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AUDIT COMMITTEE
Supplementary Agenda

Date	Wednesday 22nd July 2026
Time	6.00 pm
Venue	J R Clynes Ground Floor Room 1 - The JR Clynes Building, Greaves Street, Oldham, OL1 1AL

Membership of the AUDIT COMMITTEE:
Mr. G. Page (Independent Member and Chair of the Committee)
Mr. S. Green (Independent Member and Vice Chair of the Committee)
Councillors Chauhan, Chowhan, Quigg, Kenyon, Jabbar, Shah, Robinson, Arstan and Arnott.

Item No

10	Treasury Management Review 2025/26 (Pages 3 - 20) The annual review of Treasury Management for 2025/26 by the Audit Committee
13	Q4 2024/25 and Q1 2025/26 - Weak and Limited assurance reports (Pages 21 - 38) A report that provides Members with details of those opinion reports with Weak or Limited assurance opinions issued in Quarter 4 2024/25 and Quarter 1 2025/26. *This is Appendix 5 to the report. The rest of the documentation relating to this agenda item was circulated earlier in the week)*

Report to Audit Committee

Treasury Management Outturn Report 2025/26

Portfolio Holder: TBC

Officer Contact: Lee Walsh –Director of Finance

Report Author: James Postle, Senior Finance Manager / Paula Buckley Finance Manager (Capital & Treasury)

22 July 2026

Reason for Decision

This report advises the Audit Committee of the performance of the Treasury Management function of the Council for 2025/26 and provides a comparison of performance against the 2025/26 Treasury Management Strategy and Prudential Indicators.

Executive Summary

The Council is required to consider the performance of the Treasury Management function in order to comply with the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2021). This outturn report provides an update and includes the requirement in the 2021 Code, mandatory from 1 April 2023, as a minimum semiannual and annual report and quarterly reporting of the treasury management prudential indicators. This report therefore sets out the key Treasury Management issues for Members' information and reviews and outlines:

- An economic update for 2025/26
- A review and update of the Council's current treasury management position;
- Council Borrowing;
- Treasury Investment Activity;
- Treasury Performance for 2025/26;
- Treasury Management Prudential Indicators;

The report is presented to the Audit Committee to enable it to have the opportunity to review and scrutinise the Treasury Management Outturn report prior to its presentation to Cabinet and Council.

Recommendations

That the Audit Committee-

Considers and comments upon the Treasury Management Outturn report and the Treasury Management activity and projected outturn and after such consideration, commends the report to Cabinet.

1 Background

1.1 The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operation is to ensure this cash flow is adequately planned, with surplus monies being invested with low-risk counterparties, providing adequate liquidity initially before considering optimising investment returns.

1.2 The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning to ensure the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans, or using longer- term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

1.3 As a consequence, treasury management is defined as:

"The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

2 Current Position

2.1 Requirements of the Treasury Management Code of Practice

2.1.1 The Council has adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (Revised 2021) (the CIPFA Code) which requires the Authority to produce as a minimum semi annual and annual quarterly treasury management update report; a requirement in the 2021 Code which is mandatory from 1 April 2023.

2.1.2 The treasury and prudential indicators are also incorporated at Appendix 1 to this report.

2.1.3 The Council's treasury management strategy for 2025/26 was approved on 6 March 2025. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the potential loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Authority's Treasury Management Strategy.

2.1.4 The Treasury Management Half Year Update Report was presented to Audit Committee, Cabinet and subsequently approved at Council 10th December 2025

2.1.5 The Treasury Management Quarter 3 Update was presented to Audit Committee 26 March 2026.

2.1.6 This Outturn report has been prepared in compliance with CIPFA's Code of Practice, and covers the following:

- An economic update for 2025/26;
- A review and updates of the Council's current treasury management position;
- Council Borrowing;
- Treasury Investment Activity;
- Treasury Performance for the 205/26;
- Treasury Management Prudential Indicators;

2.2 External Environment 2025/26

Economic Background

2.2.1 The financial year was largely dominated by two periods of significant uncertainty and volatility. The first being the US trade tariff 'Liberation Day' in April 2025 and the second was the US/Israel war with Iran at the end of February 2026.

