearly set out in the policy. The police review will address this.
5.7	When a complaint is acknowledged at either stage, landlords must be clear which aspects of the complaint they are, and are not, responsible for and clarify any areas where this is not clear.	Yes	As above 5.6.
5.8	At each stage of the complaints process, complaint handlers must: a. deal with complaints on their merits, act independently, and have an open mind; b. give the resident a fair chance to set out their position; c. take measures to address any actual or perceived conflict of interest; and d. consider all relevant information and evidence carefully.	Yes	Staff responding to housing complaints, even at first stage, are senior staff within the organisation and thus, as complaints handlers, have the ability to be independent, fair and be balanced. They are also able to provide appropriate resolutions where identified.
5.9	Where a response to a complaint will fall outside the timescales set out in this Code, the landlord must agree with the resident	Yes	Cherwell District Council Service Complaints Procedure P6-8 references how timescales and extensions are managed. The Council has proved effective at acknowledging and responding to complaints in the timescales set out in the returns that it has made to the Housing Ombudsman over recent years.

Code provision	Code requirement	Comply: Yes / No	Evidence Commentary / explanation
	suitable intervals for keeping them informed about their complaint.		It is acknowledged that it is not clear that extensions made are agreed with the resident, and the suitable intervals. This will be addressed in the policy review.
5.10	Landlords must make reasonable adjustments for residents where appropriate under the Equality Act 2010. Landlords must keep a record of any reasonable adjustments agreed, as well as a record of any disabilities a resident has disclosed. Any agreed reasonable adjustments must be kept under active review.	Yes	Cherwell District Council Service Complaints Procedure P1-2 The Housing department records any disabilities a resident has disclosed, record not kept by the Complaints Officer. The Council has comprehensive records of residents known to be vulnerable and within supported accommodation. If a disability is disclosed during a complaint the Housing department will be informed, and the Council will ensure that any reasonable adjustments are met.
5.11	Landlords must not refuse to escalate a complaint through all stages of the complaints procedure unless it has valid reasons to do so. Landlords must clearly set out these reasons, and they must comply with the provisions set out in section 2 of this Code.	Yes	Cherwell District Council Service Complaints Procedure P5-7. Independence of complaints officers would ensure appropriate handling.
5.12	A full record must be kept of the complaint, and the outcomes at each stage. This must include the original complaint and the date received, all correspondence with the resident, correspondence with other parties, and any relevant supporting documentation such as reports or surveys.	Yes	Bespoke administration system for recording all stages of complaints, complainant/council liaison, letters and e-mails. It also monitors response timeframes. All the above is embedded within the system.

Appendix 2

Code provision	Code requirement	Comply: Yes / No	Evidence Commentary / explanation
5.13	Landlords must have processes in place to ensure a complaint can be remedied at any stage of its complaints process. Landlords must ensure appropriate remedies can be provided at any stage of the complaints process without the need for escalation.	Yes	Complaints are investigated and responded to by staff at appropriate level to ensure that complaints can be remedied without unnecessary escalation.
5.14	Landlords must have policies and procedures in place for managing unacceptable behaviour from residents and/or their representatives. Landlords must be able to evidence reasons for putting any restrictions in place and must keep restrictions under regular review.	Yes	Council has process for managing customers that can pose issues and places restrictions on contacts. These lists are reviewed annually to see if the restrictions should still apply. This is reviewed by an independent department from those who are routinely managing the customer involved.
5.15	Any restrictions placed on contact due to unacceptable behaviour must be proportionate and demonstrate regard for the provisions of the Equality Act 2010.	Yes	As outlined in 5.14. This is independently managed to ensure proportionality.

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Code provision	Code requirement	Comply: Yes / No	Evidence Commentary / explanation
6.1	Landlords must have processes in place to consider which complaints can be responded to as early as possible, and which require further investigation. Landlords must consider factors such as the complexity of the complaint and whether the resident is vulnerable or at risk. Most stage 1 complaints can be resolved promptly, and an explanation, apology or resolution provided to the resident.	Yes	Cherwell District Council Service Complaints Procedure
6.2	Complaints must be acknowledged, defined and logged at stage 1 of the complaints procedure <u>within five working days of the complaint being received.</u>	Yes	Cherwell District Council Service Complaints Procedure, processes and performance outlined in the published report. Wording within policy to be amended to include acknowledge, defined and logged, rather than just acknowledged. This will be addressed in the policy review.
6.3	Landlords must issue a full response to stage 1 complaints <u>within 10 working days</u> of the complaint being acknowledged.	Yes	Cherwell District Council Service Complaints Procedure, processes and performance outlined in the published report. Wording within the policy will be reviewed to address some ambiguity within, to make it more clearly align to the code.
6.4	Landlords must decide whether an extension to this timescale is needed when considering the complexity of the complaint and then inform the resident of the expected timescale for response. Any extension must be no more than 10 working days without good reason, and the	Yes	Cherwell District Council Service Complaints Procedure. Wording within the policy will be reviewed to address some ambiguity within, to make it more clearly align to the code.

Appendix 2

Code provision	Code requirement	Comply: Yes / No	Evidence Commentary / explanation
	reason(s) must be clearly explained to the resident.		
6.5	When an organisation informs a resident about an extension to these timescales, they must be provided with the contact details of the Ombudsman.	Yes	The Council has not had to extend any complaint timescales. If a response is delayed, the details will be provided within the written communication that is sent.
6.6	A complaint response must be provided to the resident when the answer to the complaint is known, not when the outstanding actions required to address the issue are completed. Outstanding actions must still be tracked and actioned promptly with appropriate updates provided to the resident.	Yes	This has not occurred in any housing complaints, as the answers have been known. If they are not known, a clear timescale would be provided within the complaint response, with the responsible person and how it will be responded to or updated on. This would then be recorded on the Council's complaints monitoring system. Actions would be tracked by the service. Wording within the policy will be reviewed to address some ambiguity within, to make it more clearly align to the code.
6.7	Landlords must address all points raised in the complaint definition and provide clear reasons for any decisions, referencing the relevant policy, law and good practice where appropriate.	Yes	This is within the complaint templates used for the stage complaints.
6.8	Where residents raise additional complaints during the investigation, these must be incorporated into the stage 1 response if they are related, and the stage 1 response has not been issued. Where the stage 1 response has been issued, the new issues are unrelated to the issues already being investigated or it would	Yes	New complaints or new matters raised that do not relate to the matters being investigated would generate a new complaint and would be handled through the Cherwell District Council Service Complaints Procedure. If they were related or a customer wanted to add related information following an acknowledgement being received, they would be incorporated into this response. If this necessitated a change or an

Appendix 2

Code provision	Code requirement	Comply: Yes / No	Evidence Commentary / explanation
	unreasonably delay the response, the new issues must be logged as a new complaint.		extension in timescales for a response, this would be communicated to the customer. Wording within the policy will be reviewed to address some ambiguity within, to make it more clearly align to the code.
6.9	Landlords must confirm the following in writing to the resident at the completion of stage 1 in clear, plain language: a. the complaint stage; b. the complaint definition; c. the decision on the complaint; d. the reasons for any decisions made; e. the details of any remedy offered to put things right; f. details of any outstanding actions; and g. details of how to escalate the matter to stage 2 if the individual is not satisfied with the response.	Yes	This is covered within the standard response templates provided those raising a complaint.

Code provision	Code requirement	Comply: Yes / No	Evidence Commentary / explanation
6.10	If all or part of the complaint is not resolved to the resident's satisfaction at stage 1, it must be progressed to stage 2 of the landlord's procedure. Stage 2 is the landlord's final response.	Yes	Cherwell District Council Service Complaints Procedure
6.11	Requests for stage 2 must be acknowledged, defined and logged at stage 2 of the complaints procedure within five working days of the escalation request being received.	Yes	Cherwell District Council Service Complaints Procedure. Wording within policy to be amended to include acknowledge, defined and logged, rather than just acknowledged. This will be addressed in the policy review.
6.12	Residents must not be required to explain their reasons for requesting a stage 2 consideration. Landlords are expected to make reasonable efforts to understand why a resident remains unhappy as part of its stage 2 response.	Yes	Cherwell District Council Service Complaints Procedure. Wording within the policy will be reviewed to address some ambiguity within, to make it more clearly align to the code.
6.13	The person considering the complaint at stage 2 must not be the same person that considered the complaint at stage 1.	Yes	Cherwell District Council Service Complaints Procedure
6.14	Landlords must issue a final response to the stage 2 <u>within 20 working days</u> of the complaint being acknowledged.	Yes	Cherwell District Council Service Complaints Procedure Wording within the policy will be reviewed to address some ambiguity within, to make it more clearly align to the code.
6.15	Landlords must decide whether an extension to this timescale is needed when considering the complexity of the complaint and then inform the resident of the	Yes	Cherwell District Council Service Complaints Procedure. Wording within the policy will be reviewed to address some ambiguity within, to make it more clearly align to the code.

Code provision	Code requirement	Comply: Yes / No	Evidence Commentary / explanation
	expected timescale for response. Any extension must be no more than 20 working days without good reason, and the reason(s) must be clearly explained to the resident.		
6.16	When an organisation informs a resident about an extension to these timescales, they must be provided with the contact details of the Ombudsman.	Yes	The Council has not had to extend any complaint timescales. If a response is delayed, the details will be provided within the written communication that is sent.
6.17	A complaint response must be provided to the resident when the answer to the complaint is known, not when the outstanding actions required to address the issue are completed. Outstanding actions must still be tracked and actioned promptly with appropriate updates provided to the resident.	Yes	This has not occurred in any housing complaints, as the answers have been known. If they are not known, a clear timescale would be provided within the complaint response, with the responsible person and how it will be responded to or updated on. This would then be recorded on the Council's complaints monitoring system. Actions would be tracked by the service. Wording within the policy will be reviewed to address some ambiguity within, to make it more clearly align to the code.
6.18	Landlords must address all points raised in the complaint definition and provide clear reasons for any decisions, referencing the relevant policy, law and good practice where appropriate.	Yes	This is within the complaint templates used for the stage complaints.
6.19	Landlords must confirm the following in writing to the resident at the completion of stage 2 in clear, plain language: a. the complaint stage; b. the complaint definition; c. the decision on the complaint;	Yes	This is covered within the standard response templates provided those raising a complaint.

Appendix 2

Code provision	Code requirement	Comply: Yes / No	Evidence Commentary / explanation
	d. the reasons for any decisions made; e. the details of any remedy offered to put things right; f. details of any outstanding actions; and g. details of how to escalate the matter to the Ombudsman Service if the individual remains dissatisfied.		
6.20	Stage 2 is the landlord's final response and must involve all suitable staff members needed to issue such a response.	Yes	Cherwell District Council Service Complaints Procedure

Code provision	Code requirement	Comply: Yes / No	Evidence Commentary / explanation
7.1	Where something has gone wrong a landlord must acknowledge this and set out the actions it has already taken, or intends to take, to put things right. These can include: • Apologising; • Acknowledging where things have gone wrong; • Providing an explanation, assistance or reasons; • Taking action if there has been delay; • Reconsidering or changing a decision; • Amending a record or adding a correction or addendum; • Providing a financial remedy; • Changing policies, procedures or practices.	Yes	Standard complaint response templates
7.2	Any remedy offered must reflect the impact on the resident as a result of any fault identified.	Yes	Standard complaint response templates and resolutions that are within scope of the investigating officer.
7.3	The remedy offer must clearly set out what will happen and by when, in agreement with the resident where appropriate. Any remedy proposed must be followed through to completion.	Yes	Standard complaint response templates. If a remedy is identified and necessary, what the customer would expect and when would be clarified and made clear, to avoid further escalation.

Appendix 2

Code provision	Code requirement	Comply: Yes / No	Evidence Commentary / explanation
7.4	Landlords must take account of the guidance issued by the Ombudsman when deciding on appropriate remedies.	Yes	The remedies offered would be SMART and would be within the scope of the investigating officer, who would be of appropriate seniority to ensure that they are delivered.

Code provision	Code requirement	Comply: Yes / No	Evidence Commentary / explanation
8.1	Landlords must produce an annual complaints performance and service improvement report for scrutiny and challenge, which must include: a. the annual self-assessment against this Code to ensure their complaint handling policy remains in line with its requirements. b. a qualitative and quantitative analysis of the landlord's complaint handling performance. This must also include a summary of the types of complaints the landlord has refused to accept; c. any findings of non-compliance with this Code by the Ombudsman; d. the service improvements made as a result of the learning from complaints; e. any annual report about the landlord's performance from the Ombudsman; and f. any other relevant reports or publications produced by the Ombudsman in relation to the work of the landlord.	Yes	Analysis of the Council's 2025-26 performance was presented to the Audit and Governance Committee in July 2026. This included a copy of this self-assessment.
8.2	The annual complaints performance and service improvement report must be reported to the landlord's governing body (or equivalent) and published on the on the section of its website relating to complaints.	Yes	Analysis of the Council's 2025-26 performance was presented to the Audit and Governance Committee in July 2026. Following approval, a version of the report will be available on the Council website.

Appendix 2

Code provision	Code requirement	Comply: Yes / No	Evidence Commentary / explanation
	The governing body's response to the report must be published alongside this.		
8.3	Landlords must also carry out a self-assessment following a significant restructure, merger and/or change in procedures.	Yes	The Council will fully comply with this requirement when the need arises.
8.4	Landlords may be asked to review and update the self-assessment following an Ombudsman investigation.	Yes	The Council would fully comply with any request should the need arise.
8.5	If a landlord is unable to comply with the Code due to exceptional circumstances, such as a cyber incident, they must inform the Ombudsman, provide information to residents who may be affected, and publish this on their website Landlords must provide a timescale for returning to compliance with the Code.	Yes	The Council would fully comply with any request should the need arise.

Appendix 2

Code provision	Code requirement	Comply: Yes / No	Evidence Commentary / explanation
9.1	Landlords must look beyond the circumstances of the individual complaint and consider whether service improvements can be made as a result of any learning from the complaint.	Yes	Our current complaint numbers and stock size make pattern analysis difficult. However, learning from complaints and the capturing of learning is part of our corporate process and how learning is implemented, which could include service change and improvements, is captured on our systems.
9.2	A positive complaint handling culture is integral to the effectiveness with which landlords resolve disputes. Landlords must use complaints as a source of intelligence to identify issues and introduce positive changes in service delivery.	Yes	As above. Our annual analysis and ongoing complaint handling would identify this, particularly considering the small number of properties, and therefore potentially complaints, in scope.
9.3	Accountability and transparency are also integral to a positive complaint handling culture. Landlords must report back on wider learning and improvements from complaints to stakeholders, such as residents' panels, staff and relevant committees.	Yes	As above. Our annual report and communication with tenants through newsletter/e-mail fulfils this.
9.4	Landlords must appoint a suitably senior lead person as accountable for their complaint handling. This person must assess any themes or trends to identify potential systemic issues, serious risks, or policies and procedures that require revision.	Yes	Complaints are monitored centrally through the complaints team with the wider customer service team. The responsibility for complaints processes and overall policy is with Executive Director – Resources and Transformation.
9.5	In addition to this a member of the governing body (or equivalent) must be appointed to have lead responsibility for complaints to support a positive complaint handling culture. This person is referred to	Yes	Executive portfolio holder with responsibility for Customer and Community Services, which includes complaints.

Code provision	Code requirement	Comply: Yes / No	Evidence Commentary / explanation
	as the Member Responsible for Complaints ('the MRC').		
9.6	The MRC will be responsible for ensuring the governing body receives regular information on complaints that provides insight on the landlord's complaint handling performance. This person must have access to suitable information and staff to perform this role and report on their findings.	Yes	Executive portfolio holder with responsibility for Customer and Community Services, which includes complaints. Ensuring that analysis of complaints and compliance with relevant ombudsman requirements are met.
9.7	As a minimum, the MRC and the governing body (or equivalent) must receive: a. regular updates on the volume, categories and outcomes of complaints, alongside complaint handling performance; b. regular reviews of issues and trends arising from complaint handling; c. regular updates on the outcomes of the Ombudsman's investigations and progress made in complying with orders related to severe maladministration findings; and d. annual complaints performance and service improvement report.	Yes	Annual Performance report and Ombudsman decisions presented to Audit and Governance Committee.
9.8	Landlords must have a standard objective in relation to complaint handling for all relevant employees or third parties that reflects the need to:	Yes	Staff within customer services and the housing management team are appropriately trained to have awareness and respond to complaints.

Appendix 2

Code provision	Code requirement	Comply: Yes / No	Evidence Commentary / explanation
	a. have a collaborative and co-operative approach towards resolving complaints, working with colleagues across teams and departments; b. take collective responsibility for any shortfalls identified through complaints, rather than blaming others; and c. act within the professional standards for engaging with complaints as set by any relevant professional body.		Structures are in place to ensure that these are responded to in timescales, ensuring wider teams or contractors where appropriate are engaged in putting things right. All teams involved in all Council complaints are responsible to the same complaints processes and thus have the same responsibilities to residents.

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This report is public	
Housing Benefit Subsidy Audit 2022/23	
Committee	Audit and Governance Committee
Date of Committee	22 July 2026
Portfolio Holder presenting the report	Councillor David Hingley Portfolio Holder for Finance
Date Portfolio Holder agreed report	14 July 2026
Report of	Assistant Director of Finance (S151 Officer), Michael Furness

Purpose of report

To provide members of this Committee with an update on the final position of the Housing Benefit subsidy claim audit for the financial year 2022/23.

1. Recommendations

The Audit and Governance Committee resolves:

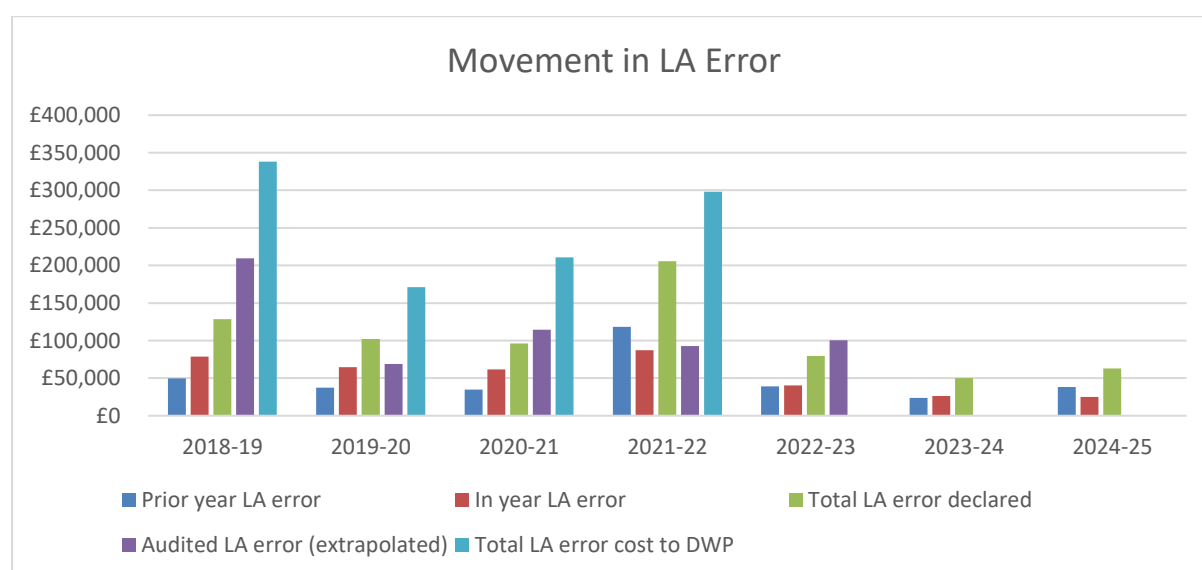
- 1.1 To note the contents of this report

2. Executive Summary

- 2.1 Housing Benefit (HB) is a means tested benefit, administered by local authorities on behalf of the Department for Work and Pensions (DWP). HB is provided to help claimants meet housing costs for rented accommodation in the private and social rent sectors. Administration of HB is highly complex and requires detailed knowledge of ever-changing regulations that span several decades. The introduction of Universal Credit (UC) has reduced the amount of working age claims year on year but adds additional complexity to working age, temporary and supported accommodation claims which remain the responsibility of the council to administer.
- 2.2 Local authorities reclaim HB that has been paid to claimants by submitting annual subsidy claims to the DWP. The subsidy claim details the HB expenditure which has been paid out over the year, dividing the total caseload into various claim types. The Cherwell claim for 2022/23 accounts for £21.7m in HB expenditure.
- 2.3 Throughout 2020/21 and until November 2021 the revenues and benefits function were provided by CSN Resources and brought back inhouse by

Cherwell in November 2021. This was a major disruption to the benefits service as we had to recruit and train an entirely new benefits team.

- 2.4 Since the recruitment of the new in-house team in November 2021, the council has introduced robust quality assurance measures for checking the accuracy of claims, as well as introducing monthly monitoring of the local authority error, which is recorded and reviewed each month to establish where Cherwell are with the thresholds for local authority overpayment error. These processes are continually reviewed to look for improvement. However, due to the severe disruption of bringing the team back in house overall improvements in performance were not seen until 2022/23.
- 2.5 Following the audit challenges for 2019/20 and 2020/21 subsidy reports and the early findings of issues in the 2021/22 audit a significant amount of corrective work was undertaken in preparation for the 2022/23 audit year which resulted in further movement into LA error
- 2.6 The corrections in 22/23 will be beneficial for the lifetime of each claim, if a claim is in continuous payment an error from any past period can still be a problem in future audits should it perpetuate through each year. To address this going forward, corrective work was completed during 22/23 in addition to targeted staff training and reviewing of processes based on findings.
- 2.7 There was a large piece of work to identify “in year and prior year error”. The expectation is that this would reduce levels of error found as part of future audits and the high extrapolated amounts. It is also clear from the graph below that the level of error now identified by the team in 2022/23 and beyond has reduced due to the additional checks and controls that have been put in place as part of the assessment process. Full financial implications can be seen at 3.11 of the report.



Implications & Impact Assessments

Implications	Commentary			
Finance	The local authority error overpayments declared pre audit was £79,489.15 which was below the lower threshold of £102,771.00. Subsidy was therefore claimed for this amount. Additional testing and extrapolations mean the overpayment increased to £100,483.00 but remains under the lower threshold and 100% subsidy claimed correctly. The authority over claimed subsidy of a further £16,691.00 due to other cell movement. The authority must now repay the DWP £16,691.00 which will be deducted from our ongoing monthly subsidy payments received from the DWP. The financial implications are as outlined within the report, with the payment of £16,691.00 being considered within the Councils forecast outturn position. Joanne Kaye – Deputy 151 Officer, 8 July 2026			
Legal	There are no legal implications directly related to this information report. Denzil Tuberville – Head of Legal Services, 8 July 2026			
Risk Management	There are no risk implications directly related to this information report. Celia Prado Teeling – Performance & Insight Team Leader, 08 July 2026			
Impact Assessments	Positive	Neutral	Negative	Commentary
Equality Impact		x		There is no impact to equalities as a consequence of this report. Celia Prado Teeling – Performance & Insight Team Leader 08 July 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 have an impact upon the lives of people with protected characteristics, including employees and service users?		X		
Climate & Environmental Impact				N/A
ICT & Digital Impact				N/A
Data Impact				N/A
Procurement & subsidy				
Council Priorities	N/A			
Human Resources	N/A			
Property	N/A			
Consultation & Engagement	None			

Supporting Information

3. Background

- 3.1 There are extensive subsidy rules that determine how much of the HB expenditure by the Council is recouped from the Government. Where HB has been correctly paid, DWP will normally provide 100% subsidy to the Council. However, where HB has been overpaid, DWP provides different rates of subsidy.
- Claimant error overpayments attract 40% subsidy – this is where the claimant has not provided the correct information or has not updated their information in relation to a claim
 - Local authority error overpayments, subsidy is determined by thresholds, expressed as a percentage of the value of correct payments made. These are:
 - 0.48% (lower threshold) - £102.7k
 - 0.54% (upper threshold)- £115.6K

- 3.2 Where the local authority error overpayments are less than or equal to the lower threshold local authorities receive 100% subsidy. Where they are more than the lower threshold but less than the upper threshold, local authorities receive 40% subsidy. No subsidy is payable on the value of overpayments that are above the upper threshold. Therefore, minor levels of error found in the audit can lead to significant costs for the council through the extrapolation method adopted by the DWP
- 3.3 Each local authority's appointed external auditor is required to certify that the annual claim is fairly stated and to report any errors to the DWP in a covering letter that accompanies the claim. Where there are errors, the claim is qualified and the DWP will seek to reduce subsidy payments to the Council. Any error is extrapolated against the total of all the payments made in the area in which it was found. Although the value of any errors may be low the DWP method of extrapolation means that the value can be substantially increased. This methodology is applied to all councils nationally.
- 3.4 In 2020/21 Cherwell District Councils benefits service was provided by CSN Resources, a teckal company jointly owned by Cherwell and South Northants Councils. In November 2021 the company was disbanded, and the Revenues and Benefits Service was brought back in-house within the council.
- 3.5 Recruiting and retaining staff for the benefits function supplied by CSN was challenging and agency staff were mainly used to deliver this function.
- 3.6 Reliance on agency staff and the level of quality assurance processes in place throughout has contributed significantly to the level of error found in housing benefit claims tested by the external auditor.
- 3.7 Since the recruitment of the new in-house team in November 2021, the council has introduced robust quality assurance measures for checking the accuracy of claims, as well as introducing monthly monitoring of the local authority error, which is recorded and reviewed each month to establish where Cherwell are with the thresholds for local authority overpayment error. These processes are continually reviewed to look for improvement. However, due to the severe disruption of bringing the team back in house overall improvements in performance were not seen until 2022/23.
- 3.8 Following the audit challenge for 2019/20 subsidy report and the early findings of issues in the 2021/22 audit, a significant amount of corrective work was undertaken in preparation for the 2022/23 audit year which resulted in further movement into LA error.
- 3.9 Previous years pre-audit claims reported below the LA Error threshold but as found in the post-audit positions for 2019/20, 2020/21 and 2021/22 this was not the true position as numerous errors were found pushing the council over the higher threshold and resulting in our having to repay the subsidy previously claimed and the penalty from the audit.

- 3.10 The pre audit position for 2022/23 reported below the LA Error lower threshold; corrective work done for 2022/23 pre-audit contributed to a higher LA error total that remains below the lower threshold. As the pre audit figure for LA Error was below the lower threshold we claimed all the LA Error amount for 2022/23. Post audit we remain below the lower threshold and for the first time in 5 years we have nothing to repay to the DWP as it relates to LA Error.
- 3.11 The corrections in 2022/23 will be beneficial for the lifetime of each claim, if a claim is in continuous payment an error from any past period can still be a problem in future audits should it perpetuate through each year. To address this going forward, corrective work was completed during 22/23 in addition to targeted team training and reviewing of processes.

Financial year	Prior year LA error	In year LA error	Total LA error declared	Audited LA error (extrapolated)	Total error cost to DWP
2018-19	£49,888	£78,826	£128,714	£209,505	£338,219
2019-20	£37,467	£64,681	£102,148	£69,046	£171,194
2020-21	£34,650	£61,590	£96,240	£114,550	£210,790
2021-22	£118,260	£87,274	£205,534	£92,652	£298,186
2022-23	£39,114	£40,375	£79,489	£100,483	£16691
2023-24	£23,850	£26,099	£49,949	TBC	TBC
2024-25	£38,120	£24850	£62,970	TBC	TBC

- 3.12 The table shows that as well as the disruption of bringing the Benefits team back in house and a significant recruitment drive in 2021/22, there was a large piece of work to identify “in year and prior year error”. The expectation is that this would reduce levels of error found as part of future audits and the high extrapolated amounts. It is also clear that the level of error now identified by the team in 2022/23 and beyond has reduced due to the additional checks and controls that have been put in place as part of the assessment process.

Details

4. Housing Benefit Subsidy 2022/23

- 4.1 For the financial year 2022/23 Cherwell District Council (CDC) submitted a Housing Benefit claim in April 2023 for a total value of £21.7M which attracted £21.7M in subsidy from the Department for Work and Pensions (DWP). The audit of the subsidy claim was undertaken by Klynveld Peat Marwick Goerdeler (KPMG) using the national methodology determined by the DWP.
- 4.2 Initial testing is undertaken and if this testing identifies any error the auditor is unable to conclude that the error is isolated. The DWP methodology requires that an additional sample of 40 cases is tested which is focussed on the error.
- 4.3 The DWP methodology also requires auditors to extrapolate the results of the initial and additional testing by multiplying the subsidy cell total by the sample

value that is found to be in error. Therefore, even small errors found in the sample can lead to large changes in the extrapolated levels of error.

- 4.4 In line with the requirement of the subsidy audit additional testing was also carried out based on the preceding audit findings (known as cumulative assurance knowledge and experience or CAKE)
- 4.5 It was agreed with KPMG that there would be 21 areas of change to the final claim prepared April 2023 where there would be movement to Local Authority error or movement to other cells either due to the overpayment being overstated or misclassified. Cell movement resulting in financial penalty can be found in Appendix 1 and detailed in Table 4
- 4.6 In the Housing Benefit Assurance Process (HBAP), headline/expenditure cells represent the total amount of benefit granted for a specific category (e.g., total rent allowances or total Non HRA). Subsidiary (or analytical) cells break down this total expenditure into specific criteria. Cells decide specific subsidy rates. The other cell movement relates to misclassification of overpayments and overstated overpayments. The movement to cells that attract different levels of subsidy of either 40%, 60% or 100%.

Table 1 – Areas sampled for Non-Housing Revenue Account and Rent Allowances

Area identified	Number of cases	Sample Value
Non HRA – Tenure Type	60	£129,266
Non HRA – Cancelled Claims	52	£80,834
Non HRA - Earnings	27	£85,854
Non HRA - CY Eligible Error	21	£6,165
Non HRA – Duplicate Payments	1	£606
Non HRA - Universal Credit	52	£95,817
RA – Joint Tenants LHA	35	£136,834
RA - Eligible Rent	60	£214,573
RA - AIF	41	£214,349
RA - Occupational Pension	41	£164,491
RA - Capital	54	£181,256
RA - CY Eligible Error	41	£14,502
RA - PY Eligible Error	41	£47,177
RA - Earnings	41	£196,555
RA - SE Earnings	41	£234,518
RA - Passported to Standard	78	£215,554
RA - Additional Earnings Disregard	42	£220,892
RA - State Retirement Pensions	44	£172,420
RA - Dependent's Allowance	44	£210,691
RA - ND SE Earnings	7	£30,221
RA - Bedroom Count	59	£216,642

- 4.7 As shown in the table below KPMG found 54 errors during their audit as a result of initial testing, 40+ testing and CAKE. Of the 21 areas checked 4 presented no further errors:

Table 2 - Outcome of the sample testing:

Area identified	Number of cases with errors	Error Value
Non HRA – Tenure Type	0	£0.00
Non HRA – Cancelled Claims	5	£0.00
Non HRA - Earnings	1	£0.00
Non HRA - CY Eligible Error	2	£0.00
Non HRA – Duplicate Payments	1	£606.00
Non HRA - Universal Credit	0	£0.00
RA – Joint Tenants LHA	2	£1163.00
RA - Eligible Rent	2	£29.00
RA - AIF	2	£12.00
RA - Occupational Pension	1	£61.00
RA - Capital	1	£9.00
RA - CY Eligible Error	5	£588.00
RA - PY Eligible Error	6	£489.00
RA - Earnings	9	£157.00
RA - SE Earnings	2	£109.00
RA - Passported to Standard	12	£995.00
RA - Additional Earnings Disregard	1	£0.00
RA - State Retirement Pensions	1	£45.00
RA - Dependent's Allowance	1	£0.00
RA - ND SE Earnings	0	£0.00
RA - Bedroom Count	0	£0.00
Total		£4,623

- 4.8 The value of the original errors found were relatively low, however the DWP extrapolation process means that the impact of these values is much increased. A summary of the financial impact is shown below in Table 3 and at Appendix 1.

Table 3 – Financial Impact:

Area of fail	Claims with Errors	Error - £	% Error Rate	LA Extrapolation Value
Non HRA – Tenure Type	0	£0.00	0.000%	£0.00
Non HRA – Cancelled Claims	5	£0.00	0.000%	£0.00
Non HRA - Earnings	1	£20.01	0.018%	£0.00
Non HRA - CY Eligible Error	2	£0.00	0.000%	£0.00

Non HRA – Duplicate Payments	1	£605.75	0.000%	£606.00
Non HRA - Universal Credit	0	£0.00	0.000%	£0.00
RA – Joint Tenants LHA	2	£1,163	0.82%	£1124.00
RA - Eligible Rent	2	£29.00	0.01%	£1890.00
RA - AIF	2	£12.00	0.01%	£49.00
RA - Occupational Pension	1	£61.00	0.04%	£752.00
RA - Capital	1	£9.00	0.005%	£298.00
RA - CY Eligible Error	5	£588	4.031%	£10122.00
RA - PY Eligible Error	6	£489	1.06%	£1,538.00
RA - Earnings	9	£157.00	0.09%	£2006.00
RA – SE Earnings	2	£109.00	0.05%	£329.00
RA - Passported to Standard	12	£995.00	0.46%	£1,360.00
RA - Additional Earnings Disregard	1	£0.00	0.000%	£0.00
RA - State Retirement Pensions	1	£45	0.03%	£920
RA - Dependent's Allowance	1	£0.00	0.000%	£0.00
RA - ND SE Earnings	0	£0.00	0.000%	£0.00
RA - Bedroom Count	0	£0.00	0.000%	£0.00
Total				£20,994

4.9 In appendix A consolidated table of table 1, 2, 3 and 4 can be found with the financial impact for Cherwell

4.10 When the original subsidy claim was submitted in April 2023 the value of the local authority error overpayments was £79,489, this is below the lower threshold, therefore 100% subsidy was claimed.

