



Listening Learning Leading

# **SOUTH OXFORDSHIRE DISTRICT COUNCIL**

## **STATEMENT OF ACCOUNTS 2025/26**

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South Oxfordshire District Council  
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OX14 3JE

# Narrative Statement

## Introduction

This narrative statement provides a commentary on South Oxfordshire District Council's (Council) performance during 2025/26. It is a guide to the Council's performance against key targets, the most significant matters reported in the accounts, an explanation in overall terms of the Council's financial position at the end of the financial year, and a commentary on the Council's future prospects. This statement does not form part of the financial statements.

To assist the reader, a glossary of financial terms is provided on **pages 93-100**

## The Council's Accounts

The Council's Statement of Accounts (SoA) shows the financial results of the Council's activities for the year ended 31 March 2026 and summarises the overall financial position of the Council as at 31 March 2026. It is prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom ("the code"). The accounts have been compiled under International Financial Reporting Standards (IFRS).

In addition, the Annual Governance Statement sets out the purpose and nature of the Council's governance framework. It also provides a review of the effectiveness of the governance framework and highlights any significant governance issues. This statement is published as a separate document and is available on the Council's website.

## Introduction to South Oxfordshire District

South Oxfordshire is a predominantly rural district and includes within it the thriving towns of Thame, Wallingford, Henley-on-Thames, and Didcot as well as numerous villages. It is also home to part of Science Vale, an internationally significant location for innovation, science-based research, and business.

The most recent population estimate for the district is 156,470; of this figure 60.7 per cent (around 94,907 people) were aged between 16 and 64.1 Oxfordshire County Council Housing-led forecasts published in 2025 indicate that by 2032 the population of South Oxfordshire will be 170,142, an 8.7 per cent increase on the current population.<sup>2</sup>

Employment within South Oxfordshire is high with an employment rate in 2025 of 83.2 per cent of all individuals aged between 16 and 64 in employment. This compares to an average for England of 75.8 per cent.<sup>3</sup> As of March 2026, 1.9 per cent of working age individuals within South Oxfordshire were in receipt of out-of-work benefits, compared to 2.3 per cent across Oxfordshire and 4.1 per cent for England as a whole.<sup>4</sup>

In September 2025, the median house price in the district was £450,000 (51.2 per cent higher than the median house price for England).<sup>5</sup> In 2025, the average ratio of median house prices to median gross annual workplace-based earnings was 10.04 – considerably above the England and Wales average of 7.6.<sup>6</sup> This means that many people, especially those on lower incomes and/or the young, cannot afford to buy and may have to look outside the district for housing.

Much of the countryside in South Oxfordshire is protected from development by being part of the Oxford Green Belt or the Chilterns National Landscape. These compound the challenges of providing sufficient housing to meet identified need whilst protecting the natural environment.

### The council's corporate priorities

The council Plan 2025-2029 sets out what the council aims to achieve over this period and contains five strategic themes:

1. Action on climate change and natural recovery
2. Participation, accessibility and accountability
3. Thriving, healthy, and inclusive communities
4. Homes and infrastructure that meet local needs

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<sup>1</sup> 'Labour Market Profile - South Oxfordshire',

<https://www.nomisweb.co.uk/reports/lmp/lad/1778385075/report.aspx#defs>

<sup>2</sup> Oxfordshire County Council housing-led forecasts, <https://data.oxfordshire.gov.uk/population/future-population/>

<sup>3</sup> 'Employment and unemployment (Jan 2025-Dec 2025), ONS Annual Population Survey,

<https://data.oxfordshire.gov.uk/economy-and-employment/reports/#/view-report/215592c79f7843158bc3c89615cf60c4/E07000179/G2>

<sup>4</sup> Claimants by Gender (2026-03)', ONS, [https://data.oxfordshire.gov.uk/economy-and-employment/#/view-report/9e93e3faae4c449084e459fcd86e88d0/\\_\\_\\_iaFirstFeature/G3](https://data.oxfordshire.gov.uk/economy-and-employment/#/view-report/9e93e3faae4c449084e459fcd86e88d0/___iaFirstFeature/G3)

<sup>5</sup> 'Median house prices for administrative geographies', ONS

<https://www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/medianhousepricesforadministrativegeographies>

<sup>6</sup> 'Housing affordability in England and Wales: 2025', ONS

<https://www.ons.gov.uk/peoplepopulationandcommunity/housing/bulletins/housingaffordabilityinenglandandwales/2025#main-points>

## 5. Financial stability and innovative transformation

### **How performance is measured**

The Council Plan 2025–29 provides the strategic context for the delivery and monitoring of council services in accordance with councillor intentions. Aligned to the Council Plan, the Annual Delivery Plan sets out how the strategic priorities and objectives will be implemented and forms the basis for monitoring progress.

The Council Plan and Annual Delivery Plan reflect the council's financial landscape and sit alongside the Medium Term Financial Plan (MTFP). To serve as a credible strategic framework, the Council Plan must balance ambition with financial responsibility and be supported by appropriate budgeting. Resources are targeted towards the priorities identified in the Council Plan, with the Annual Delivery Plan aligning activities and projects to directly support delivery. Together, they form a key part of the 'golden thread' linking strategy to service delivery.

Many of our services are provided by contractors. The performance of our key contractors is monitored through separate reviews and reported to the council's Joint (with South Oxfordshire District Council) Scrutiny Committee.

Effective performance management is a crucial part of the Council Plan and associated Annual Delivery Plans, as it enables the council, residents and all interested stakeholders to monitor progress and see whether we are achieving what we have set out to achieve.

A new reporting dashboard was introduced during 2025-26, utilising the connectivity of the Microsoft 365 suite to reduce the administrative burden on officer teams, enabling them to focus on service delivery. The dashboard makes reporting more accessible and timelier to councillors, members of the public, and other interested stakeholders. The formal performance reporting arrangements will include an annual performance report to Cabinet and Scrutiny Committee, alongside opportunities to monitor progress of the plans every quarter.

All of the council's performance reports are publicly available in the data hub section of the council's website.

### **PARTICIPATION, ACCESSIBILITY AND ACCOUNTABILITY**

South Oxfordshire District Council has made strong progress in delivering against its Council Plan priorities to keep residents informed, ensure transparency and accountability, and enable active participation in decision making, while also ensuring equitable and inclusive access to services.

The present site accessibility score for the council website is 75 per cent, representing progress towards our target of 87.7 per cent by Q4 26/27. Furthermore, 10 Equalities Roadshow events have been delivered during 2025–26, building on the previous year's trial. Council officers travelled across the districts to speak to the public about what the councils are doing to support equality – whether that is financial help for those with disabilities, recognising the LGBTQ+ community and standing against hate crime, to supporting equal opportunities and pay in the workplace.

Resident engagement through communications has significantly exceeded expectations, with 1,414 newsletter subscribers compared to a target of 775. This represents a 128 per cent increase from 2024-25, and will have tangible benefits in helping to keep residents better informed about council activities and local issues. 8 public consultation reports were included in the formal decision making process. Additionally, 12 'You Said, We Did' articles were published on the council's 'Join the Conversation' Platform, capturing our resident's views on a wide range of topics, including forthcoming changes to our licensing policy and the touchscreen parking machines trials in Wallingford.

Transparency remains a central focus, with 100 per cent of committee meetings publicly accessible and 80 per cent live streamed, giving residents visibility of the democratic process. 91.2 per cent of Freedom of Information requests and 84.0 per cent of Environmental Information Regulations were answered within statutory timeframes, indicating additional work is required to reach the target of 100%.

## **Action on climate Change and Nature Recovery**

In 2025/26, the council continued to focus on building climate resilient communities, reducing carbon emissions and restoring the natural environment, in line with its aim to achieve net zero in council operations by 2030 and a net zero district by 2045.

During the year, the council made further progress in reducing its own operational greenhouse gas emissions. Gross operational emissions were 14 per cent below the 2019/20 baseline in 2025/26. The council also reported that 85 per cent of council-owned homes had an Energy Performance Certificate rating of C or above. Although this remains below the stated target of 100 per cent, this still represents important progress.

The council continued to support communities to alleviate and adapt to flooding and extreme weather. Three flood and drainage alleviation schemes were facilitated or implemented, meeting the council's target for 2027, ahead of schedule. These schemes included drainage improvements at Nuneham Courtenay, work with Oxfordshire County Council and the grounds maintenance team in Wheatley, and a scheme at Crown Square, Wheatley, where modelling helped secure further funding for work by Oxfordshire County Council.

Further flood risk work also progressed during the year. This included developing the case for water attenuation<sup>7</sup> at Wheatley West, which would form part of a flood alleviation scheme using an Environment Agency grant, and continuing design and negotiation work for a flood alleviation scheme at Watlington. The work on both schemes is due to continue into 2026/27.

The council also provided Section 19 reports to Oxfordshire County Council for locations including Didcot Trident Business Park, Wheatley, Thame, Harrier Park, Dart Drive/Sutherland Beck, Tiddington, and Derwent Avenue. Section 19 Reports are formal flood reports required by the Flood and Water Management Act 2010 which outline the causes, impacts, and responses of responsible authorities following a significant local flooding event. Additionally, expert advice and

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<sup>7</sup> Water attenuation refers to temporarily holding excess rainwater in storage systems and releasing it slowly. This prevents drainage systems from becoming overwhelmed, effectively mitigating downstream flooding.

support on flood investigations and enforcement was provided at nine locations on behalf of Oxfordshire County Council.

Nature recovery remained a key area of delivery. 44 per cent of council-owned land was managed for nature recovery, up from 39 per cent last year. The council's performance in relation to adoption of the Oxfordshire Local Nature Recovery Strategy is on target. The council also exceeded its target for Local Wildlife Site surveys, with eight sites surveyed. Management advice was provided for five Local Wildlife Sites, meeting the target.

The council continued to promote sustainable practices through waste and recycling services. Residual waste per household was 322kg this year, meeting the target of remaining below 330kg. The proportion of household waste sent for reuse, recycling or composting was 57.5 per cent, falling from the 61.3 per cent achieved last year.

## **Thriving, Healthy and Inclusive Communities**

The council has continued to make strong progress in delivering its priorities around community health, wellbeing, and inclusive growth through a combination of partnership working and direct action.

Working closely with partners, the council has continued to provide vital support for vulnerable residents. There were a total of 71 safeguarding referrals to the councils, with 42 per cent meeting the threshold for action. There were 48 referrals to the Sanctuary Scheme, which provides practical support through the provision of home security measures to residents experiencing domestic abuse.

The Community Hub has also played a vital role in supporting residents, handling around 2000 calls and emails during the year. These included 234 requests for food support and 368 enquiries linked to cost-of-living pressures, alongside 846 cases relating to the Afghan Relocations and Assistance Policy (ARAP), highlighting the breadth of support provided. The council also continues to engage in partnership work to enhance community health and wellbeing, with 96.2 per cent of strategic health partnership meetings attended by the council.

The council has been highly effective in deploying external funding to support these priorities. Nearly all available funding has been allocated, with £194,837.68 of UK Shared Prosperity Fund (UKSPF) committed (99.58 per cent) and £205,306 from the Rural England Prosperity Fund (REPF) utilised (98.3 per cent). The Rural England Prosperity Fund has been used to fund capital projects for small businesses and community infrastructure that help to improve productivity and strengthen the rural economy and rural communities. The UK Shared Prosperity Fund supported investment in communities to increase life chances, support organisations and build skills in local people. The delivery of both funding schemes was closely aligned with achieving the council's strategic priorities, including action on the climate emergency, and improving community and economic wellbeing.

Work on community health and wellbeing has remained a key focus. A total of 2474 families have participated in the YouMove programme, which provides free or low cost activities for eligible families with children 0-17 years old across Oxfordshire. 3267 individuals have engaged with Move Together in the district since its launch. Move Together is a county wide initiative co-

ordinated by Active Oxfordshire and district councils across Oxfordshire that provides personalised support for people with long term health conditions, such as diabetes. These initiatives are complemented by ongoing investment in local facilities, with eight leisure centre improvement projects currently underway to enhance accessibility and user experience, and a total of 1,430,000 visits to South Oxfordshire leisure centres by residents.

As part of the Healthy Didcot Project, the council continues to strengthen communication across the health and wellbeing provision in Didcot, through approaches like the Wellbeing Directory and collaborating with the Communities of Practice. Work is also progressing to support the Didcot Festival of Cultures and develop projects that will contribute to the event's long-term legacy. Direct commissioned projects are now underway with Didcot Baby Monday, Survivor Space, HomeStart Southern Oxfordshire, Sustainable Didcot, and the Festival of Cultures. The council also awarded £24,500 in funding to the 2026 Didcot Powerhouse Grants programme, with 18 organisations in the Didcot Garden Town area of influence receiving support.

The council has also demonstrated strong community engagement and local investment. The sale of 37,000 Community Lottery tickets has generated £22,000 of funding to support grassroots organisations and projects. Economic development activity has delivered significant tangible benefits. Local businesses have also been supported to grow and adapt, 17 businesses supported to improve their sustainability practices, exceeding the target of 15, promoting a thriving and sustainable local economy. 721 organisations have engaged with visitor economy support across the two districts - far exceeding the original target of 25.

Alongside this, the council has maintained good progress on environmental health issues. Enforcement activity remains robust, with 70 per cent of fly-tipping incidents and 100 per cent of abandoned cars leading to formal investigation. Environmental improvements are also evident, with the number of Air Quality Management Areas reduced from two to one, alongside the delivery of four projects aimed at enhancing water quality. However, 65 per cent of food hygiene inspections were completed in 2025-2026, below the target of 98 per cent.

## **Homes and infrastructure that meet local needs**

As part of its commitment to help deliver more affordable homes, the council continues to have discussions with a range of landowners and promoters to progress housing and residential-led, mixed use schemes. A Housing Delivery Strategy Action Plan was agreed by Cabinet for 2025/26. The plan prioritises the delivery of more affordable housing, strengthens partnerships with housing providers and community led initiatives, and outlines strategic steps to support the decarbonisation of homes across the area.

At the end of 2025/26, the average number of households in emergency temporary accommodation on any single night was 9, a reflection on the rising number of homelessness presentations, but remains below other comparable councils. The average length of stay in temporary accommodation was 59 days, above our target of 42 days. 42 days is the statutory guidance limit for the length of time families with children or pregnant women should be housed in B&B or hotel style temporary accommodation.

During the year the council has seen increased demand for homelessness services. This has been caused by a combination of factors, including the cost-of-living crisis and decline in availability of affordable private rented properties.

The rate of successful homelessness prevention at the end of the year was 82 per cent, above the council's own ambitious target of 80 per cent and considerably above the South East prevention rate of approximately 52 per cent.<sup>8</sup> The most likely outcome for households where homelessness is not prevented is a stay in emergency or temporary accommodation which is both disruptive for the household and expensive for the council. 84 per cent of nominations to social housing occurred within two days, exceeding our target of 80 per cent.

The council is also continuing to increase the amount of housing that it directly provides by purchasing property to make available for various needs. At the end of 2025/26, 79 accommodation units as a housing landlord were provided, just below the target of 80. Since March 2022, 226 Ukrainian and Afghan households have been homed through the success of the refugee accommodation project.

More community-led housing has been delivered and a rural homes project designed to provide new affordable housing schemes has been supported. Since January 2026, the Housing Delivery team has established regular monthly meetings with key partners to review progress on community-led housing projects. Across the district, there are currently a small number of active community-led housing groups at different stages of development. One group is undertaking a Housing Needs Survey to help inform its next steps, while another is exploring opportunities to secure investment to bring forward land for community use. We are continuing our work with Community First Oxfordshire to support initial engagement work to help raise awareness and lay the groundwork for future projects.

Work with registered providers has delivered much needed new housing provision for the district, with 279 target of new and affordable housing units delivered, exceeding our target of 205. 8206 homes have been delivered under the Didcot Garden Town Schemes, making strong progress towards the goal of 15,500 homes by 2031.

The commitment to building has been complimented by the council's commitment to biodiversity and nature recovery. There are now 358,000 square metres of meadows on council, substantially above the 32, 965 square metres in 2024/25.

## **Financial Stability and Innovative Transformation**

In 2025/26, there was a continued focus on maintaining financial stability while improving the way services are delivered. The council is committed to responsible and robust financial management, maximising external funding opportunities, exploring opportunities for revenue generation, and delivering modern, accessible and user-friendly services. This work took place in the context of continuing financial pressures across local government and uncertainty linked to local government reorganisation.

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<sup>8</sup> <https://www.gov.uk/government/statistical-data-sets/live-tables-on-homelessness>  
South Oxfordshire District Council

Efforts continued to strengthen financial reporting and forecasting during the year. Budget monitoring showed that service pressures were being actively managed and that the overall revenue position was expected to be strengthened by investment income above the level forecast when the budget was set. A prudent approach was maintained to treasury management, with investments focused on security and activity remaining within the limits set by its Treasury Management Strategy during the first quarter of the year.

Work also progressed to support medium-term financial planning. The 2026/27 budget was prepared against the backdrop of local government reorganisation, future funding uncertainty, inflation, major contract renewals and the need to manage reserves sustainably over the medium term. The council also continued to monitor national funding reform as part of its planning for future years.

The council continued to strengthen its approach to the management of public funds and assets. Work began on producing a joint Corporate Asset Management Framework, following implementation of the Corporate Landlord Model and the appointment of Strategic Asset Management officers. The capital programme was also kept under active review, with finance officers and project managers monitoring delivery and profiling during the year.

Transformation work during the year was shaped significantly by local government reorganisation. Following the Government's announcement on the future of two-tier local government, the council worked with Vale of White Horse District Council and West Berkshire Council on proposals for a new unitary authority. During 2025/26, officers worked with colleagues across Oxfordshire authorities and West Berkshire to develop the Ridgeway and Oxford and Shires proposal.

Focus continued on customer service and digital access. By the end of July 2025, almost 30,000 customers across both councils had signed up to MyAccount, with recent growth linked to garden waste permits being made available through the customer relationship management system. The council continued to monitor complaint outcomes, call-answering times and responses to customer queries. This helped the council understand demand, identify pressures and support continued improvement in access to services.

There were a total of 49 Stage 1 Complaints across the year, 20 of which were upheld, and a total of 9 Stage 2 Complaints across the year, 1 of which was upheld. 2 complaints were referred to the Local Government and Social Care Ombudsman, one of which was upheld.

81 per cent of customer service centre calls were answered within 20 seconds, exceeding our target of 80 per cent. However, only 58 per cent of customer queries were responded to within 10 working days, substantially below the target of 100 per cent.

There is further work to be done to ensure all residents have equitable and inclusive access to services. A key focus of the work to address this is the inclusion of Equality Impact Screening Assessments in the council's formal decision-making processes. However, currently only 58 per cent of the council's formal decision-making processes include a Equality Impact Screening Assessment, substantially below the target of 100 per cent.