2.2.2 After the initial fallout from US trade tariffs, the following months saw some improvements as equity markets made gains and bond yields eased modestly. However, in the UK this trend in bond yields reversed somewhat as an uncertain economic outlook together with concerns around the government's fiscal position and autumn Budget saw 'term premia' rise as investors demanded a higher return for holding gilts.

2.2.3 The Budget itself was more muted than had been expected. Despite a weak economic outlook, this helped UK markets perform better with gilt yields trending downwards, inflation easing, and expectations for cuts in Bank of England (BoE) Bank Rate increasing. The end of February 2026 saw the start of the war between US/Israel and Iran. The conflict caused oil and other commodity prices to rise sharply as the shipping lanes in the region became effectively closed, restricting global oil supply. At the end of the period, the economic outlook remained highly uncertain in terms of its impact on inflation as well as countries' fiscal and monetary policy conditions around the globe.

2.2.4 Prior to the start of the war, headline UK consumer price inflation (CPI) inflation had generally been trending downwards, albeit the 3% in February 2026 was unchanged from January. Core CPI also stayed put at 3.1%. Inflation was expected to fall further over the coming months to the BoE's 2% target, but the war changed this. Inflation is now expected to rise again, but how quickly and by how much depends on the duration of the war and how long commodity prices are elevated

2.2.5 The Office for National Statistics (ONS) reported the UK economy expanded by 0.1% in Q4 2025. This followed previous modest gains of 0.2% in Q2 and by 0.1% in Q3. Of the subsequent monthly figures, the ONS estimated that GDP showed no growth in January 2026. As this is from before the war started the impact on growth will not be seen formally in the data for a couple more months.

2.2.6 While the most recent labour market figures were slightly better than expected, the general trend has been one of persistent weakness. In the three months to January 2026, the unemployment rate rose to 5.2% (from 5.1%), while the employment rate held at 75.1%. Despite inflation being expected to rise in the coming months, labour market conditions remain loose and so any upward pressure on wages from general inflation is likely to be tempered by the weaker labour market environment.

2.2.7 After cutting Bank Rate to 3.75% in December 2025, the BoE's Monetary Policy Committee (MPC) voted 5-4 to hold rates in February 2026 and then unanimously to do so again in March. Until the war started, financial markets were expecting Bank Rate to be cut to 3.5% at the March meeting. However, the conflict in the Middle East quickly changed this. The MPC noted the risks to both inflation and growth and indicated they could move rates either up or down depending on the conditions. Financial markets quickly responded to this by pricing in rate hikes.

2.2.8 Following the March MPC meeting, Arlingclose, the authority's treasury adviser, revised its central interest rate view and now predicts Bank Rate will be held at 3.75%. However, the conflict makes the outlook for rates highly uncertain. In the short-term the risks are to the upside with the chance of higher Bank Rate should the MPC decide it wishes to quickly quash potential second-round effects from higher inflation. Further out, if Bank Rate is hiked quickly, the pace and magnitude of subsequent cuts could take it far lower than was previously anticipated as policymakers add significant stimulus to a much weaker economic growth outlook.

2.2.9 The US Federal Reserve had been cutting rates over the period, reducing Fed Funds Rate target range by 0.25% at its December meeting to 3.50%-3.75%. At the three subsequent meetings, the rate was held at the same range. Policymakers noted that while inflation was elevated, economic activity had been expanding but the war with Iran made the path of monetary policy highly uncertain. Despite this, the Fed still suggested that further rate cuts were likely in 2026 and 2027.

2.2.10 The European Central Bank (ECB) has kept its key interest rates on hold since June 2025, maintaining the deposit rate at 2.0% and main refinancing rate at 2.15%. At its March 2026 meeting, the ECB noted the war in the Middle East had significantly increased uncertainty, creating upside risks for inflation and downside risks for growth, leading it to revise up its forecasts accordingly

Financial Markets

2.2.11 After declining sharply early in the financial year following the announcement of US tariffs, sentiment in financial markets had improved, but equity and bond markets remained volatile throughout. However, the latter part of the period was dominated by the US/Israel war with Iran, which saw equity markets fall sharply, and bond yields rise as concerns over the inflationary impact from sharply higher oil and other commodity prices outweighed the flight-to-quality into government bonds often seen in conflicts.