As a result of the additional testing and the resulting extrapolations, the value of the local authority error overpayments increased by £20,994 to £100,483, the post audit position remains below the lower threshold and 100% subsidy claimed correctly. The movement to other cells either due to overpayment misclassification or overpayment overstatement of 100%, 60% or 40% subsidy resulting in a penalty of £16,691 is shown at Table 4 and at Appendix 1.

Table 4 – Other cell movement

Area overstated subsidy	Claims with Errors	Error-£	% Error Rate	Extrapolation Value	Subsidy Value
Non HRA – Cancelled Claims	5	£572	0.63%	£1,233	
Cell 25		£172	0.19%	£371.00	-£371.00
Cell 27		£209	0.33%	£645.00	-£209.00

Cell 28		£101	0.11%	£218.00	-£87.00
Non HRA – Eligible Error	2	£702	9.69%	£702.00	-£281.00
RA- PY Eligible Error	6	£5,537	11.99%	£17,420.00	-£6,968.00
RA- AIF	2	£36	0.02%	£399.00	-£239.00
RA- Passported to Standard	12	£1,328	0.63%	£2,537.00	-£1,015.00
Area Misclassified Subsidy					
RA- Eligible Error misclassified	5	£588	4.03%	£10,122.00	-£4,049.00
RA- Earnings	9	£1,214	6.60%	£15,510.00	-£3,233.00
RA- AED	1	£36	0.02%	£399.00	-£160.00
RA- J/T LHA	2	£136	-0.10%	£131.00	-£79.00
Total					£16,691.00

Improvement plans implemented

- 4.11 An analysis has been carried out on the errors found during the 2019/20, 2020/21, 2021/22 and 2022/23 subsidy audit process and the largest financial impact areas have been the subject of numerous key projects, focusing on key areas of HB that have been identified as the most common fail areas for subsidy. A monthly 10% quality check on all officer's performance has been in place since taking the service in-house from the latter part of 2021/22; this will better target training requirements at an individual and team level. The council has also implemented numerous key projects and incorporated ongoing checks with our quality assurance processes which focuses on identified problem areas.
- 4.12 An online Knowledge Hub has been setup which provides the benefits team with up-to-date relevant training slides in key areas of HB and best practice, guidance, and legislation in an easily searchable format. Ongoing refresher training sessions are incorporated into the monthly team meetings covering areas found to be an issue from the monthly subsidy monitoring undertaken. A dedicated subsidy area has been setup to provide the team with the key areas to focus on throughout the year with clear explanations of knock-on financial implication of each.
- 4.13 The council is currently in the process of having the 2023/24 HB subsidy claim audited. This is expected to have a similar level of local authority error to that of 2022/23, and it is expected to show continued improvements due to the ongoing review of the subsidy position and subsequent training of staff.

- 4.14 When reporting on preceding audits from 2019/20 it was predicted that any positive impact of the improvements in controls described above would be seen in the audit for the 2022/23 and subsequent financial year's Housing Benefit claim; the audit of 2022/23 has demonstrated the positive impacts predicted have been realised.

5. Alternative Options and Reasons for Rejection

- 5.1 None

6 Conclusion and Reasons for Recommendations

- 6.1 Members are requested to note the contents of this report.

Decision Information

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

Document Information

Appendices	
Appendix 1	Appendix 1 -Movement to Local Authority Error and other cell movement
Background Papers	None
Reference Papers	None
Report Author	Sandra Ganpot – Benefit Services and Performance Manager
Report Author contact details	Sandra.ganpot@Cherwell-dc.gov.uk 01295 221 721
Corporate Director Approval (unless Corporate Director or Statutory Officer report)	S151 Officer Michael Furness

Appendix 1 – Movement to Local Authority Error and Other Cell moment 2022-23

Rent Allowance and Non-HRA movement to Local Authority Error

2022-23	Audit		Total Population		Outcome of Sample Testing			Financial Impact
Area	Sample Count	Sample Value	Claim Count	Total HB paid	Claims with Errors	Error - £	% Error Rate	Local Authority Extrapolated Value
Non HRA – Tenure Type	60	£129,266	198	£726,972.38	0	£0.00	0.000%	£0.00
Non HRA – Cancelled Claims	52	£80,834	125	£194,253.82	5	£0.00	0.000%	£0.00
Non HRA - Earnings	27	£85,854	27	£85,854.08	1	£0.00	0.018%	£0.00
Non HRA - CY Eligible Error	21	£6,165	24	£7,242.06	2	£0.00	0.000%	£0.00
Non HRA – Duplicate Payments	1	£606	1	£605.75	1	£606.00	0.000%	£606.00
Non HRA - Universal Credit	52	£95,817	118	£266,188.24	0	£0.00	0.000%	£0.00
Joint Tenants LHA	35	£136,834	35	£163,123.06	2	£1163.00	0.82%	£1124.00
RA - Eligible Rent	60	£214,573	3880	£21,518,660.14	2	£29.00	0.01%	£1,890.00
RA - AIF	41	£214,349	165	£864,437.89	2	£12.00	0.01%	£49.00
RA - Occupational Pension	41	£164,491	495	£2,034,856.30	1	£61.00	0.04%	£752.00
RA - Capital	54	£181,256	1260	£6,005,223.86	1	£9.00	0.005%	£298.00
RA - CY Eligible Error	41	£14,502	774	£251,339.84	5	£588	4.031%	£10122.00
RA – PY Eligible Error	41	£47177	228	£145293.52	6	£489.00	1.06%	£1538.00
RA - Earnings	41	£196,555	502	£2,339,590.42	9	£157.00	0.09%	£2006.00
RA - SE Earnings	41	£234,518	123	£727,956.73	2	£109	0.05%	£329.00

RA - Passported to Standard	78	£215,554	78	£404,857.10	12	£995.00	0.46%	£1360.00
RA - Additional Earnings Disregard	42	£220,892	502	£2,441,899.28	1	£0.00	0.000%	£0.00
RA - State Retirement Pensions	44	£172,420	794	£3,525,699.72	1	£45	0.03%	£920.00
RA - Dependent's Allowance	44	£210,691	515	£2,641,314.19	4	£0.00	0.000%	£0.00
RA - ND SE Earnings	7	£30,221	8	£37,089.16	0	£0.00	0.000%	£0.00
RA - Bedroom Count	59	£216,642	1614	£9,149,861.81	0	£0.00	0.000%	£0.00
Total Non HRA & RA								£20,994
Average error rate HRA & RA							0.68%	

Other cell movement – Overstated overpayments/ misclassification

2022-23	Audit		Total Population		Outcome of Sample Testing			Financial Impact
Area overstated Subsidy	Sample Count	Sample Value	Claim Count	Total HB paid	Claims with Errors	Error - £	% Error Rate	Extrapolated Value
Non HRA - Cancelled Claims	52	£80,833.63	125	£194,253.82	5	£572	0.63%	
<i>Cell 25 DWP Error 100%</i>						£172	0.19%	-£371.00
<i>Cell 27 - Technical Error 100%</i>						£209	0.33%	-£209.00

Cell 28 - Eligible Error 40%						£101	0.11%	-£87.00
Non HRA – Eligible Error	21	£6,165.04	21	£7,242.06	2	£702.00	9.69%	-£281.00
RA- PY Eligible Error	41	£47,176.91	228	£145,293.52	6	£5,537.00	11.99%	-£6,968.00
RA- AIF	41	£214,348.94	165	£864,437.89	2	£36.00	0.02%	-£239.00
RA- Passported to Standard	78	£215,554.10	78	£404,857.10	12	£1,328.00	0.63%	-£1,015.00
Area Misclassified Subsidy								
RA- Eligible Error misclassified	41	£14,502.36	774	£251,339.84	5	£588.00	4.03%	-£4,049.00
RA- Earnings	41	£196,555.00	502	£2,339,590.42	9	£1,214.00	6.60%	-£3,233.00
RA- AED	42	£220,891.90	502	£2,441,899.28	1	£36.00	0.02%	-£160.00
RA- J/T LHA	35	£136,833.69	35	£136,833.69	2	£136.00	-0.10%	-£79.00
Total cost								-£16,691.00
Average error rate							2.85%	

Non HRA movement to Local Authority Error

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This report is public	
Annual Governance Statement 2025-26	
Committee	Audit and Governance Committee
Date of Committee	22.July 2026
Portfolio Holder presenting the report	Councillor Frank Ideh, Portfolio Holder for Law & Governance
Date Portfolio Holder agreed report	8 July 2026
Report of	Assistant Director Law and Governance and Monitoring Officer, Shiraz Sheikh

Purpose of report

The report sets out the Annual Governance Statement (AGS) for the Council for 2025-26 for approval. The AGS summarises the key governance issues for the Council and the actions required to address these. The AGS is required to be approved by those charged with governance, the Audit and Governance Committee (previously Accounts, Audit & Risk Committee), under the Accounts and Audit Regulations 2015.

1. Recommendations

The Audit and Governance Committee resolves:

- 1.1 To approve the Annual Governance Statement 2025-26, subject to any changes by the Monitoring Officer.
- 1.2 To authorise the Portfolio Holder for Finance, as the Leader of the Council for the year to which the Annual Governance Statement relates, and the Chief Executive, to sign the Annual Governance Statement on behalf of Cherwell District Council.

2. Executive Summary

- 2.1 This report outlines the purpose of the Annual Governance Statement (AGS) and explains how the necessary assurance to support the AGS has been obtained. This should enable the Committee to make an informed judgement as to the effectiveness of the process that the Council has followed in conducting the annual review of the system of internal control within the Council.

Implications & Impact Assessments

Implications	Commentary
Finance	The are no financial implications arising directly from this report.

	Michael Furness, Assistant Director of Finance, S151 Officer, 3 July 2026			
Legal	Completion and approval of the AGS is required by Regulation 6(1) (b) of the Accounts and Audit England Regulations 2015. Within the Regulations, and in accordance with defined 'proper practice', there is a mandatory requirement to publish an AGS. The AGS, attached, if approved and signed will form part of the Statement of Accounts. Failure to comply would result in the Council not meeting its statutory requirements. Shiraz Sheikh, Assistant Director Law and Governance and Monitoring Officer 2 July 2026			
Risk Management	There are no risk implications arising directly from this report. However, as per paragraph 1 in section 5 the approval of this report will avoid the risk of not being compliant with Accounts and Audit Regulations 2015. Celia Prado-Teeling, Performance Team Leader, 3 July 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?		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		Not applicable
ICT & Digital Impact		x		Not applicable
Data Impact		x		Not applicable
Procurement & subsidy		x		Not applicable
Council Priorities	Not applicable			
Human Resources	Not applicable			
Property	Not applicable			

Consultation & Engagement	Relevant Members of the Executive including the Leader, the Corporate Leadership Team, the Extended Leadership Team and the Corporate Governance Oversight Group.
Supporting Information	

3. Background

- 3.1 Every year the Audit and Governance Committee receives the annual governance statement. The statement is required under the account and audit regs and is published with the council's accounts.

4. Details

- 4.1 The Council's AGS for 2025-26 is attached at Appendix 1. It outlines for the Council:
- The scope of governance responsibilities.
 - The purpose of the governance framework.
 - A description of the governance framework against the CIPFA/SOLACE Framework for "Delivering Good Governance in Local Authorities".
 - Arrangements for reviewing the effectiveness of the governance framework.
 - Governance issues that need to be addressed.
- 4.2 The preparation of the Statement has built on previously established arrangements, which involves the collating of information from a number of sources, both internal and external. The information is analysed, and a draft Statement is produced, discussed with key officers, and any amendments identified are then made.
- 4.3 To support the Annual Governance review, the Extended Leadership Team are required to complete an assurance statement in relation to systems and processes operational within their areas during the year. The Statements demonstrate that Directorates have evaluated and assessed their internal control environment.
- 4.4 The Council receives a substantial amount of assurance from the work that is undertaken by its Internal Audit Service and its External Auditors. The role of Internal Audit is to provide independent assurance that the Council's risk management, governance and internal control processes are operating effectively. The role of External Audit is to review the financial statements, obtain evidence that they are materially correct and provide an opinion as to whether these represent a true and fair view of the financial position of the Council. In addition, External Audit provide a value for money opinion assessing whether proper arrangements are in place for securing financial resilience and challenging how the Council secures economy, efficiency and effectiveness.
- 4.5 One of the assurance statements the Council receives is the annual opinion of the Chief Internal Auditor in respect of the control framework. The opinion of the Chief Internal Auditor in respect of audit work completed in 2025/26 gave Reasonable Assurance on the internal control environment and the arrangements for governance, risk management and control.

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: Not to agree the Annual Governance Statement. This is not recommended as the Council is required to produce an Annual Governance Statement as set out in the Accounts and Audit Regulations 2015.

6 Conclusion and Reasons for Recommendations

- 6.1 The Accounts and Audit Regulations 2015 require the Council to produce an Annual Governance Statement and for it to be approved by those charged with governance, the Audit and Governance Committee.

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	Annual Governance Statement 2025/26
Background Papers	None
Reference Papers	None
Report Author	Shiraz Sheikh - Assistant Director Law and Governance and Monitoring Officer.
Report Author contact details	shiraz.sheikh@cherwell-dc.gov.uk
Executive Director Approval (unless Executive Director or Statutory Officer report)	Report of the Monitoring Officer 2 July 2026

Annual Governance Statement 2025/2026

DRAFT

Shiraz Sheikh
Monitoring Officer
Assistant Director Law & Governance

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DRAFT

INTRODUCTION

At Cherwell District Council, we are committed to delivering for residents. This commitment goes beyond maintaining core services and is rooted in listening, innovating, and acting on what truly matters to our residents, businesses and communities.

Here are some examples of what we are already working to achieve:

- Supporting residents' wellbeing: Offering health and activity programmes that improve physical and mental health.
- Sustainability at the forefront: Introducing new recycling schemes such as kerbside glass recycling and expanding green initiatives.
- Empowering our local economy: Supporting local businesses and our town centres through strategic projects.
- Housing solutions for all: Delivering affordable homes and strengthening measures to prevent homelessness.
- Community support: Rolling out cost-of-living support through grants and community programmes.

These accomplishments reflect our commitment to making Cherwell a place where everyone can thrive. But we know ongoing success is about continually evolving and setting our sights even higher.

Cherwell District Council is dedicated to inspiring and enabling positive, lasting change for our residents and communities. Our vision¹ is to be a modern, forward-thinking council that embraces opportunities and addresses challenges with innovation and collaboration.

To deliver this vision, we have the following strategic priorities:

¹ A modern council inspiring and enabling positive, lasting change | A Vision For Lasting Change 2025-2030 | Cherwell District Council



Delivering these priorities requires good governance; for our residents, staff, businesses, service users and Councillors.

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

This Annual Governance Statement looks honestly at how effective the Council's governance has been during 2025/ 26. It also looks ahead to some of its governance priorities and improvements for 2026/ 27.

The CIPFA/SOLACE Delivering Good Governance in Local Government (2016) as updated by the 2025 addendum, 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 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 Cherwell District Council's Constitution² 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.

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 8 other councillors. The leader then appoints individual councillors (portfolio holders) to other positions in the Executive. Their remit

² [Constitution | Cherwell District Council](#)

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 Liberal Democrat Leadership, in alliance with Greens, has been in place with no overall control.

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 2,000 new homes. It will also provide commercial space, a nursery, a primary school and health hub, continuing to create new jobs in the locality.

In July 2023, the Council commissioned an independent review of the governance arrangements for Graven Hill and agreed an action plan from recommendations received, this plan is regularly reviewed by the Shareholder Committee and progress is tracked.

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 of 50 apartments and one commercial unit.

The Shareholder Committee is a sub-committee of the 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.

Key Roles and Responsibilities

The following key roles play an important role in the Governance Framework.

The Council	✓ Approves the Corporate Plan ✓ Approves the Constitution ✓ Approves the budget and policy framework of the Council
Executive	✓ Main decision-making body of the Council ✓ Made up of the Leader of the Council and Portfolio Holders/Executive Members with responsibility for strategy, delivery and budgeting of different functions

	✓ Develops draft budget and monitors budget monthly in public meetings
Accounts Audit & Risk Committee (AARC) ³	✓ Provides assurance to the Council on the adequacy and effectiveness of the governance arrangements, risk management framework and internal control environment ✓ Recommend improvements or interventions if expected performance is not being achieved, or gaps in current governance arrangements have been identified. ✓ Approves annual Financial Statements and the Annual Governance Statement ✓ Attended by the Section 151 Officer and Head of Internal Auditor
Overview & Scrutiny Committee	✓ Fulfils a check and challenge function for decisions and policies made by the Executive helping the Council to assess its performance and learn lessons ✓ Scrutinises performance reports as part of its work programme ✓ Budget Planning Committee which is a separate committee not linked to scrutiny but tasked with scrutinising the budget.
Shareholder Committee	✓ A sub-committee of Executive ✓ The Shareholder Committee manages the shareholding interests in the Council's companies ✓ Monitors the performance of the companies
Corporate Leadership Team (CLT)	✓ CLT comprises the Chief Executive and his head of office, Executive Directors, Monitoring Officer and Chief Finance Officer. ✓ CLT meets on a weekly basis to focus on strategic opportunities and issues as well as achievement of its plans and objectives for the year and overall health of the Council ✓ CLT is 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

³ Since May 2026 known as Audit & Governance Committee

	✓ The Executive Directors lead the majority of services which are delivered to the public with the Chief Executive
Monitoring Officer	✓ Advises the Council on ethical issues, standards, and powers to ensure the Council operates within the law and statutory Codes of Practice ✓ Overall responsibility for the maintenance and operation of the Whistleblowing Policy ✓ Contributes to the effective corporate management and governance of the Council
Chief Financial Officer	✓ Responsible for managing the Council's finances and providing expert financial advice to the Council ✓ Accountable for developing and maintaining the Council's internal control and counter-fraud framework ✓ Contributes to the effective corporate management and governance of the Council
Extended Leadership Team (ELT)	✓ The Extended Leadership Team (ELT) comprises of CLT, Assistant Directors and Head of Service (Executive Director direct reports). ✓ ELT meets on a monthly basis and focuses on operational opportunities and issues.
Directorate Leadership Team (DLT)	✓ Management of the directorate risk register, ensuring it contains appropriate risks, and they are managed effectively ✓ Escalation and de-escalation of risks between service and directorate
Internal Audit and Counter Fraud	✓ Provides independent assurance and opinion on the adequacy and effectiveness of the Council's governance, risk registers and management and control framework ✓ Delivers an annual programme of risk-based audit activity, including counter fraud, investigation and assurance activity

	✓ Responsible for developing and implementing the AntiFraud and Corruption Policy and monitoring the investigation of any reported issues ✓ Ensures all suspected or reported irregularities are dealt with in accordance with the Anti-Fraud and Corruption and Whistleblowing Policies; identifies improved controls ✓ Makes recommendations for improvements in the management of risk
External Audit	✓ Audits / reviews and reports on the Council's financial statements (including the Annual Governance Statement) ✓ Provides an opinion on the accounts and use of resources, including the arrangements in place for securing economy, efficiency, and effectiveness in the use of resources (the value for money conclusion) ✓ Statutory duty to ensure that the Council has adequate arrangements in place for the prevention and detection of fraud, corruption & theft

Decision Making

There is a Forward Plan which is updated on a regular basis for all key decisions required at CLT and meetings of the democratic cycle such as the Executive, full Council and Committees.

All meetings are supported by Officer reports which highlight considerations in regard to people, legal, procurement, finance, sustainability, etc. Decisions and actions are logged and closely monitored through to conclusion.

All meetings of the democratic cycle are held in public and are webcast and available to watch after the event. Decisions are recorded on the Council's website. Officer reports are open to the public unless they qualify as legally 'exempt' from publication. Decisions are also subject to call-in to OSC.

Annual Business Planning Process

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

The Annual Delivery Plan sets out the key projects for delivering these priorities on an annual basis. The 2026/ 27 Annual Delivery Plan was agreed on 23rd February 2026 by full Council.

The Annual Delivery Plan is supported by a set of Service Plans that are developed by the individual services in the Council. These are detailed plans that help to inform the annual budget, resourcing requirements and delivery of outcomes in the Corporate Plan.

Combined, these plans clearly define the 'golden thread' of how the Council's annual priorities are cascaded down through the organisation to individual work plans and objectives. Progress towards these priorities is regularly reviewed and reported to CLT, the Executive and OSC. Performance monitoring includes a suite of Key Performance Indicators, quarterly measures and targets.

Risk Management

The Council undertook a refresh of its Risk Management Strategy in September 2025. The Strategy sets out the importance of a supportive risk culture, encouraging openness and honest discussions about business challenges.

The Council views risk management as vital to achieving its goals, encouraging best practices and shared responsibility across all stakeholders. It supports informed decision-making, embraces innovation, and promotes a culture of risk awareness that balances opportunity with protection, especially for the vulnerable groups that it provides services to.

As part of risk management approach, the Council has in place risk registers to identify operational risks which are reviewed at a Directorate level. Strategic risks are reviewed at CLT and the Executive and AARC on a quarterly basis.

To ensure that risk management is effectively maintained, Council Members and Officers are trained on the Risk Management Strategy to ensure that they have a level of understanding of the Council's risk management approach and appetite. Having developed a robust approach and clear roles and responsibilities, a Risk Advisory Group has been established to ensure consistent risk practices are taken across all services areas.

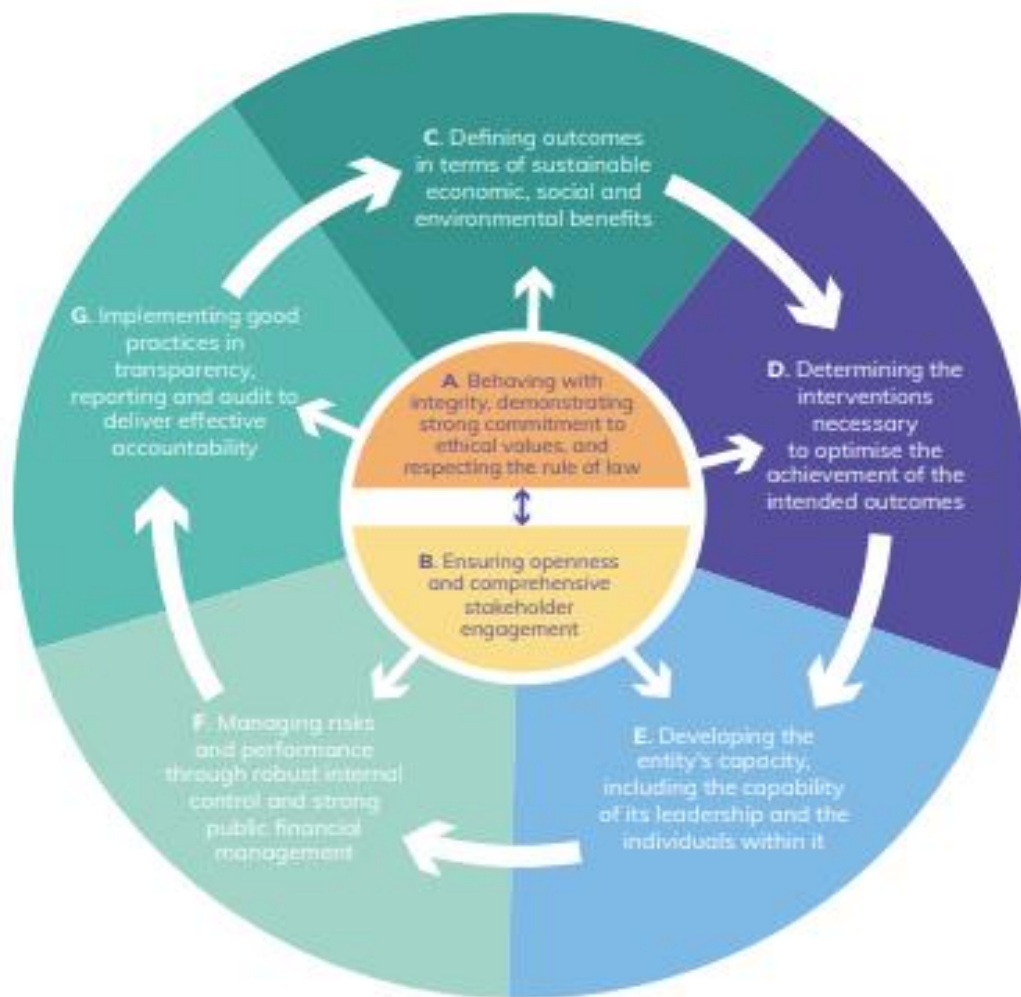
Finance

The Medium-Term Financial Strategy (MTFS) was approved by Council on 23rd February 2026 covering five years from 2026/ 27 – 2030/ 31. The purpose of the MTFS is to deliver a balanced and affordable 2026/ 27 budget and ensure that the Council's finances are robust and sustainable over the medium term. It also acts as an early warning system of a gap in future years between forecasted expenditure and resources which the Council must address, and that in the longer term, the Council's finances are not reliant on the unsustainable use of one-off reserves or funding. The S151 Officer issues a S25 statement on robustness of estimates.

The Council has a robust approach to the use of reserves with any changes in use 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 adequacy of the level of reserves via the 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 statutory officers, the Chief Executive, the Chief Finance Officer and the Monitoring Officer, have clearly defined statutory responsibilities which support the lawfulness, integrity and accountability of the Council's decision-making. These roles provide assurance that decisions are taken in accordance with relevant legislation, the Council's Constitution, financial regulations, proper standards of administration and the principles of good governance.

The Council has adopted Codes of Conduct for both Members and officers, which support the promotion, communication and embedding of high standards of behaviour across the organisation. The Members' Code of Conduct is based on the Local Government Association model code, supporting consistency with the standards framework used across county, district, parish and town councils. This assists Members in understanding their obligations and supports the effective administration of standards arrangements.

The Council's Constitution sets out the Council's policy-making and decision-making arrangements, including the matters reserved to Full Council, the responsibilities of the Executive, portfolio holders and committees, and the respective roles of Members and officers. It provides the framework within which transparent, lawful and accountable decisions are made. The Monitoring Officer has established a Constitution Review Group, involving Members from across the political spectrum, to support ongoing review and improvement of the Constitution.

During the year, the Council has continued to update the Constitution on an incremental basis. This has included moving to an exception-based Scheme of Delegation. The Executive Directors operate their own local schemes.

The Chief Executive carried out a restructure of the senior management arrangements during 2025/26. This resulted in Corporate Director roles being changed to Executive

Director roles, the creation of an additional Executive Director post and Transformation Director role, and the appointment of the Head of the Chief Executive's Office.

The Constitution also contains detailed protocols relating to participation in external organisations, Member and officer relationships, and ethical behaviour. These arrangements are intended to support clarity, consistency and transparency where the Council works with partners or where Members and officers represent the Council externally.

The Council's whistleblowing policy has recently been updated. The Council's internal auditors have also supported awareness-raising activity to ensure that officers understand the purpose of the policy, how concerns may be raised, and the importance of maintaining a culture in which concerns can be reported appropriately and without fear of detriment.

The Council has established complaints arrangements, including arrangements for dealing with complaints about Member conduct. These arrangements provide a structured process for considering concerns, supporting accountability and ensuring that issues are addressed in accordance with the relevant statutory and constitutional framework.



The Council has also undertaken a refresh of its values, this had input from staff at all levels. This work will support the Council's commitment to maintaining an organisational culture founded on integrity, accountability, innovation and collaboration.

B. Ensuring openness and comprehensive stakeholder engagement;

The Council's decision-making arrangements are designed to ensure that decisions are made in the public interest, are properly informed and are supported by a clear recorded rationale. Reports to Members and senior officers follow an agreed structure which sets out the purpose of the decision, the options considered, the recommended course of action and the reasons for that recommendation.

Reports also identify relevant implications, including legal, financial, procurement, risk, equality, sustainability, staffing and community impacts, so that decision-makers can understand the consequences of the options before them. Where alternative options are not recommended, the reasons for discounting them are also recorded.

Formal decisions, minutes and supporting reports are published in accordance with the Council's access to information requirements, subject only to lawful exemptions where confidential or exempt information is involved.

The Council supports openness and transparency through public meetings, published agendas, reports, decisions and minutes, webcasting of meetings, scrutiny arrangements and with clear procedures on public questions.

The decision-making process includes internal challenge and self-assessment through review by the Corporate Leadership Team, Executive Directors, Directorate Leadership Teams, Statutory Officers, Portfolio Holders and the Leader, as appropriate. This challenge helps test whether proposals are lawful, financially sustainable, deliverable, aligned to Council priorities and supported by appropriate evidence.

The Council also consults with residents, businesses, taxpayers, service users and stakeholders. The Council uses a range of groups, forums, partnerships and engagement activity to understand local views on matters including health and wellbeing, community safety, place-shaping and service improvement.

The Council communicates with communities and stakeholders through its website, consultation platform, committee papers, webcasts, newsletters, media releases, social media, public meetings and direct engagement with partners and community groups, helping ensure that information is accessible and that local voices are reflected in decisions wherever possible.

C. Defining outcomes in terms of sustainable economic, social, and environmental benefits;

The Council's Vision, Strategy and Corporate Plan establish the long-term vision, target outcomes and strategic priorities for the district. These are translated into deliverable activity through the Annual Delivery Plan, service plans, the Medium-Term Financial Strategy and the Budget and Policy Framework approved by Council. Together, these

documents create a clear “golden thread” between the Council’s ambition, the outcomes it is seeking for residents, businesses and communities, the resources available to deliver them, and the performance measures used to assess progress. The Council’s priorities are framed around sustainable economic, social and environmental benefits and are informed by evidence, financial planning, service intelligence, consultation and engagement, where appropriate with partners and stakeholders.

The Council’s decision-making arrangements require reports to set out the rationale for proposals, the options considered, relevant risks and implications, and how proposals support Council priorities. Financial, procurement, legal, equality, sustainability and risk implications are considered as part of the report clearance process, enabling Members and officers to demonstrate value for money, best value and the responsible use of public resources.

The Medium-Term Financial Strategy provides the framework for assessing affordability and financial sustainability, while performance monitoring, budget monitoring and scrutiny arrangements provide ongoing assurance that agreed outcomes are being delivered. Fair access to services is supported through equality impact considerations and consultation with service users and communities (as appropriate).

The Council’s strategic approach to procurement is governed by its updated Procurement Strategy, Contract Procedure Rules and the requirements of procurement legislation. Commissioning decisions by individual departments are expected to reflect corporate priorities, social value, whole-life cost, quality, risk, sustainability and opportunities for collaboration.

The Council also works with partners, neighbouring authorities, community organisations where this provides an effective means of delivering shared outcomes and improving services for local people.

D. Determining the interventions necessary to optimise the achievement of the intended outcomes;

The Council’s medium and short-term service planning arrangements translate the Corporate Plan, Annual Delivery Plan and Budget and Policy Framework into service-level priorities, projects and programmes. Service plans identify the activity, resources, risks,

milestones and performance measures required to deliver agreed outcomes, while corporate projects and transformation programmes provide the mechanism for managing cross-cutting priorities, change activity and improvement work. The Executive is responsible for ensuring that actions approved as part of the Budget and Policy Framework are delivered in each service area, with Portfolio Holders and senior officers providing oversight of progress against agreed priorities.

Budgets and resource strategies are aligned to the delivery of objectives through the Medium-Term Financial Strategy, annual budget-setting process, service planning and regular financial monitoring. Projected outturn, the leadership risk register and performance reports against agreed key performance indicators are reported to the Executive and reviewed by the Corporate Leadership Team. These reports summarise the forecast financial position against budget, delivery of savings targets, key risks and progress against corporate priorities. They are also reviewed through the Budget Planning Committee, Accounts, Audit and Risk Committee and Overview and Scrutiny Committee, providing Member oversight and challenge. The Council uses self-assessment, internal audit, governance assurance statements, performance review and scrutiny to support continuous improvement and to test whether services are delivering economy, efficiency, effectiveness, value for money and best value.

Performance management arrangements help ensure that delivery remains aligned to the Council's objectives. Regular monitoring of key performance indicators, financial performance, risk, savings delivery and project progress enables corrective action to be identified where delivery is off track.

A Governance Dashboard has also been developed and is maintained by the Monitoring Officer. It is intended that it will be reviewed by the Corporate Governance and Oversight Group and Corporate Leadership Team and provides an additional mechanism for self-assessment, assurance and improvement.