The council continued to share news of local and national business support initiatives and resources through the South and Vale Business Support newsletter and associated digital channels, connecting organisations with a range of support, from funding to networking opportunities, and ensuring that businesses were engaged with council consultations.

The council continues to be a member of the Oxfordshire Local Enterprise Partnership steering group for business support initiatives, ensuring there is a well-developed support system for local businesses.

The council also continued its involvement in the Oxfordshire Inclusive Economy Partnership (OIEP) as a member of the steering board and working groups designed to support the growth of inclusive employment and social value in procurement.

During the year, officers have also continued to work with the voluntary and community sector in response to the cost-of-living crisis, particularly in relation to food initiatives and the provision of support to those most in need.

## **Financial Performance 2025/26**

The paragraphs below show the Council's financial performance for 2025/26 in the following areas:

- Revenue Expenditure.
- Capital Expenditure; and
- Treasury Management Activities.

It also discusses the Comprehensive Income and Expenditure Statement (CIES) for the year and its Balance Sheet at the end of the year.

## **Revenue Outturn 2025/26**

The Council's funding requirement for 2025/26, including parish precepts, was £26.0 million, after accounting for the use of reserves and investment income. Direct Service Expenditure for the year was £1.0 million over budget, as shown in the table below, analysed across the Council's service areas. However, when treasury management, business rates council tax income are taken into account the Council has a net underspend of £4.9 million.

Direct Service expenditure excludes the Year End items, Asset Depreciation and Pension Fund movements. Consequently, the figures reported below differ to those in the Consolidated Income and Expenditure Account on page 23.

<b>Service expenditure</b>	<b>Budget £000</b>	<b>Actual £000</b>	<b>Variance £000</b>
Strategic Management Board	1,294	1,355	61
Communities	2,980	3,053	72
Corporate Services	3,972	4,385	413
Development & Corporate Landlord	1,158	458	(699)
Finance	1,267	2,050	783
Housing and Environment	8,280	7,984	(296)
Legal and Democratic	1,629	1,884	254
Planning	1,022	1,767	745
Policy & Programmes	5,681	4,819	(862)
Contingency	(600)	0	600
<b>Direct service expenditure</b>	<b>26,683</b>	<b>27,755</b>	<b>1,072</b>
Interest	(7,345)	(8,589)	(1,244)
Transfer to/from reserves	(336)	(344)	(8)
<b>Net revenue spend</b>	<b>19,003</b>	<b>18,823</b>	<b>(180)</b>
Contribution to/(Use) of Reserves	(1,136)	3,981	5,117
Net revenue spend		180	180
<b>Budget requirement set by council</b>	<b>17,867</b>	<b>22,984</b>	<b>5,117</b>
Parish precepts	8,179	8,179	0
<b>Total funding requirement</b>	<b>26,045</b>	<b>31,163</b>	<b>5,117</b>
Council tax income	17,863	18,210	347
Retained business rates	4,721	9,143	4,422
Non-ringfenced government grants	3,461	3,810	349
<b>Total funding</b>	<b>26,045</b>	<b>31,163</b>	<b>5,117</b>

The net revenue underspend includes £.01 million slippage in one-off budgets that have been requested for carry forward to 2026/27

### **Capital Outturn 2025/26**

Capital expenditure totalled £16.5 million in 2025/26 , £1.0 million below the working budget. Material capital expenditure projects include £6.8 million on new housing property, £3.2 million funding Oxfordshire County Council and local infrastructure projects, £1.6 million on the joint purchase of waste vehicles and £1.3 million on disabled alterations

The main source of funding for the programme was the Council's own reserves with the balance made up by government grants and other contributions.

Further details on both revenue and capital expenditure for 2025/26 will be considered in an outturn report to Scrutiny Committee in September 2026.

### **Treasury Management 2024/25**

In accordance with the Treasury Management Strategy, by actively managing its investments, the Council earned interest and investment income of £8.6 million against a budget of £7.3 million. Of this income, £0.4 million represents dividends accumulated on the Council's unit trust

holdings, which are distributed as additional units. Treasury income earned in 2025/26 will be used to fund future revenue budgets.

Further details on treasury management for 2025/26 will be provided in an outturn report to be considered later in the calendar year by the Joint Audit and Governance Committee and Cabinet and by full Council meeting.

## **Comprehensive Income and Expenditure Statement (CIES) 2025/26**

The CIES presents the Council's income and expenditure for the year based on accounting standards, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with regulations, but this is different to the accounting cost. These adjustments are detailed in notes 2 to 5. After total financing from government grants and local taxpayers of £42.4 million, the Council had a surplus on provision of services of £10.3 million.

This position is then adjusted for items, that are not expected to materialise for many years due to their nature, to produce the total comprehensive income and expenditure figure for the year which is a surplus of £25.2 million. This figure corresponds to the total movement on the balance sheet for the year.

## **Balance Sheet**

The reported net worth of the Council increased from £228.1 million to £253.3 million at 31 March 2025, an increase of £25.2 million. Due to the surplus on the provision of services £10.3 million and an increase in the valuation of council properties £11.4 million and offset a reduction in the deficit on the defined benefit pension scheme of £3.5m.

## **Collection Fund**

The Collection Fund is an agent's statement that reflects the statutory obligation of billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from local taxpayers of Council tax and Non-Domestic Rates (NDR) and its distribution to precepting bodies. For the Council, the major Council tax precepting bodies are Oxfordshire County Council (OCC) and the Police and Crime Commissioner for Thames Valley.

On Council tax, income of £161.7 million was received and £161.6 million was paid out in precepts and demands. After taking the provision for bad debts and balance brought forward into account, the surplus on the Council tax collection fund balance at the end of the year was £3.4 million. This will be re-distributed to all major precepting authorities.

On Non-Domestic Rates (NDR), £60.3 million was received and £61.2 million was paid out to the Council, central government and Oxfordshire County Council (OCC). After taking the balance brought forward, provision for bad debts and the provision for appeals into account, the surplus on the NDR collection fund balance at the end of the year was £10.5 million. This will be shared between the Council, central government and OCC, the SODC share being £4.2 million.

## Future prospects

As part of the annual budget setting process for 2025/26, Council agreed both its Medium-Term Financial Plan (MTFP) for 2025/26 to 2029/30. The MTFP provides a forward budget model for the next five years, highlighting known estimated budget pressures for new responsibilities and changes in legislation, predicted investment and capital receipts.

The MTFP highlights significant long term challenges ahead for the Council. This reflects the fact that revenue expenditure is expected to exceed revenue income after 2027/28. Considering the reserves and balances available to the Council, it can set a balanced revenue budget during the MTFP period by drawing increasingly on reserves in the latter 3 years.

Although the budget is sustainable across the MTFP period, the forecast shows a continuing reduction in revenue reserves which cannot continue far beyond the medium term based on current projections of government funding. noting that on the current timeline for Local Government Reorganisation (LGR) the council will cease to exist on 31 March 2028

As part of budget setting for 2026/27, Council also agreed a capital programme to 2030/31 costing £71.3 million. This will be funded from a combination of the Council's usable capital receipts, borrowing and other contributions.

Simon Hewings  
Director of Finance and Section 151 Officer  
30 June 2026

# Statement of Responsibilities for the Statement of Accounts

## 1. The Authority's Responsibilities

The authority is required to:

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

## 2. Responsibilities of the Chief Finance Officer

The Chief Finance officer's responsibilities include the preparation of the Council's Statement of Accounts, which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code) is required to present a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year ended 31 March 2026.

In preparing this Statement of Accounts, the Chief Finance Officer has:

- selected suitable accounting policies and applied them consistently.
- made judgements and estimates that were reasonable and prudent.
- complied with the local authority code.

The Chief Finance Officer has also:

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

I certify that this Statement of Accounts presents a true and fair view of the financial position of the authority at 31 March 2026 and its income and expenditure for the year ended 31 March 2026.

Simon Hewings  
Director of Finance and Section 151 Officer  
30 June 2026

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# Core Financial Statements

The following pages show the Council's Core Financial Statements, and the notes to the accounts. The Core Statements are as follows:

**Comprehensive Income and Expenditure Statement (CIES)** (page 24). This 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 (Council Tax) to cover expenditure in accordance with regulations; 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 (MiRS)** (page 25). The MiRS shows the movement from the start of the year to the end on the different reserves held by the authority, analysed into 'usable reserves' (i.e., expenditure or reduce local taxation) and other 'unusable reserves'. It shows how the movements in year of the authority'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 (BS)** (page 26). This shows the value (as at the balance sheet date) of the assets and liabilities recognised by the Council. The net assets of the Council (being assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e., those that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (e.g., the capital receipts reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves includes reserves that hold unrealised gains and losses (e.g., the revaluation reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the MiRS line 'adjustments between accounting basis and funding basis under regulations'.

**Cash Flow Statement (CFS)** (page 27). This shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the authority 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 outflows 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 (e.g., borrowing) to the Council.

**Notes to the Core Financial Statements** (pages 28-70). The core statements are supported by comprehensive notes to the accounts.

**Accounting Policies** (pages 76-92). These are the accounting policies adopted in compiling the Council's accounting statements which explain the basis on which the figures in the accounts have been prepared.

### **Supplementary Financial Statements**

In addition to core financial statements and notes the Council, as an authority that issues Council Tax and business rates bills, maintains a separate income and expenditure account, the Collection Fund, showing transactions in relation to this income and how the demands on the fund from Central Government, Oxfordshire County Council, The Police and Crime Commissioner for Thames Valley and Town and Parish Councils have been satisfied. This is shown on pages 72 to 74.

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# Comprehensive Income and Expenditure Statement

2024/25 Restated				2025/26		
Exp £000	Inc £000	Net £000		Exp £000	Inc £000	Net £000
1,946	(782)	1,164	Strategic Management Board	2,200	(893)	1,307
7,317	(3,738)	3,579	Communities	7,335	(3,750)	3,585
5,372	(2,630)	2,741	Corporate Services	6,845	(3,149)	3,696
11,091	(6,187)	4,904	Development & Corporate Landlord	10,866	(4,760)	6,107
24,294	(20,425)	3,869	Finance	19,444	(14,300)	5,144
18,519	(5,539)	12,980	Housing and Environment	17,701	(7,521)	10,180
3,315	(1,942)	1,372	Legal and Democratic	3,844	(2,021)	1,823
5,921	(5,068)	853	Planning	7,842	(6,224)	1,617
16,783	(12,102)	4,681	Policy & Programmes	12,239	(7,488)	4,752
<b>94,557</b>	<b>(58,413)</b>	<b>36,144</b>	<b>Cost of services</b>	<b>88,316</b>	<b>(50,104)</b>	<b>38,212</b>
7,551	0	7,551	Parish council precepts and other grants	8,179	0	8,179
<b>7,551</b>	<b>0</b>	<b>7,551</b>	<b>Other operating expenditure</b>	<b>8,179</b>	<b>0</b>	<b>8,179</b>
0	(8,933)	(8,933)	Interest receivable and similar income	0	(7,907)	(7,907)
0	(811)	(811)	Other investment income (dividends)	0	(682)	(682)
0	(618)	(618)	Other investment income (long leases)	0	(2,926)	(2,926)
0	(633)	(633)	(Surplus) or deficit on Financial Instruments valued through P&L	0	(2,321)	(2,321)
0	(242)	(242)	Gains/loss on disposal of investments	0	0	0
681	0	681	Income and expenditure in relation to investment properties	0	(963)	(963)
0	(5)	(5)	Net Interest on net defined benefit liability or asset	361	0	361
<b>681</b>	<b>(11,242)</b>	<b>(10,561)</b>	<b>Financing and investment income and expenditure</b>	<b>361</b>	<b>(14,799)</b>	<b>(14,438)</b>
0	(13,638)	(13,638)	Recognised capital grants and contributions	0	(11,077)	(11,077)
0	(140)	(140)	Lower tier Services Grant	0	(136)	(136)
0	(17,089)	(17,089)	Council tax	0	(18,209)	(18,209)
0	(26,921)	(26,921)	Retained business rates	0	(28,230)	(28,230)
18,939		18,939	Business rates tariff	19,086		19,086
0	(57)	(57)	Rural services delivery grant	0	0	0
0	(6,161)	(6,161)	Gain on recognition of asset	0	0	0
0	(2,431)	(2,431)	Non-ringfenced government grants	0	(3,674)	(3,674)
<b>18,939</b>	<b>(66,438)</b>	<b>(47,498)</b>	<b>Taxation and non-specific grant income</b>	<b>19,086</b>	<b>(61,326)</b>	<b>(42,240)</b>
<b>121,728</b>	<b>(136,093)</b>	<b>(14,364)</b>	<b>(Surplus) or deficit on provision of services</b>	<b>115,942</b>	<b>(126,229)</b>	<b>(10,287)</b>
	(4,518)	(4,518)	Total (surplus)/deficit on revaluation of non current assets		(11,416)	(11,416)
7,401		7,401	Remeasurement of net defined benefit liability		(3,495)	(3,495)
<b>7,401</b>	<b>(4,518)</b>	<b>2,883</b>	<b>Total other comprehensive income and expenditure</b>	<b>0</b>	<b>(14,911)</b>	<b>(14,911)</b>
<b>129,129</b>	<b>(140,611)</b>	<b>(11,480)</b>	<b>Total Comprehensive Income and Expenditure</b>	<b>115,942</b>	<b>(141,140)</b>	<b>(25,198)</b>

## Movement in Reserves Statement

For the year ended 31 March 2026

	General Fund Balance Restated	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance – 31 March 2025</b>	<b>(65,866)</b>	<b>(22,073)</b>	<b>(45,542)</b>	<b>(133,481)</b>	<b>(94,664)</b>	<b>(228,145)</b>
<b>Total comprehensive income and expenditure</b>	<b>(10,287)</b>	<b>0</b>	<b>0</b>	<b>(10,287)</b>	<b>(14,912)</b>	<b>(25,199)</b>
Adjustments between accounting basis and funding basis under regulations (note 4)	7,857	2,863	(3,384)	7,335	(7,335)	0
<b>Net increase/decrease before transfers to other reserves</b>	<b>(2,430)</b>	<b>2,863</b>	<b>(3,384)</b>	<b>(2,952)</b>	<b>(22,248)</b>	<b>(25,200)</b>
Transfers to/from other reserves	0	0	0	0	0	0
<b>Increase/decrease (movement) in year</b>	<b>(2,430)</b>	<b>2,863</b>	<b>(3,384)</b>	<b>(2,952)</b>	<b>(22,248)</b>	<b>(25,200)</b>
<b>Balance – 31 March 2026</b>	<b>(68,295)</b>	<b>(19,210)</b>	<b>(48,925)</b>	<b>(136,430)</b>	<b>(116,912)</b>	<b>(253,342)</b>

For the year ended 31 March 2025

Restated	General Fund Balance Restated	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance – 31 March 2024</b>	<b>(63,538)</b>	<b>(24,042)</b>	<b>(43,118)</b>	<b>(130,698)</b>	<b>(85,967)</b>	<b>(216,665)</b>
<b>Total comprehensive income and expenditure</b>	<b>(14,363)</b>	<b>0</b>	<b>0</b>	<b>(14,363)</b>	<b>2,883</b>	<b>(11,480)</b>
Adjustments between accounting basis and funding basis under regulations (note 4)	12,035	1,969	(2,424)	11,580	(11,580)	0
<b>Net increase/decrease before transfers to other reserves</b>	<b>(2,328)</b>	<b>1,969</b>	<b>(2,424)</b>	<b>(2,783)</b>	<b>(8,697)</b>	<b>(11,480)</b>
Transfers to/from other reserves						
<b>Increase/decrease (movement) in year</b>	<b>(2,328)</b>	<b>1,969</b>	<b>(2,424)</b>	<b>(2,783)</b>	<b>(8,697)</b>	<b>(11,480)</b>
<b>Balance – 31 March 2025</b>	<b>(65,866)</b>	<b>(22,073)</b>	<b>(45,542)</b>	<b>(133,481)</b>	<b>(94,664)</b>	<b>(228,145)</b>

The general fund balance includes earmarked revenue reserves which have been disclosed separately in prior years. Transfers between these two funds are detailed in note 5.

## Balance Sheet

Per 24-25 Statement of accounts	31 March 2025 Restated		31 March 2026		
£000	£000		£000	£000	Notes
52,847	58,994	Property, plant & equipment	75,052		6
5,169	5,169	Investment Property	5,733		7
58	58	Intangible assets	49		
32,549	32,549	Long term investments	28,262		8
28,773	28,773	Long term debtors	30,978		9
<b>119,397</b>	<b>125,543</b>	<b>Long term assets</b>		<b>140,073</b>	
130,569	130,569	Short term investments	136,469		8
9	9	Inventories	15		
23,615	18,195	Short term debtors	20,136		9
8,883	8,883	Cash and cash equivalents	4,900		10
<b>163,076</b>	<b>157,656</b>	<b>Current assets</b>		<b>161,519</b>	
(28,800)	(27,987)	Short term creditors	(28,004)		11
(2,199)	(2,199)	Provisions	(1,166)		12
(397)	(397)	Accumulated absence provision	(440)		
(17,394)	(17,394)	Capital grants receipts in advance	(16,349)		
<b>(48,790)</b>	<b>(47,977)</b>	<b>Current liabilities</b>		<b>(45,959)</b>	
<b>(7,078)</b>	<b>(7,078)</b>	<b>Long term Liabilities</b>		<b>(2,293)</b>	17e
<b>226,605</b>	<b>228,144</b>	<b>Net assets</b>		<b>253,341</b>	
(48,234)	(47,963)	Non-earmarked revenue reserves	(50,335)		
(17,903)	(17,903)	Earmarked revenue reserves	(17,959)		
(22,073)	(22,073)	Usable capital receipts reserve	(19,211)		
(49,877)	(45,541)	Capital grants unapplied	(48,925)		
<b>(138,087)</b>	<b>(133,480)</b>	<b>Usable reserves</b>		<b>(136,429)</b>	See MIRS
(17,575)	(17,575)	Revaluation reserve	(28,137)		13a
(2,045)	(2,045)	Financial instrument revaluation reserve	(367)		13b
(47,377)	(53,523)	Capital adjustment account	(59,139)		13c
7,078	7,078	Pensions reserve	2,293		13d
(24,938)	(24,938)	Deferred capital receipts reserve	(27,491)		13e
(4,058)	(4,058)	Collection Fund Adjustment Account	(4,511)		13f
397	397	Short-term accumulating compensated absences	440		13g
<b>(88,518)</b>	<b>(94,664)</b>	<b>Unusable reserves</b>		<b>(116,912)</b>	
<b>(226,605)</b>	<b>(228,144)</b>	<b>Total reserves</b>		<b>(253,341)</b>	

Simon Hewings  
 Director of Finance and Section 151 Officer  
 30 June 2026

## Cash Flow Statement

2024/25 £'000 Restated		2025/26 £'000	Notes
<b>14,363</b>	<b>Net Surplus / (Deficit) on the Provision of Services</b>	<b>10,287</b>	
(520)	Adjust net surplus or (deficit) on the provision of services for non-cash movements	(5,344)	
(13,638)	Adjust for items included in the net surplus or (deficit) on the provision of services that are investing and financing activities	(11,077)	
<b>205</b>	<b>Net Cash Flows from Operating Activities</b>	<b>(6,135)</b>	
	<b>Investing Activities</b>		
(11,226)	Purchase of property, plant and equipment, investment property and intangible assets	(9,506)	
(131,643)	Purchase of short-term and long-term investments	(122,415)	
0	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	30	
(545)	Other payments for investing activities	349	
120,650	Proceeds from short-term and long-term investments	123,005	
8,599	Other receipts from investing activities	10,648	
<b>(14,165)</b>	<b>Total Investing Activities</b>	<b>2,112</b>	
	<b>Financing Activities</b>		
5,458	Billing authorities - council tax and NDR adjustments	40	
<b>5,458</b>	<b>Total Financing Activities</b>	<b>40</b>	
<b>(8,502)</b>	<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>(3,983)</b>	
17,385	Cash and cash equivalents at the beginning of the reporting period	8,883	
<b>8,883</b>	<b>Cash and Cash Equivalents at the End of the Reporting Period</b>	<b>4,900</b>	10

# Notes to the Accounts 2025/26

## 1. Statement of Accounting Policies

Accounting policies are the specific principles, bases, conventions, rules and practices applied by the Council in preparing and presenting these financial statements. These can be reviewed in detail on pages 76-92.