2.2.12 Equity markets had been registering gains after the declines during the April sell-off, but the war reversed this and markets saw another sharp drawdown. Both the FTSE 100 and 250 fell by around 10% over the month from the start of the conflict to the end of the financial year.

2.2.13 The period saw significant volatility in gilt yields. The 10-year UK benchmark gilt yield started the year at 4.65% and ended at 4.86%. However, over this time the 10-year yield hit a low of 4.23% and a high of 4.95% in the space of a month. It was a similar picture for the 20-year gilt which started at 5.18% and ended at 5.45% with a low and high of 4.92% and 5.55% respectively. The Sterling Overnight Rate (SONIA) averaged 4.01% over the 12 months to 31st March 2026.

Credit Review

2.2.14 Arlingclose maintained its recommended maximum unsecured duration limit on most of the banks on its counterparty list at 6 months. The other banks remain on 100 days.

2.2.15 Earlier in the period, Fitch upgraded NatWest Group and related entities to AA- from A+ and placed Clydesdale Bank’s long-term A- rating on Rating Watch Positive. Fitch later upgraded Clydesdale Bank and HSBC, but downgraded Lancashire CC and Close Brothers. Moody’s affirmed OP Corporate’s rating at Aa3 In May 2025. Later in the period, Moody’s upgraded Transport for London, Allied Irish Banks, Bank of Ireland, Toronto-Dominion Bank, DZ Bank, Nordea and HSBC and downgraded Close Brothers. In the last quarter of 2025 S&P upgraded Clydesdale Bank, Allied Irish Banks and Bank of Ireland, and assigned Warrington Council a BBB+ rating.

2.2.16 After spiking in April 2025 following the US trade tariff announcements, UK credit default swap (CDS) prices had trended down before picking up modestly in October and November. After declining again in December and into the new calendar year, they rose sharply once again when the war in the Middle East started. They were still elevated at the end of the period, but prices for all banks on Arlingclose’s counterparty list remained within limits deemed satisfactory for maintaining credit advice at current durations.

2.2.17 Overall, European banks' CDS prices have generally been flatter and lower compared to the UK, as have Singaporean and Australian lenders while some Canadian bank CDS prices have remained elevated since the beginning of the period in part due to ongoing trade tensions with the US. Financial market volatility is expected to remain, and CDS levels will be monitored for signs of ongoing credit stress. As ever, the institutions and durations on the Authority's counterparty list recommended by Arlingclose remain under constant review.

2.3 The Oldham Council Treasury Position

2.3.1 On 31 March 2025, the Authority had net borrowing of £187.231m arising from its revenue and capital income and expenditure. This rose to £211.325m by the end of 205/26 as shown in Table 2.

2.3.2 The actual and planned level of capital expenditure are the drivers of borrowing for capital purposes. Appendix 1 shows the actual level of capital expenditure at the end of 2024/25 and 2025/26. It also shows the financing including the level of prudential borrowing.

2.3.3 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while balance sheet resources are the underlying resources available for investment. These factors are summarised in Table 1 below.

Table 1 - Balance Sheet Summary

	31 March 2025 £'000	31 March 2026 £'000
Total CFR	**559,839**	**581,037**
Less: Other debt liabilities PFI	223,812	211,360
Borrowing CFR	**336,027**	**369,677**
External borrowing	234,817	259,959
Internal borrowing	101,209	109,718
Less: Usable Balance Sheet Resources	(124,565)	(151,091)
Less: Working capital	(24,230)	(7,577)
Net Investments	**(47,586)**	**(48,950)**

2.3.4 Table 1 shows the CFR for 2025/26 is £581.037m, an increase of £21.198m compared to £559.839m at the end of 2024/25. The CFR excluding other debt liabilities relating to Private Finance Initiative schemes is forecast at £369.027m an increase of £33.650m compared to the position at the end of 2025/26. The CFR relating to other debt liabilities has reduced by £12.452m to £211.360m and now addresses the implantation of IFRS16 for the second year.

2.3.5 The table clearly highlights that the Council borrowing is well below the CFR and the Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (CFR) has not been fully funded with loan debt. Cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy has been prudent in recent years as investment returns have been low and counterparty risk is still an issue that needs to be considered. This along with raising interest rates for external debt means that the Council will continue to analyse and assess the market to determine the optimum time to externally borrow.