Social value is considered through the Council's procurement and contracting arrangements. Services are provided with guidance on Contract Procedure Rules and procurement strategy reports. The services ensure that they have the correct level of contract management in place. These arrangements are intended to ensure that procurement decisions take account of whole-life cost, quality, sustainability, equality,

community benefit and wider social, economic and environmental value, alongside compliance with procurement legislation and the duty to secure best value.

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

The Council's Constitution sets out the respective roles and responsibilities of Members and officers, including the Member and officer protocols, committee terms of reference, financial procedure rules, contract procedure rules and the updated exception-based Scheme of Delegation. These arrangements provide clarity on where responsibility sits for policy, strategic decisions, operational delivery and day-to-day management. Local schemes of delegation sit with individual Executive Directors to ensure that decision-making is exercised at the right level, with appropriate accountability, oversight and record keeping.

The Council also has regard to the Code of Practice on Good Governance for Local Authority Statutory Officers, supporting the effective operation of the Head of Paid Service, Monitoring Officer and Chief Finance Officer roles and ensuring that statutory officers have access to the information, senior leadership discussions and reporting routes necessary to discharge their functions effectively.

The Council's wholly owned companies are supported by specific governance arrangements, including oversight by the Shareholder Committee. A governance review was undertaken in 2023 in respect of Graven Hill and the resulting actions continue to be monitored quarterly by the Shareholder Committee. A governance review of Crown House is also due to be undertaken. Financial management roles are aligned to the CIPFA Financial Management Code and the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015). The Chief Finance Officer is a member of the Corporate Leadership Team and provides professional advice on financial resilience, budget setting, reserves, financial risks, value for money and the lawful and prudent use of resources.

Legal, governance, finance, procurement, risk, equality and other relevant professional comments are included in reports that go to Members for decision. This supports lawful, transparent and well-informed decision-making and enables statutory officers and

executive directors and assistant directors/ heads of service to identify issues before decisions are taken.

The Monitoring Officer is a member of the Corporate Leadership Team and provides governance, constitutional and legal assurance on matters considered by the Corporate Leadership Team. The Monitoring Officer attends meetings of the Executive and Council and provides advice on vires, decision-making, standards, ethical governance and the Constitution. The Monitoring Officer is supported by the Legal and Democratic Services functions, including deputy monitoring officer arrangements. The Head of Paid Service function is discharged by the Chief Executive, who has overall responsibility for the management of the Council's workforce, organisational capacity, senior leadership arrangements and the effective coordination of services to deliver Council priorities.

Member induction and development programmes support Members in understanding their strategic roles, including decision-making, scrutiny, executive responsibilities, the Code of Conduct, the Constitution, risk, finance and governance. Senior officers are, where appropriate resources allow, supported through corporate leadership arrangements, professional development and role-specific training.

Maximising capacity through collaboration is a key component of the Annual Delivery Plan, and the Council maintains a number of partnership working arrangements. The Constitution sets out how the governance aspects of these arrangements should operate in practice.

The Human Resources and Development Team supports organisational capacity and capability through workforce planning, organisational development, learning and development opportunities, skills and qualification-based training, appraisal and performance development processes, and health and wellbeing initiatives for staff.

F. Managing risks and performance through robust internal control and strong public financial management;

The Council's arrangements for managing risk, performance and internal control are supported by the Corporate Oversight and Governance Group (COGG). COGG provides a senior officer forum for discussion with particular insight on governance risks, testing

assurance, considering improvement actions and supporting escalation to the Corporate Leadership Team, Executive or Accounts, Audit and Risk Committee where appropriate. This supports good governance, effective decision-making, value for money, transparency, accountability and robust internal control.

COGG is chaired by the Executive Director Resources and includes the Monitoring Officer, Head of Legal, Chief Finance Officer, Head of Finance, Head of Internal Audit. Through this membership, the group brings together the key professional leads responsible for governance, finance, risk, legal compliance and independent assurance. It supports the Council's assurance framework across the three lines of assurance: management ownership and service controls; corporate risk, compliance and professional oversight; and independent assurance from internal audit, external audit and other external reviews. This enables the leadership team to understand how assurance is obtained, where further assurance is needed and whether risks and controls are being managed effectively.

Governance, risk and control arrangements for the Council's wholly owned companies are overseen through a separate Companies Governance and Oversight Group, led by the Chief Executive and supported by the Executive Director Resources, Section 151 Officer, Monitoring Officer, and relevant company officers. This provides a route for reviewing company governance matters and escalating issues to the Shareholder Committee where required. The same principles apply to significant partnerships, collaborations and arm's-length arrangements, with the Council seeking proportionate assurance that governance, financial, contractual, risk and performance arrangements are clear, effective and properly monitored.

The Leadership Risk Register provides a high-level view of the Council's key strategic risks and is reported quarterly to the Corporate Leadership Team, Executive and the Accounts, Audit and Risk Committee. Directorate and operational risk registers are reviewed at service and directorate level, ensuring that risks are identified, owned and managed at the appropriate level.

The Council's wider internal control framework includes Financial Procedure Rules, Contract Procedure Rules, Employment Procedure Rules, information governance arrangements, cyber and information security controls, developing policy for the governance of AI, asset management, procurement and contract management controls.

Internal Audit provides independent assurance through a risk-based programme of work, assessing how these controls operate in practice and reporting findings, recommendations and follow-up progress to management and the Accounts, Audit and Risk Committee.

Financial management arrangements are aligned with the CIPFA Financial Management Code through the Medium-Term Financial Strategy, budget setting, budget monitoring, savings delivery, reserves assessment and financial reporting to Members via the AARC. These arrangements help demonstrate financial resilience, affordability and the responsible use of public resources. Procurement strategies for individual procurements also support delivery of corporate priorities by ensuring that significant contract awards consider value for money, best value, social value, legislative compliance, whole-life cost and appropriate arrangements for contract management and performance monitoring.

The Council refreshed its Risk Management Strategy in September 2025. The Strategy sets out the Council's risk management policy, approach and appetite, and reinforces the importance of a supportive risk culture in which openness, constructive challenge and honest discussion about business challenges are encouraged. It is kept under review to ensure that risk management arrangements remain aligned to the Council's objectives, operating environment and emerging risks.

Risk management is treated as an integral part of achieving the Council's priorities. It supports informed decision-making, innovation, continuous improvement and value for money by helping the Council balance opportunity with appropriate protection, particularly where services affect vulnerable groups or involve significant financial, legal, operational or reputational exposure.

To embed this approach, Members and officers receive training on the Risk Management Strategy, including the Council's risk appetite, roles and responsibilities. A Risk Advisory Group has also been established to promote consistent risk practice across service areas, support the review of risk registers and provide internal challenge on the identification, scoring, mitigation and escalation of risks.

Together, these arrangements provide a structured approach to identifying, managing and reviewing operational and strategic risks. Strategic risks are considered by the Corporate Leadership Team, Executive and Accounts, Audit and Risk Committee, while the Overview and Scrutiny Committee provides formal scrutiny of relevant performance and delivery matters.

The Accounts, Audit and Risk Committee undertakes the core functions of an audit committee as identified in CIPFA's Audit Committees: Practical Guidance for Local Authorities and Police (2022), including oversight of governance, risk management, internal control, financial reporting, external audit, internal audit and counter fraud arrangements. Internal Audit is provided by Veritau and is expected to conform with the Global Internal Audit Standards in the UK public sector, the Application Note and CIPFA's Code of Practice on the Governance of Internal Audit in UK Local Government. Counter fraud and anti-corruption arrangements are supported by the Council's counter fraud service, also provided by Veritau, and are developed and maintained having regard to CIPFA's Code of Practice on Managing the Risk of Fraud and Corruption. Internal challenge is provided through management review, COGG, statutory officers, scrutiny and audit committee oversight. External challenge is provided through external audit, the independence of internal audit, peer review, inspection, ombudsman findings and other external assurance activity.

G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

The Council maintains transparency and accountability through public decision-making, published agendas, reports, decisions and minutes, and the availability of meeting webcasts on the Council's website. Public questions are permitted at Executive, committee and Council meetings, supporting openness and enabling residents and stakeholders to engage with the democratic process.

The Council publishes its Annual Financial Report, including the Statement of Accounts, in accordance with statutory requirements. This reporting is supported by governance, risk management and internal control disclosures, providing assurance to Members, residents, stakeholders and external bodies that core areas of accountability are being considered and reported transparently.

The Council supports the timely response to, and effective delivery of, the work of external audit, internal audit and any inspection or regulatory activity. The Council is subject to independent external audit by Bishop Fleming and receives reporting on audit findings. This is supplemented by the work of Internal Audit, provided by Veritau Public Sector Ltd.

Progress against recommendations is monitored through management review, Corporate Leadership Team oversight and reporting to the Accounts, Audit and Risk Committee. The Committee undertakes the core functions identified in CIPFA's Audit Committees: Practical Guidance for Local Authorities and Police, including oversight of governance, risk management, internal control, financial reporting, external audit, internal audit and counter fraud.

Transparency and accountability across collaborations, partnerships, trading companies and other arm's-length arrangements are maintained through proportionate governance, assurance and reporting arrangements, including oversight by the Shareholder Committee where relevant. These arrangements help ensure that assurance covers the Council's core governance responsibilities and supports accountability to the public, Members, partners and wider stakeholders in practice.

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 and other professional leads including the Chief Executive, Chief Finance Officer, Executive Directors, Monitoring Officer and Assistant Director of Human Resources;
- External Audit and other inspections made by external auditors and independent reviews agencies and inspectorates.

Internal Audit

Overview of work completed in 2025/26

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 internal audit provider)). 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 ten internal audits, the outcomes are reported to the Accounts, Audit & Risk Committee. There are three internal audits and one fact-finding review 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 2025/26, the professional standards governing the practice of internal auditing in UK local government were the Global Internal Audit Standards in the UK Public Sector.

The 2019 CIPFA Statement on the "Role of the Head of Internal Audit in public service organisations" also applied during 2025/26. 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 Global Internal Audit Standards in the UK Public Sector during 2025/26, as confirmed in the Head of Internal Audit's annual report.

Global Internal Audit Standards 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 (the internal audit provider) 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 Global Internal Audit Standards 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 Global Internal Audit Standards 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 Global Internal Audit Standards 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 Head of Internal Audit prepared an Annual Report on the work of Internal Audit which concludes for the 12 months ended 31 March 2026. 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 one significant control weaknesses be considered for inclusion in the Annual Governance

Statement. This is as follows:

Utilities management

An audit review that followed up actions agreed in the utilities management audit issued in January 2024 found that some significant control weaknesses remained unresolved. Progress had been made to address a number of issues previously identified. However, weaknesses remained relating to the fragmented responsibilities, limited oversight and financial risk exposure. The remaining issues have been judged to represent a critical control weakness. Action to address these weaknesses has been identified and agreed with management. The proposed action plan involves engaging an external company and seems credible but the effective implementation of the new arrangements is key to addressing the weaknesses. Veritau will conduct further work to confirm the action has been completed and weaknesses addressed.

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 Corporate Leadership Team and the Accounts, Audit & Risk Committee. Managers are required to provide positive assurance that actions have been implemented; performance on implementation is high, demonstrating that control weaknesses identified by Internal Audit are being addressed on a timely basis.

The Council agrees an Annual Plan for the Counter-Fraud Service each year. This is 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 2025/26 Counter Fraud Plan was considered in March 2025. 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 2025/26 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 2025 – March 2026, 171 referrals of suspected fraud were received. After triaging referrals, 37 investigations were completed with successful outcomes achieved in 51% of cases. Investigations mainly 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 could be made over the current year.

2025/26 Actions update

Actions	Lead Officer	UPDATE
An audit of compliance with Health and safety management system identified several significant control weaknesses in this particularly within the Place directorate.	AD HR as corporate health and safety. AD Environment for implementation	The action plan has been completed.

Demonstrably meet the Council's accident and incident reporting and investigation requirements. Implement the action plan.		
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	All directorates are instructed by CLT to ensure that all reports are cleared by legal and finance and there is early engagement.
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 and Development	Progress is being taken forward through a dedicated project within the Transformation Programme. This project is addressing the review findings and agreed action plan, with oversight through the relevant governance and performance management arrangements.
Work with Executive and CLT to deliver the 2025/26 budget and financial	AD Finance	The 2025/26 outturn position came in balanced with overspends in the

challenges, giving particular attention to the delivery of the agreed savings. Delivery of agreed savings Where overspends are identified operating within the mitigation plan outlined in the S25 statement.		directorates offset by underspends in corporate budgets. This is after making a net unbudgeted £1.4m contribution to reserves during the year.
In collaboration with the new administration, better engagement and consultation with 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 have political discussion. Planned away days.	CLT DLTs	A programme of officer and member engagement has supported the annual planning and budget processes. This has included away days and structured discussions with the Executive, Portfolio Holders and CLT to strengthen strategic planning, support transformation activity and improve early engagement on key priorities.
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	Balanced budget set for 2026/27 through a joined up strategic planning process. Transformation has continued through the Cherwell Futures Programme with projects developing business cases.

Further embed the new Procurement Act 2023 and Procurement Regulations 2024 including Member and officer training.	AD Law & Governance	A structured monthly training programme has been established to embed the Procurement Act 2023 and Procurement Regulations 2024. The programme includes workshops aligned with Cabinet Office guidance and is designed to strengthen understanding of the new procurement framework, transparency requirements and available competitive procedures. This work is building organisational capability, supporting compliance and promoting consistent procurement practice.
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	Risk Management Strategy has been implemented.
Specific training on Information Governance as identified in the improvement plan especially in relation data breaches.	AD Law & Governance	The targeted information governance training has been delivered and is now embedded as an ongoing programme of awareness and refresher activity, with continued focus on data breach prevention, reporting and learning.
Building on the Corporate Strategy which covered at a high level "People" to produce Strategic workforce plan focussed on skills and	AD HR	The Council's performance management arrangements and introduce a competency and behavioural framework, following the review of organisational values are

knowledge gaps, performance management, including appraisal processes and learning development plans.		been implemented. Talent management and succession planning are also being reviewed and developed through the Annual Delivery Plan, with this work continuing into the next year.
Review of agency processes to ensure that pre employment checks are conducted and the reasons for waiver of any requirement is properly authorised and reasoned.	AD HR	This is ongoing
To produce and implement detailed Simpler Recycling action plan	AD Environment	Ongoing
To define governance parameters around Local Government Reorganisation leading to implementation phase.	CLT	The governance framework for Local Government Reorganisation has been developed with LGR leads and statutory officers. It sets out the baselining work required before the Government announces its preferred proposal and was agreed by Chief Executives in December 2025.

GOVERNANCE SELF ASSESSMENT

Annual Assurance Statements were received from the Chief Executive, Executive Directors, Assistant Directors and relevant Heads of Service in respect of governance and internal control arrangements within their areas of responsibility. These statements confirm that expected governance arrangements have been in place throughout the year.

The assurance process also confirms that the Council's Codes of Conduct, Financial Regulations and other corporate governance processes have operated as expected, supported by self-assessments of governance arrangements across services.

The themes emerging from the self-assessment process have been considered as part of the overall governance review and are reflected in the conclusion below.

CONCLUSION

The Council has undergone significant change in recent years and has continued to embed and strengthen its governance structures. Overall, those arrangements are considered fit for purpose and appropriately aligned to support delivery of the Council's planned outcomes, including its responsibilities for value for money and best value.

The review has identified some areas where the operational relevance of governance has not always been fully recognised or consistently applied. These instances have been limited, but they underline the importance of continuing to embed governance as a practical part of day-to-day service delivery, decision-making and risk management.

A balanced budget has been set for 2026/27 through a joined-up strategic planning process. Transformation activity is progressing through the Cherwell Futures Programme, with business cases being developed to support future savings, service redesign and with the aim to improve outcomes for residents. Clear governance arrangements have been established to support this work, including appropriate programme boards, reporting routes and oversight mechanisms agreed with Members.

The Planning Service continues to experience significant demand pressures. This has affected the timeliness of some committee reports, particularly where there has been a risk of non-determination. The Council's planning function for major applications has also recently been designated, which will require a wider and sustained action plan by the Council.

In some planning committee decisions, officer recommendations based on planning judgement have been set aside. This has increased the need for the Council to manage legal, financial and reputational risk at appeal stage. Continued improvement in planning governance, performance management and decision-making support will therefore remain a key area of focus.

The Council has also introduced a Values-Based Competency Framework to support a positive and consistent organisational culture. The framework sets clear behavioural expectations aligned to the Council's vision and values, helping to strengthen fairness, collaboration, accountability, performance and development across the organisation.

Local Government Reorganisation will also play an important role in shaping the Council's priorities, capacity and governance arrangements over the coming year. The recent elections did not return the Council to majority control; however, the new Leader is continuing work broadly aligned with the previous administration's priorities.

Other governance outcomes are shown below:

- Nil reports issued by the Section 151 Officer or the Monitoring Officer.
- Member complaints - 13 complaints about member conduct were received in 2025/2026. Of these, 2 were withdrawn/not progressed with, 11 were dismissed at the initial stage, with 0 offered an informal resolution.
- The Local Government and Social Care Ombudsman upheld 1 complaint out of total 15 received.

Taking account of the Monitoring Officer's assurance role, the Council is satisfied that its core governance arrangements are in place and operating effectively to support the principles of good governance set out in the Local Code. The Council's governance arrangements remain fit for purpose. The effectiveness review confirms that the Council continues to operate robust internal controls, complies with its Constitution, and has a clear strategy for responding to financial challenges. The areas for improvement identified through the review are set out in the action plan for the year ahead and will support continued strengthening of the Council's governance, assurance and accountability arrangements. This Annual Governance Statement will be presented to the Audit & Governance Committee for consideration.

Action Plan for 2026 /2027

Actions	Lead Officer	Timescales
Impact of national Government policy To monitor and respond to changes in national policy as it applies to the governance, constitutional and operational impact on the Council. To address the governance implications of the Public Office (Accountability) Bill which is expected to become law this year. To brief and update the Leader and Exec members on the implications.	AD Law & Governance	TBC
Deliver the savings programme and maintain financial resilience Work with the Executive and CLT to deliver the 2026/27 budget, respond to financial challenges and maintain a clear focus on delivery of the agreed savings programme. Where overspends are identified, operate within the mitigation plan outlined in the Section 25 statement, with regular monitoring, early escalation and clear ownership of corrective action.	Chief Finance Officer	TBC
Deliver the Cherwell Futures Programme and strengthen medium-term financial sustainability Build on the Council's existing transformation work through the Cherwell Futures Programme and develop a clear plan to address the budgetary shortfall identified in the Medium-Term Financial Strategy from 2027/28. Develop and implement transformation business cases that support financial sustainability, service	ED relevant	TBC

improvement and delivery of Council priorities, focusing initially on the agreed Cherwell Futures projects. Where appropriate and possible to ensure this work is fit for future working with Local Government Reorganisation. Initial project areas are: Customer Front Door; Planning; and Environmental Services.		
Strengthen planning governance, capability and capacity Further develop and implement the planning improvement action plan following designation of the Council's major applications function, with clear ownership, milestones and oversight through the transformation and performance management arrangements. It is acknowledged that the PAS recommendations made before designation are being actively implemented. Build the capability and capacity of the Planning Service to support timely, policy-led and legally robust decision-making, including targeted officer and Member development where needed. Promote a whole-Council culture in which lessons learnt are implemented in timely manner, planning decisions are supported by strong professional advice, and political and managerial leadership.	ED relevant	TBC
Strengthen utilities management controls Implement the agreed utilities management action plan to clarify responsibilities, strengthen oversight and reduce financial risk. Engage external support to put the revised arrangements in place, with progress monitored by management and followed up by Internal Audit	ED relevant	TBC

to confirm that the control weaknesses have been addressed.		
Embed proportionate governance in priority project delivery Strengthen the way governance, legal, financial, procurement and risk requirements are built into the delivery of high-priority projects, as set by the Executive, from the outset, so that compliance is seen as enabling timely, lawful and well-informed delivery rather than as a barrier. Ensure policies, procedures and decision-making processes are applied consistently, with proportionate flexibility where appropriate, while maintaining the Council's commitment to transparency, robust internal control, effective risk management, accountability and best value.	ED relevant	TBC
Embed corporate records management and filing arrangements Establish clear filing arrangements for correspondence and key records across directorates, so information is stored in appropriate corporate systems rather than held primarily in individual email inboxes. Work with the Information Governance Team to align local filing practices with the Council's data governance, information governance and records management policies, improving retrieval for FOI, EIR and data subject requests and reducing the risk of data loss, poor data quality or data breaches.	ED relevant	TBC
Strengthen financial controls for staff claims and related expenditure Review and improve arrangements for authorising, recording and monitoring staff claims, allowances and other employee-related	Chief Finance Officer	TBC

expenditure to ensure compliance with policy, consistency of application and effective financial oversight.		
Strengthen Leader and statutory officer governance arrangements Establish regular joint meetings between the Leader, Chief Executive, Chief Finance Officer and Monitoring Officer to support early discussion of significant governance, financial, constitutional and operational issues. These meetings will provide a clear route for timely advice, escalation and assurance, helping to reduce avoidable delay where statutory officer input is required and supporting compliance with the Code of Practice on Good Governance for Local Authority Statutory Officers.	Leader of the Council, supported by the Chief Executive, Chief Finance Officer and Monitoring Officer	TBC

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 2026/27. 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 (until May 2026)

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This report is public	
Treasury Management Report – Quarter 1 2026/27	
Committee	Audit and Governance Committee
Date of Committee	22 July 2026
Portfolio Holder presenting the report	Councillor David Hingley, Portfolio Holder for Finance
Date Portfolio Holder agreed report	14 June 2026
Report of	Assistant Director of Finance (S151 Officer), Michael Furness

Purpose of report

To provide information on treasury management performance and compliance with treasury management policy for 2026-27 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 Audit and Governance 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 2026-27 was approved by Council on 23 February 2026. 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. Comments checked by: Joanne Kaye, Head of Finance and D151 7 July 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. Comments checked by: Denzil Turbervill, Head of Legal 7 July 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. Comments checked by: Celia Prado-Teeling, Performance and Insight Team Leader 8 July 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.		X		Not applicable

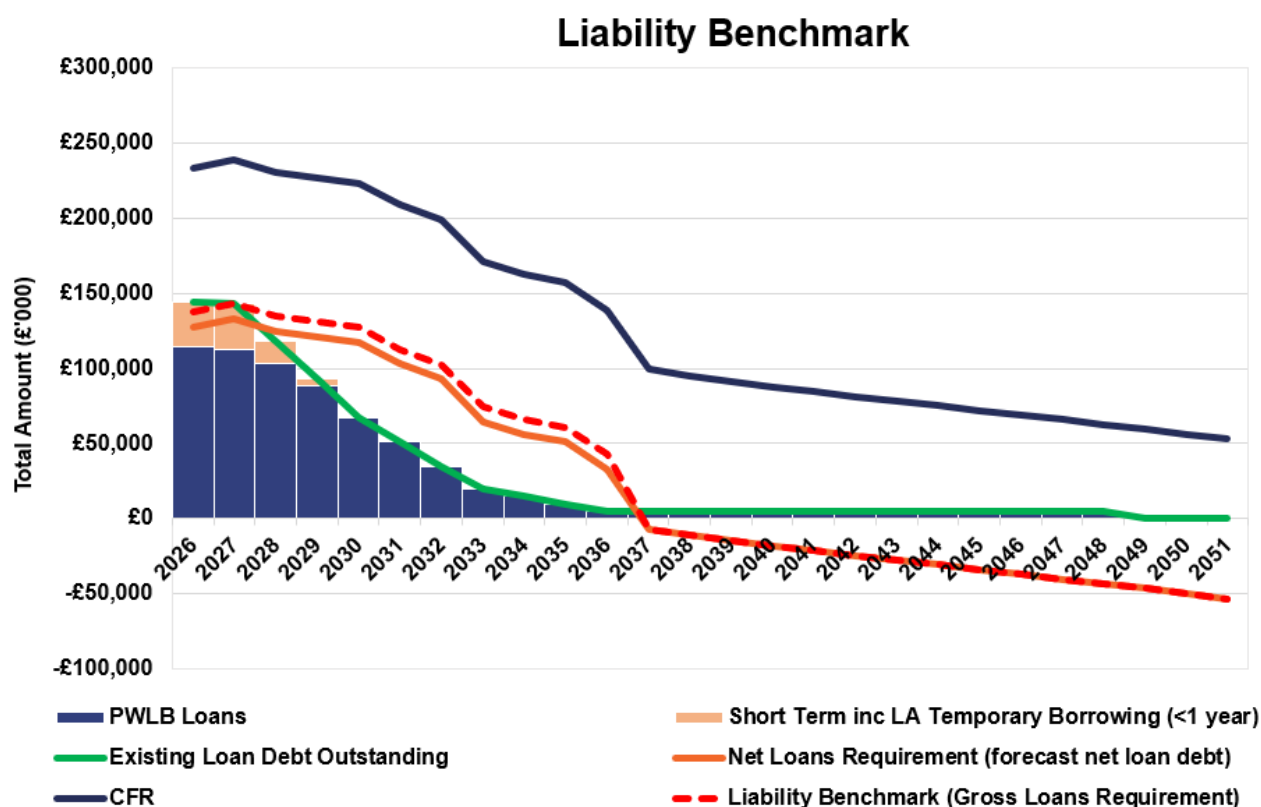
including employees and service users?				
Climate & Environmental Impact		X		Investments made in line with approved Treasury Strategy
ICT & Digital Impact				Not applicable
Data Impact				Not applicable
Procurement & subsidy				Not applicable
Council Priorities	Not applicable			
Human Resources	Not 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 quarter 2026/27, the council has operated within the treasury and prudential indicators set out in the council's Treasury Management Strategy Statement for 2026/27. The Assistant Director of Finance reports that no difficulties are envisaged for future years in complying with these indicators.
- 3.2 At 30 June 2026, the council had external loans to the value of £154m and investments of £28m, giving a net borrowing position of £126m. This is an improvement from £128m at the start of the financial year which was anticipated due to the annual precepting cycle.
- 3.3 The year-end gross borrowing position is forecast at £155.4m within the 2026/27 Capital and Investment Strategy, primarily reflecting a £9.6m increase in the forecast Capital Financing Requirement (CFR) for 2026/27.
- 3.4 The Liability benchmark is a prudential indicator which shows the Capital Financing Requirement (CFR), loan requirements and committed loans in a 25-year forecast. This graph reflects the council's position on the assumption that no additional capital expenditure is financed through borrowing beyond the current capital programme period.

Table 1: Liability benchmark



The graph above demonstrates the following:

- 3.4.1 The council is expecting its loans to decrease in line with the forecast Liability benchmark (gross loan requirement) and that it will continue in an under borrowed position in the future.
- 3.4.2 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. The assumption has been made that the amount of internal borrowing will remain at the same levels in future years.
- 3.4.3 In future years new loans will need to be secured to bridge the gap between the existing loan debt and the net loan requirement.
- 3.4.4 According to the current forecast, the requirement for borrowing ceases in the financial year 2037/38. 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 first quarter ending 30 June 2026

- 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 30 June 2026

	Borrowing Amount £m	Average Interest Rate	Interest Paid Budget £m	Interest Paid Actual £m	Variance to Date £m
April to June 2026	150 (average)	2.86%	1.092	1.092	0.000
As at 30/06/26	154	2.95%	-	-	-

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

- 4.3 As a comparison, the table below shows average borrowing rates.

Table 3: Average borrowing rates for the reporting period

	1 Year	5 Year	10 Year	25 Year	50 Year
01/04/2026	4.93%	5.16%	5.62%	6.20%	6.00%
30/06/2026	4.77%	5.07%	5.55%	6.17%	5.98%
Low	4.75%	5.04%	5.50%	6.09%	5.89%
Low date	26/06/2026	08/04/2026	08/04/2026	08/04/2026	08/04/2026
High	5.17%	5.49%	5.98%	6.57%	6.35%
High date	30/04/2026	18/05/2026	18/05/2026	18/05/2026	18/05/2026
Average	4.92%	5.23%	5.71%	6.31%	6.11%
Spread	0.42%	0.45%	0.48%	0.48%	0.46%

4.4 A full list of current borrowing is shown in table 4:

Table 4: Borrowing

Lender	Principal Borrowed £m	Interest rate	Maturity Date
South Oxfordshire District Council	5	4.20%	17/07/2026
PWLB 7-year maturity	6	1.29%	19/09/2026
Portsmouth City Council	5	4.15%	28/09/2026
Middlesbrough Council	5	4.10%	30/09/2026
Lincolnshire County Council	5	4.50%	29/04/2027
PWLB 5-year maturity	10	2.67%	26/07/2027
PWLB 10-year maturity	10	2.10%	31/05/2028
PWLB 6-year maturity	5	2.70%	26/07/2028
West Midlands Combined Authority	10	4.50%	31/10/2028
West Midlands Combined Authority	5	4.60%	29/05/2029
PWLB 3-year maturity	5	5.13%	08/06/2029
PWLB 7-year maturity	10	2.74%	26/07/2029
PWLB 10-year maturity	6	1.32%	25/09/2029
PWLB 8-year maturity	10	2.81%	26/07/2030
PWLB 11-year maturity	6	1.48%	19/09/2030
PWLB 9-year maturity	16	2.90%	26/07/2031
PWLB 10-year maturity	15	2.99%	26/07/2032
PWLB 15-year maturity	5	2.39%	31/05/2033
PWLB 15-year maturity	5	1.59%	25/09/2034
PWLB 16-year maturity	5	1.73%	19/09/2035
PWLB 30-year maturity	5	2.50%	31/05/2048
TOTAL	154		

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	Amount £m
Under 12 months	50%	0%	17%	26
12 months and within 24 months	50%	0%	13%	20
24 months and within 5 years	60%	0%	37%	57
5 years and within 10 years	70%	0%	30%	46
10 years and above	80%	0%	3%	5

Investment performance for first quarter ending 30 June 2026

- 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 Demand for funding from other councils has continued at rates higher than those available through bank investments, enabling investment income to exceed the budget. Table 6 below shows the investment position during and at the end of the reporting period.

Table 6: Investment Position

	Investment Amount £m	Average Interest Rate	Interest Earned Budget £m	Interest Earned Actual £m	Variance to Date £m
April to June 2026	29 (average)	4.10%	(0.206)	(0.295)	(0.089)
As at 30/06/26	28	4.00%	-	-	-

- 4.8 As a comparison, Table 7 below shows average money-market rates. The average investment period for fixed deposits for this quarter is 3.8 months or 116 days.

Table 7: Average investment rates for the reporting period

FINANCIAL YEAR TO QUARTER ENDED 30/06/2026						
	Bank Rate	SONIA	1 mth	3 mth	6 mth	12 mth
High	3.75	3.73	3.76	3.86	4.08	4.35
High Date	01/04/2026	30/06/2026	23/04/2026	30/04/2026	30/04/2026	30/04/2026
Low	3.75	3.73	3.74	3.77	3.84	3.96
Low Date	01/04/2026	09/06/2026	22/06/2026	26/06/2026	26/06/2026	26/06/2026
Average	3.75	3.73	3.74	3.81	3.94	4.14
Spread	0.00	0.00	0.02	0.09	0.23	0.39

- 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.

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.

Table 8: Investments

Counterparty	Principal Deposited £m	Interest Rate	Maturity Date / Notice period
<u>Fixed Term Deposits</u>			
Cornwall Council	5.00	4.10%	02/07/2026
Stockport Council	5.00	4.15%	16/07/2026
Surrey County Council	5.00	4.20%	01/10/2026
Kirklees Council	5.00	4.30%	29/10/2026
Plymouth City Council	5.00	4.35%	08/12/2026
<u>Money Market Funds</u>			
Royal London Asset Management	1.01	3.90%	1-day notice
Federated Investors UK	1.34	3.90%	Same day
Legal & General Investment Management	0.77	3.87%	Same day
CCLA Investment Management Limited	0.02	3.83%	Same day
Northern Trust Asset Managements	0.02	3.81%	Same day
Goldman Sachs Asset Management	0.04	3.72%	Same day
TOTAL	28.20		

4.10 Compliance with investment limits are detailed in Table 9 below:

Table 9: Investment Limits

Counterparty	2026/27 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

- 4.11 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.
- 4.12 As of 30 June 2026, the council holds £102.9m of investments that qualify under the code in the form of shares (£45.1m) and loans (£57.8m) to subsidiary companies and other organisations, primarily Graven Hill and Crown House.
- 4.13 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 11 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 June 2026	57.8 (average)	6.74%	(0.997)	(1.015)	(0.018)
As at 30/06/26	57.8	6.74%	-	-	-

Overall performance

- 4.14 The overall performance for the period April to June 2026, is:

Table 11: Overall Treasury Position for the Period

	Period Budget 26/27 £m	Period Actual 26/27 £m	Period Variance 26/27 £m
Borrowing costs	1.092	1.092	0.000
Other interest payable	0.000	0.001	0.001
Treasury income	(0.206)	(0.295)	(0.089)
Non-treasury income	(0.997)	(1.015)	(0.018)
Total cost / (income)	(0.111)	(0.217)	(0.106)

- 4.15 At the end of June 2026, the forecast in Table 12, Treasury income is forecast to outperform budget due to careful management.

