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) £m**	**2025/26 Net Expenditure /(Income) £m**	**Increase/ (decrease) £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
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Corporate Director Approval (unless Corporate Director or Statutory Officer report)	N/A – Statutory officer report