2.3.6 The treasury management position as at 31 March 2026 and the change over the year is shown in Table 2 below.

Table 2 - Treasury Management Summary

Borrowing/Investments	31 March 2025 Balance £'000	Movement £'000	31 March 2026 Balance £'000	31 March 2026 Average Rate %
Long-term borrowing				
- Public Works Loan Board	84,059	30,136	114,195	4.06%
- Lender Option Borrowing Option	85,500	(10,000)	75,500	4.33%
- Other	40,001	1	40,000	4.03%
Short-term borrowing	25,257	4,743	30,000	4.84%
Total Borrowing	**234,817**	**24,878**	**259,695**	
Long-term investments	13,611	(1)	13,610	4.60%
Short-term investments	-	-	-	
Cash and cash equivalents	33,975	1,365	35,340	4.05%
Total Investments	**47,586**	**1,364**	**48,950**	
Net Borrowing (total borrowing less total investments)	**187,231**		**210,745**	

As can be seen in the table above, total borrowing has increased by £24,878m as was expected for both financing requirement and the repayment of LOBO loans called. Longer term borrowing has been secured as well as an increase in short term borrowing. Overall, the level of investments are at a slightly higher level than the prior year at £35.340m.

2.4 Borrowing

2.4.1 CIPFA's 2021 Prudential Code is clear that Local Authorities must not borrow to invest primarily for financial return and that it is not prudent for Local Authorities to make any investment or spending decision that will increase the capital financing requirement and so may lead to new borrowing, unless directly and primarily related to the functions of the Authority.

2.4.2 Public Works Loan Board (PWLB) loans are no longer available to Local Authorities planning to buy investment assets primarily for yield unless these loans are for refinancing purposes.

2.4.3 Oldham Council has not invested in assets primarily for financial return or that are not primarily related to the functions of the Council, and it has no plans to do so in future.

2.4.4 The chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Authority's long-term plans change being a secondary objective. The Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio.

2.4.5 Gilt yields slightly decreased over most of the period; reflecting expectations of lower interest rates, a tepid economy and to some extent an improvement in the UK governments fiscal position following tax rises in the autumn budget. Subsequent to the war in the Middle East however, gilt yields saw a rapid rise to above the yield at the beginning of the financial year.

2.4.6 The PWLB certainty rate for 10-year maturity loans was 5.38% at the beginning of the period and 5.72% at the end. The lowest available 10-year maturity certainty rate was 5.13% and the highest was 5.88%. Rates for 20-year maturity loans ranged from 5.71% to 6.37% during the period, and 50-year maturity loans from 5.46% to 6.24%. The cost of short-term borrowing from other local authorities has been similar to or a little above Base Rate for most of the period, with interest rates between 4.0% and 4.5%. However, as is commonly seen, rates rose higher towards the end of the financial year, with rates of 5.0% - 7.0% being seen.

2.4.7 As at 31 March 2026 Oldham Council held £262.323m of loans, representing an increase of £27.506m 2025/26. Outstanding loans on 31 March (borrowing position) are summarised in Table 3 below.

Table 3 - Borrowing Position

Borrowing Sources	31 March 2025 Balance £'000	Movement £'000	31 March 2026 Balance £'000	31 March 2026 Weighted Average Rate %	31 March 2026 Weighted Average Maturity (years)
Public Works Loan Board	84,059	30,136	114,195	4.06%	8.72
Banks (LOBO)	85,500	(10,000)	75,500	4.33%	40.46
Banks (fixed-term)	40,000	-	40,000	4.03%	44.40
Local Authorities (short - term)	25,000	5,000	30,000	4.84%	0.68
Local Bonds (long-term)	1	-	1	4.00%	0
Local Bonds (short-term)	22	3	25	4.00%	0
Local Charitable Trusts (short-term)	235	-	235	4.00%	1.00
Total Borrowing	**234,817**	**25,140**	**259,956**		

LOBO Loans

2.4.8 Oldham Council held £85.500m of LOBO (Lender's Option Borrower's Option) loans at the start of the year where the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate and terms or to repay the loan at no additional cost.

2.4.9 A total of £29.000m of LOBO loans had annual/semi-annual call option dates during the year, of which £10m where repaid, hence part of the increase in long term PWLB financing.