Table 12: Overall Treasury Position Forecast to Year End

	Full Year Budget £m	Full Year Forecast £m	Full Year Variance £m
Borrowing costs	4.368	4.368	0.000
Other interest payable	0.000	0.001	0.001
Treasury income	(0.826)	(1.003)	(0.177)
Non-treasury income	(3.988)	(4.061)	(0.073)
Total cost / (income)	(0.446)	(0.695)	(0.249)

- 4.16 There is a (£0.073m) improvement on non-treasury income from Crown House due to adjusting the fair value as per IFRS9.

Interest rate forecast

- 4.17 Before the conflict in Iran, the market expected the Bank of England (BoE) to cut rates multiple times in 2026 due to easing inflation. Currently the market is now forecasting that the BoE's Monetary Policy Committee (MPC) will raise the base rate at least once this calendar year.
- 4.18 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. The latest forecast was updated on 25th March 2026 as shown in Table 13 below:

Table 13: Forecast Rates

MUFG Corporate Markets Interest Rate View 25.03.26												
	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28	Dec-28	Mar-29
BANK RATE	3.75	3.75	3.75	3.75	3.75	3.50	3.50	3.25	3.25	3.25	3.25	3.25
3 month ave earnings	4.00	3.90	3.80	3.80	3.70	3.50	3.50	3.30	3.30	3.30	3.30	3.30
6 month ave earnings	4.20	4.10	4.00	3.90	3.90	3.70	3.70	3.50	3.50	3.50	3.50	3.50
12 month ave earnings	4.60	4.50	4.40	4.20	4.20	4.00	4.00	3.80	3.80	3.80	3.80	3.80
5 yr PWLB	5.00	5.00	4.90	4.80	4.60	4.40	4.20	4.20	4.10	4.10	4.10	4.10
10 yr PWLB	5.50	5.50	5.40	5.30	5.10	4.90	4.70	4.70	4.60	4.60	4.60	4.60
25 yr PWLB	6.00	6.00	5.90	5.80	5.60	5.40	5.20	5.20	5.20	5.20	5.10	5.10
50 yr PWLB	5.80	5.80	5.70	5.50	5.40	5.20	5.00	5.00	5.00	5.00	4.90	4.90

- 4.19 The forecast has proved robust over the period since the end of March, setting out a central view that short and long-dated interest rates will start to fall once it is evident that the Bank of England will not have to contend with second-round inflationary effects emanating from the conflict in the Middle East. Nonetheless, the longer dated part of the forecast also reflects the poor state of the public finances and the uncertainty pertaining to the expected change in leadership of the Labour party.
- 4.20 Overall, MUFG's central view is that monetary policy is sufficiently tight for the likely increase in CPI inflation through the remainder of 2026 if growth remains tepid. They forecast the next reduction in Bank Rate to be made in September 2027, with Bank Rate falling to a low of 3.25% by the start of 2028.

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 quarter of 2026/27 ending 30 June 2026. It is submitted to the Audit and Governance Committee for information in line with the Treasury Management Code of Practice

Decision Information

Key Decision	n/a
Subject to Call in	No
If not, why not subject to call in	Not applicable
Ward(s) Affected	All

Document Information

Appendices	
Appendix 1	Appendix 1 – Capital Prudential Indicators
Background Papers	Treasury Management Outturn Report 2025/26 (March 26) https://modgov.cherwell.gov.uk/documents/s63386/Treasury%20Management%20Report%20Outturn%20202526.pdf
Reference Papers	Treasury Management Strategy 2026-27 https://modgov.cherwell.gov.uk/documents/s62523/Appendix%2021%20-%20Treasury%20Management%20Strategy%202026-27.pdf Capital and Investment Strategy 2026-27 https://modgov.cherwell.gov.uk/documents/s62521/Appendix%2019%20-%20Capital%20and%20Investment%20Strategy%202026-27.pdf
Report Author	Janet du Preez Finance Business Partner – Treasury and Insurance
Contact details	janet.du-preez@cherwell-dc.gov.uk 01295 221606
Corporate Director Approval (unless	S151 Officer Michael Furness michael.furness@cherwell-dc.gov.uk

Corporate Director or Statutory Officer report)	8 July 2026
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Appendix 1 – Capital Prudential Indicators Q1 2026/27

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 26/27. It reflects the original forecast from the Capital and Investment Strategy 2026/27, the current actual spent, as well as the current forecast year end position.

Table A1: Capital Expenditure

	26/27 Forecast as per Strategy £m	26/27 Current Position £m	26/27 Revised Forecast £m
Service Loans			
Capital Projects	17.9	2.9	14.2
New Finance Lease and PFI			
Total Capital Expenditure	17.9	2.9	14.2
Financed by:			
Capital Receipts	(1.8)		(1.8)
Grants and other contributions	(4.2)	(1.5)	(4.2)
S106 Grants	(2.3)		(2.3)
Revenue Contributions			
Donated Assets			
Total financing	(8.3)	(1.5)	(8.3)
Net financing need for year	9.6	1.4	5.9

The current and revised estimates have been taken from the Q1 forecasting. The current position includes purchases orders raised.

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

	26/27 Forecast as per Strategy £m	26/27 Forecast £m
Opening CFR	233.9	232.8*
Capital Spend	17.9	14.2
Resources used	(8.3)	(8.3)
MRP	(4.7)	(4.7)
Closing CFR	238.8	234.7

* As per the 25/26 Outturn Prudential indicator closing balance

This reflects the reduction in capital expenditure.

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

	26/27 Forecast as per Strategy £m	26/27 Forecast £m
CFR	238.8	234.7
Gross borrowing	155.4	149.0
Under / (over) borrowing	83.4	85.7

This indicator shows that the council is under borrowed and that debt is only being used to support capital expenditure.

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

	26/27 Forecast as per Strategy £m	26/27 Forecast £m
External Borrowings	155.4	149
Operational Boundary	199	199
Authorised Limit	270	270

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

	26/27 Forecast as per Strategy £m	26/27 Forecast £m
Interest costs on existing borrowing	4.4	4.4
MRP	4.7	4.7
Total Financing Costs	9.1	9.1
Funding	32.3	32.3
Non-specific grant income	0.0	0.0
Net Revenue Stream	32.3	32.3
Ratio of Financing costs	28.3%	28.1%

Note - % differences are due to rounding, as the underlying figures have been rounded to one decimal place.

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 of which relate to housing and regeneration.

Table A6: Ratio of Investment Income to Net Revenue stream

	26/27 Forecast as per Strategy £m	26/27 Forecast £m
Income from long term investments	4.0	4.1
Income from assets	5.5	5.5
Total Investment income	9.5	9.5
Funding	32.3	32.3
Non-specific grant income	0.0	0.0
Net Revenue Stream	32.3	32.3
Ratio of investment income	29.3%	29.6%

Note - % differences are due to rounding, as the underlying figures have been rounded to one decimal place.

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

	26/27 Forecast as per Strategy	26/27 Forecast
Ratio of Financing costs	28.3%	28.1%
Ratio of Investment income	29.3%	29.6%
Affordability ratio	(1.0%)	(1.5%)
	£m	£m
Affordability ratio in £	(0.4)	(0.5)

The affordability ratio shows that the council has an overall net revenue income for capital financing.

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.

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This report is public	
Draft Statement of Accounts 2025-26	
Committee	Audit and Governance Committee
Date of Committee	22 July 2026
Portfolio Holder presenting the report	Councillor David Hingley, Portfolio Holder for Finance
Date Portfolio Holder agreed report	13 July 2026
Report of	Assistant Director of Finance (S151 Officer), Michael Furness

Purpose of report

To provide an opportunity for review of the draft 2025/26 Statement of Accounts which were published on the council's website on 30 June 2026.

1. Recommendations

The Audit and Governance Committee resolves:

- 1.1 To note the report and publication of the draft Statement of Accounts 2025/26 (Appendix 1).

2. Executive Summary

- 2.1 The draft Statement of Accounts 2025/26 were published on 30 June 2026. Section 15 of the Accounts and Audit Regulations 2015 require the Statement of Accounts to be published by 30 June, to allow the public inspection period to include the first 10 working days of July. A public inspection notice was published on the council's website alongside the draft accounts, which declared that the public inspection period commenced on 1 July 2026 and will end on 11 August 2026.
- 2.2 The draft Statement of Accounts for 2025/26 are now being presented to the Audit and Governance Committee for review (Appendix 1).

Implications & Impact Assessments

Implications	Commentary
Finance	There are no financial implications as a result of this report. Joanne Kaye, Head of Finance (Deputy S151) 3 July 2026

Legal	The Statement of Accounts is required under the Accounts and Audit Regulations 2015. There are no legal implications arising directly from this report. Denzil Turbervill, Head of Legal (Deputy Monitoring Officer) 3 July 2026			
Risk Management	There are no risk implications arising directly from this report. Celia Prado-Teeling, Performance & Insight Team Leader, 3 July 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?				Not Applicable
B Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?				Not Applicable
Climate & Environmental Impact				Not applicable
ICT & Digital Impact				Not applicable
Data Impact				Not applicable
Procurement & subsidy				Not applicable
Council Priorities	Not applicable			
Human Resources	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. Section 15 of the Accounts and Audit Regulations 2015 require the Statement of Accounts to be published by 30 June to allow the public inspection period to include the first 10 working days of July. A public inspection notice was published on the council's website alongside the draft accounts on 30 June 2026, which declared that the public inspection period commenced on the 1 July 2026 and will end on the 11 August 2026.
- 3.2 The statement of accounts are produced according to accounting standards to ensure that they are produced on a consistent standard and are comparable with other statements of accounts. Local Authority statements of accounts are produced by following the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The Code occasionally overrides International Financial Reporting Standards (IFRS) where public sector adaptations are required, or where statute takes precedence over accounting standards.
- 3.3 The Statement of Accounts is made up of the following elements:
- The Narrative Statement - an introduction to Cherwell District Council (CDC) and what it has achieved over the year.
 - The main financial statements:
 - Expenditure and Funding Analysis (EFA)
 - Comprehensive Income and Expenditure Statement (CIES)
 - Movement in Reserves Statement (MIRS)
 - Balance Sheet
 - Cashflow Statement
 - Supporting Notes to the Accounts
 - Collection Fund accounts – setting out the Non-Domestic Rates and Council Tax collected and distributed by the council as the billing authority.
 - Group accounts and explanatory notes – a set of accounts where the subsidiaries within the group have been consolidated with the council's accounts.
 - Annual Governance Statement – an annual assessment of the governance arrangements for the council which is required to be published alongside the financial statements.

4 Details

- 4.1 The Council's draft Statement of Accounts for 2025/26 is attached at Appendix 1. This report will provide an overview of what the main financial statements say about the council.
- 4.2 **Expenditure and Funding Analysis**

- 4.2.1 The objective of the Expenditure and Funding Analysis (EFA) is to demonstrate to council taxpayers how the funding available to the council (i.e. government grants, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices.
- 4.2.2 The EFA also shows how this expenditure is allocated for decision making purposes between the council's directorates within the General Fund. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the CIES.
- 4.2.3 All figures shown in the EFA are net expenditure or (income) figures. Therefore, a figure without brackets shows a net cost and a figure with brackets is a net income item.
- 4.2.4 This position did not (and should not have) included the statutory accounting adjustments found in the EFA. The overall surplus on the General Fund and Earmarked Reserves for the provision of services for the year was (£3.3m). The entire balance was moved to Earmarked reserves. In total there were £19.3m of adjustments between the net expenditure chargeable to the General Fund and the net expenditure reported in the Comprehensive Income and Expenditure Statement. These are statutory adjustments between the funding basis for the council and the accounting requirements of the CIPFA Code. The adjustments are as follows:

- **Capital Statutory adjustments of £1.2m**

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

- **Pensions Statutory adjustments of £0.9m**

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

- **Other Statutory Adjustments of £21.4m**

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

The adjustment also includes movements relating to the Financial Instrument Adjustment Account, principally arising from the statutory treatment of the PWLB loan restructuring discount, which is recognised over time in accordance with statutory accounting requirements rather than immediately through the General Fund.

4.3 Comprehensive Income and Expenditure Statement

- 4.3.1 The CIES shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The expenditure funded from taxation position is shown through the EFA and the Movement in Reserves Statement (MIRS).
- 4.3.2 All figures shown in the CIES with brackets are income and without brackets are expenditure.
- 4.3.3 Table 1 below compares the Net Expenditure/ (Income) for the council for 2024/25 and 2025/26

Table 1: Comparison of Net Expenditure / (Income) for the Council between 2024/25 and 2025/26	2024/25 Net Expenditure / (Income)	2025/26 Net Expenditure / (Income)	Increase/ (decrease)
	£m	£m	£m
Chief Executive's Office	1.6	1.9	0.3
Neighbourhood Services	19.2	14.6	(4.6)
Place and Regeneration	10.7	3.5	(7.2)
Resources	13.1	0.5	(12.6)
Cost of Services	44.6	20.5	(24.1)
Other Operating Expenditure	6.2	5.5	(0.7)
Financing and Investment (Income) and Expenditure	(1.3)	(1.6)	(0.3)
Taxation and Non-specific Grant (Income)	(42.6)	(47.1)	(4.5)
(Surplus) or Deficit on Provision of Services	6.9	(22.7)	(29.6)

- 4.3.4 The primary factors in the £29.6m reduction in the net deficit on the provision of services are shown in Table 2 below. The movement is largely attributable to the £14.6m Financial Instrument Adjustment Account movement arising from the accounting treatment of the Council's debt restructuring during the year, together with other favourable service movements of £13.9m. IAS19 pension adjustments contributed a further £1.1m reduction in the deficit. These accounting adjustments do not impact the General Fund balance due to statutory accounting overrides.

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

Category	IAS19 Pension Adjustments	Financial Instrument Adjustment	Other Net Movements	Total Increase/ (Decrease)
Chief Executive's Office	0.0	0.0	0.3	0.3
Neighbourhood Services	(0.7)	0.0	(3.9)	(4.6)
Place & Regeneration	0.0	0.0	(7.2)	(7.2)

Resources	(0.4)	(13.1)	0.9	(12.6)
Cost of Services	(1.1)	(13.1)	(9.9)	(24.1)
Other Operating Expenditure	0.0	0.0	(0.7)	(0.7)
Financing & Investment	0.0	(1.5)	1.2	(0.3)
Taxation & Non-Specific Grants	0.0	0.0	(4.5)	(4.5)
(Surplus) or Deficit on Provision of Services	(1.1)	(14.6)	(13.9)	(29.6)

4.3.5 Other net movements of £13.9m comprise changes in service expenditure and income, grant income, council tax income, staffing costs and other operational movements across the Council. The largest movements relate to reductions in expenditure within Place & Regeneration, Neighbourhood Services and Resources. Further details are provided in the Council's 2025/26 Outturn Report.

4.4 Movement in Reserves Statement

4.4.1 The MIRS shows the movement from the start of the year to the end of the year for the different reserves held by the council, analysed into 'useable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves' (e.g. the Revaluation Reserve which holds unrealised gains and losses from the revaluation of assets or the Capital Adjustment Account which holds adjustments between the accounting basis and funding basis under regulations).

4.4.2 This statement shows how the movements in year of the council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The net (Increase)/Decrease line shows the statutory General Fund Balance in the year following those adjustments.

4.4.3 The MIRS combines both levels of reserves held (balances) and changes in the level of reserves that have happened through the year. Where there is a change in the year that contributes to - (increases) - a reserve this is shown with brackets. Where there is a use of - decreases - a reserve this is shown without brackets.

4.4.4 The council's general reserve levels remain as (£8.0m). Other usable reserves have increased from (£38.6m) to (£43.0m), meaning total usable reserves as at 31 March 2026 are (£51.0m). The increase relates primarily to contributions to earmarked reserves agreed by Executive throughout the financial year.

4.4.5 Unusable reserves increased by £33.0m from (£2.1m) to (£35.1m). The movement was primarily driven by an £11.8m reduction in the Pension Reserve, the creation of a £13.1m balance on the Financial Instrument Adjustment Account, and an £8.2m movement in the Collection Fund Adjustment Account. The Financial Instrument Adjustment Account movement relates primarily to the accounting treatment of the PWLB loan restructuring undertaken during the year. The Collection Fund Adjustment Account movement reflects the Council's share of Collection Fund deficits, principally

relating to Business Rates. These movements were partly offset by changes in the Capital Adjustment Account, Deferred Capital Receipts Reserve and Revaluation Reserve. These reserves are required for accounting purposes and are not available to fund future expenditure.

4.5 Balance sheet

- 4.5.1 The balance sheet shows the values as at 31 March 2026 of the assets and (liabilities) recognised by the council. The net assets of the council - assets less (liabilities) - are matched by the reserves held by the council, analysed between 'useable' and 'unusable' reserves, shown in the bottom portion of the Balance Sheet. Assets are shown without brackets, whilst (liabilities) are shown with brackets.
- 4.5.2 The Balance Sheet is split between long-term and short-term items (also referred to as non-current and current respectively). Long-term items are expected to last or mature after a period of more than 1 year. Short-term items are expected to last or mature within 1 year of the balance sheet date.
- 4.5.3 A high-level breakdown of the balance sheet is shown in table 3 below, for a full breakdown please see the balance sheet as presented on pg28 of Appendix 1.

Table 3 – High-Level Balance Sheet

Category	2024/25 £m	2025/26 £m	Movement £m
Long term Assets	282.1	278.8	(3.3)
Current Assets	18.1	26.2	8.1
Total Assets	300.2	305.0	4.8
Current Liabilities	(67.8)	(74.0)	6.2
Long Term Liabilities	(183.7)	(144.9)	(38.8)
Total Liabilities	(251.5)	(218.9)	32.6
Net Assets	48.7	86.1	37.4
Total Reserves	(48.7)	(86.1)	(37.4)

- 4.5.4 Net assets increased by £37.4m, from £48.7m to £86.1m at 31 March 2026. The increase was primarily driven by a reduction in long-term liabilities, particularly long-term borrowing and the net pension liability, partially offset by a reduction in long-term assets and an increase in current liabilities.
- 4.5.5 Long-term assets decreased by £3.3m, from £282.1m to £278.8m. The main movement was a £2.7m decrease in Property, Plant and Equipment, primarily reflecting the net impact of additions, depreciation, disposals and valuation movements during the year. Long-term debtors also reduced by £0.2m. These decreases were partially offset by increases in Investment Property (£0.1m) and Intangible Assets (£0.6m).
- 4.5.6 Current assets increased by £8.1m, from £18.1m to £26.2m. This increase was largely due to a £9.0m increase in short-term investments, reflecting the Council's

treasury management activity during the year. Cash and cash equivalents increased by £2.2m, while inventories increased by £0.1m. These increases were partially offset by a £3.1m reduction in short-term debtors.

- 4.5.7 Current liabilities increased by £6.2m, from £67.8m to £74.0m. The most significant movement was an increase in short-term borrowing of £10.1m. This reflects a combination of borrowing maturing within the next financial year and changes in the Council's debt profile during the year. The increase was partly offset by a £3.6m reduction in provisions and a small decrease in grants received in advance.
- 4.5.8 Long-term liabilities decreased by £38.8m, from £183.7m to £144.9m. The principal driver of this movement was a £31.0m reduction in long-term borrowing following the repayment and restructuring of debt during the year. The net pension liability also reduced by £11.8m, from £27.9m to £16.1m. This reduction was primarily due to a decrease in the liability arising from the asset ceiling calculation, which decreased from £36.7m to £27.6m. Prior to the application of the asset ceiling adjustment, the fair value of pension fund assets of £167.3m exceeded pension liabilities of £155.7m at 31 March 2026. As noted in Note 35, the Council does not currently expect the asset ceiling liability to crystallise. This is because the asset ceiling calculation assumes employer contribution rates remain unchanged over the funding time horizon, whereas contribution rates are reviewed every three years and can be adjusted to reflect the funding position of the pension fund. These reductions were partially offset by increases in grants received in advance.
- 4.5.9 Total reserves increased by £37.4m, from £48.7m to £86.1m. Usable reserves increased by £4.4m from £46.6m to £51.0m, strengthening the Council's financial resilience. Unusable reserves increased by £33.0m from (£2.1m) to (£35.1m). The movement was primarily driven by a decrease in the Pension Reserve of £11.8m, reflecting the reduction in the Council's net pension liability, an £8.2m movement in the Collection Fund Adjustment Account, and the creation of a £13.1m balance on the Financial Instrument Adjustment Account, primarily relating to the accounting treatment of the Council's debt restructuring during the year. These movements were partly offset by changes in the Capital Adjustment Account and Revaluation Reserve. These reserves are required for accounting purposes and are not available to fund future expenditure.

4.6 Cash Flow Statement

- 4.6.1 The Cash Flow Statement summarises the changes in cash and cash equivalents during 2025/26. The statement shows how the council generates and uses cash and cash equivalents by classifying cash flows as operating, investing, and financing activities.
- Net cash flows arising from operating activities is a key indicator of the extent to which the operations of the council are funded by way of taxation and grant income or from the recipients of services provided by the council.
 - Investing activities represent the extent to which net cash flows have been made for resources which are intended to contribute to the council's future service delivery.
 - Net cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the council.

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

Table 4 – Cashflow Statement

	£m
Net Cash Flows from Operating Activities	(23.5)
Net Cash Flows from Investing Activities	9.9
Net Cash Flows from Financing Activities	11.2
Net (Increase) / Decrease in Cash and Cash Equivalents in the Period	(2.3)

- 4.6.3 The (£23.5m) net cash inflow from operating activities is primarily driven by the surplus on the provision of services, adjusted for non-cash items including depreciation, pension accounting adjustments and capital grant recognition. Significant adjustments included a £11.8m reduction in the net pension liability, a £12.7m remeasurement of the net defined benefit liability, and £4.5m of capital grants recognised during the year. The £9.9m net cash outflow from investing activities was largely due to a £9.0m increase in short-term investments and £2.5m of expenditure on Property, Plant and Equipment, partially offset by £1.6m of receipts from the disposal of Property, Plant and Equipment. The £11.2m net cash outflow from financing activities primarily reflects the repayment of £20.9m of short-term borrowing. This was partially offset by £9.7m of capital grants and contributions received during the year. As a result, cash and cash equivalents increased by £2.3m, from £4.8m at 31 March 2025 to £7.1m at 31 March 2026. For a full breakdown of the movements, see the Cash Flow Statement in Appendix 1.

5. Alternative Options and Reasons for Rejection

- 5.1 There are no alternative options as the council is required by the Accounts and Audit Regulations 2015 to produce and publish its Statement of Accounts for 2025/26 which has already been completed. This report is to give members the opportunity to comment or raise any queries so these can be discussed with officers.

6. Conclusion and Reasons for Recommendations

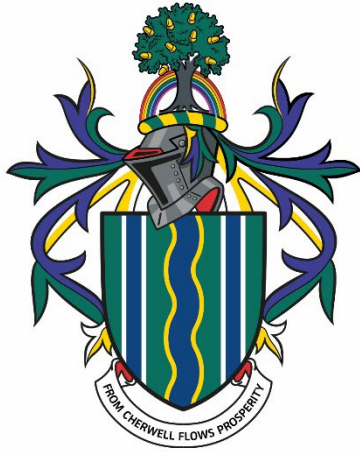
- 6.1 The Audit and Governance Committee is invited to note the draft Statement of Accounts and discuss these with officers to get an understanding of the statements.

Decision Information

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

Document Information

Appendices	
Appendix 1	Appendix 1 – Draft Statement of Accounts 2025-26
Background Papers	None
Reference Papers	Audit and Governance Committee report on 18 March 2026 – Accounting Policies 2025-26
Report Author	Mary Denedo, Strategic Finance Business Partner
Report Author contact details	Mary.Denedo@cherwell-dc.gov.uk, 01295 227941
Corporate Director Approval (unless Corporate Director or Statutory Officer report)	N/A – Statutory officer report



DRAFT

Statement of Accounts

2025/26

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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

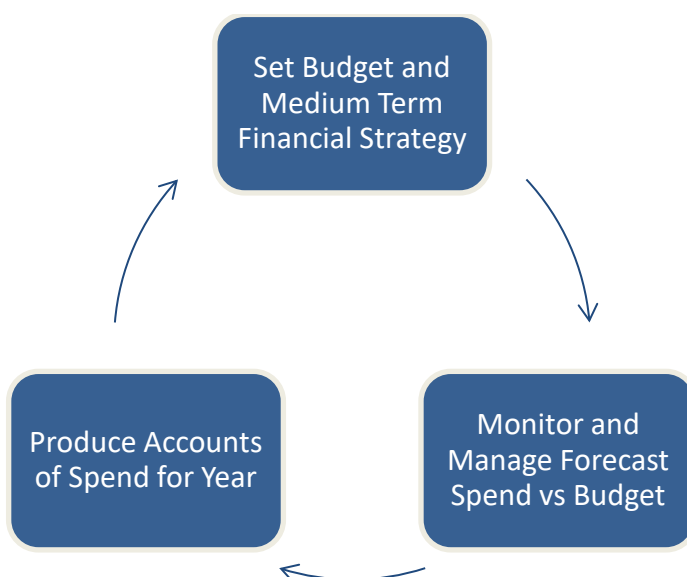
Chief Executive

Cherwell District Council, PO Box 27, Banbury, Oxfordshire, OX15 4BH

Narrative Statement – Overview of 2025/26

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.

2025/26 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 2025/26.

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

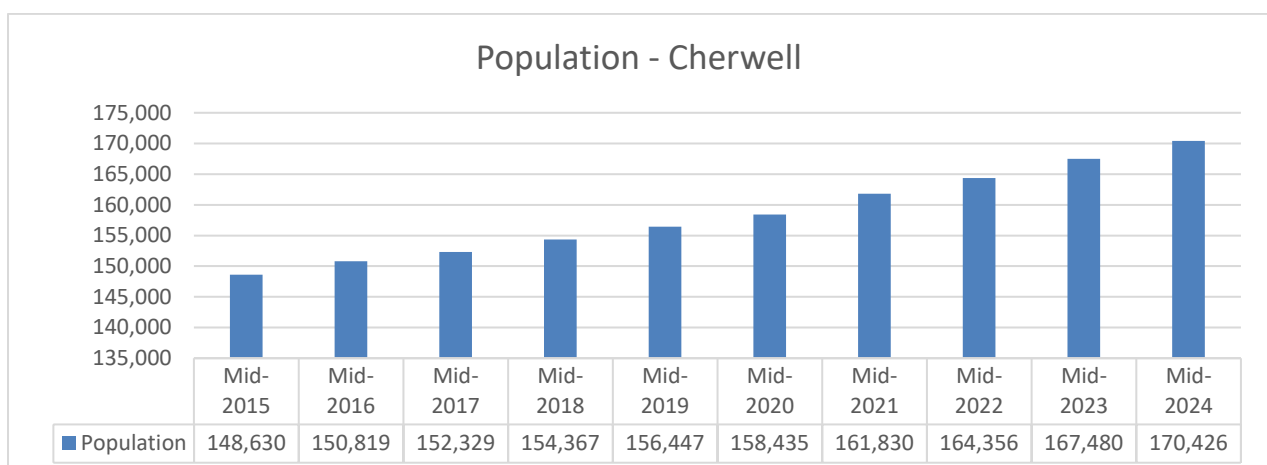


Cherwell District in North Oxfordshire is a predominantly rural area providing an excellent environment in which to live and work.

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 2025 totaling 170,426 (mid-2024).

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%).

Figure 1- Time series bar chart showing the total population of Cherwell mid-2015 to mid-2024.



There are currently 72,730 houses that are subject to council tax (December 2025).

Our New Corporate Plan 2025 – 2026

Following the local elections of May 2024, the council has developed a new vision and corporate plan.

The council's vision is:

“A modern council inspiring and enabling positive, lasting change”

Our 2025/26 corporate plan includes the following four strategic priorities:



Each of our strategic priorities is accompanied by strategic goals:

A modern council inspiring and enabling positive, lasting change	
Strategic Priority	Strategic Goal
Economic prosperity	Create vibrant economic centres and thriving rural villages
	Build and inclusive and green economy
Community leadership	Strengthen community collaboration and resilience
	Promote health and wellbeing with a focus on inequality
Environmental stewardship	Safeguard the environment and promote biodiversity
	Promote the circular economy of reduce, reuse and recycle to minimise waste
Quality housing and place making	Deliver sustainable and strategic development that meets Cherwell's needs now, and in the future
	Achieve more high-quality, secure, and affordable housing that caters for the diverse needs of our residents

Our 2025 - 2026 performance

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

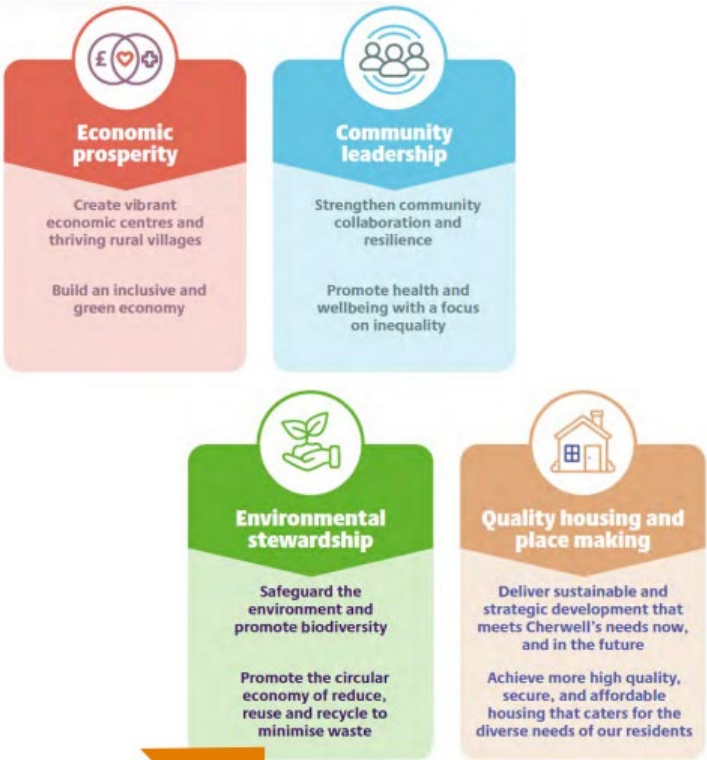
This report highlights some notable accomplishments from the past year that are on top of our regular work.

Overall, we have delivered the majority of our objectives, with strong progress across our key priorities and a range of service improvements supporting residents and communities.



Cherwell District Council is dedicated to inspiring and enabling positive, lasting change for our residents and communities. Our vision is to be a modern, forward-thinking council that embraces opportunities and addresses challenges with innovation and collaboration.

Our strategy focuses on what we aim to achieve for our residents and communities, driving continued progress through four vital priorities:



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 16 Corporate and seven Directorate key performance indicators; additionally, we monitor 26 Annual Delivery Plan actions. In 2025/26, of the total of 49 measures, 29 achieved their target, 17 reported slightly behind, two missed their target and one is not available at the time of doing this report.

The two measures that missed their target are:

- **% of Major applications overturned at appeal, based on applications determined between April 2023 to March 2025, allowing for appeal decisions up to December 2025** - Reporting 11.2% against a target of 10% for end of Year.

Comments from the service: Performance was affected by a small number of legacy major appeal decisions from earlier periods, including committee overturns and appeal outcomes influenced by changes to the NPPF and the five-year housing land supply position. These historic decisions disproportionately impacted the quality metric. Targeted actions have been implemented, including PAS-led committee review and training, strengthened senior officer input at committee, improved governance of major applications, and tighter internal controls on refusals. Strategic and operational improvement plans are now embedded.

Improvement is already evident, with current quality of major decisions at 5.15%, well below the 10% threshold. Performance is forecast to remain under the threshold in the next accounting period, even if all pending appeals were allowed.

- **Total Greenhouse gas emissions for the year** - Reporting 4,014 tCO₂e against a target of 3,900 tCO₂e for end of Year.

Comments from the service: Total emissions for 2024–25 are 4,014 tCO₂e (please note this number is reported in arrears), representing a marginal reduction compared to the revised 2023–24 baseline of 4,016 tCO₂e. The prior year figure has been restated (from 4,119 tCO₂e) following improvements to data quality, methodology, and asset coverage, providing a more robust and consistent baseline for reporting. Overall emissions have plateaued, with reductions achieved across leisure centres, fleet, and water largely offset by increases in other areas, notably due to expanded landscape contractor activity and changes within the corporate estate. Performance from decarbonisation measures has been positive, but operational issues particularly with heat pump systems are limiting the full realisation of expected energy and carbon savings. While emissions remain broadly consistent with pre-Covid levels, improvements to data accuracy and reporting completeness represent a strengthening of the evidence base and a positive step forward. Looking ahead, more substantial reductions are anticipated through the transition to HVO fuel for the fleet and the delivery of PSDS4-funded decarbonisation projects.