## 2. Expenditure and Funding Analysis

The expenditure and funding analysis shows how annual expenditure is used and funded from resources (Government Grants, Rents, Council Tax and Business Rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's directorates / services/ departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2024/25 Restated				2025/26		
Net Expenditure Chargeable to the General Fund Balance £'000	Adjustments between the funding and Accounting Basis £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000		Net Expenditure Chargeable to the General Fund Balance £'000	Adjustments between the funding and Accounting Basis £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
1,150	14	1,164	Strategic Management Board	1,355	(48)	1,307
2,496	1,083	3,579	Communities	3,053	532	3,585
3,313	(571)	2,741	Corporate Services	4,385	(689)	3,696
958	3,946	4,904	Development & Corporate Landlord	458	5,648	6,107
1,185	2,684	3,869	Finance	2,043	3,102	5,144
8,516	4,464	12,980	Housing and Environment	7,984	2,196	10,180
1,357	15	1,372	Legal and Democratic	1,884	(60)	1,823
812	41	853	Planning	1,767	(150)	1,617
4,647	34	4,681	Policy & Programmes	4,819	(67)	4,752
<b>24,434</b>	<b>11,710</b>	<b>36,144</b>	<b>Net Cost of Services</b>	<b>27,748</b>	<b>10,464</b>	<b>38,212</b>
<b>(26,762)</b>	<b>(23,745)</b>	<b>(50,507)</b>	<b>Other Income and Expenditure</b>	<b>(30,983)</b>	<b>(17,515)</b>	<b>(48,500)</b>
<b>(2,328)</b>	<b>(12,032)</b>	<b>(14,363)</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>(3,235)</b>	<b>(7,051)</b>	<b>(10,287)</b>
(63,538)			Opening General Fund Balance	(65,868)		
(2,328)			(Surplus) or Deficit on General Fund Balance in Year	(3,235)		
0			Transfers to / from Non-general Fund Balance Reserves	0		
<b>(65,866)</b>			<b>Closing General Fund Balance at 31 March</b>	<b>(69,103)</b>		

### 3. Note to the Expenditure and Funding Analysis

2024/25 Restated					2025/26			
Adjustments for Capital Purposes (note 1) £'000	Net change for the Pensions Adjustments (Note 2) £'000	Other Differences (Note 3) £'000	Total Adjustments £'000		Adjustments for Capital Purposes (note 1) £'000	Net change for the Pensions Adjustments (Note 2) £'000	Other Differences (Note 3) £'000	Total Adjustments £000
4	10	0	14	Strategic Management Board	0	(48)	0	(48)
1,053	31	0	1,083	Communities	668	(136)	0	532
65	(636)	0	(571)	Corporate Services	97	(787)	0	(689)
3,923	24	0	3,946	Development & Corporate Landlord	5,781	(132)	0	5,648
2,671	14	0	2,684	Finance	3,169	(67)	0	3,102
4,433	31	0	4,464	Housing and Environment	2,343	(147)	0	2,196
3	12	0	15	Legal and Democratic	0	(60)	0	(60)
9	32	0	41	Planning	0	(150)	0	(150)
8	26	0	34	Policy & Programmes	56	(123)	0	(67)
<b>12,169</b>	<b>(456)</b>	<b>0</b>	<b>11,710</b>	<b>Net Cost of Services</b>	<b>12,115</b>	<b>(1,651)</b>	<b>0</b>	<b>10,464</b>
<b>(14,820)</b>	<b>(5)</b>	<b>(8,920)</b>	<b>(23,745)</b>	<b>Other Income and Expenditure from the Expenditure and Funding Analysis</b>	<b>(11,077)</b>	<b>361</b>	<b>(452)</b>	<b>(17,515)</b>
<b>(2,651)</b>	<b>(461)</b>	<b>(8,920)</b>	<b>(12,035)</b>	<b>Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>1,038</b>	<b>(1,290)</b>	<b>(452)</b>	<b>(7,051)</b>

The adjustments above are for transactions included in the CIES which cannot be charged to the general fund under statute. They include:

1) Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for other operating expenditure, capital grants received in year where there is no repayment condition.

2) Net change for the pension adjustment relates to the removal of pension contributions and the addition of IAS 19 *Employee Benefits pension related expenditure and income*

3) Other differences are for reanalysis of items between services and in other income and expenditure, the difference between what is chargeable under statutory regulations for Council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code.

#### 4. Adjustments between Accounting Basis and Funding Basis Under Regulations

This note details the adjustments that are made to the total CIES recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

31 March 2025 Restated					31 March 2026			
Usable Reserves			Movement in Unusable Reserves £'000		Usable Reserves			Movement in unusable reserves £'000
Gen Fund Bal & Earmarked £'000	Capital receipts Reserve £'000	Capital Grants Unapplied £'000			Gen fund bal & earmarked £'000	Capital receipts reserve £'000	Capital grants unapplied £'000	
				<b>Adjustments primarily involving the capital adjustment account:</b>				
(915)	0	0	915	Charges for depreciation and impairment of non-current assets	(1,671)	0	0	1,671
(2,508)	0	0	2,508	Revaluation gains on property, plant and equipment	1,718	0	0	(1,718)
4	0	0	(4)	Movements in fair value of long-term leases	(13)	0	0	13
(1,100)	0	0	1,100	Movement of Fair Value or Investment Properties	564	0	0	(564)
(27)	0	0	27	Amortisation of intangible assets	(31)	0	0	31
(7,236)	0	0	7,236	Revenue expenditure funded from capital under statute	(5,798)	0	0	5,798
0	0	0	0	Disposal of asset	(30)	0	0	30
(339)	0	0	339	Amounts of non-current assets w/off on expenditure not enhancing assets	(2,847)	0	0	2,847
6,161	0	0	6,161	Gain on recognition of asset	0	0	0	0
0	0	0	0	Statutory provision for repayment of debt	62	0	0	(62)
				<b>Adjustments primarily involving the capital grants unapplied account:</b>				
13,638	0	(11,804)	(1,833)	Capital grants and contributions unapplied credited to the CIES	11,077	(312)	(10,765)	(800)
				<b>Adjustments primarily involving the capital receipts reserve:</b>				
5	4,459	2,468	(6,932)	Use of the capital receipts reserve to finance new capital expenditure	0	7,803	2,136	(9,939)
0	0	6,912	(6,912)	Applications of capital grants to finance capital expenditure	0	0	5,245	(5,245)
				<b>Adjustments primarily involving the deferred capital receipts reserve:</b>				
0	(165)	0	165	Repayment of loans	(5)	(12)	0	18
0	(17)	0	17	T/f from deferred capital receipts upon receipt of cash	0	(606)	0	606
				<b>Adjustments primarily involving the Financial Instruments Adjustment Account</b>				
1,184	(2,308)	0	1,124	Reversal of Surplus on Financial Instruments valued through profit and loss	2,322	(4,000)	0	1,678
				<b>Adjustments primarily involving the pensions reserve:</b>				
462	0	0	(462)	Reversal of items relating to retirement benefits debited or credited to the CIES	1,290	0	0	(1,290)
				<b>Adjustments primarily involving the Collection fund adjustment account:</b>				

31 March 2025 Restated				Continued	31 March 2026			
Usable Reserves			Movement in unusable reserves		Usable Reserves			Movement in Unusable Reserves
Gen Fund Bal & Earmarked	Capital receipts Reserve	Capital Grants Unapplied			Gen fund bal & earmarked	Capital receipts reserve	Capital grants unapplied	
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
2,759	0	0	(2,759)	Amount by which council tax and NDR income credited to the CIES is different from income calculated for the year in accordance with statutory requirements	452	0	0	(452)
(52)	0	0	52	Amount by which officer remuneration charged to the comprehensive income and expenditure statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements.	(43)	0	0	43
<b>12,036</b>	<b>1,969</b>	<b>(2,424)</b>	<b>(11,580)</b>	<b>Total Adjustments</b>	<b>7,047</b>	<b>2,863</b>	<b>(2,574)</b>	<b>(7,336)</b>

## 5. Transfers to / from General Fund Balance and Earmarked Reserves

This note details all movements in the reserves that comprise the general fund balance and earmarked reserves.

1 April 2024 to 31 March 2025 Restated					1 April 2025 to 31 March 2026			
Balance brought forward	Transfers in	Transfers out	Balance carried forward		Balance brought forward	Transfers in	Transfers out	Balance carried forward
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
(750)	0	0	(750)	<b>General Fund Balances</b>	(750)	0	0	(750)
(36,210)	(3,670)	3,277	(36,604)	General Fund (a)	(36,604)	(12,113)	8,198	(40,519)
(10,609)	0	0	(10,609)	Enabling Fund (b)	(10,609)	0	0	(10,609)
<b>(47,569)</b>	<b>(3,670)</b>	<b>3,277</b>	<b>(47,963)</b>	Interest Allocated as Principal (c)	<b>(47,963)</b>	<b>(12,113)</b>	<b>8,198</b>	<b>(51,878)</b>
				<b>Total General Fund Balance</b>				
(7,782)	(8,932)	7,782	(8,932)	<b>Earmarked Reserves</b>	(8,932)	(8,198)	8,932	(8,198)
0	(1,000)	0	(1,000)	Revenue Funding (d)	(1,000)	0	0	(1,000)
(536)	0	536	0	Business Rate Retention Fund (e)	0	0	0	0
(2,233)	(266)	635	(1,864)	Building Control (f)	(1,864)	(8)	578	(1,294)
(1,884)	0	0	(1,884)	Revenue Grants Reserve (g)	(1,884)	0	0	(1,884)
(1,692)	(2,759)	2,259	(2,192)	New Homes Bonus (h)	(2,192)	(391)	0	(2,583)
(1,842)	(190)	0	(2,032)	Unit Trust Dividend Reinvested Reserve (i)	(2,032)	(234)	0	(2,266)
				Didcot Reserve (j)				
<b>(15,969)</b>	<b>(13,147)</b>	<b>11,213</b>	<b>(17,903)</b>	<b>Total Earmarked Reserves</b>	<b>(17,903)</b>	<b>(8,831)</b>	<b>9,510</b>	<b>(17,224)</b>

<b>The purpose of each reserve is as follows:</b>	
(a)	Accumulated surpluses in previous years, which have not yet been earmarked. Enabling fund balances and movements shown for 2025/26 include carry forwards.
(b)	To hold sums received from the sale of capital assets and which have now been recycled into the equivalent amount of interest and thus could be used to meet any future costs.
(c)	To hold interest distributed on balances for capital expenditure.
(d)	By departments from underspends to cover future specific costs.
(e)	To hold Council share of surplus on the business rates collection fund
(f)	From ring fencing the building control trading account.
(g)	To fund revenue expenditure from grants received in advance.
(h)	To hold receipts of new homes bonus funding.
(i)	To hold the dividends re-invested in the Council's unit trust investments.
(j)	To hold rental income received from land in Didcot for future investment in Didcot.

## 6. Property, Plant and Equipment

<b>Table 6a Movements in property, plant and equipment 2025/26</b>						
	<b>Other Land &amp; Buildings</b>	<b>Vehicles, Plant &amp; Equipment</b>	<b>Infrastructure Assets</b>	<b>Community Assets</b>	<b>Assets under Construction</b>	<b>Total PP&amp;E</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost or Valuation</b>						
<b>At 1 April 2025</b>	<b>54,736</b>	<b>3,399</b>	<b>931</b>	<b>1,232</b>	<b>1,676</b>	<b>61,974</b>
Additions	7,282	1,711	0	0	491	<b>9,485</b>
Revaluation Increases / (Decreases) to RR	10,681	0	0	0	0	<b>10,681</b>
Revaluation Increases / (Decreases) to SDPS	(2,043)	0	0	0	(1,676)	<b>(3,719)</b>
Depreciation Written Back on Revaluation	0	0	0	0	0	<b>0</b>
Reclassification	0	0	0	0	0	<b>0</b>
Disposals	(30)	0	0	0	0	<b>(30)</b>
Other Movements	0	0	0	0	0	<b>0</b>
<b>At 31 March 2026</b>	<b>70,626</b>	<b>5,110</b>	<b>931</b>	<b>1,232</b>	<b>491</b>	<b>78,390</b>
<b>At 1 April 2025</b>	<b>(132)</b>	<b>(2,057)</b>	<b>(791)</b>	<b>0</b>	<b>0</b>	<b>(2,980)</b>
Depreciation Charge for 2025/26	(1,330)	(341)	0	0	0	<b>(1,671)</b>
Depreciation Written Back on Revaluation	930	0	0	0	0	<b>930</b>
Disposals	383	0	0	0	0	<b>383</b>
Impairment Losses / Reversals to SDPS	0	0	0	0	0	<b>0</b>
<b>At 31 March 2026</b>	<b>(149)</b>	<b>(2,399)</b>	<b>(791)</b>	<b>0</b>	<b>0</b>	<b>(3,338)</b>
<b>Balance Sheet at 31 March 2026</b>	<b>70,477</b>	<b>2,711</b>	<b>140</b>	<b>1,232</b>	<b>491</b>	<b>75,052</b>
<b>Balance Sheet at 31 March 2025</b>	<b>54,606</b>	<b>1,341</b>	<b>140</b>	<b>1,232</b>	<b>1,675</b>	<b>58,994</b>
<b>Notes</b>						
<b>RR = Revaluation Reserve</b>						
<b>SDPS = Surplus or Deficit on Provision of Services</b>						

<b>Table 6b Movements in Property, Plant and Equipment 2024/25 - Restated</b>						
	<b>Other Land &amp; Buildings</b>	<b>Vehicles, Plant &amp; Equipment</b>	<b>Infrastructure Assets</b>	<b>Community Assets</b>	<b>Assets under Construction</b>	<b>Total PP&amp;E</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost or Valuation</b>						
<b>At 1 April 2024</b>	<b>35,592</b>	<b>2,249</b>	<b>930</b>	<b>1,301</b>	<b>1,492</b>	<b>41,564</b>
Additions	16,012	1,150	0	0	183	17,345
Revaluation Increases / (Decreases) to RR	3,893	0	0	(69)	0	3,824
Revaluation Increases / (Decreases) to SDPS	(2,542)	0	0	0	0	(2,542)
Depreciation Written Back on Revaluation	1,783	0	0	0	0	1,783
Reclassification	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
Other Movements	0	0	0	0	0	0
<b>At 31 March 2025</b>	<b>54,738</b>	<b>3,399</b>	<b>930</b>	<b>1,232</b>	<b>1,675</b>	<b>61,974</b>
<b>At 1 April 2024</b>	<b>(63)</b>	<b>(1,941)</b>	<b>(790)</b>	<b>0</b>	<b>0</b>	<b>(2,794)</b>
Depreciation Charge for 2024/25	(798)	(117)	0	0	0	(915)
Depreciation Written Back on Revaluation	695	0	0	0	0	695
Disposals	34	0	0	0	0	34
Impairment Losses / Reversals to SDPS	0	0	0	0	0	0
<b>At 31 March 2025</b>	<b>(132)</b>	<b>(2,058)</b>	<b>(790)</b>	<b>0</b>	<b>0</b>	<b>(2,980)</b>
<b>Balance sheet at 31 March 2025</b>	<b>54,606</b>	<b>1,341</b>	<b>140</b>	<b>1,232</b>	<b>1,675</b>	<b>58,994</b>
<b>Balance sheet at 31 March 2024</b>	<b>35,529</b>	<b>308</b>	<b>140</b>	<b>1,301</b>	<b>1,492</b>	<b>38,770</b>
<b>Notes</b>						
<b>RR = Revaluation Reserve</b>						
<b>SDPS = Surplus or Deficit on Provision of Services</b>						

## Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

- Other Land & Buildings – on an individual basis as assessed by the Council.
- Vehicles, Plant, Furniture & Equipment – varies by nature of asset but typically over 5 years
- Infrastructure – on an individual basis as assessed by the Council.

## Capital Commitments

As at the end of March 2026 the Council had capital commitments on a number of contracts in 2025/26 and future years, budgeted for completion in 2025/26 and future years. The major commitments are:

<b>Capital Scheme</b>	<b>Value as at 31 March 2026 £'000</b>
Waste Vehicle Depot	3,753
Waste Collection Vehicles	1,575
Capital grants	320
Great Western Park Trails and Wayfinding	237
Enhancements to Leisure Centres	53
Decarbonisation of Leisure Centres	29
Affordable Housing Scheme	20
Cornerstone Arts Centre	12
<b>Total</b>	<b>5,999</b>

## Revaluations

The Council has a rolling programme that ensures that all property, plant and equipment required to be measured at current value or fair value as appropriate is revalued at every five years. Any assets that may be subject to special conditions will be valued more often, as required.

The Council's operational assets have been valued as at 31 January 2026 by Bruton Knowles in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS Red Book, UK Appendix 5).

The significant assumptions applied in estimating the 2025/26 values are that:

- There is no contamination problem nor deleterious/hazardous substance present.
- Good title can be shown and that the properties comply with all legal and statutory requirements regarding either the structure or its existing /past usage,
- There will be an adequate level of expenditure on repairs and maintenance.