2.4.10 As at 31st March 2026 Oldham Council has circa £76.000m, LOBO loans and £39.000m with call dates within the next 12 months. Of this sum, £9.000m is held with Dexia Finance over 2 loans, and the remaining £20m is 3 separate loans with three other providers, Danske Bank, Just Retirement and KBC Bank. A Call option for £5m FMS Westmanagement was called on 31st March 2025 with a proposed interest rate of 7.67% and repaid 6/4/2025. A further loan to Dexia was called wit a proposed interest rate of 6.70% and was also repaid 23 December 2025. No other LOBO other LOBO loans have been called at the time of writing.

2.4.11 Council officers have liaised with treasury management advisors, Arlingclose, over the likelihood of the options being exercised for LOBO's within the loan portfolio. If the option is exercised the Authority plans to repay the loan at no additional cost. If required, the Authority will repay the LOBO loans with available cash or by borrowing from alternative sources or the PWLB, always providing that overall savings can be demonstrated.

2.5 Treasury Investment Activity

2.5.1 CIPFA published a revised the Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes on 20 December 2021. These define treasury management investments as investments that arise from the organisation's cash flows or treasury risk management activity that ultimately represents balances that need to be invested until the cash is required for use in the course of business.

2.5.2 At 31 March, the Council held £48.950m invested funds, representing income received in advance of expenditure plus balances and reserves held. During 2025/26, the Authority's investment balances ranged between £23.900m and £75.000m due to timing differences between income and expenditure. The investment position is shown in Table 4 below.

Table 4 - Treasury Investment Position

Investment Placements	31 March 2025 Balance £'000	Movement £'000	31 March 2026 Balance £'000	31 March 2026 Income Return %
Money Market Funds	33,975	1,365	35,340	4.05%
Property Pooled Fund	13,611	(1)	13,610	4.60%
Total investments	**47,586**	**1,364**	**48,950**	

2.5.3 Both the CIPFA Code and Government guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

2.5.4 As demonstrated by the liability benchmark in this report, the Authority expects to be a long-term borrower and new treasury investments are therefore primarily made to manage day-to-day cash flows using short-term low risk instruments. The existing portfolio of strategic pooled funds will be maintained to diversify risk into different sectors and boost investment income to support local public services.

2.5.5 Bank Rate reduced from 4.50% to 4.25% in May 2025, followed by a further reduction to 4.00% in August 2025 and3.75% in December 2025. Short term interest rates have largely followed these levels. The investment we had in DMADF for a short period was 4.21% and money market rates during the year ranged between 3.77% and 4.54%

2.5.6 The Council in previous years has invested £15.000m in the Churches, Charities & Local Authorities (CCLA) pooled property fund. As this is a longer-term investment short-term security and liquidity are lesser considerations, and the objectives instead are regular revenue income and long-term price stability. This fund generated an average total return of £0.626m, 4.60% income return.

2.5.7 UK commercial property experienced a more stable backdrop than in the most difficult period following the sharp rise in yields in 2022 and 2023. Lower interest rate expectations and a firmer tone in markets for much of the year helped support valuations, although capital values were broadly flat overall. Income remained the main driver of returns, with rental income providing a relatively resilient contribution. However, as with other asset classes, the environment became more uncertain towards the end of the period. The combination of this has had a neutral effect on the value of CCLA Fund since March 2025 as demonstrated in capital values and income returns over the year to 31 March is shown in Table 4.

2.5.8 The Council's investments have no defined maturity date, but are available for withdrawal after a notice period, but their performance and continued suitability in meeting the Councils medium- to long-term investment objectives are regularly reviewed. Strategic fund investments are made in the knowledge that capital values will move both up and down on months, quarters and even years; but with the confidence that over a three to five-year period total returns will exceed cash interest rates.

Statutory Override

2.5.9 Further to consultations in April 2023 and December 2024 MHCLG wrote to finance directors in England in February 2025 regarding the statutory override on accounting for gains and losses in pooled investment funds. On the assumption that when published regulations follow this policy announcement, the statutory override will be extended up until the 1st April 2029 for investments already in place before 1st April 2024. The Council had set up a provision of £2m to mitigate the impact of the statutory override not being extended. In view of the fact that the override may not be extended past 2009 the Council has, currently, decided to maintain this provision.