Quality Housing and Place Making

- Homeless households in hotel temporary accommodation have significantly decreased, halving from around 50 to under 25 since the start of the financial year, despite steady demand. This improvement reflects stronger policies, increased access to self-contained housing, and proactive management, which have collectively enabled faster transitions into permanent homes.
- The average time taken to process Housing Benefit and Council Tax Reduction new claims was 12.27 days, outperforming our 18-day target by more than 5 days. This strong performance is driven by ongoing digital transformation, with over 40% of processes now fully or partially automated and streamlined workflows helping the service remain efficient and resilient, even during peak demand.
- In 2025 – 26, we reported 319 affordable housing completions for the year, the highest number since 2020-21. Numbers have been boosted by delivering additional affordable homes on some sites, including 100% affordable housing schemes.



Environmental Stewardship

- In 2025/26, we increased our electric-vehicle fleet to 15%, collecting 8.5 million containers while using 2% less fuel, and launching new services like coffee pod recycling, with 1.05 million pods collected this year.
- We collected 254 tonnes of residual household waste.
- A new Climate Action Plan for 2025/26 was developed and presented in April 2026, reaffirming the commitment to achieving net zero by 2030. Building on progress since 2019, it outlines further steps to reduce emissions from council operations and support wider district action on energy efficiency, sustainable transport, and biodiversity.



Community Leadership

- Targeted, proactive campaigns delivered significant support for older residents, helping pension-aged households secure over £400,000 in additional financial aid. Through data-led approaches and partnerships, including with Age UK, 116 residents were supported to access pension credit and cost-of-living assistance, boosting income and wellbeing.
- 2,658 residents participated in our Wellbeing programmes, accessing physical activities, wellbeing, and confidence across all ages, particularly in high-need areas. The programmes helped reduce health inequalities and reliance on services, showing the strong impact of targeted preventative work.
- Our latest round of the Household Support Fund, launched in November 2025, provided £55,000 in vital grants to local charities and community groups. By offering funding of up to £3,000 for resident-focused projects, we empowered these organisations to address the unique cost-of-living challenges within their own neighbourhoods.



Economic Prosperity

- In 2025/26, 332 businesses were supported through UKSPF and REPF programmes, benefiting from initiatives such as Business Spark and Accelerator schemes, decarbonisation support and grants, one-to-one advice, tailored plans, workshops, and support linked to the Cherwell Business Awards.
- During 2025/26, a total of 484 residents were supported through programmes funded by national and regional growth funding. This included participation in employability support sessions delivered through the No Limits programme, as well as attendance at the Banbury Job Fair.
- In 2025/26, a comprehensive programme supported small and medium-sized businesses to adopt digital working, offering expert training, match-funded grants, and leadership development. This helped local manufacturers modernise operations, boost productivity, reduce costs, and remain competitive.

Risk management

During 2025/26 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, including 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

£117.7m and council tax of £147.5m was budgeted and distributed in 2025/26 in the following shares.

Business Rates split £117.7m			Council Tax £147.4m		
Cherwell District Council	Oxfordshire County Council	Central Government	Cherwell District Council	Oxfordshire County Council	Thames Valley Police and Crime Commissioner
£47.1m	£11.8m	£58.8m	£16.1m	£114.4m	£16.9m

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 2026, the council expected to retain a net £15m of business rates related income after all the allocations are taken into consideration.

The council collected £127.6m business rates and £150.2m council tax compared to the £117.7m and £147.4m 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 2026 is £16.1m; this is a decrease in the liability of £11.8m from the 31 March 2025 net liability position of £27.9m. The £16.1m liability consists of a net surplus of £11.5m for the council's share of the fund, adjusted downwards by £27.6m 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 2025, the total provision for business rate appeals was £14.0m, of which the council's 40 per cent share was £5.6m. During the financial year £5.9m was charged to the provision for successful appeals in 2025/26 which have been previously provided for, of which the council's 40 percent share is £2.3m.

After reflecting the amounts charged to the provision in 2025/26, the council carried out an assessment of the future risk of appeal losses. Following this, the 2025/26 overall provision for business rates appeals decreased to £3.6m, of which the council's 40 per cent share is £1.4m.

- Appeals provision 31 March 2025: £5.6m
- Appeals provision 31 March 2026: £1.4m

Council Funding 2025/26

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 figures in brackets represent income received by the council).

2025/26 Revenue Budget Funding	Budget £m	Actual £m	Variance £m
Government Grants	(0.368)	(0.368)	0.000
Council Tax	(9.903)	(9.893)	0.010
Business Rates related income	(14.989)	(14.545)	0.444
New Homes Bonus	(0.935)	(0.935)	0.000
Total Funding	(26.195)	(25.741)	0.454

Revenue Financial Outturn Position

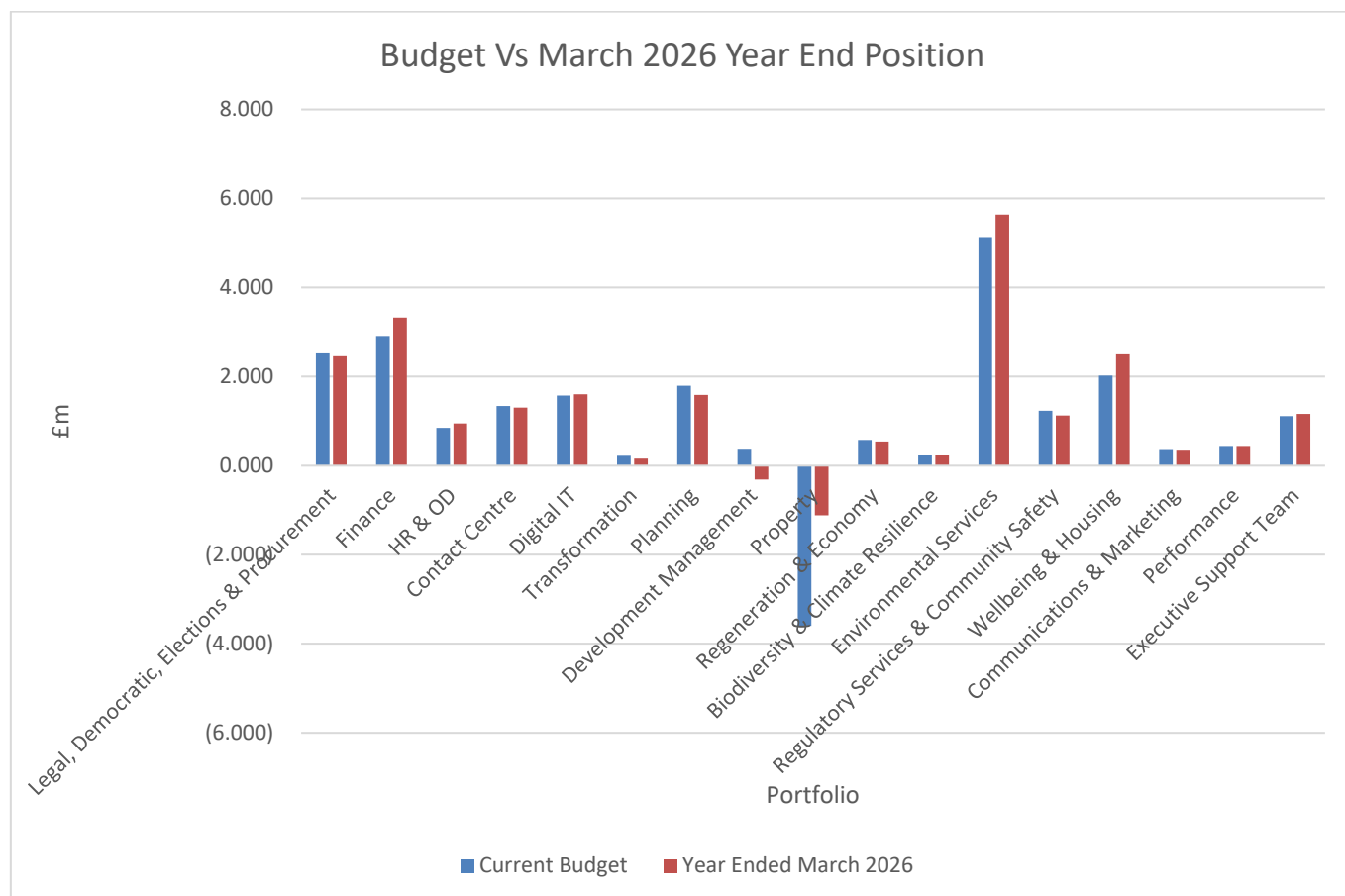
The council set a balanced budget in February 2025 for the 2025/26 financial year which anticipated the council retaining sufficient reserves to cover unexpected financial impacts on the council, with a number of specific reserves to help cover the council's commercial activities.

Regular monitoring reports were considered by the council's Executive and the council has resulted in a balanced position for 2025/26 after taking into account the variances on both the Cost of Services before transfers to reserves (underspend of (£0.459m)) and Total Funding (underachieved by £0.459m).

The table below summarises the 2025/26 financial outturn position across the council:

Outturn - Outturn 2026	Current Budget	Spend to year end including Reserve adjustments - March 2026	Final March Variance (Under) / Over
	£m	£m	£m
Resources	9.419	9.791	0.372
Place & Regeneration	(0.638)	0.935	1.573
Neighbourhood Services	8.386	9.265	0.879
Chief Executives Office	1.901	1.943	0.042
Subtotal Directorates	19.068	21.934	2.866
Executive Matters	5.132	3.811	(1.322)
Policy Contingency	1.995	(0.008)	(2.003)
Total	26.195	25.737	(0.459)
FUNDING	(26.195)	(25.736)	0.459
(Surplus)/Deficit	0.000	0.000	0.000

In summary, the council delivered an overall balanced position against a net budget of £26.195m.

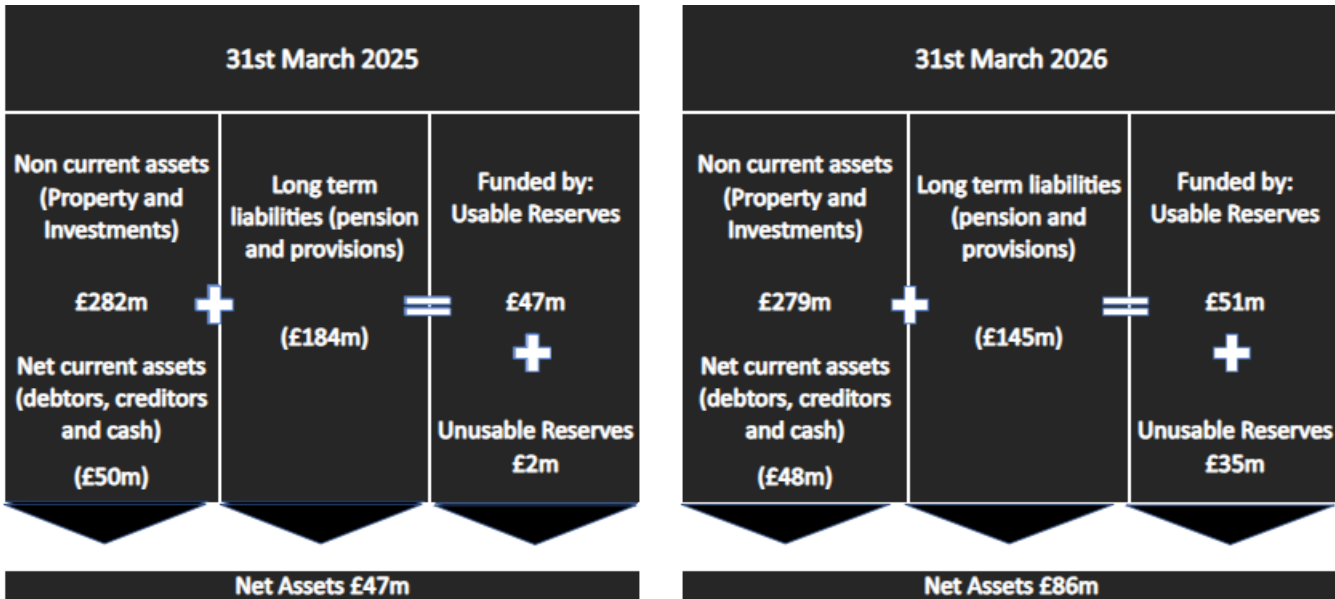


Some of the key factors for this include prudent levels of borrowing taken out in a timely manner and higher rates of interest received than anticipated, a dividend received from the council's subsidiary company and unallocated contingency budgets which have been used to mitigate overspends in the services.

The main reason for the overspend within Funding of £2.558m (prior to the request from reserves) is due to a shortfall on Business Rates transactions credited to the General Fund at the end of the year, due to a higher levy on growth and lower pooling income than estimated. It is estimated there will be a surplus on Business Rates transactions credited to the Collection Fund of £2.859m to offset this but due to statutory accounting requirements this is not available to the Council until 2026/27. This timing issue has been mitigated by a transfer request from reserves in 2025/26 and this will be replenished in 2026/27 when the income can be recognised.

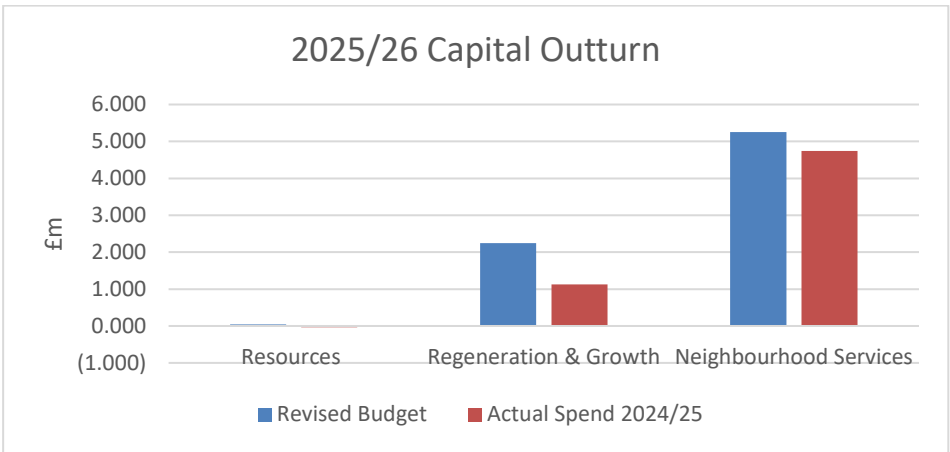
Financial Position

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 2025/26

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

Public Sector Decarbonisation Schemes (PSDS)

The council has been allocated £1.1m grant, as well as allocating £0.561m of its own resources to deliver PSDS schemes at selected council-owned buildings. This will include replacing fossil-fuel-based heating systems with low-carbon alternatives and implementing energy efficiency upgrades at Stratfield Brake Sports Pavilion, Spiceball Leisure Centre and

Woodgreen Leisure Centre as well as the small pavilion at North Oxfordshire Academy School. This will be achieved through installation of air source heat pumps, fabric upgrades, and other energy efficiency works. Benefits include:

- Estimated annual carbon savings of 234.19 tCO₂e.
- Estimated Annual Energy Bill Savings £37,621
- Reduction in gas consumption and operational costs.
- Enhanced resilience and modernisation of public assets

Transforming Bicester Market Square

The council is developing plans to transform the Market Square in Bicester. Work has taken place in 2025/26 to develop proposals for the scheme. Work will continue into 2026/27 and 2027/28 to turn these plans into a reality for the people of Bicester.



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 2025/26 are set out on pages 20 to 136.

The accounts bring together all the council's financial statements for the year 2025/26 and show its financial position as at 31 March 2026. 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 2026 and of its income and expenditure for the 2025/26 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 2026 for the 2026/27 financial year. In setting the 2026/27 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 £2.2m has been developed which includes contingencies of £1.8m for inflation, including the pay award, £0.1m for market risk and £0.3m general contingency.

The combined level of government grants, business rates income and council tax base were reviewed resulting in increases of income against previous plans (from the MTFs in February 2025) due to housing growth and improvement to forecast outcome of the Fair Funding review, albeit some temporary. The council estimated it would hold £32.5m of earmarked revenue reserves when setting the budget. In line with the Section 151 Officer's risk assessments the level of general balances has been maintained at £8.0m.

The Government introduced a business rates reset from 1 April 2026 as well as redistributing funding across local government through its Fairer Funding approach. Protections have been introduced for authorities such as Cherwell so that the full impacts are not felt in one year.

The Government announced its final three-year local government financial settlement for the period 2026/27 – 2028/29 in February 2026. This gives relative certainty about the council's funding over this period. However, there is no indication of detailed local government funding levels for 2029/30 and beyond, or what level of funding protections will be retained.

Shortly after setting the budget the America-Iran war began which has increased both inflation and interest rates. The council will monitor the situation and react accordingly.

The government has also announced its intention to introduce local government reorganisation in two-tier areas from April 2028. No decisions have been made on which area Cherwell will be included in as yet, but the council will work collaboratively with those involved to deliver the best outcomes for residents once decisions are announced.

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 2026. 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 2026 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 2025 and 31 March 2026 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 2026 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 2025/26. 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 2026.

Michael Furness

Assistant Director of Finance and Section 151 Officer **Date:**

Chairman of Audit and Governance Committee Certificate:

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

Councillor Simon Lytton

Chairman of Audit and Governance Committee

Date:

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

Report on the Audit of the Financial Statements

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 26					
Services	Net expenditure for internal reporting £'000	Adjustment for use of / (transfer to) Earmarked Reserves included in internal reporting £'000	Net Expenditure Chargeable to the General Fund Balance £'000	Adjustments between accounting and funding basis (Note 7a) £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
Chief Executive's Office	1,944	0	1,944	(54)	1,889
Neighbourhood Services	9,265	97	9,361	5,318	14,679
Place and Regeneration	937	(671)	266	3,197	3,463
Resources	9,793	402	10,194	(9,692)	503
Net Cost of Services	21,938	(173)	21,765	(1,231)	20,533
Other Income and Expenditure	(21,938)	(3,133)	(25,071)	(18,092)	(43,163)
(Surplus) or Deficit on Provision of Services	(0)	(3,306)	(3,306)	(19,324)	(22,630)
Opening General Fund and Earmarked Reserve Balance*			(41,236)		
Plus / less (Surplus) or Deficit on the General Fund Balance for the Year (Statutory basis)			(3,306)		
Closing General Fund and Earmarked Reserve Balance*			(44,542)		

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

Year Ending 31 Mar 25 (restated)					
Services	Net expenditure for internal reporting £'000	Adjustment for use of / (transfer to) Earmarked Reserves included in internal reporting £'000	Net Expenditure Chargeable to the General Fund Balance £'000	Adjustments between accounting and funding basis (Note 7a) £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
Chief Executive's Office	1,571	0	1,571	37	1,609
Neighbourhood Services	10,335	789	11,124	8,125	19,249
Place and Regeneration	824	383	1,208	9,458	10,666
Resources	9,308	1,006	10,314	2,762	13,076
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

Comprehensive Income and Expenditure Statement

Year Ending 31 Mar 25 (Restated)				Directorates	Year Ending 31 Mar 26		
Expenditure	Income	Net			Expenditure	Income	Net
£'000	£'000	£'000	Notes		£'000	£'000	£'000
1,611	(2)	1,609		Chief Executive's Office	1,889	(0)	1,889
33,848	(14,599)	19,249		Neighbourhood Services	32,518	(17,839)	14,679
23,496	(12,831)	10,666		Place and Regeneration	17,100	(13,637)	3,463
38,589	(25,513)	13,076		Resources	35,085	(34,582)	503
97,544	(52,945)	44,599		Cost of Services	86,592	(66,058)	20,533
6,356	(128)	6,227	10	Other Operating Expenditure	6,625	(1,108)	5,517
5,617	(6,889)	(1,272)	11	Financing and Investment (Income) and Expenditure	4,565	(6,162)	(1,597)
0	(42,589)	(42,589)	12	Taxation and Non-Specific Grant (Income)	0	(47,083)	(47,083)
109,517	(102,552)	6,965		(Surplus) or Deficit on Provision of Services	97,782	(120,412)	(22,630)
		278	14, 25	(Surplus) or deficit on revaluation of Property, Plant and Equipment			(2,192)
		3,584	35	Remeasurement of the net defined benefit liability / (asset)			(12,704)
		3,862		Other Comprehensive (Income) and Expenditure			(14,896)
		10,827		Total Comprehensive (Income) and Expenditure			(37,526)

Movement in Reserves Statement

	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 2025	(8,021)	(33,216)	0	(5,321)	(46,557)	(2,097)	(48,654)
Movement in reserves during 2025/26							
(Surplus) or deficit on the provision of services	(22,630)	0	0	0	(22,630)	0	(22,630)
Other Comprehensive (Income) / Expenditure	0	0	0	0	0	(14,896)	(14,896)
Total Comprehensive (Income) and Expenditure	(22,630)	0	0	0	(22,630)	(14,896)	(37,526)
Adjustments between accounting basis and funding basis under regulations - Note 08	19,324	0	(1,395)	205	18,134	(18,134)	0
Net (Increase) or Decrease before Transfers to Earmarked Reserves	(3,306)	0	(1,395)	205	(4,496)	(33,030)	(37,526)
Transfers (to) / from Earmarked Reserves - Note 09	3,306	(3,306)	0	0	0		0
(Increase) or Decrease in 2025/26	(0)	(3,306)	(1,395)	205	(4,496)	(33,030)	(37,526)
Closing Balance at 31 March 2026	(8,021)	(36,522)	(1,395)	(5,116)	(51,053)	(35,127)	(86,180)
	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 31 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)

Balance Sheet

31-Mar-25			31-Mar-26
£'000	Notes		£'000
168,824	14	Property, Plant and Equipment	166,118
4,545	15	Investment Property	4,688
1,309	16	Intangible Assets	738
45,182	17	Long Term Investments	45,182
62,194	17	Long Term Debtors	62,041
282,054		Long Term Assets	278,765
0	17	Short-term Investments	9,026
234	18	Inventories	324
12,603	19	Short Term Debtors	9,482
5,225	20	Cash and Cash Equivalents	7,403
0	21	Assets Held for Sale	0
18,062		Current Assets	26,235
(27,095)	17	Short-Term Borrowing	(37,185)
(29,955)	22	Short-Term Creditors	(29,129)
(3,567)	23	Provisions	(0)
(3,093)	29	Grants Receipts in Advance - Revenue	(3,743)
(3,651)	29	Grants Receipts in Advance - Capital	(3,565)
(408)	20	Cash and Cash Equivalents	(338)
(67,768)		Current Liabilities	(73,960)
(2,198)	23	Provisions	(1,589)
(139,000)	17	Long Term Borrowing	(108,000)
(27,933)	35	Pension Liabilities	(16,110)
(59)	17	Long Term Creditors	(52)
(5,682)	29	Grants Receipts in Advance - Revenue	(8,087)
(8,821)	29	Grants Receipts in Advance - Capital	(11,076)
(183,694)		Long Term Liabilities	(144,914)
48,654		Net Assets/(Liability)	86,127
(46,557)	24	Usable Reserves	(51,000)
(2,097)	25	Unusable Reserves	(35,127)
(48,654)		Total Reserves	(86,127)

I certify that the statement of accounts gives a true and fair view of the financial position of the authority at 31 March 2026 and its income and expenditure for the year to 31 March 2026.

Michael Furness

Assistant Director of Finance and Section 151 Officer

Date:

Cash Flow Statement

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

31-Mar-25 £'000	Cash Flows from Operating Activities	Note(s)	31-Mar-26 £'000
6,965	Net (Surplus)/Deficit on Provision of Services		(22,630)
(5,438)	Depreciation & Impairment	14	(5,894)
(9,852)	Changes in Market Value of Property, Plant, Equipment	14, 32	(1,477)
(527)	Amortisation of Intangible Assets	16	(535)
272	Changes in Fair Value of Investment Properties	15	143
(1,055)	Disposal of Assets	14, 15 & 16	(58)
0	Impairment of assets	14	0
(29)	Changes in Inventory	18	90
(379)	Changes in Short term Debtors	19	(3,121)
(210)	Changes in Short term Creditors	22	826
198	Changes in Provisions	23	4,176
(5,233)	Changes in Net Pension Liability	25	11,823
3,584	Remeasurement of Net Defined Benefit Liability	35	(12,704)
(45)	Changes in long term creditors	17	7
(11,042)	Changes in long term debtors	17	(153)
7,026	Capital Grants Recognised	29	4,456
891	Proceeds on Disposal of Property, Plant & Equipment	24	1,573
(14,875)	Net Cash Flows from Operating Activities		(23,479)
	Cash Flows from Investing Activities		
11,382	Purchase of Property, Plant & Equipment	14, 31, 32	2,530
0	Purchase and Enhancement of Investment Property	15	0
86	Purchase of Intangible Assets	16	(36)
(891)	Proceeds from the Disposal of Property, Plant and Equipment	24	(1,573)
(3,554)	Net Changes in Short-term and Long-term Investments	17	9,026
7,023	Net Cash Flows from Investing Activities		9,948
	Cash Flows from Financing Activities		
1,766	Changes in Grants and Contributions received in advance	29	(5,224)
(7,026)	Capital Grants and Contributions Recognised	29	(4,456)
15,842	Cash Receipts of Short-term and Long-term Borrowing	17	20,910
10,582	Net Cash Flows from Financing Activities		11,230
2,731	Net (Increase)/Decrease in Cash and Cash Equivalents in the Period		(2,301)
7,547	Cash and Cash Equivalents at the Beginning of the Period		4,816
4,816	Cash and Cash Equivalents at the End of the Period	20	7,118
	Items included in net cash flow from operating activities include:		
(6,619)	Interest Receivable and similar income	17	(5,883)
4,625	Interest Payable (including Finance lease interest)	17	4,484
(1,994)			(1,399)

Notes

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 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 Council is required to disclose information relating to accounting standards that have been issued but not yet adopted by the Code.

The following amendment has been identified as relevant:

- Amendments to IAS 21 – The Effects of Changes in Foreign Exchange Rates (Lack of Exchangeability). These amendments provide guidance on how an entity should assess whether a currency is exchangeable and how to determine the appropriate exchange rate when exchangeability is lacking. The amendments also introduce additional disclosure requirements. The Council does not expect these changes to have a material impact on its financial statements.

IFRS 17 Insurance Contracts has been issued but is not currently expected to be adopted within the Code in the foreseeable future and is not considered applicable to the Council's activities.

The Council has reviewed all other accounting standards issued but not yet adopted and has concluded that they are not expected to have a material impact on its financial statements.

Note 3 – Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Council 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 acts as a lessor, in determining whether arrangements are operating leases or finance leases. This assessment is based on whether substantially all of the risks and rewards incidental to ownership of the asset have been transferred to the lessee. The classification of leases can have a significant impact on how income is recognised and how assets are presented in the financial statements.

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 Valuation Office Agency (VOA) rating list is the official record of rateable values for all non-domestic properties and is used by councils to calculate business rates bills. The current rating list was published on 1 April 2026, after the VOA updated rateable values for England and Wales from 1 April 2023.
- After 1 April 2026, non-domestic properties could not submit any new appeals against the 2023 rating list. The Council carried out an assessment of outstanding appeals logged but not yet settled to determine the provision required to meet any 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 Council 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 those assumptions and estimates.

Valuations– Property, Plant and Equipment

Uncertainties	Effect if Actual Results Differ from Assumptions
Valuations of property, plant and equipment are inherently subject to estimation uncertainty as they are based on assumptions about market conditions and asset-specific factors at the balance sheet date. The Council operates a 5-year rolling revaluation programme in line with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom. Assets are revalued by appropriately qualified internal and external professional valuers using recognised valuation methodologies. In years where assets are not subject to full revaluation, the Council applies indexation, including Build Cost Indices, to update carrying values in line with the requirements of the CIPFA Code and the rolling revaluation programme. 2025/26 represents the first year in which this requirement applies. Management has assessed the impact of applying indexation to assets not revalued in the year and concluded that the effect is not material to the financial	The Council's use of valuation techniques, including indexation, reflects accepted estimation approaches under the CIPFA Code. However, as these techniques rely on assumptions and indices, actual asset values may differ from those estimated. Variations may arise where changes in construction costs, market conditions or local factors differ from those reflected in the indices or valuation assumptions applied. Similarly, for assets valued using the Depreciated Replacement Cost methodology, differences may arise where assumptions relating to replacement cost, asset condition or obsolescence do not reflect actual outcomes. Where material differences are identified through the rolling revaluation programme or ongoing review procedures, asset values are adjusted to ensure that the financial statements are not materially misstated.

statements. On this basis, no indexation adjustment has been applied in 2025/26. The Depreciated Replacement Cost (DRC) methodology applies to assets for which no active market exists, such as leisure and community centres, and represents a significant source of estimation uncertainty for the Council's valuations. Changes in market and economic factors from year to year could result in differences between the carrying value and actual value using the DRC approach.	
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Depreciation of Property, Plant and Equipment & Amortisation of Intangible Assets

Uncertainties	Effect if Actual Results Differ from Assumptions
The Council estimates useful lives and residual values for property, plant and equipment and intangible assets based on asset condition, expected usage and historical experience. These estimates are subject to uncertainty, as changes in factors such as technological developments, patterns of asset utilisation, maintenance strategies and the physical condition of assets may result in actual useful lives differing from current assumptions.	If actual useful lives or residual values differ from current estimates, this would result in changes to depreciation charges in future periods. A reduction in useful life would increase depreciation expense, whilst an increase would reduce it. The carrying value of depreciable assets is therefore subject to potential variation arising from changes in these estimates The carrying value of depreciable assets in the balance sheet is £166m. This amount comprises Land & Buildings, Plant, Vehicles & Equipment, Infrastructure Assets and Intangible Assets.

Fair Value Measurements

Uncertainties	Effect if Actual Results Differ from Assumptions
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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. 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.	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. Significant changes in any of these unobservable inputs would result in a higher or lower fair value measurement for the properties and financial assets. However, this would not impact on the General Fund balance, as any movement would be taken to the revaluation reserve or capital adjustment account, which are unusable reserves.
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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.	If actual write-offs are higher or lower than expected, this would result in an increase or decrease in the level of impairment recognised. A 1% increase or decrease in write-offs would result in

The allowance is based on the ageing profile of customer accounts, customer creditworthiness, and the Council's historical write-off experience. One-off debts for significant amounts are also included where there are reasonable grounds to assume that payment is unlikely to be received.	additional or reduced charges of approximately £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, while a deterioration may increase the level of impairment required.
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Provision for Business Rates Appeals

Uncertainties	Effect if Actual Results Differ from Assumptions
The possible refund from business rates appeals can vary depending on factors such as the type of appeal, the type of property, its geographical location and the probability of appeal success.	Following an assessment of the outstanding business rates appeals at 31 March 2026, a total provision of £3.566m was made for potential future appeal refunds. The Council's 40% share of this provision is £1.426m. If the total provision for appeals changed by 1%, the resulting increase or decrease would be £0.036m, which would be shared across central government (50%), the County Council (10%) and the Council (40%). Changes in factors such as appeal success rates, reductions in rateable values and the volume and timing of appeals could result in the provision being higher or lower than currently estimated.

Pensions

Uncertainties	Effect if Actual Results Differ from Assumptions
The Council provides a defined benefit pension scheme for its employees. The asset (or liability) recognised in the Statement of Financial Position represents the fair value of	The assumptions used by the Council are set out in Note 35 and are based on actuarial estimates. These are selected from a range of possible assumptions and may

plan assets less the present value of the defined benefit obligations at the reporting date. The expected cost of providing these defined benefit pensions depends on an assessment of several assumptions, including: • 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.	not necessarily be borne out in practice, although they are broadly in line with those used by other local authorities. Changes in these assumptions could materially affect the value of the defined benefit pension scheme's liabilities and assets. A sensitivity analysis showing the potential impact of changes in key assumptions is included within Note 35.
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Note 5 - Material Items of Income and Expense and Prior Year Restatements

Pensions

The actuary carried out a valuation as at 31 March 2026. This has resulted in pension assets increasing from £153m at 31 March 2025 to £165m at 31 March 2026. Liabilities have increased from £144m at 31 March 2025 to £156m at 31 March 2026. In addition, the adjustment to reflect the asset ceiling has decreased from £37m to £28m (see note 35 for more detail). In total this has resulted in an decrease in the net liability of £9m.

Prior year Restatements

During 2025/26 the Council amended its directorate structure, resulting in changes to how services are reported within the Comprehensive Income and Expenditure Statement and Expenditure and Funding Analysis. The revised structure reflects the creation of new service groupings, including the Chief Executive's Office, Neighbourhood Services and Place and Regeneration, with services reallocated from the previous Communities and Resources & Transformation directorates.

As a result, comparative figures for 2024/25 have been restated to align with the new directorate structure. This restatement does not impact the overall Cost of Services or the Council's surplus or deficit on the provision of services but only affects the presentation of service lines. The effects of this restatement on the Comprehensive Income and Expenditure Statement and Expenditure and Funding Analysis are shown in the tables below.