<b>Table 6c Revaluations Property, Plant and Equipment</b>						
	<b>Other Land &amp; Buildings</b>	<b>Vehicles, Plant &amp; Equipment</b>	<b>Infrastructure Assets</b>	<b>Community Assets</b>	<b>Assets under construction</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Carried at Historical Cost</b>	0	5,110	931	36	491	<b>6,040</b>
<b>Valued at:</b>						
31 January 2026	66,480	0	0	0	0	66,480
31 January 2025	4,145	0	0	18	0	4,145
31 January 2024	0	0	0	0	0	0
31 January 2023	0	0	0	1,177	0	1,177
<b>Total value</b>	<b>70,626</b>	<b>5,110</b>	<b>931</b>	<b>1,232</b>	<b>491</b>	<b>78,389</b>

All operational PPE assets are measured at current value with surplus assets at fair value. Assets under construction are valued at cost.

The Council has no material surplus assets.

## 7. Investment Properties

Income and expenditure in respect of investment properties is shown on the face of the CIES.

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. The Council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

The following table summarises the movement in the fair value of investment properties over the year:

<b>2024/25 £'000</b>		<b>2025/26 £'000</b>
<b>8,052</b>	<b>Balance at 1 April</b>	<b>5,169</b>
(1,783)	Reclassifications	0
(1,100)	Changes in fair value	564
<b>5,169</b>	<b>Balance at 31 March</b>	<b>5,733</b>

## Fair Value Hierarchy

All the Council's investment properties have been value assessed as level 2 on the fair value hierarchy for valuation purposes (see accounting policy xxii for an explanation of fair value levels).

## Valuation Techniques Used to Determine Level 2 for Values for Investment Property

The fair value of investment property has been measured using a market approach, which takes into account quoted prices for similar assets in active markets, existing lease terms and rentals, research into market evidence including market rentals and yields, the covenant strength for existing tenants, and data and market knowledge gained in managing the Council's investment asset portfolio. 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 as level 2 on the fair value hierarchy.

There has been no change in the valuation techniques used during the year for investment properties.

### Highest and Best Use

In estimating the fair value of the Council's investment properties, the highest and best use is their current use.

### Valuation Process for Investment Properties

The Council's investment property has been valued as at 31 January 2026 by Bruton Knowles in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Bruton Knowles has confirmed that there has been no material change in the value of properties from 31 January 2026 to 31 March 2026.

## 8. Financial Instruments

The borrowings and investments disclosed in the balance sheet are made up of the following categories of financial instruments:

<b>Table 8a Categories of Financial Instrument</b>				
	<b>Long Term</b>		<b>Current</b>	
	<b>2024/25 £'000 Restated</b>	<b>2025/26 £'000</b>	<b>2024/25 £'000 Restated</b>	<b>2025/26 £'000</b>
<b>Investments</b>				
Amortised Costs	13,239	10,217	139,489	141,832
Fair Value through Profit and Loss	19,310	18,028	0	0
<b>Total Financial Assets (Investments)</b>	<b>32,549</b>	<b>28,245</b>	<b>139,489</b>	<b>141,832</b>
<b>Debtors</b>				
Financial Assets carried at Contract Amount	28,773	30,978	14,431	16,814
<b>Total Financial Assets</b>	<b>28,773</b>	<b>30,978</b>	<b>14,431</b>	<b>16,814</b>
<b>Creditors</b>				
Financial Liabilities carried at Contract Amount	0	0	10,151	13,423
<b>Total Financial Liabilities</b>	<b>0</b>	<b>0</b>	<b>10,151</b>	<b>13,423</b>

(1) Under accounting requirements, the carrying value of the financial instrument value is shown in the balance sheet which includes the principal amount borrowed or lent and further adjustments for breakage costs including accrued interest. Accrued interest is shown separately in current assets / liabilities where payments / receipts are due within one year. The effective interest rate is accrued interest receivable under the instrument, adjusted for the amortisation of any premiums or discounts reflected in the purchase price.

(2) Financial assets at fair value through profit and loss, the Council holds £11.7 million in unit trusts with Legal & General and £6.2 million in the CCLA Pooled Property Fund. The Council has applied a statutory override to these which results in the charge to the CIES being reversed out, via the MiRS and into the Financial Instruments Revaluation Reserve.

## Financial Instrument Gains / Losses

The gains and losses recognised in the CIES in relation to financial instruments are made up as follows:

<b>Table 8b Financial Instrument Gains and Losses 2025/26</b>			
	<b>Financial Assets</b>		
	<b>Amortised Costs</b>	<b>Fair Value through Profit and Loss</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Interest Receivable and Similar Income	7,907	0	7,907
Other Investment Income (Dividends)	0	682	682
<b>Total Income in Surplus or Deficit on the Provision of Services</b>	<b>7,907</b>	<b>682</b>	<b>8,589</b>
Gain / (Loss) on Revaluation	0	(1,678)	(1,678)
<b>Surplus Arising on Revaluation of Financial Assets</b>	<b>0</b>	<b>(1,678)</b>	<b>(1,678)</b>
<b>Net Gain / (Loss) for the Year</b>	<b>7,907</b>	<b>(996)</b>	<b>6,911</b>

<b>Table 8c Financial Instrument Gains and Losses 2024/25 Restated</b>			
	<b>Financial Assets</b>		
	<b>Amortised Costs</b>	<b>Fair Value through Profit and Loss</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Interest Receivable and Similar Income	8,932	0	8,932
Other Investment Income (Dividends)	0	811	811
<b>Total Income in Surplus or Deficit on the Provision of Services</b>	<b>8,932</b>	<b>811</b>	<b>9,743</b>
Gain / (Loss) on Revaluation	0	(633)	(633)
<b>Surplus Arising on Revaluation of Financial Assets</b>	<b>0</b>	<b>(633)</b>	<b>(633)</b>
<b>Net Gain / (Loss) for the Year</b>	<b>8,932</b>	<b>178</b>	<b>9,110</b>

## Fair Values of Assets and Liabilities

Except for financial assets carried at fair value as described in table 8d below, all other financial liabilities and assets held by the Authority are carried in the Balance Sheet at amortised cost. The fair values calculated are as follows:

<b>Table 8d Fair Value of Assets and Liabilities carried at Amortised Cost</b>				
<b>31 March 25 Restated</b>			<b>31 March 26</b>	
<b>Carrying Amount £'000</b>	<b>Fair Value £'000</b>		<b>Carrying Amount £'000</b>	<b>Fair Value £'000</b>
139,489	139,489	Short Term Investments	141,832	141,832
32,315	32,549	Long Term Investments	28,028	28,245
14,431	14,431	Short Term Debtors	16,814	16,814
28,773	28,773	Long Term Debtors	30,978	30,978
<b>215,008</b>	<b>215,242</b>	<b>Total Financial Assets</b>	<b>217,652</b>	<b>217,869</b>
(10,151)	(10,151)	Short Term Creditors	(13,423)	(13,423)
<b>(10,151)</b>	<b>(10,151)</b>	<b>Total Financial Liabilities</b>	<b>(13,423)</b>	<b>(13,423)</b>

Some of the Council's financial assets are measured at fair value on a recurring basis. Including the valuation techniques used to measure them. The fair value hierarchy for categorising instruments is as follows:

- Level 1 Inputs: Quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.
- Level 2 Inputs: Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 Inputs: Unobservable inputs for the asset.

The fair values for loans and receivables include accrued interest.

The comparator market rates prevailing have been taken from indicative investment rates at the balance sheet date. In practice rates will be determined by the size of the transaction and the counterparty, but it is impractical to use these figures and the difference is likely to be immaterial.

Financial assets at fair value through other comprehensive income are carried in the balance sheet at their fair value. These fair values are based on public price quotations where there is an active market for the instrument.

Short term debtors and creditors are carried at cost as this is a fair approximation of their value.

## 9. Debtors

31 March 25			31 March 26	
Long Term £'000	Short Term £'000 Restated		Long Term £'000	Short Term £'000
0	2,005	Central Government Bodies	0	2,004
0	996	Other Local Authorities	0	3,304
28,773	15,195	Other Entities and Individuals	30,978	14,828
<b>28,773</b>	<b>18,196</b>	<b>Total Debtors</b>	<b>30,978</b>	<b>20,136</b>

## 10. Cash and Cash Equivalents

The balance of cash and cash equivalents is made up of the following elements:

31 March 25 £'000		31 March 26 £'000
4	Cash Held by the Council	5
4,854	Bank Current and Instant Access Accounts	555
4,025	Money Market Funds	4,340
<b>8,883</b>	<b>Total Cash and Cash Equivalents</b>	<b>4,900</b>

Bank overdraft has been represented from prior year to better reflect the nature of the balances with our custodians.

## 11. Short-term Creditors

31 March 25 £'000 Restated		31 March 26 £'000
(10,692)	Central Government Bodies	(13,012)
(10,151)	Other Local Authorities	(7,682)
(7,144)	Other Entities and Individuals	(7,310)
<b>(27,987)</b>		<b>(28,004)</b>

## 12. Provisions

Provisions are made up of the following items set aside to meet possible future liabilities:

	Accumulated absences £'000	Business rate appeals £'000	Total £'000
<b>Balance at 1 April 25</b>	<b>(397)</b>	<b>(2,199)</b>	<b>(2,596)</b>
Movement in year	(43)	1,033	990
<b>Balance at 31 March 26</b>	<b>(440)</b>	<b>(1,116)</b>	<b>(1,606)</b>

### 13. Unusable Reserves

#### Revaluation Reserve

The revaluation reserve contains the gains made by the Council arising from increases in the value of its property, plant and equipment. 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 the 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.

<b>Table 13a Revaluation Reserve</b>		
<b>2024/25 £'000</b>		<b>2025/26 £'000</b>
<b>(13,366)</b>	<b>Balance at 1 April 25</b>	<b>(17,575)</b>
(6,691)	Upward Revaluation of Assets	(13,908)
2,173	Downward Revaluation of Assets and Impairment Losses not Charged to the Surplus / Deficit on the Provision of Services	2,493
<b>(4,518)</b>	<b>Surplus or Deficit on Revaluation of Non-current Assets not Posted to the Surplus or Deficit on the Provision of Services</b>	<b>(11,416)</b>
309	Difference between Fair Value Depreciation and Historical Cost	642
0	Other	211
<b>(17,575)</b>	<b>Balance at 31 March 26</b>	<b>(28,137)</b>

#### Financial Instruments Revaluation Reserve

The financial instruments revaluation reserve contains the gains made by the Council arising from increases in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is reduced when investments with accumulated gains are:

- Revalued downwards or impaired and the gains are lost.
- Disposed of and the gains are realised.

<b>Table 13b Financial Instruments Revaluation Reserve</b>		
<b>2024/25</b> <b>£'000</b>		<b>2025/26</b> <b>£'000</b>
<b>(3,170)</b>	<b>Balance at 1 April</b>	<b>(2,045)</b>
(633)	Revaluation of Investments	(2,322)
(242)	Gain on Disposal – Unit Trust	0
2,000	Disposal – Unit Trust	4,000
<b>(2,045)</b>	<b>Balance at 31 March</b>	<b>(367)</b>

### 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 CIES (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.

<b>Table 13c Capital Adjustment Account</b>		
<b>2024/25</b> <b>£'000</b> <b>Restated</b>		<b>2025/26</b> <b>£'000</b>
<b>(43,500)</b>	<b>Balance at 1 April</b>	<b>(53,523)</b>
	<b>Reversal of Items Relating to Capital Expenditure Debited or Credited to the CIES:</b>	
606	Charges for Depreciation and Impairment of Non-current Assets	1,027
2,508	Revaluations (Gains) / Losses on Property, Plant and Equipment	1,466
27	Amortisation of Intangible Assets	31
7,236	Revenue Expenditure Funded from Capital under Statute	8,645
339	Expenditure not resulting in increase in asset value	0
1,100	Movement in the Fair Value of Investment Properties	(564)
0	Amounts of Non-current Assets Written Off on Disposal or Sale as part of the Gain / Loss on Disposal to the CIES	30
0	Adjusting Amounts Written Out to the Revaluation Reserve	(212)
	<b>Capital Financing Applied in the Year:</b>	
(4,478)	Use of the Capital Receipts Reserve to Finance New Capital Expenditure	(7,793)
(11,200)	Capital Grants and Contributions Credited to the CIES that have been Applied to Capital Financing	(8,191)
0	Capital Expenditure Charged Against Earmarked Reserves	0
(6,161)	Gain on recognition of asset	0
0	Other Adjustments	(57)
<b>(53,523)</b>	<b>Balance at 31 March</b>	<b>(59,139)</b>

The account contains accumulated gains and losses on investment properties and gains (57) recognised on donated assets that have yet to be consumed by the Council.

The account 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.

### Pensions 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 CIES as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the pensions reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

<b>Table 13d Pensions Reserve</b>		
<b>2024/25 £'000</b>		<b>2025/26 £'000</b>
<b>140</b>	<b>Balance at 1 April</b>	<b>7,078</b>
(17,074)	Remeasurement of the Net Defined Benefit Liability / (Asset) Actuarial Gain/ (Loss)	810
24,474	Accounting impact of the asset ceiling	(4,305)
3,448	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	3,046
(3,910)	Employer's Pension Contributions and Direct Payments to Pensioners Payable in the Year	(4,336)
<b>7,078</b>	<b>Balance at 31 March</b>	<b>2,293</b>

### 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.

<b>Table 13e Deferred Capital Receipts Reserve</b>		
<b>2024/25 £'000</b>		<b>2025/26 £'000</b>
<b>(25,116)</b>	<b>Balance at 1 April</b>	<b>(24,938)</b>
178	Transfer to the Capital Receipts Reserve Upon Receipt of Cash	632
0	Revaluation of long term leases	(3,185)
<b>(24,938)</b>	<b>Balance at 31 March</b>	<b>(27,491)</b>

## Collection Fund Adjustment Account

The collection fund adjustment account manages the differences arising from the recognition of Council Tax income in the CIES as it falls due from Council taxpayers compared with the statutory arrangements for paying across amounts to the general fund from the collection fund.

<b>Table 13f Collection Fund Adjustment Account</b>		
<b>2024/25 £'000</b>		<b>2025/26 £'000</b>
<b>(1,300)</b>	<b>Balance at 1 April</b>	<b>(4,058)</b>
(2,758)	Amount by which Council Tax and Non-domestic Rates Income Credited to the CIES is Different from Council Tax Income and Non-domestic Rates Calculated for the Year in Accordance with Statutory Requirements	(452)
<b>(4,058)</b>	<b>Balance at 31 March</b>	<b>(4,511)</b>

## 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.

<b>Table 13g Accumulated Absences Account</b>		
<b>2024/25 £'000</b>		<b>2025/26 £'000</b>
<b>345</b>	<b>Balance at 1 April</b>	<b>397</b>
52	Movement in accrual	43
<b>397</b>	<b>Balance at 31 March</b>	<b>440</b>

#### 14. Cash Flow Statement – Operating Activities

The cash flow for operating activities included within the cash flow statement includes the following items:

2024/25 £'000		2025/26 £'000
8,932	Interest received	7,907
811	Dividends received	682
	<b>The surplus or deficit on provision of services has been adjusted for the following non-cash movements:</b>	
915	Depreciation	1,671
3,608	Impairment and downward valuations	2,772
27	Amortisation	31
(6,161)	Gain on recognition of asset	(195)
(875)	(Surplus)/deficit on financial instruments valued through P&L	(2,321)
(1,659)	Increase/(decrease) in creditors	(23)
98	Capital grant creditors/debtors	0
(452)	(Increase)/decrease in interest and dividend debtors	119
4,397	Increase)/decrease in debtors	(1,941)
7	(Increase)/decrease in inventories	(6)
15	(increase)/decrease in value of long-term debtors	(3,171)
(463)	Movement in pension liability	(1,290)
23	Contributions to/(from) provisions	(990)
<b>(520)</b>		<b>(5,344)</b>
	<b>The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:</b>	
(13,638)	Capital grants credited to surplus or deficit on the provision of services	(11,077)

## 15. Expenditure and Income Analysed by Nature

The authority's expenditure and income are analysed as follows:

2024/25 £'000 Restated		2025/26 £'000
	<b>Expenditure</b>	
27,321	Employee Benefits Expenses	27,319
66,976	Other Services Expenses	59,295
942	Depreciation and Amortisation	1,702
18,939	Business Rates Tariff	19,086
7,551	Precepts and Levies	8,179
0	Net Interest on Net Defined Benefit Liability or Asset	361
<b>121,729</b>	<b>Total Expenditure</b>	<b>115,942</b>
	<b>Income</b>	
(58,413)	Fees, Charges and Other Service Income	(50,104)
(10,999)	Interest, Investment Income and Income from Investment Property	(14,799)
(44,010)	Income from Council Tax and Non-domestic Rates	(46,439)
(2,629)	Government Grants and Contributions	(3,810)
(13,638)	Recognised Capital Grants and Contributions	(11,077)
(242)	Gain on disposal of assets	0
(6,161)	Gain on recognition of assets	0
<b>(136,092)</b>	<b>Total Income</b>	<b>(126,229)</b>
<b>(14,363)</b>	<b>(Surplus) / Deficit on the Provision of Services</b>	<b>(10,287)</b>

## 16. Members' Allowances

The Council paid the following amounts to Members of the Council during the year:

2024/25 £'000		2025/26 £'000
224	Basic Allowance	301
153	Special Responsibility Allowance	182
5	Expenses	4
<b>382</b>		<b>487</b>

## 17. Employee Benefits

- Benefits Payable during Employment**

South Oxfordshire District Council and Vale of White Horse District Council share a joint Senior Management Team. The employees detailed below therefore work across the two authorities and the costs are shared with South Oxfordshire DC contributing 53 per cent and Vale of White Horse DC contributing 47 per cent towards the costs. The three senior officers shown in table 17a are employed by South Oxfordshire DC.