2.6 Treasury Team Performance

2.6.1 The Treasury Team measures the financial performance of its treasury management activities both in terms of its impact on the revenue budget and its relationship to benchmark interest rates, as shown in Table 5 below.

Table 5 – Treasury Team Performance

	Budgeted Performance Rates / Benchmark SONIA Return %	Benchmark SONIA Return % Plus 5%	Actual Return
			%
Budgeted Annual Investment Rates	4.50%		4.20%
Overnight SONIA	4.10%	4.31%	4.01%

2.6.2 The budgeted investment rate of 4.50% above included within the annual strategy for 2025/26 was based on the average rate over the full financial year as expectations were for a number of interest rate reduction to take place during 2025/26. The total budgeted for Treasury Management Income for 2025/26 was £1m and the actual outturn of Treasury Management Income to General fund was £1.9m

2.6.3 Previously the benchmark return was measured on the London Interbank Bid Rate (LIBID) which was a forward-looking interest rate. The Bank of England replaced LIBID with SONIA in December 2021. SONIA is calculated differently to LIBID in that it is a backward looking rate, based on actual results. The benchmark of SONIA plus 5% has not been achieved however the actual rate achieved for overnight investments over the year is higher than the average SONIA rate over the period.

2.6.4 The Director of Finance reports that all treasury management activities undertaken during the year complied fully with the principles in the Treasury Management Code and the Council's approved Treasury Management Strategy. Compliance with specific investment limits is demonstrated in Table 6 below.

Table 6 - Investment Limits

Investment Limit	Maximum during 2025/26 £'000	Actual Position at 31/3/205 £'000	Maximum Allowable in 2025/26 £'000	Compliance Yes/No
Any single organisation, except the UK Government	10,000	-	30,000	Yes
Any group of organisations under the same ownership	10,000	-	20,000	Yes
Any group of pooled funds under the same management	13,611	13,611	15,000	Yes
Unsecured investments with building societies	-	-	20,000	Yes
Money Market Funds	75,000	33,975	80,000	Yes
Strategic Pooled Funds	13,611	13,610	15,000	Yes

2.6.5 Compliance with the Operational Boundary and Authorised Limit for external debt is demonstrated in Table 7 below.

Table 7 – Debt and the Authorised Limit & Operational Boundary

	Maximum borrowing in year	31.03.26 Actual	2025/26 Operational Boundary	2025/26 Authorised Limit	Complied? Yes/No
Borrowing	259,956	259,956	356,000	371,000	Yes
PFI and Finance Leases	211,344	211,344	230,250	235,250	Yes
Total debt	**471,300**	**471,300**	**586,250**	**606,250**	

2.6.6 The Operational Boundary represents the expected borrowing position for the Council for the year and was set at £586,250

2.6.7 The Authorised Limit is the "affordable borrowing limit" required by Section 3 of the Local Government Act 2003 and for 2025/26 was set at £606,250, once this has been set, the Council does not have the power to borrow above this level although it can be revised if required.

2.6.8 Since the Operational Boundary is a management tool for in-year monitoring it is not significant if the Operational Boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure. Debt has not been above Operational Boundary during 2025/26.

2.7 Treasury Management Prudential Indicators

2.7.1 As required by the 2021 CIPFA Treasury Management Code, the Authority monitors and measures the following treasury management prudential indicators.