Comprehensive Income and Expenditure Statement	As previously stated	Change	Restated amount
	£'000	£'000	£'000
Expenditure			
Chief Executive's Office	0	1,611	1,611
Communities	42,391	(42,391)	0
Neighbourhood Services	0	33,848	33,848
Place and Regeneration	0	23,496	23,496
Resources	55,154	(16,564)	38,589
Income			
Chief Executive's Office		(2)	(2)
Communities	(19,106)	19,106	0
Neighbourhood Services		(14,599)	(14,599)
Place and Regeneration	0	(12,831)	(12,831)
Resources	(33,839)	8,326	(25,513)

Expenditure and Funding Analysis	As previously stated £'000	Change £'000	Restated amount £'000
Net Expenditure for internal reporting			
Chief Executive's Office	0	1,571	1,571
Communities	13,389	(13,389)	0
Neighbourhood Services	0	10,335	10,335
Place and Regeneration	0	824	824
Resources	8,650	658	9,308
Adjustment for use of / (transferto) Earmarked Reserves included in internal reporting			
Chief Executive's Office	0	0	0
Communities	1,137	(1,137)	0
Neighbourhood Services	0	789	789
Place and Regeneration	0	383	383
Resources	1,040	(34)	1,006
Net Expenditure Chargeable to the General Fund Balance			
Chief Executive's Office	0	1,571	1,571
Communities	14,526	(14,526)	0
Neighbourhood Services	0	11,124	11,124
Place and Regeneration	0	1,208	1,208
Resources	9,690	623	10,314
Adjustments between accounting and funding basis (Note 7a)			
Chief Executive's Office	0	37	37
Communities	8,759	(8,759)	0
Neighbourhood Services	0	8,125	8,125
Place and Regeneration	0	9,458	9,458
Resources	11,624	(8,862)	2,762
Net Expenditure in the Comprehensive Income and Expenditure Statement			
Chief Executive's Office	0	1,609	1,609
Communities	23,285	(23,285)	0
Neighbourhood Services	0	19,249	19,249
Place and Regeneration	0	10,666	10,666
Resources	21,314	(8,238)	13,076

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 26					
	Net Capital Statutory Adjustments £'000	Net Pensions Statutory Adjustments £'000	Other Statutory Adjustments £'000	Other Differences £'000	Total Adjustments £'000
Chief Executive's Office	0	(54)	0	0	(54)
Neighbourhood Services	5,775	(459)	0	2	5,318
Place and Regeneration	3,352	(267)	0	112	3,197
Resources	535	66	(13,136)	2,843	(9,692)
Net Cost of Services	9,662	(714)	(13,136)	2,957	(1,231)
Other Income and Expenditure	(8,496)	1,595	(8,234)	(2,957)	(18,092)
Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement	1,166	881	(21,370)	0	(19,324)
Year Ending 31 Mar 25 (Restated)					
	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
Chief Executive's Office	0	37	0	0	37
Neighbourhood Services	7,678	323	0	124	8,125
Place and Regeneration	9,147	119	0	192	9,458
Resources	569	66	19	2,108	2,762
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

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-26	Revenues from External Customers £'000	Revenues from Other Segments £'000	Interest Revenue £'000	Interest Expense £'000	Depreciation and Amortisation £'000
Chief Executive's Office	0	0	0	0	0
Neighbourhood Services	(8,579)	(9,781)	0	0	3,722
Place and Regeneration	(12,232)	(1,408)	0	0	2,173
Resources	(2,817)	(18,637)	0	0	535
Non Distributed Services	(279)	(30,850)	(5,383)	4,484	0
Total Managed by Segments	(23,907)	(60,676)	(5,383)	4,484	6,430

31-Mar-25 (Restated)	Revenues from External Customers £'000	Revenues from Other Segments £'000	Interest Revenue £'000	Interest Expense £'000	Depreciation and Amortisation £'000
Chief Executive's Office	0	(2)	0	0	0
Neighbourhood Services	(8,118)	(7,465)	0	0	3,659
Place and Regeneration	(11,865)	(965)	0	0	1,737
Resources	(3,352)	(22,161)	0	0	569
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

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

2025/26	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)	(881)	0	0	881
Council tax and NDR (transfers to or (from) the Collection Fund Adjustment Account)	8,177	0	0	(8,177)
Holiday pay (transferred to the Accumulated Absences reserve)	7	0	0	(7)
Movement in Expected Credit Losses (transferred to the capital adjustment account)	58	0	0	(58)
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)	(11,124)	0	0	11,124
Represents the statutory transfer of the unamortised gain on early repayment of PWLB debt to the Financial Instruments Adjustment Account.	13,129	0	0	(13,129)
Total Adjustments to Revenue Resources	9,365	0	0	(9,365)
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	1,166	(1,573)	0	407
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	4,337	0	0	(4,337)
Revenue contribution to Capital	0	0	0	0
Total Adjustments between Revenue and Capital Resources	5,503	(1,573)	0	(3,930)
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	0	286	0	(286)
Write down of Capital loans repaid to the Council	0	(108)	0	108
Application of capital grants to finance capital expenditure	4,456	0	205	(4,661)
Donated assets fair value less consideration included in the (Surplus) or Deficit on the Provision of Services transferred to the Capital Adjustment Account	0	0	0	0
Total Adjustments to Capital Resources	4,456	178	205	(4,838)
Total Adjustments	19,324	(1,395)	205	(18,134)

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 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 2024	Net transfers (to)/from Earmarked Reserves in 2024/25	Balance at 31 March 2025	Net transfers (to)/from Earmarked Reserves in 2025/26	Balance at 31 March 2026
	£'000	£'000	£'000	£'000	£'000
General Earmarked Reserves					
Planning & Development	(239)	(106)	(345)	(361)	(706)
Pensions Deficit	(1,900)	252	(1,648)	252	(1,396)
Transformation Reserve	(1,705)	809	(896)	294	(602)
Capital Reserve	(2,066)	2,066	0	0	0
Projects	(4,027)	(1,583)	(5,610)	5,464	(146)
Transformation Implementation Reserve	(4,974)	0	(4,974)	(1,262)	(6,236)
Market Risk Reserve	(8,300)	(596)	(8,896)	(372)	(9,268)
Business Rates Equalisation	(586)	(1,819)	(2,405)	145	(2,259)
Interest rate equalisation	(2,400)	(1,592)	(3,992)	(1,957)	(5,949)
Planning Control	(209)	(363)	(572)	139	(433)
Legal Projects reserve	0	(500)	(500)	(500)	(1,000)
Local Government Reform	0	(250)	(250)	(2,824)	(3,074)
Cherwell Futures	0	0	0	(1,253)	(1,253)
Other General Earmarked reserve	(1,919)	710	(1,209)	(708)	(1,918)
Revenue Grant Earmarked Reserves					
Homelessness Prevention	(824)	622	(202)	189	(13)
Bicester Garden Town	(655)	278	(377)	268	(109)
Heyford Park New Town	0	0	0	(500)	(500)
Other Revenue Grant Earmarked reserves	(1,073)	(267)	(1,340)	(267)	(1,607)
Total Earmarked Reserves	(30,876)	(2,340)	(33,216)	(3,254)	(36,469)

Note 10 - Other Operating Expenditure

31-Mar-25 £'000	Other Operating Expenditure	31-Mar-26 £'000
6,356	Precepts to other authorities and charging bodies	6,625
(128)	(Gains)/losses on the Disposal of Non-Current Assets	(1,108)
6,227	Total Other Operating Expenditure	5,517

Note 11 - Financing and Investment Income and Expenditure

During 2025/26 the Council recognised a gain of £14.588m on the early repayment of PWLB debt. In accordance with statutory accounting requirements, the gain was deferred to the Financial Instruments Adjustment Account and is being released to the Comprehensive Income and Expenditure Statement over a 10-year period. During the year £1.459m was released to Financing and Investment Income and Expenditure. This release is non-cash in nature and reflects the amortisation of the deferred gain.

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-25 £'000	Financing and Investment Income & Expenditure	31-Mar-26 £'000
4,625	Interest payable and similar charges	3,025
1,102	Net interest on the net defined benefit liability (asset)	1,598
(6,619)	Interest receivable and similar income	(5,883)
(424)	Income and expenditure in relation to investment properties and changes in their fair value	(260)
44	Other investment income and expenditure	(77)
(1,272)	Total	(1,597)

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-25 £'000	Taxation and Non-Specific Grant Income	31-Mar-26 £'000
--------------------	--	--------------------

(15,783)	Council tax income	(16,233)
(6,261)	Business rates income	(14,241)
(14,770)	Non-ringfenced government grants	(13,701)
(5,774)	Capital grants and contributions	(2,908)
(42,589)	Total	(47,083)

Note 13 – Expenditure and Income Analysed by Nature

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

31-Mar-25 £'000	Nature of Expenditure or Income	31-Mar-26 £'000
	Expenditure	
32,714	Employee benefits expenses	32,859
59,858	Other expenditure	48,843
4,625	Interest payments	3,025
6,356	Precepts and levies	6,625
5,965	Depreciation and amortisation	6,429
0	Gain or loss on disposal of non-current assets	0
109,517	Total Expenditure	97,782
	Income	
(23,722)	Fees, charges and other service income	(24,708)
(6,619)	Interest and investment income	(19,012)
(22,045)	Income from local taxation	(30,474)
(50,037)	Government grants and contributions	(45,110)
(128)	Gain or loss on disposal of non-current assets	(1,108)
(102,552)	Total Income	(120,412)
6,965	(Surplus) or Deficit for Year	(22,630)

Note 14 – Property, Plant and Equipment

Movements to 31-Mar-26

	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	146,476	8,605	23,032	3,361	324	4,464	4,173	190,436
Additions	485	61	1,465	16	1	0	502	2,530
Accum. Dep & Impairments Written Off to Gross Carrying Amount	(2,494)	0	0	0	0	0	0	(2,494)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	873	0	0	0	0	1,320	0	2,192
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	103	0	0	0	0	(1,580)	0	(1,477)
Derecognition - Disposals	(60)	0	0	0	0	0	0	(60)
Assets reclassified (to)/from Assets Held for Sale	0	0	0	0	0	0	0	0
Assets reclassified (to)/from Investment Property	0	0	0	0	0	0	0	0
Other movements in Cost or Valuation	0	0	0	0	0	0	0	0
At 31 March 2026	145,382	8,666	24,498	3,377	325	4,203	4,675	191,127

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	-5,330	-558	-13,977	-1,736	0	-10	0	-21,612
Depreciation Charge	-4,043	-490	-1,179	-91	0	0	0	-5,802
Acc. Depreciation Written Off to Gross Carrying Amount	2,494	0	0	0	0	0	0	2,494
Acc. Impairment Written Off to Gross Carrying Amount	0	0	0	0	0	0	0	0
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	0	0	0	0	0	0	0	0
Other movements in Depreciation and Impairment	3	0	0	0	0	0	0	3
At 31 March 2026	-6,876	-1048	-15,156	-1,826	0	-10	0	-24,917
Net Book Value								
At 31 March 2026	138,506	7,618	9,342	1,551	325	4,193	4,675	166,210
At 31 March 2025	141,146	8,047	9,055	1,626	324	4,454	4,173	168,824

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
Recognition - 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

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	12,334	0	24,498	3,362	245	0	4,675	45,114
Valued at current value as at:								
31/03/2025	67,062	0	0	0	0	3,903	0	70,965
31/03/2025	37,291	7,618	0	0	0	0	0	44,909
31/03/2024	28,634	0	0	0	95	300	0	29,029
31/03/2023	1,110	0	0	0	0	0	0	1,110
Total Cost or Valuation	146,430	7,618	24,498	3,362	340	4,203	4,675	191,127

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-25 £'000	Investment Property Income and Expenditure	31-Mar-26 £'000
(161)	Rental income from investment property	(153)
8	Direct operating expenses from investment property	36
(153)	Net (gain)/loss	(117)

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-25 non- current £'000	Investment Property Movements in Year	31-Mar-26 non-current £'000
4,274	Opening Balance	4,545
0	Additions: Purchases	0
0	Enhancements	0
0	Disposals	0
272	Net gains/(losses) from fair value adjustments	143
0	Transfers to/(from) Property, Plant and Equipment	0
4,545	Closing Balance	4,688

Fair value hierarchy

Details of the Council's investment properties and surplus assets and information about the fair value hierarchy as at 31 March 2026 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 2026 £'000
Investment Properties	0	4,688	0	4,688
Surplus Assets	0	4,193	0	4,193
Assets Held for Sale	0	0	0	0
Totals	0	8,880	0	8,880
Comprised of:				
Office Units	0	4,268	0	4,268
Commercial Units	0	4,323	0	4,323
Other	0	290	0	290
Totals	0	8,880	0	8,880

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

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-25	Intangible Assets	31-Mar-26
£000	Opening Balance	£000
4,651	Gross Carrying Amount	4,737
(2,901)	Accumulated Amortisation & Impairment	(3,429)
1,750	Net Carrying Amount	1,309
86	Additions	(36)
0	Disposals	0
(527)	Amortisation for the Period	(535)
1,309	Net Carrying Amount at End of Year	738
	Comprising:	
4,737	Gross Carrying Amount	4,702
(3,429)	Accumulated Amortisation & Impairment	(3,964)
1,309	Closing Balance	738

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-25 Short term	31-Mar-25 Long-term	Financial Instruments - Liabilities	31-Mar-26 Short-term	31-Mar-26 Long-term
£'000	£'000	Financial Liabilities	£'000	£'000
		Loans at amortised cost:		
(26,000)	(139,000)	- Principal sum borrowed	(36,000)	(108,000)
(1,095)	0	- Accrued interest	(1,185)	
(27,095)	(139,000)	Total Borrowing	(37,185)	(108,000)
		Liabilities at amortised cost:		
(69)	(45)	- Finance leases	(10)	(35)
0	(14)	- Other Liabilities	0	(17)
(69)	(59)	Total Other Liabilities	(10)	(52)
		Liabilities at amortised cost:		
(5,296)	0	- Trade payables	(4,800)	
(707)	0	- Other payables	(249)	
(6,003)	0	Included in Creditors	(5,049)	0
		Cash and Cash Equivalents At amortised cost:		
(408)	0	Principal	(338)	
(408)	0	Total Cash and Cash Equivalents	(338)	
(33,575)	(139,059)	Total Financial Liabilities	(42,582)	(108,052)

The total short-term borrowing includes £424k (2025: £645k) accrued interest due within 12 months on long-term borrowing.

The creditors lines on the Balance Sheet include £24,080k (2025: £23,883k) short-term creditors that do not meet the definition of a financial instrument.

Financial Instruments – Assets

31-Mar-25		Financial Instruments - Assets	31-Mar-26	
Short Term	Long Term		Short Term	Long Term
£'000	£'000	Financial Assets	£'000	£'000
		At amortised cost:		
0	0	- Principal	9,000	
0	0	- Accrued interest	26	
		PWLB Loan Early Repayment Discount	(1,459)	
		- Transfer to reserves	1,459	
		At fair value through profit & loss:		
0	45,182	- Fair value		45,182
0	45,182	Total Investments	9,026	45,182
		At amortised cost:		
0	0	- Principal	0	
		At fair value through profit & loss:		
5,205	0	- Fair value	7,380	
20	0	- Accrued interest	23	
5,225	0	Total Cash and Cash Equivalents	7,403	0
		At amortised cost:		
2,219		- Trade receivables	3,060	
2,816		- Other receivables	2,924	
107	57,560	- Loans made for service purposes	113	57,657
0	1	- Accrued interest	0	0
0	(738)	- Loss allowance		(680)
5,142	56,823	Included in Debtors	6,097	56,977
10,366	102,005	Total Financial Assets	22,526	102,159

A £25m PWLB loan due to mature in November 2071 was repaid in April 2025 for the principal amount of £10.4m with the council benefiting from the £14.6m discount. The CIPFA code requires the discount to be amortised over 10 years, resulting in a £1.46m non-cash windfall in 25/26 which has been moved to reserves.

The debtors lines on the Balance Sheet include £3,385k (2025: £7,461k) short-term and £5,064k (2025: £5,371k) 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-25 £'000	Offsetting Financial Assets & Liabilities	31-Mar-26 £'000
809	Bank accounts in credit	341
(1,217)	Bank overdrafts	(679)
(408)	Net position of offset accounts	(338)
0	Other bank accounts	0
(408)	Net position on balance sheet	(338)

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		2025/26 Total	2024/25 Total
	Amortised Cost	Fair Value through Profit & Loss	Amortised Cost	Fair Value through Profit & Loss	
	£'000	£'000	£'000	£'000	£'000
Interest expense	4,454				4,454
Fees paid	30				30
Interest payable and similar charges	4,484	0	0	0	4,484
Interest income	0		(5,883)	0	(5,883)
Fees	0				0
Interest and investment income	0	0	(5,883)	0	(5,883)
Net impact on (surplus)/deficit on provision of services	4,484	0	(5,883)	0	(1,399)

Financial Instruments - Fair Value – Liabilities

Balance Sheet	Fair Value			Balance Sheet	Fair Value
31-Mar-25	31-Mar-25			31-Mar-26	31-Mar-26
£'000	£'000		Fair value Level	£'000	£'000
		Financial liabilities held at amortised cost:			
(139,000)	(107,146)	Long-term loans	2	(108,000)	(93,903)
(27,095)	(26,993)	Short-term loans	2	(37,185)	(37,083)
(114)	(114)	Lease payables and PFI liabilities	2	(45)	(45)
(166,209)	(134,254)	Total		(145,230)	(131,031)
(6,415)		Liabilities for which fair value is not disclosed		(5,403)	
(172,624)	(134,254)	Total Financial Liabilities		(150,634)	(131,031)
		Recorded on balance sheet as:			
(6,062)		Short-term creditors		(5,059)	
(27,095)		Short-term borrowing		(37,185)	
(59)		Long-term creditors		(52)	
(139,000)		Long-term borrowing		(108,000)	
(408)		Cash and Cash Equivalents		(338)	
(172,624)		Total Financial Liabilities		(150,634)	

The Authority measures fair value using the following hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities 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 or liability, either directly or indirectly.
- Level 3 inputs: unobservable inputs for the asset or liability.

The fair value levels assigned to financial instruments are disclosed within the table above.

Financial Instruments - Fair Value – Assets

Balance Sheet	Fair Value			Balance Sheet	Fair Value
31-Mar-25	31-Mar-25			31-Mar-26	31-Mar-26
£'000	£'000		Fair Value Level	£'000	£'000
		Financial assets held at fair value:			
5,225	5,225	Money market funds	1	7,403	7,403
45,182	45,182	Shares in unlisted companies	3	45,182	45,182
		Financial assets held at amortised cost:			
0	0	Bank deposits & repos	2	9,026	8,688
57,673	57,673	Loans to companies	3	57,770	57,770
108,080	108,080	Total		119,381	119,043
5,035		Assets for which fair value is not disclosed		5,984	
113,115	108,080	Total Financial Assets		125,365	119,043
		Recorded on balance sheet as:			
57,566		Long-term debtors		57,658	
45,182		Long-term investments		45,182	
5,142		Short-term debtors		6,097	
0		Short-term investments		9,026	
5,225		Cash and cash equivalents		7,403	
113,115		Total Financial Assets		125,366	

The fair value of short-term financial assets held at amortised cost, including trade receivables, is assumed to approximate to the carrying amount.

The fair value of financial assets held at amortised cost is lower than their balance sheet carrying amount because the interest rate on similar investments is now higher than that obtained when the investment was originally made.

Note 17.1 - Nature and Extent of Risks Arising from Financial Instruments

The Council's activities expose it to a variety of financial risks:

Credit Risk – the possibility that other parties might fail to pay amounts due to the Council

Liquidity Risk – the possibility that the Council might not have funds available to meet its commitments to make payments

Market Risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

Credit Risk: Investments

The Council manages credit risk by ensuring that investments are only placed with organisations of high credit quality as set out in the Treasury Management Strategy. These include commercial entities with a minimum long-term credit rating of A-, the UK government and other local authorities. The Treasury Management Strategy also restricts lending to a prudent maximum amount for each institution.

The table below summarises the credit risk exposures of the Council's investment portfolio:

	Long Term Credit Rating	
31-Mar-25 £'000	(Fitch)	31-Mar-26 £'000
0	AA	0
0	AA-	9,000
0	A+	0
0	Total	9,000

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-25 £'000	Credit Risk: Debtors	31-Mar-26 £'000
	Duration outstanding	
402	One months	599
40	Two months	138
138	Three months	54
1,295	More than three months	1,514
1,875	Total	2,305

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 2026
Graven Hill Village Development Co Ltd	£69.6m	£52.6m

The Council has also provided a financial guarantee of £0.99m 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-25	Liquidity Risk	31-Mar-26
£'000	Time to maturity	£'000
(26,000)	Less than 1 year	(36,000)
(6,000)	1 – 2 years	(10,000)
(51,000)	2 – 5 years	(47,000)
(47,000)	5-10 years	(46,000)
(5,000)	10-20 years	0
(30,000)	20-30 years	(5,000)
(165,000)	Total	(144,000)

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-25 £'000	Inventories	31-Mar-26 £'000
263	Opening Balance	234
821	Purchases	1,619
(850)	Recognised as an expense in the year	(1,529)
234	Closing Balance	324

Note 19a – Short Term Debtors

An analysis of the debtor's balance is shown below

31-Mar-25 £'000	Short Term Debtors	31-Mar-26 £'000
2,219	Trade Receivables	3,060
3,167	Pre-Payments	542
7,217	Other Receivable Amounts	5,880
12,603	Total Debtors	9,482

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-25 £'000	Short Term Debtors for Local Taxation	31-Mar-26 £'000
0	Less than three months	0
0	Three to six months	0
415	Six months to one year	794
504	More than one year	611
919	Total Debtors	1,405

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-25 £'000	Cash and Cash Equivalents	31-Mar-26 £'000
(408)	Bank Balances/(Overdraft)	(338)
5,225	Short Term Investments	7,403
4,817	Total Cash and Cash Equivalents	7,066

Note 21– Assets Held for Sale

31-Mar-25 £'000	Assets held for Sale	31-Mar-26 £'000
199	Balance at start of year	0
	Assets transferred to / (from) Assets Held for Sale:	
(199)	Property Plant and Equipment	0
	Assets Sold:	
0	Property Plant and Equipment	0
0	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-25 £'000	Short Term Creditors	31-Mar-26 £'000
(5,296)	Trade Payables	(4,800)
(24,659)	Other Payable Amounts	(24,328)
(29,955)	Total Creditors	(29,129)

Note 23 – Provisions

The main provisions during 2025/26 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-26	NNDR Appeals Provision £'000	Total £'000
Opening Balance	(3,567)	(3,567)
Increase in provision during year	2,701	2,701
Utilised during the year	866	866
Transferred from Long term	0	0
Closing Balance	0	0
31-Mar-25 £'000	NNDR Appeals Provision £'000	Total £'000
Opening Balance	(4,193)	(4,193)
Increase in provision during year	(145)	(145)
Utilised during the year	772	772
Transferred from Long term	0	0
Closing Balance	(3,567)	(3,567)

Long Term Provisions

31-Mar-26	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	(2,026)	(50)	0	0	(123)	(2,198)
Increase in provision during year	(878)	0	0	0	0	(878)
Utilised during year	1,477	10	0	0	0	1,487
Transferred to short term	0	0	0	0	0	0
Closing Balance	(1,427)	(40)	0	0	(123)	(1,589)

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)

Total Provisions

31-Mar-25 £'000	Provisions Summary	31-Mar-26 £'000
(5,964)	Opening Balance	(5,765)
(1,947)	Increase in provision during year	1,823
2,146	Utilised during year	2,353
(5,765)	Closing Balance	(1,589)

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-25 £'000	Usable Reserves Summary	31-Mar-26 £'000
(8,021)	General Fund	(8,021)
(33,216)	Earmarked Reserves	(36,469)
0	Capital Receipts Reserve	(1,395)
(5,321)	Capital Grants Unapplied Reserve	(5,116)
(46,557)	Total	(51,000)

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-25 £'000	General Fund Reserve	31-Mar-26 £'000
(6,152)	Opening Balance	(8,021)
(1,869)	Transfers to general reserves	0
0	Use of general reserves in year	0
(8,021)	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-25 £'000	Earmarked Reserves	31-Mar-26 £'000
(30,876)	Opening Balance	(33,216)
(7,876)	Transfers to reserves	(8,649)
5,537	Use of reserves in year	5,396
(33,216)	Closing Balance	(36,469)

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-25 £'000	Capital Receipts Reserve	31-Mar-26 £'000
(606)	Opening Balance	0
(891)	Receipts from disposal of an interest in a capital asset	(1,573)
(101)	Receipts from repayments of capital loans made by the council	(108)
1,597	Capital Receipts used for financing	286
0	Closing Balance	(1,395)

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-25 £'000	Capital Grants Unapplied	31-Mar-26 £'000
(5,688)	Opening Balance	(5,321)
(477)	Capital grants recognised in year	(166)
844	Capital grants and contributions applied	371
(5,321)	Closing Balance	(5,116)

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-25 £'000	Unusable Reserves Summary	31-Mar-26 £'000
(37,224)	Revaluation Reserve	(38,066)
6,131	Capital Adjustment Account	6,672
27,933	Pension Reserve	16,110
(407)	Deferred Capital Receipts Reserve	0
993	Collection Fund Adjustment Account	(7,184)
476	Accumulated Absences Account	469
0	Financial Instrument Adjustment Account	(13,129)
(2,097)	Total	(35,127)

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-25 £'000	Revaluation Reserve	31-Mar-26 £'000
(39,184)	Opening balance	(37,224)
(2,902)	Upward revaluation of assets	(4,003)
2,207	Downward revaluation of assets and impairment losses not charged to the Surplus or Deficit on the Provision of Services	1,811
973	Revaluation of Right of use assets	0
278	Surplus or deficit on revaluation of non-current assets not charged to the Surplus or Deficit on the Provision of Services	(2,192)
1,264	Difference between fair value depreciation and historical cost depreciation	1,319
418	Accumulated gains on assets sold or scrapped	31
0	Accumulated gains on Property transferred to Investment Property	0
1,683	Amount written off to the Capital Adjustment Account	1,350
(37,224)	Closing Balance	(38,066)

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-25	Capital Adjustment Account	31-Mar-26
£'000		£'000
1,446	Opening balance	6,131
5,438	Charges for depreciation and impairment of non-current assets	6,429
9,722	Revaluation losses on non-current assets	1,477
130	Revaluations of right of use assets on adoption of IFRS16	0
527	Amortisation of intangible assets	0
2,830	Revenue expenditure funded from capital under statute	3,303
1,055	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	58
19,702	Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	11,267
(1,683)	Adjusting Amounts written out of the Revaluation Reserve	(1,350)
18,019	Net written out amount of the cost of non-current assets consumed in the year	9,917
(1,597)	Use of Capital Receipts Reserve to finance new capital expenditure	(286)
(7,143)	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(4,661)
(4,111)	Statutory provision for the financing of capital investment charged against the General Fund	(4,337)
45	Increase in expected credit losses provision for long-term loans receivable	(58)
(107)	Direct Revenue contributions	0
(12,913)	Capital financing applied in year:	(9,341)
101	Write down of Capital Loans repaid to the Council	108
(272)	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(143)
(250)	Donated assets fair value less consideration	0
6,131	Closing Balance	6,672

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 2026, as shown in note 35, the council has a surplus of assets compared to defined benefit obligations of £11.5m. 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-25 £'000	Pension Reserve	31-Mar-26 £'000
22,700	Opening Balance	27,933
3,584	Remeasurements of the net defined benefit (liability)/asset	(12,704)
5,418	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	4,550
(3,769)	Employer's pensions contributions and direct payments to pensioners payable in the year	(3,669)
27,933	Closing Balance	16,110

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-25 £'000	Deferred Capital Receipts reserve	31-Mar-26 £'000
(114)	Opening Balance	(407)
(407)	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure statement	(0)
114	Transfer to the capital receipts reserve upon receipt of cash	407
(407)	Closing Balance	(0)

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-25 £'000	Collection Fund Adjustment Account	Business Rates £'000	Business Rates – other £'000	Council Tax £'000	31-Mar-26 Total £'000
(1,464)	Opening Balance	1,415		(422)	993
2,525	Amount by which income credited to the CIES is different from income calculated for the year in accordance with statutory requirements	(8,482)		285	(8,197)
(68)	Other transfers to/(from) the General Fund in accordance with non-domestic rates regulations		20		20
993	Closing Balance	(7,067)	20	(137)	(7,184)

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-25 £'000	Accumulated Absences Account	31-Mar-26 £'000
458	Opening Balance	476
(458)	Settlement or cancellation of the accrual made at the end of the preceding year	(476)
476	Amounts accrued at the end of the year	469
476	Closing Balance	469

Financial Instrument Adjustment Account

The Financial Instrument Adjustment Account holds the accumulated difference between the financing costs included in the Comprehensive Income and Expenditure Account and the accumulated financing costs required in accordance with regulations to be charged to the General Fund Balance.

31-Mar-25 £'000	Financial Instrument Adjustment Account	31-Mar-26 £'000
0	Opening Balance	0
0	Gain on early repayment of PWLB loans transferred to FIAA	(14,588)
0	Release of deferred gain to Financing and Investment Income and Expenditure	1,459
0	Closing Balance	(13,129)

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 2025/26 were as follows:

31-Mar-25 £'000	Members' Allowances	31-Mar-26 £'000
353	Allowances	365
6	Expenses	7
359	Total Members' Allowances	372

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-25	Officers' Remuneration	31-Mar-26
Number of employees	Remuneration Band	Number of employees
15	£50,001 to £55,000	17
27	£55,001 to £60,000	25
13	£60,001 to £65,000	21
5	£65,001 to £70,000	4
4	£70,001 to £75,000	3
1	£75,001 to £80,000	0
1	£80,001 to £85,000	1
1	£90,001 to £95,000	0
0	£95,001 to £100,000	1
1	£110,001 to £115,000	0
68	Total	72

The Remuneration paid to senior employees in Cherwell District Council 2025/26 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 and Head of Paid Service	161,460	-	-	161,460	25,672	187,132
Executive Director - Resources	128,798	-	-	128,798	19,935	148,733
Executive Director – Place and Regeneration	124,861	100	-	124,961	19,935	144,896
Executive Director - Neighbourhood Services ¹	10,111	-	-	10,111	1,608	11,719
Cherwell Futures Director ²	19,643	-	-	19,643	3,123	22,766
Assistant Director - Finance and Section 151	108,925	-	-	108,925	17,283	126,208
Assistant Director - Law, Governance and Monitoring Officer	106,367	-	-	106,367	16,876	123,243
Assistant Director - Human Resources	83,997	-	-	83,997	13,355	97,352
Assistant Director - Planning	95,507	-	-	95,507	15,186	110,693
Assistant Director - Property	94,227	-	-	94,227	14,982	109,210
Assistant Director - Wellbeing and Housing Services	101,560	-	-	101,560	16,148	117,708
Assistant Director - Environmental Services	95,507	-	-	95,507	15,186	110,693
Assistant Director Customer Focus ³	45,972	-	60,914	106,885	7,225	114,111
Head of Development Management	80,029	25	-	80,054	12,725	92,779
Head of Biodiversity and Climate Resilience ⁴	5,559	-	-	5,559	884	6,443
Head of Digital Innovation	74,293	-	-	74,293	11,813	86,106
Head of Regulatory Services and Community Safety	71,125	-	-	71,125	11,309	82,434
Head of Chief Executive's Office ⁵	5,913	-	-	5,913	940	6,853
Head of Finance & Deputy S151	72,223	-	-	72,223	11,483	83,706

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 £
Head of Legal & Deputy Monitoring Officer	70,029	-	-	70,029	11,135	81,163
Total	1,556,105	125	60,914	1,617,143	246,803	1,863,946

¹ Executive Director of Neighbourhood Services employment began 2 March 2026

² Cherwell Futures Director employment began 2 February 2026

³ Assistant Director – Customer Focus ended 26 September 2025

⁴ Head of Biodiversity and Climate Resilience employment began 2 March 2026

⁵ Head of Chief Executive Office employment began 2 March 2026

Note 27 Continued... **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 Pension Contribution £	Employers' Pension Contribution £	Total Remuneration including 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 of Environmental Services	92,277	0	0	92,277	14,672	106,949
Assistant Director of Planning and Development	92,277	0	0	92,277	14,672	106,949
Assistant Director of Growth and Economy*	92,277	0	64,109	156,386	14,672	171,059
Assistant Director of Finance S151	104,005	0	0	104,005	16,537	120,542
Assistant Director of 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

Post Title	Salary (Including Fees & Allowances) £	Expense Allowances and Other Emoluments £	Compensations for Loss of Employment £	Total Remuneration Excluding Pension Contribution £	Employers' Pension Contribution £	Total Remuneration including pension contribution £
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 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 non-audit services provided by the Authority's external auditors.

Total audit fees in 2025/26 are lower than the prior year primarily due to a change in external audit supplier, together with the release of prior year accruals following updated fee positions.

Amounts relating to previous financial years reflect the net reversal of over-accruals and finalisation of fees where estimates had previously been applied. Housing Benefit Assurance Process (HBAP) work spans multiple financial years; outstanding work for 2023/24 and 2025/26 remains subject to completion and final fee agreement. The 2025/26 HBAP audit has been accrued at £47k based on the latest available information.

The final fees payable in relation to external audit work remain subject to approval by Public Sector Audit Appointments (PSAA), where applicable.