A senior employee is one who earns a salary in excess of £150,000, or holds a designated position (with a salary in excess of £50,000) – these are detailed in the table below:

**Table 17a Senior officers' emoluments statutory**

Post title	Financial	Salary (including fees & allowances)	Expenses	Total remuneration excluding pension contributions	Pension contributions	Total remuneration including pension contributions
	year					
		£	£	£	£	£
Head of Paid Service (Mark Stone) * To 30 Sept 2025. Full year 2024/25	2025/26	107,112	0	107,112	17,265	124,377
	2024/25	184,576	0	184,576	32,855	217,431
Deputy Chief Exc/ Head of Partnerships until 31/12/25 then Head of Paid Service from 1/1/26 (Adrianna Partridge)	2025/26	159,520	0	159,520	28,395	187,914
	2024/25	139,578	0	139,578	24,845	164,423
Deputy Chief Exc/ Head of Partnerships	2025/26	110,022	316	110,338	19,584	129,922
	2024/25	139,728	394	140,122	24,845	164,967
Deputy Chief Exc/ D&R	2025/26	147,697	161	147,857	24,114	171,971
	2024/25	139,578	73	139,651	24,845	164,496
Chief Finance Officer (Section 151 Officer)	2025/26	127,748	494	128,242	23,090	151,332
	2024/25	122,475	98	122,572	21,801	144,373
Head of Communities Full Year 2025/26 From 21/06/24	2025/26	121,669	0	120,669	21,479	142,148
	2024/25	90,894	0	90,894	16,179	107,073

Head of Planning	2025/26	121,669	359	122,028	21,657	143,685
	2024/25	114,813	0	114,813	20,437	135,250
Head of Development & Landlord	2025/26	121,169	0	121,169	21,568	142,737
	2024/25	114,813	22	114,836	20,437	135,272
Head of Corporate Services	2025/26	121,669	0	121,669	21,657	143,326
	2024/25	126,813	48	126,862	22,573	149,434
Head of Housing & Environment	2025/26	121,669	418	122,087	21,657	143,744
	2024/25	114,813	0	114,813	20,437	135,250
Head of Policy and Programmes	2025/26	121,669	0	121,669	21,657	143,326
	2024/25	126,813	380	127,193	22,573	149,765
Monitoring Officer/ Head of Legal & Democratic Full year 2025/26 from 14/10/2024 for 2024/25	2025/26	128,721	0	128,721	22,912	151,633
	2024/25	57,244	0	57,244	10,189	67,433
To 13/10/2024	2025/26	81,011	0	81,011	14,420	95,431

*\* This employee also received compensation for loss of office including pay in lieu of notice totalling £301,102. These costs were shared with Vale of White Horse District Council*

<b>Table 17b Employee Remuneration over £50,000</b>		
<b>Number of Employees</b>		
<b>2024/25</b>	<b>Remuneration Band</b>	<b>2025/26</b>
	<b>£</b>	
39	50,000-54,999	57
32	55,000-59,999	37
16	60,000-64,999	33
5	65,000-69,999	18
5	70,000-74,999	3
10	75,000-79,999	5
2	80,000-84,999	8
1	85,000-89,999	3
1	90,000-94,999	0
0	95,000-99,999	1
1	105,000-109,999	0
2	110,000-114,999	1
1	120,000-124,999	3
0	125,000-129,999	2
0	130,000-134,999	0
2	135,000-139,999	0
0	140,000-144,999	0
0	145,000-149,999	1
1	175,000-179,999	0
0	185,000-200,000	1

Under the shared working arrangements, the Council recharged a total of £13,830,005 of its salary costs to Vale of White Horse District Council, who in turn recharged £5,839,948 of its salary costs to this Council.

## Termination Benefits

The number of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below:

<b>Table 17c Exit Packages Agreed</b>								
Exit Package Cost Band (Including Special Payments)	Number of Compulsory Redundancies		Number of Other Departures Agreed		Total Number of Exit Packages by Cost Band		Total Cost of Exit Packages in Each Band £	
	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26
£0 - £20,000	0	0	3	2	3	2	29,167	6,855
£190,000-£200,000	0	0	0	1	0	1	0	193,990
<b>Total</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>29,167</b>	<b>200,845</b>

The total value of exit packages paid in 2025/26 was £200,845

## Post-employment Benefits - Defined Benefit Pension Schemes

### Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The Council participates in The Local Government Pension Scheme (LGPS). The LGPS is a defined statutory scheme administered in accordance with the Local Government Scheme regulations 2013, is contracted out of the State Second Pension and currently provides benefits based on career average revalued salary and length of service on retirement.

The administering authority for the Fund is Oxfordshire County Council. The Pension Fund Committee oversees the management of the Fund whilst the day-to-day fund administration is undertaken by a team within the administering authority. Where appropriate some functions are delegated to the Fund's professional advisers.

As administering authority to the Fund, Oxfordshire County Council, after consultation with the Fund Actuary and other relevant parties, is responsible for the preparation and maintenance of the Funding Strategy Statement and the Statement of Investment Principles. These should be amended when appropriate based on the Fund's performance and funding.

Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The actuarial valuation of the Fund had been carried out as at 31 March 2023 and sets contributions for the period 1 April 2023 to 31 March 2026. There are no minimum funding requirements in the LGPS, but the contributions are generally set to target a funding level of 100 per cent using the actuarial valuation assumptions.

On the employer's withdrawal from the Fund, a cessation valuation will be carried out in accordance with Regulation 64 of the LGPS Regulations 2013 which will determine the termination

contribution due by the employer, on a set of assumptions deemed appropriate by the Fund Actuary.

This is a funded defined benefit career scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets. The fund has an independent global custodian, BNP Paribas, whose main duties include the safekeeping of the fund's investments, the collection of income and the execution of corporate actions, such as company mergers or takeovers.

In addition, arrangements for the award of discretionary post-retirement benefits are awarded upon early retirement. This is an unfunded defined benefit arrangement under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash must be generated to meet actual pension's payments as they fall due.

In general, participating in a defined benefit pension scheme means that the employer is exposed to several risks:

- **Investment Risk:** The Fund holds investment in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges.
- **Interest Rate Risk:** The Fund's liabilities are assessed using market yields on high quality corporate bonds to discount future liability cashflows. As the Fund holds assets such as equities the value of the assets and liabilities may not move in the same way.
- **Inflation Risk:** All the benefits under the Fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation.
- **Longevity Risk:** In the event that the members live longer than assumed a deficit will emerge in the Fund. There are also other demographic risks.

In addition, as many unrelated employers participate in the Oxfordshire County Council Pension Fund, there is an orphan liability risk where employers leave the Fund but with insufficient assets to cover their pension obligations so that the difference may fall on the remaining employers.

All the risks above may also benefit the employer e.g., higher than expected investment returns or employers leaving the Fund with excess assets which eventually get inherited by the remaining employers.

<b>Table 17d Transactions Relating to Retirement Benefits</b>		
<b>2024/25</b>		<b>2025/26</b>
<b>£'000</b>		<b>£'000</b>
	<b>Cost of Services:</b>	
(3,453)	Current Service Cost	(2,685)
0	Past Service Cost	0
	<b>Financing and Investment Income and Expenditure</b>	
5	Net Interest Expense	(361)
<b>(3,448)</b>	<b>Total Post-employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<b>(3,046)</b>
	<b>Other Post-employment Benefit Charged to the CIES</b>	
	Remeasurement of the Net Defined Benefit Liability Comprising:	
2,494	Return on Plan Assets (excluding the Amount Included in the Net Interest Expense)	3,160
(201)	Actual (Gains) and Losses Arising on Changes in Demographic Assumptions	915
3,925	Actual (Gains) and Losses Arising on Changes in Financial Assumptions	5,499
0	Actual (gain) and losses arising on changes in the effect of the asset ceiling	4,305
(1,248)	Other	(8,091)
<b>4,970</b>	<b>Total Post-employment Benefit Charges to the Comprehensive Income and Expenditure Statement</b>	<b>5,788</b>
	<b>Movement in Reserves Statement</b>	
3,448	Reversal of Net Charges made to the Surplus or Deficit for the Provision of Services for Post-employment Benefits in Accordance with the Code	3,046
	Actual Amount Charged against the General Fund Balance for Pensions in the Year:	
3,910	Employers' Contributions Payable to Scheme	4,336

These risks are also mitigated to a certain extent by the statutory requirements to charge to the general fund the amounts required by statute.

### Transactions Relating to Retirement Benefits

The cost of retirement benefits is recognised 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 made 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 CIES and the general fund balance via the movement in reserves statement during the year:

### Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the balance sheet arising from the authority's obligation in respect of its defined benefit plans is as follows:

<b>Table 17e Pension Assets and Liabilities Recognised in the Balance Sheet</b>		
<b>2024/25 £'000</b>		<b>2025/26 £'000</b>
117,714	Fair Value of Employer Assets	128,492
(97,888)	Present Value of Funded Liabilities	(106,905)
(2,430)	Present Value of Unfunded Liabilities	(2,293)
(24,474)	Accounting impact of asset ceiling	(21,587)
<b>(7,078)</b>	<b>Net Liability Arising from Defined Benefit Obligation</b>	<b>(2,293)</b>

<b>Table 17f Reconciliation of the Movements in the Fair Value of the Scheme Assets</b>		
<b>2024/25 £'000</b>		<b>2025/26 £'000</b>
<b>115,067</b>	Opening Balance at 1 April	<b>117,714</b>
5,511	Interest on Assets	6,846
(2,494)	Return on Assets less Interest	3,160
3,910	Employer Contributions	4,336
1,312	Contributions by Scheme Participants	1,530
(5,592)	Benefits Paid	(5,231)
0	Remeasurement - Other Experience	137
<b>117,714</b>	<b>Closing Present Value of Scheme Assets</b>	<b>128,492</b>

<b>Table 17g Reconciliation of the Movements in the Fair Value of the Scheme Liabilities</b>		
<b>Funded and Unfunded liabilities 2024/25 £'000</b>		<b>Funded and Unfunded liabilities 2025/26 £'000</b>
<b>(115,207)</b>	<b>Opening Balance at 1 April</b>	<b>(100,318)</b>
(3,453)	Current Service Cost	(2,685)
(5,506)	Interest Cost	(5,789)
(1,312)	Contributions by Scheme Participants	(1,530)
201	Actual (Gains) and Losses Arising on Changes in Demographic Assumptions	915
18,119	Actual (Gains) and Losses Arising on Changes in Financial Assumptions	3,206
1,248	Other	(8,228)
5,592	Benefits Paid	5,231
<b>(100,318)</b>	<b>Closing Present Value of Liabilities</b>	<b>(109,198)</b>

The discretionary benefits arrangements have no assets to cover its liabilities. The LGPS' assets consist of the following categories:

<b>Table 17h Breakdown of Fund Assets at Fair Value</b>								
<b>2024/25</b>					<b>2025/26</b>			
<b>Quoted £'000</b>	<b>Non- quoted £'000</b>	<b>Total £'000</b>	<b>%</b>		<b>Quoted £'000</b>	<b>Non- quoted £'000</b>	<b>Total £'000</b>	<b>%</b>
6,450	1	6,451	6	Private Equity	5,439	0	5,439	4
0	108,818	108,818	92	Other Investment Funds	0	115,124	115,124	90
2,445	0	2,445	2	Cash & Cash Equivalents	7,929	0	7,929	6
<b>8,895</b>	<b>108,819</b>	<b>117,714</b>	<b>100</b>	<b>Total</b>	<b>13,368</b>	<b>115,124</b>	<b>128,492</b>	<b>100</b>

### **Basis for Estimating Assets and Liabilities**

In order to assess the value of the Council's liabilities in the Fund as at 31 March 2026, it has rolled forward the value of the Council's liabilities calculated at the latest formal valuation date of 31 March 2023, allowing for the different financial assumptions required under the Accounting Standard at the reporting date.

In calculating the current service cost, it has allowed for changes in the Council's pensionable payroll as estimated from the contribution information provided. In calculating the asset share it has rolled forward the Council's share of the assets calculated at the latest formal valuation date allowing for investment returns, the effect of contributions paid into, and estimated benefits paid from, the Fund by the Council and its employees.

In preparing the balance sheet at 31 March 2026 and the revenue account to 31 March 2026 no allowance is made for the effect of changes in the membership profile since the last formal valuation date. The principal reason for this is that insufficient information is available to allow for any such adjustment. However, the effect is likely to be immaterial in actual terms.

Whilst the liabilities calculated under the Accounting Standard include an allowance for some premature retirements on the grounds of ill-health, there is no allowance for early retirements on grounds of redundancy or efficiency other than those actual cases notified.

It is not possible to assess the accuracy of the estimated rolled-forward liability without conducting a full valuation using updated individual member data. Such a valuation is generally not practical in the time available to meet the Council's reporting requirements. The estimated rolled-forward liability as at 31 March 2026 will therefore not reflect differences in demographic experience from that assumed (e.g. pensioner longevity) or the impact of differences between aggregate changes in salary / pension or changes for specific individuals.

It has no reason to believe that the approximations used in rolling forward the valuation to 31 March 2026 will introduce any undue distortion in the results.

The Employer currently participates in the South Oxfordshire District Council pool with other employers in order to share experience of risks they are exposed to in the Fund. At the 2023 valuation, the deficit for the whole pool was calculated and allocated to each employer in proportion to their value of liabilities. The next reallocation will be carried out at the 2026 valuation, should the Employer remain in the pool. Each employer within the pool pays a contribution rate based on the cost of benefits of the combined membership of the pool.

It has adopted a set of demographic assumptions that are consistent with those used for the most recent Fund valuation, which was carried out as at 31 March 2023. The post-retirement mortality tables adopted are the S2PA tables with a multiplier of 90 per cent. These base tables are then projected using the CMI 2015 Model, allowing for a long-term rate of improvement of 1.5 per cent per annum.

<b>Table 17i Principal Actuarial Assumptions</b>		
<b>2024/25</b>		<b>2025/26</b>
	<b>Long-term Expected Rate of Return on Assets in the Scheme</b>	
	<b>Mortality Assumptions</b>	
	Longevity at 65 for Current Pensioners:	
21.8yrs	Men	22.5yrs
24.5yrs	Women	25.1yrs
	Longevity at 65 for Future Pensioners:	
22.4yrs	Men	23.2yrs
25.8yrs	Women	26.3yrs
	<b>Other Assumptions</b>	
2.8%	Inflation – CPI	3.0%
2.8%	Rate of Increase to Pensions	3.0%
5.8%	Discount Rate	6.2%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases for men and women. In practice this is unlikely to be correct, and changes in some of the assumptions may be interrelated. The estimates in the sensitivity analysis have followed the accounting policies for then scheme, i.e., on an actuarial basis using the projected unit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Other assumptions are that:

- Members will exchange half 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; and

The proportion of members that had taken up the 50:50 option at the previous valuation date will remain the same.

<b>Table 17j Sensitivity Analysis</b>		
<b>Change in Assumption at 31 March 2026</b>	<b>Approximate Increase in Employer Liability</b>	
	<b>%</b>	<b>£'000</b>
0.1% decrease in real discount rate	1	1,613
1 year increase in member life expectancy	4	4,368
0.1% increase in the salary increase rate	0	66
0.1% increase in the pension increase rate	1	1,546

In order to quantify the impact of a change in the financial assumptions used it has calculated and compared the value of the scheme liabilities as at 31 March 2026 on varying bases. The approach taken is consistent with that adopted to derive the IAS 19 figures provided.

The principal demographic assumption is the longevity assumption (i.e., member life expectancy). For sensitivity purposes it has estimated that a one-year increase in life expectancy would approximately increase the employer's Defined Benefit Obligation by around 3-5 per cent. In practice the actual cost of a one-year increase in life expectancy will depend on the structure of the revised assumption (i.e., if improvements to survival rates predominantly apply to younger or older ages).

The above figures have been derived based on the membership profile of the employer as at the date of the most recent actuarial valuation.

### **Impact on the Council's Cash Flows**

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible, at a reasonable cost to the scheme employers and taxpayers, whilst ensuring the overall solvency of the fund. There are no minimum funding requirements, but contributions are generally set to target a funding level of 100 per cent. Funding levels are monitored regularly, and the latest triennial valuation was completed at the end 31 March 2026.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales may not provide benefits in relation to service after 31 March 2014. The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits.

The actuarial estimate of the duration of the Council's liabilities is 15 years. The Council anticipates paying £3.24 million in contributions to the scheme in 2026/27.

### **McCloud Judgement**

An estimated McCloud judgement allowance has been added to the formal valuation results, so the impact is continued to be included within the balance sheet at 31 March 2026.

## 18. External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Council's external auditors.

In 2025/26 external audit services were provided by Bishop Fleming.

2024/25 £'000		2025/26 £'000
227	Fees Payable regarding External Audit Services Carried Out by the Appointed Auditor for the Year <sup>1</sup>	127
31	Fees Payable to External Auditor for the Certification of Grant Claims and Returns for the Year <sup>2</sup>	48
<b>258</b>	<b>Total</b>	<b>175</b>

<sup>1</sup>Total shown for 24/25 includes £52k relating to prior year audit work undertaken by Ernst & Young LLP. Total shown for 25/26 reflects scale fees payable to Bishop Fleming of £161k, net of prior year reductions.

<sup>2</sup>Total shown reflects fees payable to KMPG (24/25) and to KPMG and Ernst & Young (25/26) for grant certification work.

## 19. Grant Income

The Council credited the following grants, contributions and donations to the CIES in 2025/26.

2024/25 £'000 Restated		2025/26 £'000
	<b>Credited to Taxation and Non-specific Grant Income</b>	
26,921	Retained Business Rates	28,230
(18,939)	Business Rates Tariff	(19,086)
17,088	Council Tax Income	18,209
13,638	Developers and Other Contributions	11,077
140	Lower Tier Service Grant	136
57	Rural Services Delivery Grant	0
0	Disabled Facilities Grant	0
1,666	New Homes Bonus	1,438
765	Non-ringfenced government grants	2,236
<b>41,336</b>	<b>Total</b>	<b>42,240</b>
	<b>Credited to Services</b>	
5	Berinsfield Regeneration	45
324	Homelessness Support Grant	532
209	Housing benefit – admin	327
17,272	Housing benefit – subsidy	14,755
140	Neighbourhood planning	30
468	New burdens revenue and other grants	503
212	NNDR collection allowance	578
139	Partnership & community safety	96
(9)	Community Hub (Covid Grants)	60
(169)	Homes for Ukraine	681
257	Afghan Citizens Resettlement	74
651	Developers and other contributions	0
<b>19,500</b>	<b>Total</b>	<b>17,681</b>

## 20. 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 secured the ability to limit another party's ability to bargain freely with the Council.

Related Parties Include:

**Central Government:** Central Government has effective control over the general operations of the Council. It is responsible for providing the statutory framework, within which the Council operates, provides a large proportion of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g., housing benefits). Grants received from government are shown in note 19 above.

**Precepts:** Precept transactions in relation to Oxfordshire County Council, Police and Crime Commissioner for the Thames Valley and the various Town and Parish Councils, are shown within a note to the collection fund.

**Members of the Council:** Members have direct control over the Council's financial and operating policies. During the year no members have undertaken any declarable, material transactions with the Council. Details of any transactions would be recorded in the register of members' interests, open to public inspection at the Council's offices.

This is in addition to a specific declaration obtained from all Councillors in respect of related party transactions.

No related party transactions were identified in 2025/26

Members represent the Council on various organisations. Appointments are reviewed annually unless a specific termination date for the term of office applies. None of these appointments places the member in a position to exert undue influence or control.

**Officers of the Council:** The Senior Officers of the Council have control over the day-to-day management of the Council and all Heads of Service and Management Team Members have been asked to declare any related party transactions. No relevant transactions were identified.