Liability Benchmark

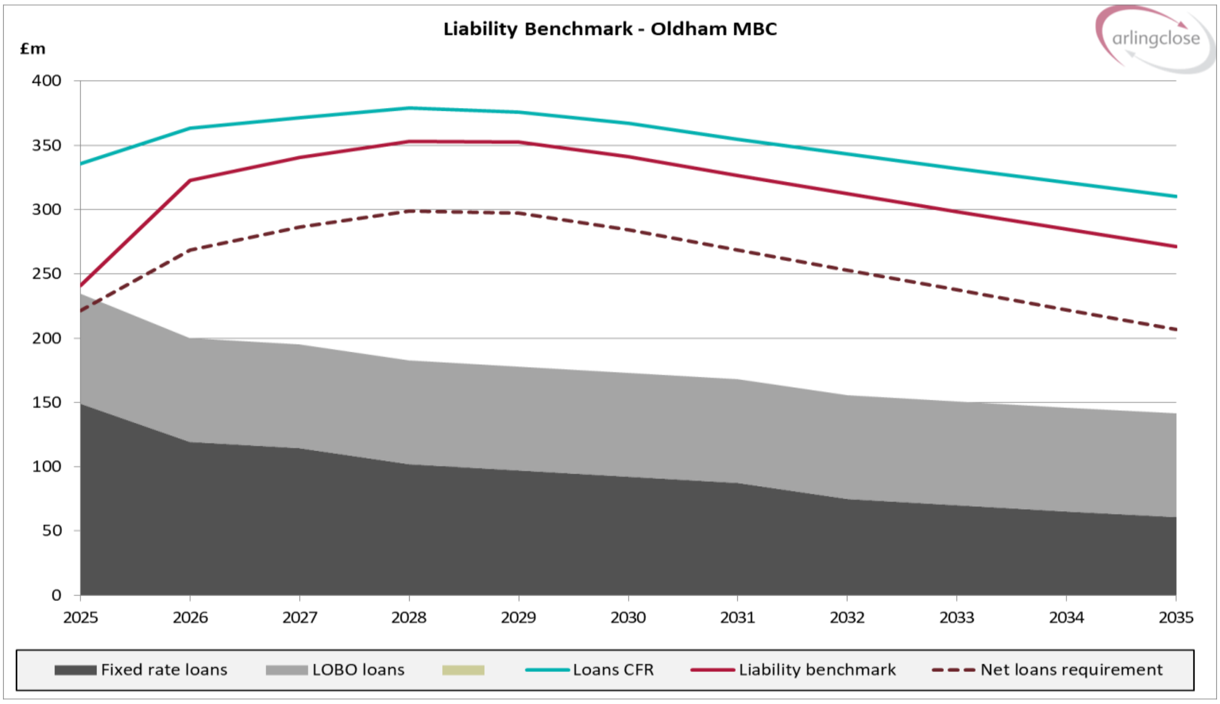
2.7.2 This new indicator compares the Authority's actual existing borrowing against a liability benchmark that has been calculated to show the lowest risk level of borrowing. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. It represents an estimate of the cumulative amount of external borrowing that the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level of £20.000m, the level required to manage day-to-day cash flow.

Table 8 - Liability Benchmark

	31.3.25 £000	31.3.26 Actual £000	31 March 2027 Forecast £000	31March 2028 Forecast £000
Loans CFR	336,027	347,724	374,639	378,140
Less: Balance sheet resources	148,795	167,399	172,399	156,091
Net loans requirement	**187,232**	**180,325**	**202,240**	**222,049**
Plus: Liquidity allowance	20,000	20,000	20,000	20,000
Liability benchmark	**207,232**	**200,325**	**222,240**	**242,049**
Existing borrowing	**234,817**	**259,996**	**202,240**	**200,741**

2.7.3 As demonstrated by the liability benchmark in the table above, the Council expects to be a long-term borrower to finance the expected capital spend. There could be timing differences between when the Council externally borrows compared to when the expenditure is required due to the nature of capital works, but new treasury investments are therefore primarily made to manage day-to-day cash flows using short-term low risk instruments. The existing portfolio of strategic pooled funds will be maintained to diversify risk into different sectors and boost investment income.

2.7.4 Following on from the medium-term forecast above, the long-term liability benchmark assumes capital expenditure funded by borrowing. Minimum Revenue Provision on new capital expenditure is forecast based on a 25 year asset life. This is shown in the chart below together with the maturity profile of the Authority's existing borrowing.



2.7.5 Table 9 below sets out the maturity structure of borrowing at the end of 2025/26 compared to the upper and lower limits set in the Treasury Management Strategy for 2025/26.

Table 9 - Maturity Structure of Borrowing

Borrowing Timeframe	Upper Limit	Lower Limit	31 March 2025 Actual	Compliance Yes/No
Under 12 months	35%	0%	29.94%	Yes
12 months and within 24 months	35%	0%	12.51%	Yes
24 months and within 5 years	35%	0%	22.15%	Yes
5 years and within 10 years	35%	0%	12.91%	Yes
10 years to 20 years	50%	0%	1.87%	Yes
20 years to 30 years	50%	0%	3.75%	Yes
30 years to 40 years	50%	0%	1.87%	Yes
40 years to 50 years	50%	0%	7.50%	Yes
50 years to 60 years	50%	0%	7.50%	Yes

2.7.6 Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment. In the case of LOBO loans, the next option date has been used as the measure to determine if it is potentially repayable.