31-Mar-25 £'000s	Fees	31-Mar-26 £'000s
Fees payable with regard to external audit services carried out by the appointed auditor		
191	In relation to this financial year	196
31	In relation to previous financial years	(33)
161	Fees payable for the certification of grant claims and returns	(33)
383	Total	130

Note 29 – Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2025/26;

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

31-Mar-25 £'000	Grant Income Credited to Taxation	31-Mar-26 £'000
Revenue Grants and Contributions		
(361)	Revenue Support Grant	(334)
(9,141)	Non-Domestic Rates (incl. Section 31 grant)	(8,621)
(1,375)	New Homes Bonus	(935)
(27)	Services Grant	0
(3,461)	Funding Guarantee Grant	(3,658)
(406)	Other Revenue Grants and Contributions	(164)
Capital Grants and Contributions		
(3,484)	Eco Town Grant	0
0	Local Authority Household Fund	(1,400)
(1,192)	S106 Capital Contributions	(946)
(1,099)	Other Capital Grants and Contributions	(562)
(20,545)	Total	(16,621)

Grant Income Credited to Services

31-Mar-25 £'000	Grant Income Credited to Services	31-Mar-26 £'000
(21,146)	Rent Allowances Subsidy Grant	(17,020)
(270)	Housing Benefit Administration Subsidy Grant	(326)
(243)	NDR Cost of Collection Grant	(244)
(798)	Homeless Support Grants	(1,142)
(748)	Section 106 Developer contributions	(683)
(281)	Discretionary Housing Payments	(187)
0	NTU Funding	(500)
(1,252)	Disabled Facilities Grant*	(1,548)
(2,375)	Contributions from other Local Authorities	(2,824)
(1,095)	Home Office – Housing Refugees	(1,337)
(658)	UK Shared Prosperity Fund	(335)
0	Extended Producer Responsibility	(1,709)
(628)	Other Grants & Contributions	(636)
(29,493)	Total	(28,491)

*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-25 £'000		31-Mar-26 £'000
(546)	Section 106 developer contributions	(474)
(30)	COVID-19 Grant - LRSG Closed Addendum	(30)
(2)	COVID-19 Grant - LRSG Open	(2)
(7)	Council Tax Rebate Grant	(7)
(1,463)	Afghan Refugee Accommodation Programme	(2,013)
(539)	Homes for Ukraine	(535)
(306)	Asylum Dispersal Grant	(259)
(200)	Other Grants and contributions	(423)
(3,093)	Total	(3,743)

Grants Receipts in Advance (Capital Grants) - Current Liabilities

31-Mar-25 £'000		31-Mar-26 £'000
(3,261)	Section 106 developer contributions	(3,247)
(390)	Other Grants and Contributions	(318)
(3,651)	Total	(3,565)

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

31-Mar-25 £'000		31-Mar-26 £'000
(5,677)	Section 106 Developer Contributions - Capital	(8,082)
(5)	Community Build Banbury	(5)
(5,682)	Total	(8,087)

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

31-Mar-25 £'000		31-Mar-26 £'000
(8,821)	Section 106 Developer Contributions - Capital	(11,076)
(8,821)	Total	(11,076)

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 Officer 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 £4.176m (2024/25: £3.964m), representing the present value of the contractual amount of £13.679m 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 £0.237m (2024/25: £0.573m), 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 Officer Nicola Riley (appointed August 2021) are directors of the company.

There were no transactions between the Council and Crown Apartments Banbury Limited in 2025/26 or 2024/25.

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.

The value of loans outstanding from the council to the company as at the balance sheet date total £12.234m (2024/25 £12.234m). The income recognised by the council in relation to interest on the loan for the year was £1.468m (2024/25 £1.472m). In addition, the company paid a dividend of £0.5m (2024/25 £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 (2024/25 £40.413m). This primarily relates to loans and a revolving credit facility, with a small amount in relation to IT and other support recharged to the company. The income recognised by the council in relation to Graven Hill Village Development Company Limited for the year was £2.552m (2024/25 £2.460m). 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 £0.142m to the company for membership and services (2024/25 £0.074m).

Officers

- During 2025-26 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
- A member of Key Management Personnel declared a close personal relationship with an individual engaged by the Council via an agency arrangement. The individual works as a Principal Planning Enforcement Officer within a service area that ultimately reports to the officer, via an intermediate manager. The individual receives remuneration for services provided to the Council through the agency. Appropriate governance arrangements are in place to manage any potential conflict of interest arising from this relationship. Having assessed the nature of the arrangement, no material related party transactions requiring disclosure have been identified during the year.

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 2025/26 the Council paid a grant of £5,000 (2024/25 £10,000) 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 2025/26 grant funding payments of £0.333m (2024/25 £0.393m) 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-25 £'000	Capital Expenditure and Capital Financing	31-Mar-26 £'000
235,530	Opening Capital Financing Requirement	236,244
	Capital Investment:	
11,007	Property Plant and Equipment	2,566
0	Investment Property	0
86	Intangible Assets	(36)
2,830	Revenue Expenditure Funded from Capital Under Statute	3,303
0	Long Term Investments	0
0	Debtors	0
13,923	Total Capital Spending	5,833
	Sources of Finance:	
(1,597)	Capital receipts	(286)
(7,143)	Government Grants and other contributions	(4,661)
(250)	Donated Assets fair value less consideration included in capital investment above	0
	Sums set aside from revenue:	
(107)	Direct revenue contributions	0
(4,111)	Minimum revenue Provision	(4,337)
(13,208)	Total Sources of Finance	(9,284)
236,244	Closing Capital Financing Requirement	232,794
31-Mar-25 £'000		31-Mar-26 £'000
4,825	Increase in underlying need to borrow (unsupported by government financial assistance)	887
(4,111)	Statutory provision for repayment of debt (minimum Revenue Provision)	(4,337)
715	Increase/(decrease) in Capital Financing Requirement	(3,450)

Note 32 – Leases

32.1 Authority as Lessee

The Council adopted IFRS 16 Leases on 1 April 2024 in accordance with the CIPFA Code of Practice. Under IFRS 16, leases previously classified as operating leases are recognised on the Balance Sheet as right-of-use assets and corresponding lease liabilities, where applicable.

In assessing whether a contract contains a lease, the Council applies the definition set out in IFRS 16. The Council has applied the recognition exemptions permitted by the Code for:

- short-term leases (with a lease term of 12 months or less), and
- leases of low-value assets (typically where the individual asset value is below £10,000)

Payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

Right-of-use assets are primarily recognised within Property, Plant and Equipment and are measured initially at cost and subsequently in accordance with the Council's accounting policy for the relevant class of underlying asset. For land and buildings, this is typically fair value; however, where leases are short in duration or immaterial in value, the cost model may be applied where appropriate.

The Council holds a significant number of right-of-use assets at peppercorn or nil consideration, primarily in relation to land and buildings occupied for service delivery. These arrangements give rise to limited lease liabilities.

At 31 March 2026, the net book value of right-of-use assets held by the Council is £7.618m (2024/25: £8.047m), the majority of which relate to peppercorn or nil consideration leases.

Lease liabilities remain immaterial at £0.045m (2024/25: £0.114m). The decrease in the year primarily reflects the expiry of a significant lease during the period, together with the ongoing settlement of remaining lease obligations, with no material new lease liabilities arising.

The associated maturity profile shows that £0.011m is payable within one year and £0.036m within one to five years. The weighted average interest rate applied during the year was 1.93% (2024/25: 3.82%), with interest expenses of £0.004m recognised in the Comprehensive Income and Expenditure Statement.

The table below shows the change in net book value of right-of-use assets held under leases by the authority in the 2025/26 financial year. For more detail of the gross movements, see note 14.

31-Mar-25 £'000	Land and Buildings	31-Mar-26 £'000
8,486	Opening Balance	8,047
0	Additions	61
119	Lease remeasurements	0
0	Revaluations	0
(558)	Depreciation and Amortization	(490)
0	Disposal	0
8,047	Closing Balance	7618

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-25 £'000		31-Mar-26 £'000
73	Less than one year	11
47	One to five years	36
0	More than five years	0
120	Total undiscounted liabilities	47

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

31-Mar-25 £'000		31-Mar-26 £'000
114	Discounted lease liabilities	45
3.82%	Weighted average interest rate	1.93%
6	Interest charge	4

32.2 Authority as Lessor

The Council leases out property and equipment under operating leases to support service delivery and economic development objectives. These include:

- the provision of community services, such as sports facilities, community centres and cultural assets;
- the provision of commercial property to support local businesses; and
- the provision of affordable and shared ownership housing to local residents.

Transactions under leases

The Council generated the following income from lease arrangements during the year:

2024/25 £'000		2025/26 £'000
0	Finance lease	0
(7,569)	Operating leases	(7,261)
(7,569)	Total lease income	(7,261)

Maturity analysis of lease receivables

The following table shows the undiscounted lease payments expected to be received under non-cancellable operating leases:

31st March 2025			31st March 2026	
Finance leases £'000	Operating leases £'000		Finance leases £'000	Operating leases £'000
0	4,392	Less than one year	0	4,845
0	4,082	One to two years	0	4,520
0	3,780	Two to three years	0	4,046
0	3,485	Three to four years	0	3,720
0	3,187	Four to five years	0	3,280
0	67,447	More than five years	0	65,668
0	86,373	Total undiscounted	0	86,080

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.

There have been no impairments in 2025/26.

Note 34 - Termination Benefits

The authority terminated the contracts of four employees which resulted in termination benefits of £97k in 2025/26. The Figure in the financial year of 2024/25 was £133k.

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	
	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25
£0-£20,000	1	2	1	2	2	4	£5,496	£15,536
£20,001-£60,000	2	2	0	1	2	3	£91,923	£117,199
Total	3	4	1	3	4	7	£97,419	£132,736

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-25		31-Mar-26
£'000	Comprehensive (Income) and Expenditure Statement	£'000
	Cost of Services:	
3,891	Current Service Cost	2,790
279	Past Service Cost/(Gain) – Including Curtailments	13
146	Administration Expense	149
	Financing and Investment (Income) and Expenditure:	
1,102	Net Interest Expense	1,598
5,418	Total Post Employment Benefit Charged to the (Surplus) or Deficit on the Provision of Services	4,550
	Other Comprehensive (Income) and Expenditure:	
3,263	Return on Plan Assets (excluding amounts included in net interest expense)	(4,140)
(290)	Actuarial (Gains) & Losses Arising on Changes in Demographic Assumptions	(1,573)
(26,326)	Actuarial (Gains) & Losses Arising on Changes in Financial Assumptions	(4,586)
(1,783)	Experience (Gain)/loss on defined benefit obligation	8,839
0	Other actuarial (Gains) & Losses on assets	0
28,720	Remeasurement of the effect of asset ceiling	(11,244)
3,584	Post-Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	(12,704)
	Movement in Reserves Statement	
(5,418)	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for Post-employment Benefits in accordance with the Code	(4,550)
3,769	Employer's Contributions Payable to the Pension Scheme	3,669
(1,649)	Total	(881)

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-25 £'000	Pension Assets and Liabilities Recognised in the Balance Sheet	31-Mar-26 £'000
(144,424)	Present value of the defined benefit obligation	(155,738)
153,228	Fair value of plan assets	167,250
(36,737)	Effect of the Asset ceiling	(27,622)
(27,933)	Net liability arising from defined benefit obligation	(16,110)

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-25 £'000		31-Mar-26 £'000
Reconciliation of Present Value of Scheme Liabilities		
(166,369)	Liabilities as of the Beginning of the Period	(144,424)
(4,037)	Current Service Cost	(2,939)
(7,945)	Interest Cost	(8,310)
(1,451)	Contributions by Scheme Participants	(1,492)
26,326	Change in financial assumptions	4,586
290	Change in demographic assumptions	1,573
1,783	Experience (Losses)/Gains on defined benefit obligation	(11,479)
0	Losses on Curtailments	0
7,258	Benefits Paid	6,760
(279)	Past Service Costs	(13)
(144,424)	Liabilities as of the End of the Period	(155,738)
Reconciliation of Fair Value of Scheme Assets		
151,319	Assets as of the Beginning of the Period	153,228
7,210	Interest on Assets	8,841
(3,263)	Return on assets less interest	4,140
0	Other Experience (Losses)/Gains	2,640
3,769	Employer Contributions	3,669
1,451	Contributions by Scheme Participants	1,492
(7,258)	Benefits Paid	(6,760)
153,228	Assets as of the End of the Period	167,250
Reconciliation of Effect of Asset Ceiling		
(7,650)	Balance at the beginning of the period	(36,737)
(367)	Interest on the Effect of Asset Ceiling	(2,129)
(28,720)	Actuarial remeasurement of the Asset Ceiling	11,244
(36,737)	Balance at the end of the period	(27,622)

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 £156m 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 £18.8m (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 2027 is £5.409m.

The weighted average time until payment of all expected future cashflows is 15 years.

Sensitivity Analysis

Funding levels are monitored on an annual basis, with the last triennial review and valuation completed at 31 March 2025. 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 2026 as follows:

31-Mar-25 £'000	Sensitivity analysis	31-Mar-26 £'000
2,429	0.1% per cent decrease in the real discount rate	2,309
90	0.1% per cent increase in the salary increase rate	99
2,406	0.1% per cent increase in the pension increase rate	2,209
5,777	1-year increase in member life expectancy	6,230

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 2025.

The principal assumptions used by the actuary in the calculations are:

31-Mar-25 per cent	Principal Assumptions	31-Mar-26 per cent
3.15	Rate of inflation: RPI	3.30
2.80	Rate of inflation: CPI	3.00
2.80	Rate of increase in salaries	3.00
2.80	Rate of increase in pensions	3.00
5.80	Rate of discounting scheme liabilities	6.20

These assumptions are set with reference to market conditions as at 31 March 2026. 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-25		31-Mar-26
Years	Mortality Assumptions	Years
	Longevity at 65 for current pensioners	
22.0	Men	22.5
24.5	Women	25.1
	Longevity at 65 for future pensioners	
22.1	Men	23.2
25.8	Women	26.3

The following assumptions have been made:

- Members will elect to take 55 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-25 per cent	Estimated Asset Allocation	31-Mar-26 per cent
0	Equity Securities	0
0	Debt Securities	0
6	Private Equity	5
0	Real Estate	0
92	Investment Funds and Unit Trusts	89
0	Derivatives	0
2	Cash & Cash Equivalents	6
100	Total	100

35.6 Other factors arising from recent court cases

Guaranteed Minimum Pension (GMP) Indexation

The 2025 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 2025 valuation results, so the impact is continued to be included within the balance sheet at 31 March 2026.

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.

Local Government Devolution - In December 2024, the UK Government published the English Devolution White Paper, outlining significant proposals aimed at expanding the powers of regional mayors, reorganising local government structures, and providing financial incentives to support local economies. No allowance has been made for the potential impact to the council of these

proposals; any implications will be assessed and incorporated in future valuations and financial statements as more details become available.

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.

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.

Planning Committee Appeals

Appeals against Planning Committee decisions are currently in progress and are being actively managed to achieve a resolution.

Note 37 - Contingent Assets

Building Reconstruction

Significant water ingress issues are being investigated at Pioneer Square. A standstill agreement has been completed to allow parties to resolve the issues without issuing court proceedings.

Collection Fund Accounts

31-Mar-2025				31-Mar-2026		
Business Rates	Council Tax	Total	Collection Fund	Business Rates	Council Tax	Total
£'000	£'000	£'000	Income:	£'000	£'000	£'000
	(141,964)	(141,964)	Council Tax Receivable		(150,254)	(150,254)
(111,358)		(111,358)	Business Rates Receivable	(126,856)		(126,856)
(1,246)		(1,246)	Transitional Protection Payments Receivable	(775)		(775)
(112,604)	(141,964)	(254,567)	Total Income	(127,630)	(150,254)	(277,884)
			Expenditure:			
			Contribution to Previous Year's estimated Surplus/Deficit:			
2,712		2,712	Central Government	(1,709)		(1,709)
2,170	257	2,427	Cherwell District Council	(1,367)	416	(951)
542	1,767	2,309	Oxfordshire County Council	(342)	2,901	2,559
	261	261	Thames Valley Police and Crime Commissioner		429	429
			Precepts, demands and shares:			
56,432		56,432	Central Government	58,841		58,841
45,146	15,416	60,562	Cherwell District Council	47,073	16,112	63,185
11,286	107,463	118,749	Oxfordshire County Council	11,768	114,404	126,172
	15,895	15,895	Thames Valley Police and Crime Commissioner		16,955	16,955
			Charges to Collection Fund:			
			Transitional Protection Payments Payable			
			Write-offs of uncollectable amounts			
127		127	Interest payments on refunds	337		337
173	(133)	41	Increase/(decrease) in allowance for impairment	1,308	344	1652
(299)		(299)	Increase/(decrease) in allowance for appeals and interest	(10,415)		(10,415)
243		243	Charge to General Fund for allowable collection costs for non-domestic rates	244		244
			Other transfers to General Fund in accordance with non-domestic rates regulations			
665		665	Renewable Energy	688		688
119,197	140,926	260,123	Total Expenditure	106,426	151,562	257,987
6,593	(1,037)	5,556	Movement on Fund Balance	(21,205)	1,308	(19,897)
(2,890)	(2,761)	(5,651)	Balance at the beginning of the Year	3,703	(3,798)	(96)
3,703	(3,798)	(96)	Balance at the end of the Year	(17,502)	(2,490)	(19,992)
			Shares of Balance			
1,851		1,851	Central Government	(8,751)		(8,751)
1,481	(422)	1,059	Cherwell District Council	(7,001)	(273)	(7,274)
370	(2,941)	(2,571)	Oxfordshire County Council	(1,750)	(1,932)	(3,682)
	(435)	(435)	Thames Valley Police and Crime Commissioner		(286)	(286)
3,703	(3,798)	(96)	Total	(17,502)	(2,490)	(19,992)

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 7.35 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 (55.5p in 2025/26; 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 £127.6m in 2025/26. The rateable value for the Council's area was £271.5m at 31 March 2025 VOA valuation (2024/25: £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 2025/26 the accumulated provision for bad debts stood at **£5,322m** (£2,844m for 2024/25) made up as follows:

31-Mar-25 £'000	Provision for Uncollectable Amounts	31-Mar-26 £'000
1,326	Non-Domestic Rates	2,537
1,518	Council Tax	2,785
2,844	Total Provision	5,322

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 2025/26 are:

Band	Estimated equivalent no. of taxable properties after effect of discounts	Ratio	Band D Equivalent Dwellings
A	4,126	6/9ths	2,750
B	12,903	7/9ths	10,035
C	16,725	8/9ths	14,867
D	11,180	9/9ths	11,180
E	8,567	11/9ths	10,471
F	4,227	13/9ths	6,106
G	2,762	15/9ths	4,604
H	245	18/9ths	490
Totals	60,736		60,503
Allowance for new properties			314
Adjustment for non-collection (-2.0 per cent)			(1,212)
Contribution from MOD Properties			249
Council Tax Base 2025/26			59,854

The Council tax payable at each band is shown below. This does not include parishes.

Band	Multiplier	Oxfordshire County Council	Thames Valley Police and Crime Commissioner	Cherwell District Council	Total £s
A	6/9ths	1,274.27	188.85	105.67	1,568.79
B	7/9ths	1,486.64	220.33	123.28	1,830.25
C	8/9ths	1,699.02	251.80	140.89	2,091.71
D	9/9ths	1,911.40	283.28	158.50	2,353.18
E	11/9ths	2,336.16	346.23	193.72	2,876.11
F	13/9ths	2,760.91	409.18	228.94	3,399.03
G	15/9ths	3,185.67	472.13	264.17	3,921.97
H	18/9ths	3,822.80	566.56	317.00	4,706.36

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 2025/26, the company's results showed a profit of £0.484m (0.479m profit in 2024/25), and net assets of £34.755m (2024/25: £34.771m). Loans outstanding owed to the group total £12.234m (2024/25: £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 2025/26, the company's results showed a surplus of £0.396m (2024/25: £0.550m), and net assets of £42.587m (2024/25: £42.690m). Loans outstanding from the group to the company total £52.648m (2024/25 £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 2025/26, the company's results showed a loss of £0.150m (2024/25: profit of £0.315m), and net assets of £5.4m (2024/25: net liability £4.311m). The value of loans outstanding from the council total £4.176m (2024/25: £3.964m).

A full copy of the company's accounts can be obtained from the Directors, Crown House Banbury Ltd, 39 Castle Quay, Banbury, Oxfordshire, England, OX16 5FD.

Crown Apartments Banbury Ltd

The company is a subsidiary of Crown House Banbury Ltd which manages the residential property. For 2025/26, the company's results showed a profit of £0.007m (2024/25 profit of £0.010m) and net assets of £0.051m (2024/25 £0.042m).

A full copy of the company's accounts can be obtained from the Directors, Crown House Banbury Ltd, 39 Castle Quay, Banbury, Oxfordshire, England, OX16 5FD

Non-consolidated entities

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

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 remained dormant for 2025/26.

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 remained dormant for 2025/26.

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. The company remained dormant for 2025/26.

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 or 2025/26 as it is not material.

Graven Hill Village Management Company Block F Ltd

Graven Hill Village Management Company Block F Ltd is a company limited by guarantee, controlled by Graven Hill Village Development Company. The company remained dormant for 2025/26.

Graven Hill Village Management Company Block H Ltd

Graven Hill Village Management Company Block H Ltd is a company limited by guarantee, controlled by Graven Hill Village Development Company. The company was dormant for 2025/26.

Graven Hill Village Management Company 431 Ltd

Graven Hill Village Management Company 431 Ltd is a company limited by guarantee, controlled by Graven Hill Village Development Company. The company was dormant for 2025/26.

Graven Hill Village Management Company 438 Ltd

Graven Hill Village Management Company 438 Ltd is a company limited by guarantee, controlled by Graven Hill Village Development Company. The company was dormant for 2025/26.

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 25 (Restated)			Directorates	Year Ending 31 Mar 26		
Expenditure	Income	Net		Expenditure	Income	Net
£'000	£'000	£'000		£'000	£'000	£'000
1,611	(2)	1,609	Chief Executive's Office	1,889	(0)	1,889
59,195	(41,664)	17,532	Neighbourhood Services	33,055	(18,432)	14,786
97,545	(12,760)	10,735	Place and Regeneration	33,501	(31,713)	1,627
38,589	(25,512)	13,076	Resources	35,085	(34,502)	583
122,891	(52,944)	42,952	Cost of Services	103,530	(84,648)	18,885
6,355	(128)	6,227	Other Operating Expenditure	6,625	(1,108)	5,517
7,055	(4,192)	2,863	Financing and Investment (Income) and Expenditure	6,023	(3,710)	2,313
0	(42,589)	(42,589)	Taxation and Non-Specific Grant (Income)	0	(47,080)	(47,080)
136,301	(126,848)	9,453	(Surplus) or Deficit on Provision of Services	116,179	(136,546)	(20,364)
		(72)	(Surplus) or deficit on revaluation of Property, Plant and Equipment			(2,192)
		3,584	Remeasurement of the net defined benefit liability / (asset)			(12,704)
		3,512	Other Comprehensive (Income) and Expenditure			(14,896)
		12,965	Total Comprehensive (Income) and Expenditure			(35,260)

Group Movement in Reserves Statement

2025/26	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 2025	2,685	(33,217)	0	(4,980)	(35,512)	(3,080)	(38,592)
Movement in Reserves during 2025/26							
Surplus or deficit on the provision of services	(20,364)	0	0	0	(20,364)	0	(20,364)
Other Comprehensive Income / Expenditure	0	0	0	0	0	(14,896)	(14,896)
Total Comprehensive Income and Expenditure	(20,364)	0	0	0	(20,364)	(14,896)	(35,260)
Adjustments between accounting basis and funding basis under regulations	(19,314)	0	(1,395)	205	(20,504)	20,504	0
Net Increase or Decrease before Transfers to Earmarked Reserves	(39,678)	0	(1,395)	205	(40,868)	5,608	(35,260)
Transfers to / from Earmarked Reserves	3,306	(3,306)	0	0	0	0	0
(Increase) or Decrease in 2025/26	(36,372)	(3,306)	(1,395)	205	(40,868)	5,608	(35,260)
Closing Balance at 31 March 2026	(33,687)	(36,523)	(1,395)	(4,775)	(76,380)	2,528	(73,852)

2024/25	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)

Group Balance Sheet

31 March 2025		31 March 2026
£000		£000
177,087	Property, Plant & Equipment	174,097
4,545	Investment Property	4,688
1,309	Intangible Assets	1,800
10,644	Long Term Investments	1,111
6,215	Long Term Debtors	5,985
199,800	Long Term Assets	187,681
0	Short Term Investments	9,026
61,877	Inventories	61,759
13,442	Short Term Debtors	9,856
27,353	Cash and Cash Equivalents	26,042
0	Assets held for sale	0
102,672	Current Assets	106,683
(27,095)	Short Term Borrowing	(37,185)
(33,857)	Short Term Creditors	(31,913)
(3,567)	Provisions	0
(3,083)	Grants Receipts in Advance - Revenue	(3,734)
(3,551)	Grants Receipts in Advance - Capital	(3,565)
(408)	Cash and Cash Equivalents	(338)
(71,561)	Current Liabilities	(76,735)
(2,198)	Provisions	(1,589)
(139,000)	Long Term Borrowing	(108,000)
(27,933)	Pension Liability	(16,110)
(10,360)	Long Term Creditors	(665)
(5,667)	Grants Receipts in Advance - Revenue	(8,072)
(7,161)	Grants Receipts in Advance - Capital	(9,372)
(192,319)	Long Term Liabilities	(143,808)
38,592	Net Assets / (Liabilities)	73,821
(35,512)	Useable Reserves	(36,422)
(3,080)	Unusable Reserves	(35,770)
(38,592)	Total Reserves	(72,192)

Group Cash Flow Statement

2024/25	Note(s)	2025/26
£'000		£'000
Cash Flows from Operating Activities		
9,454	Net (Surplus)/Deficit on Provision of Services	(20,368)
(5,488)	Depreciation & Impairment	(5,956)
(9,852)	Changes in Market Value of Property, Plant & Equipment	(1,477)
(527)	Amortisation of Intangible Assets	(554)
272	Changes in Fair Value of Investment Properties	143
(1,055)	Disposal of Assets	(58)
(5,858)	Changes in Inventory	(118)
251	Changes in Short Term Debtors (decrease)	(3,586)
4,003	Changes in Short Term Creditors (increase)	1,944
198	Changes in Provisions (increase)	4,176
(5,233)	Changes in Net Pension Liability (decrease)	11,823
3,584	Remeasurement of Net Defined Benefit Liability	(12,704)
(9,729)	Changes in Long Term Creditors (increase)	9,694
(2,016)	Changes in Long Term Debtors (decrease)	(230)
7,039	Capital Grants Recognised	4,456
891	Proceeds on Disposal of Property, Plant & Equipment	1,573
(14,066)	Net Cash Flows from Operating Activities	(11,242)
Cash Flows from Investing Activities		
11,615	Purchase of Property, Plant & Equipment	2,511
0	Purchase of Investment Property	0
86	Purchase of Intangible Assets	1,027
(891)	Proceeds from the Disposal of Property, Plant and Equipment	(1,774)
(3,554)	Net Changes in Short Term and Long Term Investments (decrease)	(507)
7,256	Net Cash Flows from Investing Activities	1,256
Cash Flows from Financing Activities		
3,542	Changes in Grants and Contributions	(5,281)
0	Issued share capital	0
(7,026)	Capital Grants and Contributions Recognised	(4,456)
15,842	Cash Receipts of Short Term and Long Term Borrowing	20,910
12,358	Net Cash Flows from Financing Activities	11,173
5,547	Net (Increase)/Decrease in Cash and Cash Equivalents in the Period	1,187
32,478	Cash and Cash Equivalents at the Beginning of the Period	26,944
26,931	Cash and Cash Equivalents at the End of the Period	25,757

Notes to the Group Accounts

Note 1 Accounting Policies for the Group

The Group Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26, 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 2026	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	154,205	8,605	23,321	3,362	324	4,464	4,173	198,455
Additions	485	61	1,486	16	1	0	502	2,551
Acc Dep & Imp WO to GCA	(2,494)	0	0	0	0	0	0	(2,494)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	873	0	0	0	0	1,320	0	2,192
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	103	0	0	0	0	(1,580)	0	(1,477)
Derecognition – disposals	(274)	0	0	0	0	0	0	(274)
Assets reclassified (to)/from Assets held for sale	0	0	0	0	0	0	0	0
Other movements in cost or valuation	0	0	0	0	0	0	0	0
Closing Balance at 31 March 2026	152,897	8,666	24,806	3,378	325	4,203	4,675	198,952

Accumulated Depreciation and Impairment

Balance brought forward	(5,343)	(558)	(14,070)	(1,736)	0	(10)	0	(21,717)
Depreciation charge	(4,043)	(490)	(1,241)	(91)	0	0	0	(5,864)
Acc. Depreciation WO to GCA	2,494	0	0	0	0	0	0	2,494
Acc. Impairment WO to GCA	0	0	0	0	0	0	0	0
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	13	0	0	0	0	0	0	13
Other movements in depreciation and impairment	3	0	0	0	0	0	0	3
Closing Balance at 31 March 2026	(6,875)	(1,048)	(15,311)	(1,827)	0	(10)	0	(25,070)

Net Book Value

At 31 March 2026	146,022	7,618	9,496	1,551	325	4,193	4,675	173,881
At 31 March 2025	148,862	8,047	9,251	1,626	324	4,455	4,173	176,737

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-25 £'000	Inventory	31-Mar-26 £'000
12,977	Land	12,585
48,666	Development Costs	48,850
234	Stock	324
61,877	Total Inventories	61,759

Annual Governance Statement 2025/2026

Shiraz Sheikh
Monitoring Officer
Assistant Director Law & Governance

INTRODUCTION

At Cherwell District Council, we are committed to delivering for residents. This commitment goes beyond maintaining core services and is rooted in listening, innovating, and acting on what truly matters to our residents, businesses and communities.

Here are some examples of what we are already working to achieve:

- Supporting residents' wellbeing: Offering health and activity programmes that improve physical and mental health.
- Sustainability at the forefront: Introducing new recycling schemes such as kerbside glass recycling and expanding green initiatives.
- Empowering our local economy: Supporting local businesses and our town centres through strategic projects.
- Housing solutions for all: Delivering affordable homes and strengthening measures to prevent homelessness.
- Community support: Rolling out cost-of-living support through grants and community programmes.

These accomplishments reflect our commitment to making Cherwell a place where everyone can thrive. But we know ongoing success is about continually evolving and setting our sights even higher.

Cherwell District Council is dedicated to inspiring and enabling positive, lasting change for our residents and communities. Our vision^[1] is to be a modern, forward-thinking council that embraces opportunities and addresses challenges with innovation and collaboration.

To deliver this vision, we have the following strategic priorities:



Delivering these priorities requires good governance; for our residents, staff, businesses, service users and Councillors.

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

This Annual Governance Statement looks honestly at how effective the Council's governance has been during 2025/ 26. It also looks ahead to some of its governance priorities and improvements for 2026/ 27.

The CIPFA/SOLACE Delivering Good Governance in Local Government (2016) as updated by the 2025 addendum, 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 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 Cherwell District Council's Constitution^[2] 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.

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 8 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 Liberal Democrat Leadership (in alliance with Greens) has been in place with no overall control.

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 2,000 new homes. It will also provide commercial space, a nursery, a primary school and health hub, continuing to create new jobs in the locality.

In July 2023, the Council commissioned an independent review of the governance arrangements for Graven Hill and agreed an action plan from recommendations received, this plan is regularly reviewed by the Shareholder Committee and progress is tracked.

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 of 50 apartments and one commercial unit.

The Shareholder Committee is a sub-committee of the 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.

Key Roles and Responsibilities

The following key roles play an important role in the Governance Framework.