**Other organisations:** The Council awards grants to support several voluntary or charitable bodies and individuals. It does not attempt to exert control through this.

## 21. 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), 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 Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed.

<b>Table 21a Capital Expenditure and Financing</b>		
<b>2024/25</b>		<b>2025/26</b>
<b>£'000</b>		<b>£'000</b>
	<b>Capital Investment:</b>	
11,184	Property, Plant and Equipment	9,648
42	Intangible Assets	21
7,575	Revenue Expenditure Funded from Capital Under Statute	6,805
<b>18,801</b>	<b>Total Capital Investment</b>	<b>16,475</b>
	<b>Sources of Finance:</b>	
4,478	Capital Receipts	7,900
11,200	Government Grants and Other Contributions	8,084
<b>15,678</b>	<b>Total Financing</b>	<b>15,984</b>

<b>Table 21b Capital Financing Requirement</b>		
<b>2024/25</b>		<b>2025/26</b>
<b>£'000</b>		<b>£'000</b>
<b>Restated</b>		
58,993	Property, Plant and Equipment	75,052
5,169	Investment Properties	5,733
58	Intangible Assets	49
13,018	Long Term Investments (see note 1 below)	11,732
(53,523)	Capital Adjustment Account	(59,139)
(17,575)	Revaluation Reserve	(28,137)
(825)	Financial Instrument Revaluation Reserve (see note 1 below)	852
(2,192)	Unit Trust Dividend Reinvested Reserve (see note 2 below)	(2,584)
<b>3,123</b>	<b>Closing CFR</b>	<b>3,557</b>
	<b>Explanation of movements in year</b>	
3,123	Increase/Decrease in underlying need to borrow (unsupported by government financial assistance)	491
0	Minimum Revenue Provision	(62)
0	Financial Instrument Redemption	(5)
<b>3,123</b>	<b>Increase/(decrease) in Capital Financing Requirement</b>	<b>434</b>

### Notes:

- 1) Investments in unit trusts only, excluding accrued interest.
- 2) Unit trust dividend reinvested reserve included to show full financing of unit trust investments.

## 22. Leases

### Council as Lessee

The Council's lease contracts comprise leases of operational land and buildings, plant and equipment and motor vehicles.

All of the Council's contracts as lessee are considered to be either of low value (assets under lease being individually worth less than £10,000 when new) and/or short term (less than 12 months to expiry from 1 April 2024).

All payments made by the Council under such leases have been expensed as incurred and the Council has not recognised any right-of-use assets or lease liabilities for such items.

### Council as Lessor

**Operating leases** – The Council has no material operating leases.

**Finance Leases** – The Council recognised several long-term leases in the 2015/16 accounts. A fourth, The Orchard Centre Phase II, was entered into in 2016/17. The leases are:

- The Orchard Centre – 150-year lease signed in 2004.
- Gym, Cattle Market, Thame – 90-year lease signed in 1976.
- Industrial estate, Thame – 10 leases in excess of 76 years duration expiring between 2061 and 2096
- The Orchard Centre Phase II – 250-year lease signed in 2017.

### Transactions under leases

The Council made the following gains and losses as a lessor during the year:

	2024/25 £'000	2025/26 £'000
<b>Finance leases</b>		
Finance income on the net investment in the lease	736	820
<b>Operating leases</b>		
Total lease income	491	490
Share of lease income relating to variable lease payments that do not depend on an index or a rate	491	490

## Net investment in finance leases

The Council experienced the following changes in the carrying amount of its net investment in finance leases during the year:

	2024/25 £'000	2025/26 £'000
Net investment at 1 April	9,110	9,093
Adjustment to balance b/fwd*	0	(162)
Payments by lessees	(17)	(445)
Impact of changes in unguaranteed residual values	0	3,185
<b>Net investment at 31 March</b>	<b>9,093</b>	<b>11,671</b>

\* Adjustment to reflect principal repaid prior to 1 April, not reflect in 24/25 totals

## Maturity analysis of lease receivables

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

	Finance leases		Operating leases	
	2024/25 £'000	2025/26 £'000	2024/25 £'000	2025/26 £'000
Less than one year	871	831	544	488
One to two years	871	831	367	384
Two to three years	871	831	320	376
Three to four years	871	831	320	369
Four to five years	871	831	320	361
More than five years	80,782	83,373	1,456	1,472
<b>Net investment at 31 March</b>	<b>85,137</b>	<b>87,527</b>	<b>3,327</b>	<b>3,450</b>

The total undiscounted receivables for finance leases reconcile to the net investment in leases as follows:

	2024/25 £'000	2025/26 £'000
Total undiscounted leases receivables	85,137	87,527
Unearned finance income	(76,044)	(75,856)
Discounted amount of unguaranteed residual values	0	0
<b>Net investment in leases</b>	<b>9,093</b>	<b>11,671</b>

## 23. Contingent Liabilities

At 31 March 2026, the Council had the following contingent liabilities:

- Compensation Claims for Injury and or Damage:** Most claims for compensation are individually immaterial. They relate to personal injuries sustained where the Authority is alleged to be at fault (for example, through a failure to repair a pavement properly). Provision has not been made for such claims as the authority's liability is limited to the individual excess on the policy, which in most cases is £5,000. Until claims are settled by the authority's insurers, the cost of the excess cannot be recognised. It is also considered that collectively the sum of these claims in any one year is not material.

## 24. Contingent Assets

At 31 March 2026, the Council had no contingent assets.

## 25. Nature and Extent of Risks Arising from Financial Instruments

The Council's activities expose it to a variety of risks. The main risks are:

- **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.
- **Re-financing Risk:** the possibility that the Council might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- **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.

The Council's treasury management procedures focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the resources available to fund services.

The treasury team carry out the procedures for risk management which are set out in the approved policies which cover specific areas such as interest rate risk, credit risk and the investment of surplus cash. The procedures are set out through a legal framework based on the Local Government Act 2003 and associated regulations. These require the Council to comply with the CIPFA prudential code, the CIPFA code of practice on treasury management in the public services and investment guidance issued through the Act.

### Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposure to the Council's customers.

The risk is managed through the Council's Annual Investment Strategy, which requires that deposits are only placed with financial institutions that meet the identified minimum credit criteria, as laid down by Fitch, Moody's and Standard & Poors credit ratings services. The strategy also sets out the maximum amounts and time limits that an investment can be made with a financial institution within each category.

The credit criteria in respect of financial assets held by the authority are as detailed as follows:

<b>Table 25a Credit criteria</b>				
<b>Deposits with banks and other financial institutions</b>	<b>Min. Rating / Other Criteria</b>	<b>Counter-party Limit</b>	<b>Amount at 31 Mar 26</b>	<b>Maturity Limit</b>
		<b>£000</b>	<b>£000</b>	
<b>Banks</b>				
Lloyds Bank	F1	15,000	1,023	2 years
<b>Building Societies</b>				
National Counties	assets > £2,000m	9,000	7,000	12 months
Progressive	assets > £2,000m	9,000	9,000	12 months
Nottingham	assets > £5,000m	13,000	5,000	12 months
<b>Money Market Funds</b>				
Fedferated Hermes	AAA	30,000	4,340	Liquid
<b>Local Authorities</b>				
Basildon Council		20,000	5,000	5 years
Bath & North East Somerset		20,000	5,000	5 years
Blaenau Gwent CBC		20,000	5,000	5 years
Central Bedfordshire Council		20,000	15,000	5 years
Cherwell district Council		20,000	5,000	5 years
Cornwall Council		20,000	6,000	5 years
Derbyshire County Council		20,000	5,000	5 years
Gravesham Borough Council		20,000	8,000	5 years
Great Yarmouth Council		20,000	5,000	5 years
Lancashire Couty Council		20,000	5,000	5 years
Leeds City Council		20,000	5,000	5 years
Manchester City Council		20,000	10,000	5 years
Moray Council		20,000	5,000	5 years
PCC for Devon & Cornwall		20,000	3,000	5 years
PCC for Lancashire		20,000	5,000	5 years
Perth & Kinross Council		20,000	5,000	5 years
South Ayrshire Council		20,000	5,000	5 years
Suffolk County Council		20,000	5,000	5 years
Surrey County Council		20,000	5,000	5 years
Walsall Metropolitan		20,000	5,000	5 years
Worcestershire County Council		20,000	5,000	5 years
<b>Property Funds</b>				
CCLA Property Fund		10,000	6,219	Variable
<b>Managed Funds</b>				
Unit trusts	F1	10,000	11,731	Variable
<b>Total</b>			<b>166,313</b>	

The full annual investment strategy for 2025/26 was approved by full Council on 13 February 2025 and is available on the Council's website.

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies of £166 million cannot be assessed generally as the risk of any institution failing to repay the principal sum will be specific to each institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of recoverability applies to all the Councils' deposits but there was no evidence at 31 March 2026 that this was likely to crystallise.

Customers for goods and services are assessed, considering their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Council.

A provision is made for bad debts based on the debtors' information at the year end. The 'past due' amount is analysed below. During the reporting period the Council held no collateral as security.

Table 25b below analyses the Council's short-term debt by age:

<b>Table 25b Short-term Debtors Aged Debt Analysis</b>	<b>Total £'000</b>
Less than 3 Months	15,089
3 Months to 6 Months	138
6 Months to 1 Year	855
Over 1 Year	4,054
<b>Total</b>	<b>20,136</b>

Statutory debts are included in the figures above to enable comparison with the short-term debtors total as shown in the balance sheet and in note 9.

### **Liquidity Risk**

The Council manages its liquidity position through the risk management procedures set out in the treasury management strategy, as well as a comprehensive cash management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Council can access borrowing from the money markets and the Public Works Loans Board.

The Council is required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. Therefore, there is no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments.

The Council has no debt and therefore is not exposed to refinancing risk of loans at this time. All trade and other payables are due to be paid in less than one year.

### **Refinancing and Maturity Risk**

The Council maintains a significant investment portfolio. There is a longer-term risk to the Council which relates to managing the exposure to replacing financial instruments as they mature.

Treasury indicator limits placed on investments for over one year in duration are used to manage this risk. The Council approved treasury and investment strategies address the main risks and the central treasury team manage the operational risks within the approved limits. This includes monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day-to-day cash flow needs, and the spread of longer-term investments provide stability of maturities in relation to longer term cash flow needs.

The Council has no longer-term financial liabilities. The maturity analysis of financial assets, excluding sums due from customers is as follows:

<b>Table 25c Refinancing and Maturity Risk</b>		
<b>31 March 25</b>		<b>31 March 26</b>
<b>£'000</b>		<b>£'000</b>
139,489	Less than 1 Year	141,832
3,000	Between 1 and 2 Years	5,232
5,213	Between 2 and 3 Years	5,002
24,318	More than 3 Years	18,028
<b>172,038</b>	<b>Total</b>	<b>170,094</b>

*Difference to table 25a is accrued interest.*

## **Market Risk**

### **a) Interest Rate Risk**

The Council is exposed to some risk in terms of its exposure to interest rate movements on its investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. A rise in interest rates would have the following effects:

- Investments at Variable Rates: The interest income credited to the surplus or deficit on the provision of services will rise.
- Investments at Fixed Rates: The fair value of the assets will fall.

Changes in interest receivable on variable rate investments will be posted to the surplus or deficit on the provision of services and affect the general fund balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in other CIES.

The Council has several strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together Council's prudential and treasury indicators and its expected treasury operations, including forecast interest rate movements.

According to this assessment strategy, at 31 March 2026, if interest rates had been one per cent higher with all other variables held constant, the financial effect would be:

<b>Table 25d Interest Rate Risk</b>		
<b>2024/25</b>		<b>2025/26</b>
<b>£'000</b>		<b>£'000</b>
(89)	Increase in Interest Receivable on Variable Rate Investments	(54)
<b>(89)</b>	<b>Impact on Surplus or Deficit on the Provision of Services</b>	<b>(54)</b>

The impact of a one per cent fall in interest rates would be as above but with the movements being reversed.

## **b) Price Risk**

*The Council holds an investment in unit trust equity shares to the value of £11.7 million and an investment in a pooled property fund to the value of £6.2 million. Whilst these investments are primarily held for interest earning potential, the Council is exposed to losses and gains arising from the movement in prices of the shares held.*

The shares are classified as financial instruments. This means that all movements in price will impact on gains and losses recognised in the Financial Instrument Revaluation Reserve.

A movement of 5% in the price of shares (positive or negative) would result in a £1.0 million gain or loss being recognised in the Financial Instrument Revaluation Reserve. The Council is not able to limit its exposure to price movements by further diversifying its portfolio.

## **26. Critical Judgements in Applying Accounting Policies**

In applying the accounting policies set out on pages 76-92 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:

### **Leases**

The Council has examined its leases and classified them as either operational or finance leases. In some cases, the lease transaction is not always conclusive, and the Council uses judgement in determining whether the lease is a finance lease arrangement that transfers substantially all the risks and rewards incidental to ownership. In reassessing the lease, the Council has estimated the implied interest rate within the lease to calculate interest and principal payments.

### **Funding**

There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

### **Investment Properties**

Investment properties have been estimated using the identifiable criteria under IAS 40 of being held for rental income or for capital appreciation. These properties have been assessed using these criteria, which is subject to interpretation to determine if there is an operational reason for holding the property such as regeneration.

## **27. Assumptions made about the Future and Other Major Sources of Estimation Uncertainty**

### **Business Rates**

Since the introduction of the business rates retention scheme effective from 1 April 2013, Councils are liable for successful appeals against business rates charged to businesses in 2025/26 and earlier financial years in their proportionate share. Therefore, a provision has been recognised for the best estimate of the amount that businesses have been overcharged up to 31 March 2026. The estimate has been calculated using the Valuation Office Agency (VOA) ratings list of appeals and the analysis of successful appeals to date when providing the estimate of total provision up to and including 31 March 2026. The Council's share of the balance of business rate appeals provision at this date amounted to £2.5 million, £0.3m greater than the preceding year.

## Property, Plant and Equipment

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. If the Council is unable to sustain its current spending on repairs and maintenance this could bring into doubt the useful lives currently assigned to assets. If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual charge for buildings would increase in these circumstances.

## Debt Impairment

At 31 March 2026 the Council had a gross balance on short term debtors of £24.4 million. A review of significant balances suggested that an impairment of doubtful debts of £4.2 million was appropriate. If collection rates were to deteriorate an increase in the amount of the impairment of the doubtful debts would be required.

## Pensions

The estimation of the net liability to pay pensions depends on several complex judgements relating to the discounts used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries (Hymans Robertson LLP) is engaged (through Oxfordshire County Pension Fund) to provide the Council with expert advice about the assumptions to be applied. Details of the pension liabilities are in note 17.

When the LGPS benefit structure was reformed in 2014, transitional protections were applied to certain older members close to normal retirement age. The benefits accrued from 1 April 2014 by these members are subject to an 'underpin' which means that they cannot be lower than what they would have received under the previous benefit structure. The underpin ensures that these members do not lose out from the introduction of the new scheme, by effectively giving them the better of the benefits from the old and new schemes.

## 28. Accounting Standards Issued but Not Yet Adopted

The Council is required to disclose information relating to the impact of an accounting charge that will be required by new accounting standards that have been issued but not adopted at the Balance Sheet date.

The standards introduced by the 2026/27 CIPFA Code where disclosures are required in the 2025/26 financial statements are on the following items.

- (a) Amendments to FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (amendments to Heritage Assets)
- (b) Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures*)
- (c) Annual improvements to IFRS accounting standards (Volume 11)
- (d) Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)

It is considered these are of limited applicability to the scope of the Council's operations.

## 29. Post Balance Sheet Events

There were no material events after the balance sheet date.

## 30. Restatement of prior period

In 2025/26 the Council identified errors in balances as reported in the 2024/25 Statement of Accounts. In order to correct these errors the Council has restated the prior period information for 2024/25 which is shown as comparative to the 2025/26 Statement of Accounts. The changes were:

- (i) Gain on recognition of asset – after issue of the 2024/25 Statement of Accounts the Council established legal opinion that it holds title to buildings constructed by a third party on a parcel of land which it owns. As a result the Council recorded a gain in the Comprehensive Income and Expenditure Statement (CIES) of £6.1 million as part of Taxation and Non-Specific Grant Income totals for the year. The Net Cost of Services for the Development and Corporate Landlord service directorate reflected an adjustment to depreciation charges of £15,000, as a result.
- (ii) Correction of CIL income – The 2024/25 Statement of Accounts over accrued Community Infrastructure Levy (CIL) income receivable. To adjust, the balance of short term debtors has been reduced by £5.4 million and CIL Admin income within the Finance service directorate has been reduced by £272,000. Creditors have reduced by £813,000, reflecting a lower share of retained CIL balances relating to third parties, and Capital Grants and Contributions reported within Taxation and Non-Specific Grant Income totals in the CIES have reduced by a net £4.3 million, accordingly.

<b>Effect on Comprehensive Income and Expenditure Statement 2024/25</b>			
	Originally stated 2024/25	Restated 2024/25	Amount of restatement
	Net expenditure £'000	Net expenditure £'000	£'000
Development & Corporate Landlord directorate	5,104	5,119	15
Finance directorate	3,597	3,869	272
Cost of services	35,858	36,144	286
Taxation and Non-Specific Grant Income	(45,672)	(47,498)	(1,826)
<b>Total comprehensive income and expenditure</b>	<b>(9,814)</b>	<b>(11,354)</b>	<b>(1,540)</b>

<b>Effect on line items in the Balance Sheet 31 March 2025</b>			
	Originally stated 2024/25 £'000	Restated 2024/25 £'000	Amount of restatement £'000
Property, Plant and Equipment	52,847	58,993	6,146
Short term debtors	23,615	18,195	(5,420)
Short term creditors	(28,800)	(27,987)	813
<b>Net assets</b>	<b>226,605</b>	<b>228,145</b>	<b>1,540</b>
Usable reserves	(138,087)	(133,481)	4,606
Unusable reserves	(88,518)	(94,664)	(6,146)
<b>Total reserves</b>	<b>(226,605)</b>	<b>(228,145)</b>	<b>(1,540)</b>

<b>Movement in Reserves Statement - usable reserves 31 March 2025</b>			
	Originally stated 2024/25 £'000	Restated 2024/25 £'000	Amount of restatement £'000
Balance at 1 April 2024	(130,698)	(130,698)	0
Total Comprehensive Income and Expenditure	(12,823)	(14,363)	(1,540)
Adjustments between accounting basis and funding basis under regulations	5,433	11,579	6,146
increase/(decrease) in year	(7,390)	(2,784)	4,606
<b>Balance at 31 March 2025</b>	<b>(138,088)</b>	<b>(133,482)</b>	<b>4,606</b>

<b>Movement in Reserves Statement - unusable reserves 31 March 2025</b>			
	Originally stated 2024/25 £'000	Restated 2024/25 £'000	Amount of restatement £'000
Balance at 1 April 2024	(85,967)	(85,967)	0
Total Comprehensive Income and Expenditure	2,883	2,883	0
Adjustments between accounting basis and funding basis under regulations	(5,433)	(11,579)	(6,146)
increase/(decrease) in year	(2,550)	(8,696)	(6,146)
<b>Balance at 31 March 2025</b>	<b>(88,517)</b>	<b>(94,663)</b>	<b>(6,146)</b>

**Effect on line items in the Cashflow Statement 31  
March 2025**

	Originally stated 2024/25 £'000	Restated 2024/25 £'000	Amount of restatement £'000
Net surplus/(deficit) on the provision of service	12,822	14,362	1,540
Net cash flows from operating activities	(8,056)	206	8,262
Total investing activities	(5,904)	(14,166)	(8,262)

### 31. Going Concern

The concept of a going concern assumes that an authority's functions and services will continue in operational existence for the foreseeable future. The provisions in the Code (Code of Practice on Local Authority Accounting in the United Kingdom 2025/26) in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate.

A cash flow forecast has been produced to March 2028 that indicates strong cash balances throughout and closing cash and equivalents of £107.7 million. As at 31 March 2025, the Council had General Reserves of £65.9million, which subsequently increased to £69.6 million by 31 March 2026. Both figures are significantly above the Council's minimum recommended prudent balance of £4.5 million. The Council prepared a five-year medium term financial plan in February 2026 which forecast General Reserves of £69.9 million by March 2028.

Overall, the Council is therefore in a strong position in terms of managing its medium-term financial position.

The Council carries out functions essential to the local community and if financial difficulties were encountered alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year. As this is not the case the accounts have been prepared under the Code which assumes that services will be provided for the foreseeable future, at least until March 2027.

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## Collection Fund Account

2024/25		2025/26			Notes
Total		Council tax	NNDR	Total	
£000	Income	£000	£000	£000	
(151,929)	Council tax payers	(161,736)		(161,736)	
(56,075)	Transfers from general fund: - Income from business ratepayers		(60,333)	(60,333)	
<b>(208,004)</b>		<b>(161,736)</b>	<b>(60,333)</b>	<b>(222,069)</b>	
	<b>Expenditure</b>				
	Precepts and demands:				
118,659	Oxfordshire County Council	124,787		124,787	
17,477	Police and Crime Commissioner	18,498		18,498	
17,301	South Oxfordshire DC	18,265		18,265	
0	Business Rates:				
24,564	Payments to Government		30,607	30,607	
4,913	Payments to Oxfordshire County Council		6,121	6,121	
19,651	Payments to South Oxfordshire DC		24,486	24,486	
185	Cost of Collection		188	188	
	Provisions:				
0	- Write ons applied to the collection fund	0	0	0	
(489)	- Provision for bad debts	561	723	1,284	3
(73)	- Provision for appeals		(2,582)	(2,582)	3
<b>202,188</b>		<b>162,111</b>	<b>59,543</b>	<b>221,654</b>	
<b>(5,816)</b>	<b>(Surplus)/deficit for the year</b>	<b>375</b>	<b>(790)</b>	<b>(415)</b>	
	<b>Collection fund balance</b>				
(7,645)	Balance brought forward at 1 April	(3,757)	(9,702)	(13,459)	
(5,817)	(Surplus)/deficit for the year, as above	375	(790)	(415)	
<b>(13,462)</b>	<b>Balance carried forward at 31 March</b>	<b>(3,382)</b>	<b>(10,492)</b>	<b>(13,874)</b>	
	<b>Allocated to:</b>				
(4,852)	Central Government		(5,246)	(5,246)	
(3,873)	Oxfordshire County Council	(2,621)	(1,049)	(3,670)	
(429)	Police and Crime Commissioner	(392)		(392)	
(4,307)	South Oxfordshire District Council	(369)	(4,197)	(4,566)	
<b>(13,461)</b>		<b>(3,382)</b>	<b>(10,492)</b>	<b>(13,874)</b>	

# Notes to the Collection Fund Account

## 1. Business Rates (Non-Domestic Rates)

Business rates are based on the rateable value of a property multiplied by a nationally determined rate (multiplier). The total amount collected by the Council is paid into the national pool managed by central government. Each Council then receives a redistributed amount from the pool based on an amount per head of population.

		£
NNDR rateable value as at 01 Apr 2025		141,282,949
NNDR rateable value as at 31 Mar 2026		196,003,784
<b>National multipliers (Pence):</b>	<b>2024/25</b>	<b>2025/26</b>
Small business non-domestic rating multiplier	49.9	49.9
Non-domestic rating multiplier	54.6	55.5

## 2. Council Tax Base Calculation

Band	Number of properties	Band multiplier	Band D equivalent
A	2,119	6/9	1,413
B	6,037	7/9	4,695
C	18,456	8/9	16,405
D	15,215	9/9	15,215
E	10,948	11/9	13,381
F	6,780	13/9	9,793
G	6,382	15/9	10,637
H	982	18/9	1,964
	<b>66,919</b>		<b>73,503</b>
Discounts and exemptions			(8,252)
Class O exempt properties			(652)
<b>Sub total</b>			<b>64,599</b>
Assumed losses on collection			(959)
<b>Council tax base</b>			<b>63,640</b>

## 3. Council Tax / NDR Bad Debt Provision and NDR Provision for Valuation Appeals

The collection fund account provides for bad debts on arrears based on prior years' experience.

2024/25 £000	Council tax	2025/26 £000
(7,132)	Balance at 1 April	(7,350)
178	(Write back)/write off of debt during year	(27)
(396)	(Increase)/decrease in provisions during year	(561)
<b>(7,350)</b>	<b>Balance at 31 March</b>	<b>(7,938)</b>

The Council's proportion of these write offs and movements in provision are shown below.

<b>2024/25 £000</b>	<b>Council tax</b>	<b>2025/26 £000</b>
(807)	Balance at 1 April	(831)
20	(Write back)/write off of debt during year	(3)
(44)	(Increase)/decrease in provisions during year	(60)
<b>(831)</b>	<b>Balance at 31 March</b>	<b>(894)</b>

The collection fund account also provides for bad debt on NDR arrears.

<b>2024/25 £000</b>	<b>NDR</b>	<b>2025/26 £000</b>
(6,560)	Balance at 1 April	(5,662)
13	(Write back)/write off of debt offs during year	103
885	(Increase)/decrease in provisions during year	(723)
<b>(5,662)</b>	<b>Balance at 31 March</b>	<b>(6,282)</b>

NDR bad-debt and provision for valuation appeals - proportion of NDR write-offs and movement in provision

<b>2024/25 £000</b>	<b>NDR</b>	<b>2025/26 £000</b>
(2,624)	Balance at 1 April	(2,265)
5	(Write back)/write off of debt offs during year	41
354	(Increase)/decrease in provisions during year	(289)
<b>(2,265)</b>	<b>Balance at 31 March</b>	<b>(2,513)</b>

The collection fund account also provides for provision for appeals against the rateable valuation set by the Valuation Office Agency not settled as at 31 March 2026.

<b>2024/25 £000</b>	<b>NDR</b>	<b>2025/26 £000</b>
(5,571)	Balance at 1 April	(5,497)
2,794	(Write back)/write off of debt during year	1,538
(2,721)	(Increase)/decrease in provisions during year	1,044
<b>(5,498)</b>	<b>Balance at 31 March</b>	<b>(2,915)</b>

The Council's proportion of this provision is shown below.

<b>2023/24 £000</b>	<b>NDR</b>	<b>2024/25 £000</b>
(2,228)	Balance at 1 April	(2,199)
1,118	(Write back)/write off of debt during year	615
(1,089)	(Increase)/decrease in provisions during year	417
<b>(2,199)</b>	<b>Balance at 31 March</b>	<b>(1,167)</b>

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# Statement of Accounting Policies

## (i) 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 31 March 2026. The Council is required to prepare an annual statement of accounts by 30 June 2026 and for the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Council Accounting in the United Kingdom 2025/26, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under the Accounts and Audit Regulations 2015.

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.

## (ii) 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 receipts, 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.
- interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure based on the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract; and
- 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 in 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.

## (iii) 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 defined as follows:

- cash and cash equivalents shall include bank overdrafts that are an integral part of the Council's cash management.
- cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment purposes; and
- investments that can be liquidated or accessed within 30 days i.e., money market funds, call accounts and deposit accounts with a notice period of 30 days or less.

Equity investments are excluded from the definition.

## (iv) Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

#### **(v) 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 non-current 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; and
- 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 required. This contribution is known as Minimum Revenue Provision (MRP). The Council will make annual provision for MRP on an asset life basis for owned assets. Principal amounts repaid in respect of finance lease obligations will be applied as MRP. Depreciation, revaluation and impairment losses and amortisations are replaced by the contribution in the general fund balance, by way of an adjusting transaction with the capital adjustment account in the MiRS.

#### **(vi) Employee Benefits**

##### **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, bonuses and non-monetary benefits for current employees. They 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 and additional hours earned by employees but not taken as time off before the year-end which employees can carry forward into the next financial year. The accrual is charged to surplus or deficit on the provision of services but then reversed out through the MiRS so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

## **Termination benefits:**

Termination benefits are amounts payable either because of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. Such benefits are charged on an accrual basis to the relevant service in the CIES when the Council is demonstrably committed to the termination of the employment of an officer or group of officers or to making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the general fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the MiRS, 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.

## **Post-Employment Benefits:**

Employees of the authority are members of the Local Government Pension Scheme administered by Oxfordshire County Council. The scheme provides defined benefits to members (retirement lump sums and pensions).

## **The Local Government Pension Scheme (LGPS)**

The LGPS is accounted for as a defined benefits scheme:

- The liabilities of the Oxfordshire County Council pension fund attributable to the Council are included in the balance sheet on an actuarial basis using the projected unit method - i.e., an assessment of the 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 for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate based on high quality UK corporate bond yields chosen to meet the requirements of IAS19 and with consideration of the duration of the Council's liabilities. This is consistent with the approach used at the last accounting date.
- The assets of Oxfordshire County Council pension fund attributable to the Council are included in the balance sheet at their fair value:
  - Quoted securities - current bid price,
  - Unquoted securities - professional estimate
  - Unitised securities - current bid price
  - Property - market value.
- The change in the net pension's liability is analysed into the following components:
- Service cost comprising:
  - current service cost - the increase in liabilities as a result of years of service earned this year - allocated in the CIES 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 CIES.

- net interest on the Net Defined Benefit Liability (NDBL), i.e. net interest for the Council – the change during the period in the net defined benefit liability that arises from the passage of time charged to the CIES – 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 at the beginning of the period – taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.
- Remeasurements comprising:
  - the return on scheme assets (excluding amounts included in the NDBL) charged to the pensions reserve as other CIES.
  - actuarial gains and losses: changes in the net pensions 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 reserves as other CIES.
- Contributions paid to the Oxfordshire County Council 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 MiRS 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 based on cash flows rather than as benefits are earned by employees.

### **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 LGPS.

#### **(vii) Events after the Balance Sheet Date**

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.

#### **(viii) Financial Instruments 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 income and expenditure account for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The only financial liabilities the Council has are trade creditors.

The Council currently has no borrowings and has issued no bonds to bond holders.

### **Financial Assets:**

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost.
- Fair Value Through Profit and Loss (FVPL).
- Fair Value Through Other Comprehensive Income (FVOCI).

The Council has no investments measured at FVOCI.

### **Financial Instruments Measured at Amortised Cost:**

Financial instruments measured at amortised cost are recognised on the balance sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the financing and investment income and expenditure line in the CIES for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the balance sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

However, if the Council has made loans at less than market rates (soft loans), then a loss is recorded in the CIES (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the financing and investment income and expenditure line in the CIES at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the balance sheet.

Statutory provisions require that the impact of soft loans on the general fund balance is the interest receivable for the financial year. However, the loss attributable to a loan of less than £20,000 is not material and at the current date the Council has no material loans.

### **Expected Credit Loss**

The Council recognises expected credit losses on all its financial assets held at amortised cost, either on a 12 month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially

recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

### **Financial Assets Measured at Fair Value through Profit and Loss**

Financial assets that are measured at FVPL are recognised on the balance sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services except where a statutory override applies in which case, they will be recognised in an unusable financial instruments reserve.

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices - the market price.
- other instruments with fixed and determinable payments – discounted cash flow analysis.

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

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

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

**Level 3 Inputs** – unobservable inputs for the asset.

For instruments where the statutory override applies, changes in fair value are balanced by an entry in the unusable reserve financial instrument reserve and the gain / loss is recognised in the surplus or deficit on revaluation of the assets. The exception is where impairment losses have been incurred - these are debited to the financing and investment income and expenditure line in the CIES, along with any net gain or loss for the asset accumulated in the unusable financial instrument reserve.

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

Any gains and losses that arise on the de-recognition of the asset are credited or debited to the financing and investment income and expenditure line in the CIES, along with any accumulated gains or losses previously recognised in the unusable financial instruments reserve.

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

### **(ix) Foreign Currency Translation**

The Council makes a few small purchases in foreign currency. However, the transaction is made at the current prevailing exchange rate, the goods or services are received immediately and, therefore, there are no gains or losses because of variances in the exchange rate required to be recorded.

### **(x) Government Grants and Contributions**

Whether paid on account, by instalments or in arrears, government grants and third-party contributions and donations, including Community Infrastructure Levy (CIL) contributions, 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 CIES 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. If this is not the case, then 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 CIES.

Where capital grants are credited to the CIES, they are reversed out of the general fund balance in the MiRS. Where the grant has yet to be used to finance capital expenditure, it is posted to the capital grants unapplied reserve. When it has been applied, it is posted to the capital adjustment account.

### **Community Infrastructure Levy**

The Council has elected to charge a Community Infrastructure levy (CIL). The levy will be charged on new builds (chargeable developments for the authority) with appropriate planning consent. The Council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund several infrastructure projects (these include transport, flood defences and schools) to support the development of the area.

CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the CIES in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However, a proportion of the charges can be used to fund revenue expenditure.

### **(xi) 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 licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

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 line(s) in the CIES. An asset is tested for impairment whenever there is an indication that the asset might be impaired - any losses recognised are posted to the relevant service line(s) in the CIES any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the other operating expenditure line in the CIES.

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 MiRS and posted to the capital adjustment account and (for any sale proceeds greater than £10,000) the capital receipts reserve.

#### **(xii) Interests in Companies and Other Entities – Jointly Controlled Operations and Jointly Controlled Assets**

The Council has no material interests in other companies or entities that have the nature of subsidiaries, associates or jointly controlled entities and there is therefore no requirement to prepare group accounts.

Jointly controlled operations are classified as activities undertaken by the Council in conjunction with other venturers that involve the use of the assets and resources of the venturers rather than the establishment of a separate entity. They are items of property, plant or equipment that are jointly controlled by the Council and other venturers, with the assets being used to obtain benefits for the venturers. Whilst the Council has entered joint arrangements on the provision of services with other Councils, none of the assets of those Councils can be said to be under joint control of the Councils.

#### **(xiii) 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 based on charging the CIES with the value of works and services received under the contract during the financial year.

#### **(xiv) 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 highest and best use value of the asset from the market participants' perspective. Investment 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 CIES. 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 MiRS and posted to the capital adjustment account and (for any sale proceeds greater than £10,000) the capital receipts reserve.

#### **(xv) Leases**

##### **The Council as Lessee**

## Finance Leases:

The Council 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 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.

The Council initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the Council's incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined. The Council may opt to apply a single discount rate for a portfolio of leases with reasonably similar characteristics. Lease payments included in the measurement of the lease liability include:

- fixed payments, including in-substance fixed payments
- variable lease payments that depend on an index or rate, initially measured using the prevailing index or rate as at the adoption date
- amounts expected to be payable under a residual value guarantee
- the exercise price under a purchase option that the Council is reasonably certain to exercise
- lease payments in an optional renewal period if the Council is reasonably certain to exercise an extension option
- penalties for early termination of a lease, unless the Council is reasonably certain not to terminate early.

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 Council considers the cost model to be a reasonable proxy except for:

- assets held under non-commercial leases
- leases where rent reviews do not necessarily reflect market conditions
- leases with terms of more than five years that do not have any provision for rent reviews
- leases where rent reviews will be at periods of more than five years.

For these leases, the asset is carried at a revalued amount. In these financial statements, right-of-use assets held under index-linked leases have been adjusted for changes in the relevant index, while assets held under peppercorn or nil consideration leases have been valued based on the Council's assessment of the fair value of the asset subject to lease.

The right-of-use asset is depreciated straight-line over the shorter period of remaining lease term and useful life of the underlying asset as at the date of adoption.

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 arising from a change in index or rate
- there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee
- the Council changes its assessment of whether it will exercise a purchase, extension or termination option, or
- there is a revised in-substance fixed lease payment.

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, the Council 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, and
- for short term leases with a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the Council is reasonably certain to exercise and any termination options that the Council is reasonably certain not to exercise).

### **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.

Depreciation and impairments are not charges against council tax, as the cost of non-current 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.

### **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.

### **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 (England and Wales) or capital receipts reserve (Scotland)] 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 non-current 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.

### **Operating leases**

Where the authority 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 or where this is initiated by a service to the individual service, 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.

### **(xvi) Overheads and Support Services**

The costs of overheads and support services are charged to services in accordance with the authority's arrangements for accountability and financial performance.

### **(xvii) Property, Plant and 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.

### **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.

## 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 Council would not capitalise borrowing costs if required to be incurred for assets 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 CIES, 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 CIES, they are reversed out of the general fund balance to the capital adjustment account in the MiRS.

Assets are then carried in the balance sheet using the following measurement bases:

- Infrastructure, community assets and assets under construction - depreciated historical cost.
- Surplus assets – fair value, estimated at highest and best use from a market participant's perspective.
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use.

Where there is no market-based evidence of current value because of the specialist nature of an asset, Depreciated Replacement Cost (DRC) is used as an estimate of current value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Assets included in the balance sheet at current value are revalued as a minimum every five years. In the intervening years, assets are revalued according to annual indexation. Three indices are used depending on the property/Asset type; the Housing Price index (HPI); Building Cost Information Service (BCIS) and the Consumer Price Index (CPI).

	<b>Property/Asset Type</b>	<b>Revaluation index</b>
1)	Residential Properties	HPI (Housing Price Index)
2)	DRC assets (Offices shops and depots)	BCIS (Building Cost Information Service)
3)	Non DRC assets (Community Centres, Leisure Centres)	CPI (Consumer Price Index) with a desk top valuation every 3 years

4)	Assets with land values only	No Indexation desktop valuation YR 3
5)	Car Parks	CPI Annually

Increases in valuations are matched by credits to the revaluation reserve to recognise unrealised gains. Exceptionally, gains might be credited to the CIES where they arise from the reversal of a loss previously charged to a service.