The Council	✓ Approves the Corporate Plan ✓ Approves the Constitution ✓ Approves the budget and policy framework of the Council
Executive	✓ Main decision-making body of the Council ✓ Made up of the Leader of the Council and Portfolio Holders/Executive Members with responsibility for strategy, delivery and budgeting of different functions ✓ Develops draft budget and monitors budget monthly in public meetings
Accounts Audit & Risk Committee (AARC) ^[3]	✓ Provides assurance to the Council on the adequacy and effectiveness of the governance arrangements, risk management framework and internal control environment ✓ Recommend improvements or interventions if expected performance is not being achieved, or gaps in current governance arrangements have been identified. ✓ Approves annual Financial Statements and the Annual Governance Statement ✓ Attended by the Section 151 Officer and Head of Internal Auditor
Overview & Scrutiny Committee	✓ Fulfils a check and challenge function for decisions and policies made by the Executive helping the Council to assess its performance and learn lessons ✓ Scrutinises performance reports as part of its work programme ✓ Budget Planning Committee which is a separate committee not linked to scrutiny but tasked with scrutinising the budget.
Shareholder Committee	✓ A sub-committee of Executive ✓ The Shareholder Committee manages the shareholding interests in the Council's companies ✓ Monitors the performance of the companies

Corporate Leadership Team (CLT)	✓ CLT comprises the Chief Executive and his head of office, Executive Directors, Monitoring Officer and Chief Finance Officer. ✓ CLT meets on a weekly basis to focus on strategic opportunities and issues as well as achievement of its plans and objectives for the year and overall health of the Council ✓ CLT is 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 Executive Directors lead the majority of services which are delivered to the public with the Chief Executive
Monitoring Officer	✓ Advises the Council on ethical issues, standards, and powers to ensure the Council operates within the law and statutory Codes of Practice ✓ Overall responsibility for the maintenance and operation of the Whistleblowing Policy ✓ Contributes to the effective corporate management and governance of the Council
Chief Financial Officer	✓ Responsible for managing the Council's finances and providing expert financial advice to the Council ✓ Accountable for developing and maintaining the Council's internal control and counter-fraud framework ✓ Contributes to the effective corporate management and governance of the Council
Extended Leadership Team (ELT)	✓ The Extended Leadership Team (ELT) comprises of CLT, Assistant Directors and Head of Service (Executive Director direct reports). ✓ ELT meets on a monthly basis and focuses on operational opportunities and issues.
Directorate Leadership Team (DLT)	✓ Management of the directorate risk register, ensuring it contains appropriate risks, and they are managed effectively ✓ Escalation and de-escalation of risks between service and directorate
Internal Audit and Counter Fraud	✓ Provides independent assurance and opinion on the adequacy and effectiveness of the Council's governance, risk registers and management and control framework ✓ Delivers an annual programme of risk-based audit activity, including counter fraud, investigation and assurance activity ✓ Responsible for developing and implementing the AntiFraud and Corruption Policy and monitoring the investigation of any reported issues ✓ Ensures all suspected or reported irregularities are dealt with in accordance with the Anti-Fraud and Corruption and Whistleblowing Policies; identifies improved controls ✓ Makes recommendations for improvements in the management of risk
External Audit	✓ Audits / reviews and reports on the Council's financial statements (including the Annual Governance Statement)

	✓ Provides an opinion on the accounts and use of resources, including the arrangements in place for securing economy, efficiency, and effectiveness in the use of resources (the value for money conclusion) ✓ Statutory duty to ensure that the Council has adequate arrangements in place for the prevention and detection of fraud, corruption & theft
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Decision Making

There is a Forward Plan which is updated on a regular basis for all key decisions required at CLT and meetings of the democratic cycle such as the Executive, full Council and Committees.

All meetings are supported by Officer reports which highlight considerations in regard to people, legal, procurement, finance, sustainability, etc. Decisions and actions are logged and closely monitored through to conclusion.

All meetings of the democratic cycle are held in public and are webcast and available to watch after the event. Decisions are recorded on the Council's website. Officer reports are open to the public unless they qualify as legally 'exempt' from publication. Decisions are also subject to call-in to OSC.

Annual Business Planning Process

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

The Annual Delivery Plan sets out the key projects for delivering these priorities on an annual basis. The 2026/ 27 Annual Delivery Plan was agreed on 23rd February 2026 by full Council.

The Annual Delivery Plan is supported by a set of Service Plans that are developed by the individual services in the Council. These are detailed plans that help to inform the annual budget, resourcing requirements and delivery of outcomes in the Corporate Plan.

Combined, these plans clearly define the 'golden thread' of how the Council's annual priorities are cascaded down through the organisation to individual work plans and objectives. Progress towards these priorities is regularly reviewed and reported to CLT, the Executive and OSC. Performance monitoring includes a suite of Key Performance Indicators, quarterly measures and targets.

Risk Management

The Council undertook a refresh of its Risk Management Strategy in September 2025. The Strategy sets out the importance of a supportive risk culture, encouraging openness and honest discussions about business challenges.

The Council views risk management as vital to achieving its goals, encouraging best practices and shared responsibility across all stakeholders. It supports informed decision-making, embraces innovation, and promotes a culture of risk awareness that balances opportunity with protection, especially for the vulnerable groups that it provides services to.

As part of risk management approach, the Council has in place risk registers to identify operational risks which are reviewed at a Directorate level. Strategic risks are reviewed at CLT and the Executive and AARC on a quarterly basis.

To ensure that risk management is effectively maintained, Council Members and Officers are trained on the Risk Management Strategy to ensure that they have a level of understanding of the Council's risk management approach and appetite. Having developed a robust approach and clear roles and responsibilities, a Risk Advisory Group has been established to ensure consistent risk practices are taken across all services areas.

Finance

The Medium-Term Financial Strategy (MTFS) was approved by Council on 23rd February 2026 covering five years from 2026/ 27 – 2030/ 31. The purpose of the MTFS is to deliver a balanced and affordable 2026/ 27 budget and ensure that the Council's finances are robust and sustainable over the medium term. It also acts as an early warning system of a gap in future years between forecasted expenditure and resources which the Council must address, and that in the longer term, the Council's finances are not reliant on the unsustainable use of one-off reserves or funding. The S151 Officer issues a S25 statement on robustness of estimates.

The Council has a robust approach to the use of reserves with any changes in use 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 adequacy of the level of reserves via the 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 statutory officers, the Chief Executive, the Chief Finance Officer and the Monitoring Officer, have clearly defined statutory responsibilities which support the lawfulness, integrity and accountability of the Council's decision-making. These roles provide assurance that decisions are taken in accordance with relevant legislation, the Council's Constitution, financial regulations, proper standards of administration and the principles of good governance.

The Council has adopted Codes of Conduct for both Members and officers, which support the promotion, communication and embedding of high standards of behaviour across the organisation. The Members' Code of Conduct is based on the Local Government Association model code, supporting consistency with the standards framework used across county, district, parish and town councils. This assists Members in understanding their obligations and supports the effective administration of standards arrangements.

The Council's Constitution sets out the Council's policy-making and decision-making arrangements, including the matters reserved to Full Council, the responsibilities of the Executive, portfolio holders and committees, and the respective roles of Members and officers. It provides the framework within which transparent, lawful and accountable decisions are made. The Monitoring Officer has established a Constitution Review Group, involving Members from across the political spectrum, to support ongoing review and improvement of the Constitution.

During the year, the Council has continued to update the Constitution on an incremental basis. This has included moving to an exception-based Scheme of Delegation. The Executive Directors operate their own local schemes.

The Chief Executive carried out a restructure of the senior management arrangements during 2025/26. This resulted in Corporate Director roles being changed to Executive Director roles, the creation of an additional Executive Director post and Transformation Director role, and the appointment of the Head of the Chief Executive's Office.

The Constitution also contains detailed protocols relating to participation in external organisations, Member and officer relationships, and ethical behaviour. These arrangements are intended to support clarity, consistency and transparency where the Council works with partners or where Members and officers represent the Council externally.

The Council's whistleblowing policy has recently been updated. The Council's internal auditors have also supported awareness-raising activity to ensure that officers understand the purpose of the policy, how concerns may be raised, and the importance of maintaining a culture in which concerns can be reported appropriately and without fear of detriment.

The Council has established complaints arrangements, including arrangements for dealing with complaints about Member conduct. These arrangements provide a structured process for considering concerns, supporting accountability and ensuring that issues are addressed in accordance with the relevant statutory and constitutional framework.



The Council has also undertaken a refresh of its values, this had input from staff at all levels. This work will support the Council's commitment to maintaining an organisational culture founded on integrity, accountability, innovation and collaboration.

B. Ensuring openness and comprehensive stakeholder engagement;

The Council's decision-making arrangements are designed to ensure that decisions are made in the public interest, are properly informed and are supported by a clear recorded rationale. Reports to Members and senior officers follow an agreed structure which sets out the purpose of the decision, the options considered, the recommended course of action and the reasons for that recommendation.

Reports also identify relevant implications, including legal, financial, procurement, risk, equality, sustainability, staffing and community impacts, so that decision-makers can understand the consequences of the options before them. Where alternative options are not recommended, the reasons for discounting them are also recorded.

Formal decisions, minutes and supporting reports are published in accordance with the Council's access to information requirements, subject only to lawful exemptions where confidential or exempt information is involved.

The Council supports openness and transparency through public meetings, published agendas, reports, decisions and minutes, webcasting of meetings, scrutiny arrangements and with clear procedures on public questions.

The decision-making process includes internal challenge and self-assessment through review by the Corporate Leadership Team, Executive Directors, Directorate Leadership Teams, Statutory Officers, Portfolio Holders and the Leader, as appropriate. This challenge helps test whether proposals are lawful, financially sustainable, deliverable, aligned to Council priorities and supported by appropriate evidence.

The Council also consults with residents, businesses, taxpayers, service users and stakeholders. The Council uses a range of groups, forums, partnerships and engagement activity to understand local views on matters including health and wellbeing, community safety, place-shaping and service improvement.

The Council communicates with communities and stakeholders through its website, consultation platform, committee papers, webcasts, newsletters, media releases, social media, public meetings and direct engagement with partners and community groups, helping ensure that information is accessible and that local voices are reflected in decisions wherever possible.

C. Defining outcomes in terms of sustainable economic, social, and environmental benefits;

The Council's Vision, Strategy and Corporate Plan establish the long-term vision, target outcomes and strategic priorities for the district. These are translated into deliverable activity through the Annual Delivery Plan, service plans, the Medium-Term Financial Strategy and the Budget and Policy Framework approved by Council. Together, these documents create a clear "golden thread" between the Council's ambition, the outcomes it is seeking for residents, businesses and communities, the resources available to deliver them, and the performance measures used to assess progress. The Council's priorities are framed around sustainable economic, social and environmental benefits and are informed by evidence, financial planning, service intelligence, consultation and engagement, where appropriate with partners and stakeholders.

The Council's decision-making arrangements require reports to set out the rationale for proposals, the options considered, relevant risks and implications, and how proposals support Council priorities. Financial, procurement, legal, equality, sustainability and risk implications are considered as part of the report clearance process, enabling Members and officers to demonstrate value for money, best value and the responsible use of public resources.

The Medium-Term Financial Strategy provides the framework for assessing affordability and financial sustainability, while performance monitoring, budget monitoring and scrutiny arrangements provide ongoing assurance that agreed outcomes are being delivered. Fair access to services is supported through equality impact considerations and consultation with service users and communities (as appropriate).

The Council's strategic approach to procurement is governed by its updated Procurement Strategy, Contract Procedure Rules and the requirements of procurement legislation. Commissioning decisions by individual departments are expected to reflect corporate priorities, social value, whole-life cost, quality, risk, sustainability and opportunities for collaboration.

The Council also works with partners, neighbouring authorities, community organisations where this provides an effective means of delivering shared outcomes and improving services for local people.

D. Determining the interventions necessary to optimise the achievement of the intended outcomes;

The Council's medium and short-term service planning arrangements translate the Corporate Plan, Annual Delivery Plan and Budget and Policy Framework into service-level priorities, projects and programmes. Service plans identify the activity, resources, risks, milestones and performance measures required to deliver agreed outcomes, while corporate projects and transformation programmes provide the mechanism for managing cross-cutting priorities, change activity and improvement work. The Executive is responsible for ensuring that actions approved as part of the Budget and Policy Framework are delivered in each service area, with Portfolio Holders and senior officers providing oversight of progress against agreed priorities.

Budgets and resource strategies are aligned to the delivery of objectives through the Medium-Term Financial Strategy, annual budget-setting process, service planning and regular financial monitoring. Projected outturn, the leadership risk register and performance reports against agreed key performance indicators are reported to the Executive and reviewed by the Corporate Leadership Team. These reports summarise the forecast financial position against budget, delivery of savings targets, key risks and progress against corporate priorities. They are also reviewed through the Budget Planning Committee, Accounts, Audit and Risk Committee and Overview and Scrutiny Committee, providing Member oversight and challenge. The Council uses self-assessment, internal audit, governance assurance statements, performance review and scrutiny to support continuous improvement and to test whether services are delivering economy, efficiency, effectiveness, value for money and best value.

Performance management arrangements help ensure that delivery remains aligned to the Council's objectives. Regular monitoring of key performance indicators, financial performance, risk, savings delivery and project progress enables corrective action to be identified where delivery is off track.

A Governance Dashboard has also been developed and is maintained by the Monitoring Officer. It is intended that it will be reviewed by the Corporate Governance and Oversight Group and Corporate Leadership Team and provides an additional mechanism for self-assessment, assurance and improvement.

Social value is considered through the Council's procurement and contracting arrangements. Services are provided with guidance on Contract Procedure Rules and procurement strategy reports. The services ensure that they have the correct level of contract management in place. These arrangements are intended to ensure that procurement decisions take account of whole-life cost, quality, sustainability, equality, community benefit and wider social, economic and environmental value, alongside compliance with procurement legislation and the duty to secure best value.

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

The Council's Constitution sets out the respective roles and responsibilities of Members and officers, including the Member and officer protocols, committee terms of reference, financial procedure rules, contract procedure rules and the updated exception-based Scheme of Delegation. These arrangements provide clarity on where responsibility sits for policy, strategic decisions, operational delivery and day-to-day management. Local schemes of delegation sit with individual Executive Directors to ensure that decision-making is exercised at the right level, with appropriate accountability, oversight and record keeping.

The Council also has regard to the Code of Practice on Good Governance for Local Authority Statutory Officers, supporting the effective operation of the Head of Paid Service, Monitoring Officer and Chief Finance Officer roles and ensuring that statutory officers have access to the information, senior leadership discussions and reporting routes necessary to discharge their functions effectively.

The Council's wholly owned companies are supported by specific governance arrangements, including oversight by the Shareholder Committee. A governance review was undertaken in 2023 in respect of Graven Hill and the resulting actions continue to be monitored quarterly by the Shareholder Committee. A governance review of Crown House is also due to be undertaken. Financial management roles are aligned to the CIPFA Financial Management Code and the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015). The Chief Finance Officer is a member of the Corporate Leadership Team and provides professional advice on financial resilience, budget setting, reserves, financial risks, value for money and the lawful and prudent use of resources.

Legal, governance, finance, procurement, risk, equality and other relevant professional comments are included in reports that go to Members for decision. This supports lawful, transparent and well-informed decision-making and enables statutory officers and executive directors and assistant directors/ heads of service to identify issues before decisions are taken.

The Monitoring Officer is a member of the Corporate Leadership Team and provides governance, constitutional and legal assurance on matters considered by the Corporate Leadership Team. The Monitoring Officer attends meetings of the Executive and Council and provides advice on vires, decision-making, standards, ethical governance and the Constitution. The Monitoring Officer is supported by the Legal and Democratic Services functions, including deputy monitoring officer arrangements. The Head of Paid Service function is discharged by the Chief Executive, who has overall responsibility for the management of the Council's workforce, organisational capacity, senior leadership arrangements and the effective coordination of services to deliver Council priorities.

Member induction and development programmes support Members in understanding their strategic roles, including decision-making, scrutiny, executive responsibilities, the Code of Conduct, the Constitution, risk, finance and governance. Senior officers are, where appropriate resources allow, supported through corporate leadership arrangements, professional development and role-specific training.

Maximising capacity through collaboration is a key component of the Annual Delivery Plan, and the Council maintains a number of partnership working arrangements. The Constitution sets out how the governance aspects of these arrangements should operate in practice.

The Human Resources and Development Team supports organisational capacity and capability through workforce planning, organisational development, learning and development opportunities, skills and qualification-based training, appraisal and performance development processes, and health and wellbeing initiatives for staff.

F. Managing risks and performance through robust internal control and strong public financial management;

The Council's arrangements for managing risk, performance and internal control are supported by the Corporate Oversight and Governance Group (COGG). COGG provides a senior officer forum for discussion with particular insight on governance risks, testing assurance, considering improvement actions and supporting escalation to the Corporate Leadership Team, Executive or Accounts, Audit and Risk Committee where appropriate. This supports good governance, effective decision-making, value for money, transparency, accountability and robust internal control.

COGG is chaired by the Executive Director Resources and includes the Monitoring Officer, Head of Legal, Chief Finance Officer, Head of Finance, Head of Internal Audit. Through this membership, the group brings together the key professional leads responsible for governance, finance, risk, legal compliance and independent assurance. It

supports the Council's assurance framework across the three lines of assurance: management ownership and service controls; corporate risk, compliance and professional oversight; and independent assurance from internal audit, external audit and other external reviews. This enables the leadership team to understand how assurance is obtained, where further assurance is needed and whether risks and controls are being managed effectively.

Governance, risk and control arrangements for the Council's wholly owned companies are overseen through a separate Companies Governance and Oversight Group, led by the Chief Executive and supported by the Executive Director Resources, Section 151 Officer, Monitoring Officer, and relevant company officers. This provides a route for reviewing company governance matters and escalating issues to the Shareholder Committee where required. The same principles apply to significant partnerships, collaborations and arm's-length arrangements, with the Council seeking proportionate assurance that governance, financial, contractual, risk and performance arrangements are clear, effective and properly monitored.

The Leadership Risk Register provides a high-level view of the Council's key strategic risks and is reported quarterly to the Corporate Leadership Team, Executive and the Accounts, Audit and Risk Committee. Directorate and operational risk registers are reviewed at service and directorate level, ensuring that risks are identified, owned and managed at the appropriate level.

The Council's wider internal control framework includes Financial Procedure Rules, Contract Procedure Rules, Employment Procedure Rules, information governance arrangements, cyber and information security controls, developing policy for the governance of AI, asset management, procurement and contract management controls. Internal Audit provides independent assurance through a risk-based programme of work, assessing how these controls operate in practice and reporting findings, recommendations and follow-up progress to management and the Accounts, Audit and Risk Committee.

Financial management arrangements are aligned with the CIPFA Financial Management Code through the Medium-Term Financial Strategy, budget setting, budget monitoring, savings delivery, reserves assessment and financial reporting to Members via the AARC. These arrangements help demonstrate financial resilience, affordability and the responsible use of public resources. Procurement strategies for individual procurements also support delivery of corporate priorities by ensuring that significant contract awards consider value for money, best value, social value, legislative compliance, whole-life cost and appropriate arrangements for contract management and performance monitoring.

The Council refreshed its Risk Management Strategy in September 2025. The Strategy sets out the Council's risk management policy, approach and appetite, and reinforces the importance of a supportive risk culture in which openness, constructive challenge and honest discussion about business challenges are encouraged. It is kept under review to ensure that risk management arrangements remain aligned to the Council's objectives, operating environment and emerging risks.

Risk management is treated as an integral part of achieving the Council's priorities. It supports informed decision-making, innovation, continuous improvement and value for money by helping the Council balance opportunity with appropriate protection, particularly where services affect vulnerable groups or involve significant financial, legal, operational or reputational exposure.

To embed this approach, Members and officers receive training on the Risk Management Strategy, including the Council's risk appetite, roles and responsibilities. A Risk Advisory Group has also been established to promote consistent risk practice across service areas, support the review of risk registers and provide internal challenge on the identification, scoring, mitigation and escalation of risks.

Together, these arrangements provide a structured approach to identifying, managing and reviewing operational and strategic risks. Strategic risks are considered by the Corporate Leadership Team, Executive and Accounts,

Audit and Risk Committee, while the Overview and Scrutiny Committee provides formal scrutiny of relevant performance and delivery matters.

The Accounts, Audit and Risk Committee undertakes the core functions of an audit committee as identified in CIPFA's Audit Committees: Practical Guidance for Local Authorities and Police (2022), including oversight of governance, risk management, internal control, financial reporting, external audit, internal audit and counter fraud arrangements. Internal Audit is provided by Veritau and is expected to conform with the Global Internal Audit Standards in the UK public sector, the Application Note and CIPFA's Code of Practice on the Governance of Internal Audit in UK Local Government. Counter fraud and anti-corruption arrangements are supported by the Council's counter fraud service, also provided by Veritau, and are developed and maintained having regard to CIPFA's Code of Practice on Managing the Risk of Fraud and Corruption. Internal challenge is provided through management review, COGG, statutory officers, scrutiny and audit committee oversight. External challenge is provided through external audit, the independence of internal audit, peer review, inspection, ombudsman findings and other external assurance activity.

G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

The Council maintains transparency and accountability through public decision-making, published agendas, reports, decisions and minutes, and the availability of meeting webcasts on the Council's website. Public questions are permitted at Executive, committee and Council meetings, supporting openness and enabling residents and stakeholders to engage with the democratic process.

The Council publishes its Annual Financial Report, including the Statement of Accounts, in accordance with statutory requirements. This reporting is supported by governance, risk management and internal control disclosures, providing assurance to Members, residents, stakeholders and external bodies that core areas of accountability are being considered and reported transparently.

The Council supports the timely response to, and effective delivery of, the work of external audit, internal audit and any inspection or regulatory activity. The Council is subject to independent external audit by Bishop Fleming and receives reporting on audit findings. This is supplemented by the work of Internal Audit, provided by Veritau Public Sector Ltd.

Progress against recommendations is monitored through management review, Corporate Leadership Team oversight and reporting to the Accounts, Audit and Risk Committee. The Committee undertakes the core functions identified in CIPFA's Audit Committees: Practical Guidance for Local Authorities and Police, including oversight of governance, risk management, internal control, financial reporting, external audit, internal audit and counter fraud.

Transparency and accountability across collaborations, partnerships, trading companies and other arm's-length arrangements are maintained through proportionate governance, assurance and reporting arrangements, including oversight by the Shareholder Committee where relevant. These arrangements help ensure that assurance covers the Council's core governance responsibilities and supports accountability to the public, Members, partners and wider stakeholders in practice.

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 and other professional leads including the Chief Executive, Chief Finance Officer, Executive Directors, Monitoring Officer and Assistant Director of Human Resources;
- External Audit and other inspections made by external auditors and independent reviews agencies and inspectorates.

Internal Audit

Overview of work completed in 2025/26

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 internal audit provider)). 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 (Public Sector Internal Audit Standards).

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 (Public Sector Internal Audit Standards) during 2025/26, as confirmed in the Head of Internal Audit's annual report.

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

Global Internal Audit Standards 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 (the internal audit provider) 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 Global Internal Audit Standards 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 Global Internal Audit Standards 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 Global Internal Audit Standards 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 Head of Internal Audit prepared an Annual Report on the work of Internal Audit which concludes for the 12 months ended 31 March 2026. 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 one significant control weaknesses be considered for inclusion in the Annual Governance Statement. This is as follows:

Utilities management

An audit review that followed up actions agreed in the utilities management audit issued in January 2024 found that some significant control weaknesses remained unresolved. Progress had been made to address a number of issues previously identified. However, weaknesses remained relating to the fragmented responsibilities, limited oversight and financial risk exposure. The remaining issues have been judged to represent a critical control weakness. Action to address these weaknesses has been identified and agreed with management. The proposed action plan involves engaging an external company and seems credible but the effective implementation of the new arrangements is key to addressing the weaknesses. Veritau will conduct further work to confirm the action has been completed and weaknesses addressed.

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 Corporate Leadership Team 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 2025/26 Counter Fraud Plan was considered in March 2025. 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 2025/26 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 2025 – March 2026, 171 referrals of suspected fraud were received. After triaging referrals, 37 investigations were completed with successful outcomes achieved in 51% of cases. Investigations mainly 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 I 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 could be made over the current year.

2025/26 Actions update

Actions	Lead Officer	UPDATE
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.	AD HR as corporate health and safety. AD Environment for implementation	The action plan has been completed.

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	All directorates are instructed by CLT to ensure that all reports are cleared by legal and finance and there is early engagement.
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 and Development	Progress is being taken forward through a dedicated project within the Transformation Programme. This project is addressing the review findings and agreed action plan, with oversight through the relevant governance and performance management arrangements.
Work with Executive and CLT to deliver the 2025/26 budget and financial challenges, giving particular attention to the delivery of the agreed savings. Delivery of agreed savings Where overspends are identified operating within the mitigation plan outlined in the S25 statement.	AD Finance	The 2025/26 outturn position came in balanced with overspends in the directorates offset by underspends in corporate budgets. This is after making a net unbudgeted £1.4m contribution to reserves during the year.
In collaboration with the new administration, better engagement and consultation with 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 have political discussion. Planned away days.	CLT DLTs	A programme of officer and member engagement has supported the annual planning and budget processes. This has included away days and structured discussions with the Executive, Portfolio Holders and CLT to strengthen strategic planning, support transformation activity and improve early engagement on key priorities.
Build on the existing work on transformation and develop a plan	CD Resources AD Finance	Balanced budget set for 2026/27 through a joined up strategic planning process.

to address the budgetary shortfall identified in the Medium Term Financial Strategy beginning in 2026/27. Transformation Case for Change Strategic Planning Process	& CLT	Transformation has continued through the Cherwell Futures Programme with projects developing business cases.
Further embed the new Procurement Act 2023 and Procurement Regulations 2024 including Member and officer training.	AD Law & Governance	A structured monthly training programme has been established to embed the Procurement Act 2023 and Procurement Regulations 2024. The programme includes workshops aligned with Cabinet Office guidance and is designed to strengthen understanding of the new procurement framework, transparency requirements and available competitive procedures. This work is building organisational capability, supporting compliance and promoting consistent procurement practice.
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	Risk Management Strategy has been implemented.
Specific training on Information Governance as identified in the improvement plan especially in relation data breaches.	AD Law & Governance	The targeted information governance training has been delivered and is now embedded as an ongoing programme of awareness and refresher activity, with continued focus on data breach prevention, reporting and learning.
Building on the Corporate Strategy which covered at a high level "People" to produce Strategic workforce plan focussed on skills and knowledge gaps, performance management, including appraisal processes and learning development plans.	AD HR	The Council's performance management arrangements and introduce a competency and behavioural framework, following the review of organisational values are being implemented. Talent management and succession planning are also being reviewed and developed through the Annual Delivery Plan, with this work continuing into the next year.
Review of agency processes to ensure that pre employment checks are conducted and the reasons for waiver of any requirement is properly authorised and reasoned.	AD HR	This is ongoing
To produce and implement detailed Simpler Recycling action plan	AD Environment	Ongoing

To define governance parameters around Local Government Reorganisation leading to implementation phase.	CLT	The governance framework for Local Government Reorganisation has been developed with LGR leads and statutory officers. It sets out the baselining work required before the Government announces its preferred proposal and was agreed by Chief Executives in December 2025.
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GOVERNANCE SELF ASSESSMENT

Annual Assurance Statements were received from the Chief Executive, Executive Directors, Assistant Directors and relevant Heads of Service in respect of governance and internal control arrangements within their areas of responsibility. These statements confirm that expected governance arrangements have been in place throughout the year.

The assurance process also confirms that the Council's Codes of Conduct, Financial Regulations and other corporate governance processes have operated as expected, supported by self-assessments of governance arrangements across services.

The themes emerging from the self-assessment process have been considered as part of the overall governance review and are reflected in the conclusion below.

CONCLUSION

The Council has undergone significant change in recent years and has continued to embed and strengthen its governance structures. Overall, those arrangements are considered fit for purpose and appropriately aligned to support delivery of the Council's planned outcomes, including its responsibilities for value for money and best value.

The review has identified some areas where the operational relevance of governance has not always been fully recognised or consistently applied. These instances have been limited, but they underline the importance of continuing to embed governance as a practical part of day-to-day service delivery, decision-making and risk management.

A balanced budget has been set for 2026/27 through a joined-up strategic planning process. Transformation activity is progressing through the Cherwell Futures Programme, with business cases being developed to support future savings, service redesign and with the aim to improve outcomes for residents. Clear governance arrangements have been established to support this work, including appropriate programme boards, reporting routes and oversight mechanisms agreed with Members.

The Planning Service continues to experience significant demand pressures. This has affected the timeliness of some committee reports, particularly where there has been a risk of non-determination. The Council's planning function for major applications has also recently been designated, which will require a wider and sustained action plan by the Council.

In some planning committee decisions, officer recommendations based on planning judgement have been set aside. This has increased the need for the Council to manage legal, financial and reputational risk at appeal stage. Continued improvement in planning governance, performance management and decision-making support will therefore remain a key area of focus.

The Council has also introduced a Values-Based Competency Framework to support a positive and consistent organisational culture. The framework sets clear behavioural expectations aligned to the Council's vision and values, helping to strengthen fairness, collaboration, accountability, performance and development across the organisation.

Local Government Reorganisation will also play an important role in shaping the Council's priorities, capacity and governance arrangements over the coming year. The recent elections did not return the Council to majority control; however, the new Leader is continuing work broadly aligned with the previous administration's priorities.

Other governance outcomes are shown below:

- Nil reports issued by the Section 151 Officer or the Monitoring Officer.
- Member complaints - 13 complaints about member conduct were received in 2025/2026. Of these, 2 were withdrawn/not progressed with, 11 were dismissed at the initial stage, with 0 offered an informal resolution.
- The Local Government and Social Care Ombudsman upheld 1 complaint out of total 15 received.

Taking account of the Monitoring Officer's assurance role, the Council is satisfied that its core governance arrangements are in place and operating effectively to support the principles of good governance set out in the Local Code. The Council's governance arrangements remain fit for purpose. The effectiveness review confirms that the Council continues to operate robust internal controls, complies with its Constitution, and has a clear strategy for responding to financial challenges. The areas for improvement identified through the review are set out in the action plan for the year ahead and will support continued strengthening of the Council's governance, assurance and accountability arrangements. This Annual Governance Statement will be presented to the Audit & Governance Committee for consideration.

Action Plan for 2026 /2027

Actions	Lead Officer	Timescales
Impact of national Government policy To monitor and respond to changes in national policy as it applies to the governance, constitutional and operational impact on the Council. To address the governance implications of the Public Office (Accountability) Bill which is expected to become law this year.	AD Law & Governance	
Deliver the savings programme and maintain financial resilience	AD Finance	

Work with the Executive and CLT to deliver the 2026/27 budget, respond to financial challenges and maintain a clear focus on delivery of the agreed savings programme. Where overspends are identified, operate within the mitigation plan outlined in the Section 25 statement, with regular monitoring, early escalation and clear ownership of corrective action.		
Deliver the Cherwell Futures Programme and strengthen medium-term financial sustainability Build on the Council's existing transformation work through the Cherwell Futures Programme and develop a clear plan to address the budgetary shortfall identified in the Medium-Term Financial Strategy from 2027/28. Develop and implement transformation business cases that support financial sustainability, service improvement and delivery of Council priorities, focusing initially on the agreed Cherwell Futures projects. Initial project areas are: Customer Front Door; Planning; and Environmental Services.		
Strengthen planning governance, capability and capacity Further develop and implement the planning improvement action plan following designation of the Council's major applications function, with clear ownership, milestones and oversight through the transformation and performance management arrangements. Build the capability and capacity of the Planning Service and Planning Committee to support timely, policy-led and legally robust decision-making, including targeted officer and Member development where needed. Promote a whole-Council culture in which planning decisions are supported by strong professional advice, and political and managerial leadership.		
Strengthen utilities management controls Implement the agreed utilities management action plan to clarify responsibilities, strengthen oversight and reduce financial risk. Engage external support to put the revised arrangements in place, with progress monitored by management and followed up by Internal Audit to confirm that the control weaknesses have been addressed.		
Embed proportionate governance in priority project delivery Strengthen the way governance, legal, financial, procurement and risk requirements are built into the delivery of high-priority projects from the outset, so that compliance is seen as enabling timely, lawful and well-informed delivery rather than as a barrier. Ensure policies, procedures and decision-making processes are applied consistently, with proportionate flexibility where appropriate, while maintaining the Council's		

commitment to transparency, robust internal control, effective risk management, accountability and best value.		
Embed corporate records management and filing arrangements Establish clear filing arrangements for correspondence and key records across directorates, so information is stored in appropriate corporate systems rather than held primarily in individual email inboxes. Work with the Information Governance Team to align local filing practices with the Council's data governance, information governance and records management policies, improving retrieval for FOI, EIR and data subject requests and reducing the risk of data loss, poor data quality or data breaches.		
Strengthen financial controls for staff claims and related expenditure Review and improve arrangements for authorising, recording and monitoring staff claims, allowances and other employee-related expenditure to ensure compliance with policy, consistency of application and effective financial oversight.		

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 2026/27. 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 (VOA).

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.

Right of Use Asset

This is an intangible asset that represents a lessee's right to use a physical property, vehicle, or piece of equipment over the duration of a lease

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.

Audit and Governance Committee Work Programme 2026/27

Date	Agenda Items
30-Sep-26	Risk Monitoring Report - Q1 2026/27 Health & Safety Q1 report External Audit 2025/26 Update (verbal) Support to Subsidiaries External Audit Report 2025/26 Counter Fraud Update Internal Audit Progress Update Monitoring Officer report, including LGSCO Ombudsman Annual Report Work Programme Update
25-Nov-26	Risk Monitoring Report - Q2 2026/27 Housing Benefit Subsidy Audit 2023/24 Health & Safety Q2 report Final Accounts 2025/26 Financial Management Code Update Review of Risk Strategy and Guidance Treasury Management Q2 Update Work Programme Update
13-Jan-27	Draft Capital and Investment Treasury Management Strategies 2027/28 AGS 2025/26 Actions Update Local Code of Corporate Governance Counter Fraud Update Internal Audit Progress Update Work Programme Update
17-Mar-27	Counter Fraud Update Internal Audit Progress Update Housing Benefit Risk Based Verification Policy Counter Fraud Work Programme 2027/28 Internal Audit Work Programme 2027/28 Annual Report of AGC Treasury Management Q3 Update Accounting Policies 2026/27 Health & Safety Q3 report External Audit Plan 2026/27 Risk Monitoring Report Q3 Work Programme Update

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