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).
- where the balance on the revaluation reserve is less than the decrease in value the carrying amount of the asset is written down firstly against the balance on the revaluation reserve and the remaining balance against the relevant service line(s) in the CIES.
- where there is no balance in the revaluation reserve the carrying amount of the asset is written down straight to the relevant service line(s) in the CIES.

When assets are formally revalued, the accumulated depreciation and impairment balances are written down. 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.

### **Impairment**

Assets are assessed at each year-end as to whether there is any indication that an asset 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 the balance on the revaluation reserve is less than the impairment the carrying amount of the asset is written down firstly against the balance on the revaluation reserve and the remaining balance against the relevant service line(s) in the CIES.
- Where there is no balance in the revaluation reserve the carrying amount of the asset is written down straight to the relevant service line(s) in the CIES.
- Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the CIES, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

### **Depreciation**

Depreciation is provided for on all property, plant, and equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e., freehold land and certain community assets) and assets that are not yet available for use (i.e., assets under construction).

Depreciation is calculated on the following bases:

- Buildings and infrastructure assets: straight line allocation over the useful life of the property as estimated by the valuer.
- Vehicles, plant, furniture, and equipment: on a straight-line basis, generally over the useful life of the asset.

More detail on depreciation rates for asset categories is included in note 6 to the accounts.

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.

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.

### **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 CIES. Gains in fair value are recognised only up to the amount of any previous loss recognised 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, amortisation 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.

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 CIES 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. Receipts are appropriated to the reserve from the general fund balance in the MiRS.

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 MiRS.

### **(xviii) Provisions, Contingent Liabilities and Contingent Assets**

#### **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 as an expense to the appropriate service line in the CIES when the authority has an obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, considering 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.

### **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.

### **Contingent Assets:**

A contingent asset arises where an event has taken place that gives the Council 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 Council.

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.

### **(xix) 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 score against the CIES. The reserve is then appropriated back into the general fund balance in the MiRS so that there is no net charge against Council Tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, local taxation, retirement and employee benefits and do not represent usable resources for the Council - these reserves are explained in the relevant note.

## **(xx) Revenue Expenditure Funded from Capital Under Statute**

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 CIES in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources, a transfer in the MiRS 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.

## **(xxi) Value Added Tax (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.

## **(xxii) Fair Value Measurement**

The Council measures some of its assets and liabilities at fair value at the end of the reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- a) in the principal market for the asset or liability, or
- b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The Council uses external valuers to provide a valuation of its assets and liabilities in line with the highest and best use definition within the accounting standard. The highest and best use of the asset or liability being valued is considered from the perspective of a market participant.

Inputs to the valuation techniques in respect of the Council's fair value measurement of its assets and liabilities 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.

## **(xxiii) Council Tax and Non-Domestic Rates (England)**

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.

## **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 and prepayments and 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 collection fund. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

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## Glossary of Terms

**Accounts** – A generic term for statements setting out details of income and expenditure or assets and liabilities or both in a structured manner. Accounts may be categorised by the type of transactions they record e.g. revenue accounts, capital accounts or by the purpose they serve e.g. management accounts, final accounts or balance sheet accounts.

**Accounting policies** – those principles, bases, conventions rules and practices applied by an entity that specify how the effects of transactions and other events are to be reflected in its financial statements through:

- a) recognising
- b) selecting measurement bases for, and
- c) presenting assets, liabilities, gains, losses and changes to reserves.

Accounting policies do not include estimation techniques.

Accounting policies define the process whereby transactions and other events are reflected in the financial statements. For example, an accounting policy for a particular type of expenditure may specify whether an asset or a loss is to be recognised; the basis on which it is to be measured; and where in the revenue account or balance sheet it is to be presented.

**Accounting Standards** - A set of rules explaining how accounts are to be kept. By law, local Councils must follow 'proper accounting practices', which are set out in an Act of Parliament and in professional codes and statements of recommended practices. These standards make comparability, among other things, possible.

**Accrual** – a fundamental accounting principle is that income and expenditure should be accounted for in the period to which it relates, irrespective of the date of settlement. An accrual is a sum included in the accounts to cover income or expenditure attributable to goods or services received within the accounting period but for which payment has not been received or made.

**Actuarial Gains and Losses** – changes in the net pension liability that arise because events have not coincided with assumptions. Not charged to revenue.

**Agency** – the provision of services by one organisation on behalf of another organisation. The organisation directly providing the services is reimbursed by the responsible organisation.

**Amortisation** – the planned writing-down of the value of an asset (tangible or intangible) over its limited useful life.

**Asset** – the creation or purchase of an item / building that has a monetary value. Those assets of the Council which are readily marketable are valued at market value. Those which have a specialised use, such as leisure centres, are valued at depreciated replacement cost, which assesses the cost of providing a similar facility as a replacement but also allows a discount for the age of the asset. Plant, equipment and community assets are valued at historic cost.

**Asset Register** – a register listing the book values of all the Council's non-current fixed assets, both tangible and intangible.

**Balance Sheet** – the Balance Sheet is a statement of the assets and liabilities at the end of the accounting period. It is a "snapshot" of the accounts at a single point in time.

**Capital Adjustment Account** - accumulates (on the debit side) the write-down of the historical cost of fixed assets as they are consumed by depreciation and impairments or written off on disposal. It accumulates (on the credit side) the resources that have been set aside to finance capital expenditure. The same process applies to capital expenditure that is only capital by statutory definition (Revenue Expenditure Funded from Capital Under Statute). The balance on the account thus represents timing differences between the amount of the historical cost of fixed assets that has been consumed and the amount that has been financed in accordance with statutory requirements.

**Capital Expenditure** – expenditure on the acquisition of a fixed asset or expenditure which adds to and not merely maintains the value of an existing fixed asset.

**Capital Financing** – assembling the money to pay for capital expenditure. This will include capital receipts, government grants and contributions from developers, also available are revenue monies and borrowing. The Council does not currently borrow to finance capital expenditure.

**Capital Receipts** – proceeds from the sale of an asset, e.g., land, buildings, equipment, or vehicles.

**Central Administration Charges** – central administration charges are an allocation of the net cost of the administrative and professional departments that support all of an authority's services, e.g., finance, or personnel.

**Central Support Services** – the costs of providing those central functions which are concerned with the whole range of services and undertakings of the Council and are not in the main identifiable with any particular service, e.g., the cost of office accommodation.

**CIPFA** – CIPFA is the Chartered Institute of Public Finance and Accountancy, which is the leading professional accountancy body for public services.

**Code of Practice** – the CIPFA Code of Practice for Local Authority Accounting developed as part of the accounting standards to be followed in compiling this Statement of Accounts.

**Collection Fund** – a fund maintained by collecting authorities into which is paid Council taxes, NDR, and Community Charges. The fund then meets the requirements of the County, District and Parish Councils and the Police and Crime Commissioner for the Thames Valley for Council Tax, and the County and Central Government for NDR.

**Community Assets** – assets that the Council intends to hold in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal. Examples of community assets are parks and historical buildings.

**Consistency** – the principle that the accounting treatment of like items within an accounting period and from one period to the next is the same.

**Contingency** - money set aside in the budget to meet the cost of unforeseen items of expenditure, or shortfalls in income, and to provide for inflation where this is not included in individual budgets.

**Contingent Asset** – a potential asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future event/s not wholly within the Council's control.

**Contingent Liability** – a contingent liability is either:

- a possible obligation arising from past event/s whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the authority's control; or
- a present obligation arising from past event/s where it is not possible to measure the amount of obligation with sufficient reliability.

**Council Tax** – a charge levied by all Councils on domestic property values to contribute to the cost of providing local services. Council Tax for the County Council, the Local Police & Crime Commissioner and Local Parishes is collected by this Council and paid over to them throughout the year.

**Council Tax Benefit** - is the assistance provided by billing authorities to adults on low incomes to help them pay their Council Tax bill.

**Council Tax Requirement** - the estimated revenue expenditure on General Fund services that needed to be financed from the Council Tax after deducting income from fees and charges, certain specific grants and any funding from reserves.

**Creditor** – the amount owed by the Council for work done, goods received, or services rendered to the Council within the accounting period but for which payment has not been made at the date of the balance sheet.

**Current Asset** – an asset where the value changes on a frequent basis e.g., stores, cash, debtors (as distinct from a fixed asset such as land and buildings).

**Current Liability** – an amount which will become payable or for which payment could be requested within the next accounting period, e.g., creditors, bank overdrafts, short term loans.

**Current Service Costs (Pensions)** – the increase in pension liabilities as a result of years of service earned this year. Allocated to the revenue accounts of services for which the employees worked.

**Debtor** – an amount due to the Council within the accounting period but not received at the date of the balance sheet.

**Deferred Capital Receipts** - capital income still to be received after disposals have taken place.

**Defined Benefit Pension Scheme** – a pension or other retirement benefit scheme where the scheme rules define the benefits independently of the contributions payable and the benefits are not directly related to the investments of the scheme.

**Defined Contribution Pension Scheme** – a pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

**Depreciation** – the measure of the cost or revalued amount of the benefits of the fixed asset that have been consumed during the period. Consumption includes the wearing out, using up or other reduction in the useful life of a fixed asset whether arising from use, passage of time or

obsolescence through either change in technology, legislation or demand for goods and service produced by the asset.

**Direct Revenue Financing** – the financing of capital expenditure from the current year’s revenue account.

**Earmarked Reserves** - The Council holds several reserves earmarked to be used to meet specific, known or predicted future expenditure.

**Events after the Balance Sheet Date** – events after the balance sheet date are those events, favourable and unfavourable, that occur between the balance sheet date (normally 31 March) and the date when the Statement of Accounts is authorised for issue, also referred to as:

**Post Balance Sheet Events (PBSE).** These may be classed as ‘adjusting’ or ‘non-adjusting’.

**Exceptional Items** – material items which derive from events of transactions that fall within the ordinary activities of the authority and which need to be disclosed separately by virtue of their size or incidence to give a true and fair presentation of the accounts.

**External Audit** - The independent examination of the activities and accounts of Local Authorities to ensure the accounts have been prepared in accordance with legislative requirements and proper practices and to ensure the Council has made proper arrangements to secure value for money in its use of resources.

**Extraordinary Items** – material items, possessing a high degree of abnormality, which derive from events or transactions that fall outside the ordinary activities of the authority and which are not expected to recur. They do not include exceptional items, nor do they include prior period items merely because they relate to a prior period.

**Fair Value** – the fair value of an asset is the price at which it could be exchanged in an arms-length transaction less, where applicable, any grants receivable towards the purchase or use of the asset.

**Finance Lease** – this is a lease, usually of land or buildings, which is treated as capital borrowing, and for which transfers substantially all the risks and rewards of ownership of the asset to the lessee; or where the residual interest in the asset transfers to the lessee on completion of the lease term.

**Financial Instrument** – 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. The term ‘financial instrument’ covers both financial assets and financial liabilities and includes both the most straightforward financial assets and liabilities such as trade receivables and trade payables and the most complex ones such as derivatives and embedded derivatives.

**Financial Regulations** - These are the written code of procedures approved by the Council, intended to provide a framework for proper financial management. Financial regulations usually set out rules on accounting, audit, administrative and budgeting procedures.

**Financial Reporting Standard (FRS)** – accounting practice recommended by the Accounting Standards Board (ASB) for adoption in the preparation of accounts by applicable bodies.

**Fixed Asset** – fixed assets are assets of the Council that continue to have value and benefit for a period longer than one financial year.

**Gains / Losses on Settlements and Curtailments** – the results of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees. Debited to the net costs of services as part of non-distributed costs.

**General Fund** – the main revenue account of an authority, which summarises the cost of all services provided by the Council which are paid for from amounts collected from Council taxpayers, Government Grants and other income.

**Going Concern** – the concept that the authority will remain in operational existence for the foreseeable future, in particular that the revenue accounts and Balance Sheet assume no intention to curtail significantly the scale of operations.

**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.

**Housing Benefit** - This is an allowance to persons on low income (or none) to meet, in whole or in part, their rent. Benefit is allowed or paid by Local Authorities but Central Government refunds part of the cost of the benefits and of the running costs of the services to Local Authorities. Benefits paid to the Authority's own tenants are known as rent rebate and that paid to private tenants as rent allowance.

**IAS 19** – International Accounting Standard 19 requires the Council to account for assets and liabilities which are, held by the pension fund administered by Oxfordshire County Council but relating to this authority, in the accounts of this authority.

**IAS 40** - International Accounting Standard 40 relates to the accounting for investment properties.

**iBoxx** – iBoxx indices cover the cash bond market. Underlying bond prices and indices are available in real time.

**Impairment** – an unexpected or sudden decline in the value of a fixed asset, such as property or vehicle, below its carrying amount on the balance sheet.

**Infrastructure Assets** - Fixed Assets which generally cannot be sold and from which benefit can be obtained only by continued use of the asset created. Examples of such assets are highways, footpaths, bridges and water and drainage facilities.

**Intangible Fixed Assets** – some capital expenditure does not give rise to a physical asset, but the benefits last several years. These can be carried in the balance sheet as assets and written off over their useful life, an example of this is computer software.

**International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS)** – defined Accounting Standards that must be applied by all reporting entities to all financial statements in order to provide a true and fair view of the entity's financial position, and a standardised method of comparison with financial statements of the other entities.

**Liabilities** – these are amounts due to individuals or organisations which will have to be paid at some time in the future. Current liabilities are usually payable within one year of the Balance Sheet date.

**Liquid Resources** – current asset investments that are readily disposable without disrupting the authority's business and are readily convertible to known amounts of cash at or close to the carrying amount or traded in an active market.

**Non-Domestic Rates (NDR)** (also known as business rates) – NDR is a tax charged on commercial properties. It is calculated by multiplying a property's 'rateable value' by a nationally set amount (known as the 'NDR multiplier'). The Council acts as a collecting agency for NDR and the proceeds are then redistributed to Central Government, the County Council and the balance, retained by the Council.

**Net Book Value (NBV)** – the amount at which fixed assets are included in the balance sheet, i.e.: their historical cost or current value less the cumulative amounts provided for depreciation.

**Net Current Replacement Cost** – the cost of replacing or recreating the particular asset in its existing condition and in its existing use.

**Net Debt** – the authority's borrowings less cash and liquid resources. Where the cash and liquid resources exceed borrowings, reference should be to net funds rather than net debt.

**Net Realisable Value** – the open market value of an asset in its existing use, less the expenses to be incurred in realising the asset.

**Non-operational Assets** – fixed assets held by the authority but not used or consumed in the delivery of services or for the service or strategic objectives of the authority. Examples of non-operational assets include investment properties and assets that are surplus to requirements, pending their sale.

**Operating Lease** – this is a lease where ownership of the fixed asset remains with the lessor and the lease costs are revenue expenditure to the Council – generally any lease other than a finance lease.

**Operational Assets** – fixed assets held and occupied, used, or consumed by the authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility or for the service or strategic objectives of the authority.

**Past Service Cost** – the increase in pension liabilities arising from current year decisions whose effect relates to years of service earned in earlier years, debited to the net cost of services as part of non-distributed costs interest cost, and the expected increase in the present value of liabilities during the year as they move one year closer to being paid, debited to net operating expenditure.

**Post Balance Sheet Events (PBSE)** – see events after the balance sheet date.

**Precept** – the levy made by precepting authorities on billing authorities, requiring the latter to collect income from Council taxpayers on their behalf. Precepts are paid from the Collection Fund.

**Prior Period Adjustment** – those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. A fundamental error is one that is of such significance as to destroy the validity of the financial statements. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

**Provisions** - amounts set aside to meet liabilities or losses which it is anticipated will be incurred but where the amount and / or the timing of such costs is uncertain.

**Related Parties** – This is defined under Financial Reporting Standard 8. The Council is required to disclose material transactions with related parties, which can include Central Government, Subsidiary and Associated Companies, the Pension Fund, other Councils, and Chief and Senior Officers. IAS24 requires attention to be drawn to the possibility that the reported financial position may have been affected by the existence of related parties and by material transactions with them.

Two or more parties are related parties when at any time during the financial period:

- (a) one party has direct or indirect control of the other: or
- (b) the parties are subject to common control from the same source; or
- (c) one party has influence over the financial and operational policies of the other party to the extent that the other party might be always inhibited from pursuing its own separate interests: or
- (d) the parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interest.

**Remuneration** – all sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the monetary value of any other benefits received other than cash. Pension contributions payable by the employer are excluded.

**Reporting Standards** - the Code prescribes the accounting treatment and disclosures for all normal transactions of a Local Authority. It is based on International Financial Reporting Standards (IFRS), International Standards (IAS) and International Financial Reporting Interpretations Committee (IFRIC) plus UK Generally Accepted Accounting Practice (GAAP) and Financial Reporting Standards (FRS).

**Revenue Expenditure** - expenditure incurred on the day-to-day running of the Council. This mainly includes employee costs, general running expenses and capital financing costs.

**Revenue Expenditure Funded from Capital Under Statute (REFCUS)** – (formerly known as a deferred charge) arises where:

- Expenditure is charged to capital but there is no tangible asset e.g., improvement grants, compensatory payments. When the expenditure is incurred, it is charged to the income and expenditure account with a compensating entry in the statement of movement on the general fund balance to ensure that there is no impact on the Council Tax; and
- Assets are transferred to another organisation and the associated transferred debt is being repaid over time. These charges are written down by the loan repayments so that the total equates to the relevant loan debt outstanding.

Since there are no long-term economic benefits in the control of the Council, these are written off to revenue (CIES) in the year incurred and no longer feature as assets in the balance sheet.

**Revenue Support Grant (RSG)** – this main non-specific grant paid by central government to local authorities to help fund the services that they provide. The allocation to each authority is determined by a complex formula. This comprises the Council's general government grant income.

**Service Reporting Code of Practice (SeRCOP)** - prepared and published by CIPFA, the Service Reporting Code of Practice (SeRCOP) replaced the previous Best Value Accounting Code of Practice (BVACOP). It is reviewed annually to ensure that it develops in line with the needs of modern local government, transparency, best value and public services reform. SeRCOP establishes proper practices regarding consistent financial reporting for services in England and Wales, it is given legislative backing by regulations which identify the accounting practices it propounds as proper practices under the Local Government Act 2003.

**Trading Account** – a method of matching income and expenditure for a particular activity or group of activities, an example of this is building control.

**Transferred Debt** – this is the term given to housing assets transferred to another Council, for which the Council receives repayment in the form of a loan.

**Useful Life** – the period over which the authority will derive benefits from the use of a fixed asset.

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## Annual Governance Statement

The annual governance statement forms part of the audited accounts and can be found on the South Oxfordshire Council website by accessing the link below:

<https://www.southoxon.gov.uk/south-oxfordshire-district-council/about-the-council/council-finances/our-finances/>

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