Long-term Treasury Management Investments

2.7.7 The purpose of the Long-Term Treasury Management indicator is to control the Authority's exposure to the risk of incurring losses by seeking early repayment of its investments. The prudential limits on the long-term treasury management limits are set out in the table below.

Table 10- Limit / Actual Investments exceeding one year

Limit /Actual Investments Exceeding One Year	2025/26	2026/27	2027/28	No fixed date
Limit on principal invested beyond year end	£50m	£50m	£50m	£50m
Actual principal invested beyond year end	£15m		-	-
Compliance – Yes/No?	Yes	N/A	N/A	N/A

2.7.8 Long-term investments with no fixed maturity date include strategic pooled funds. For the Council, this is currently the CCLA Property Fund. Long term investments exclude money market funds and bank accounts with no fixed maturity date as these are considered short-term investments.

3 Options/Alternatives

3.1 In order that the Council complies with the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management the Audit Committee has no option other than to consider and approve the contents of the report. Therefore, no options/alternatives have been presented.

4 Preferred Option

4.1 The preferred option is that the contents of the report are agreed and recommended to Cabinet for approval.

5 Consultation

5.1 There has been consultation with the Council's, Treasury Management Advisors, Arlingclose in the production of this report.

5.2 The presentation of the Treasury Management Outturn Report to the Audit Committee for detailed scrutiny on 22 July 2026 will be in compliance with the requirements of the CIPFA Code of Practice. The report will then be presented to Cabinet and then subsequently Council for approval currently scheduled 7th September 2026 and 16th September 2026 respectively subject to confirmation of the Municipal Calendar.

6 Financial Implications

6.1 All included within the report.

7 Legal Services Comments

7.1 None.

8 Co-operative Agenda

8.1 The Council ensures that any Treasury Management decisions comply as far as possible with the ethos of the Co-operative Council.

9 Human Resources Comments

9.1 None.

10 Risk Assessments

10.1 There are considerable risks to the security of the Authority's resources if appropriate treasury management strategies and policies are not adopted and followed. The Council has established good practice in relation to treasury management which has previously been acknowledged in both Internal and the External Auditors' reports presented to the Audit Committee.

11 IT Implications

11.1 None.

12 Property Implications

12.1 None.

13 Procurement Implications

13.1 None.

14 Environmental and Health & Safety Implications

14.1 None.

15 Community cohesion, including crime and disorder in accordance with section17 of the Crime and Disorder Act 1998

15.1 None.

16 Oldham Equality Impact Assessments, including implications for Children and Young People

16.1 Not Applicable

17 Key Decision

17.1 Yes

18 Key Decision Reference

18.1 TBC

19 Background Papers

19.1 The following is a list of the background papers on which this report is based in accordance with the requirements of Section 100(1) of the Local Government Act 1972. It does not include documents, which would disclose exempt or confidential information as defined by that Act.

File Ref: Background papers are contained with Appendix 1
Officer Name: Paula Buckley/James Postle

20 Appendix 1 - Prudential and Treasury Indicators

Appendix 1 - Prudential and Treasury Indicators

The following tables show a summary of the prudential indicators for 2025/26.

Capital Expenditure

Capital Expenditure/Financing	2024/25 Actual £'000	2025/26 Actual £'000	2026/27 Budget £'000	2027/28 Budget £'000
Expenditure				
General Fund services	81,790	71,193	99,016	44,460
HRA	1	212	6,189	3,849
Total Capital Expenditure	**81,791**	**72,125**	**105,205**	**48,309**
Financing				
Grants & Contributions	(27,774)	(44,744)	(62,596)	(31,662)
Prudential Borrowing	(47,337)	(20,333)	(35,394)	(13,746)
Revenue	(13)	(54)	(3,050)	(0)
Capital Receipts	(6,667)	(6,994)	(4,164)	(2,900)
Total Financing	**(81,791)**	**(72,125)**	**(105,204)**	**(48,308)**

Capital Financing Requirement (CFR)

Capital Financing Requirement	31 March 20245 Actual £'000	31 March 2026 Actual £'000
General Fund Services	559,839	581,037
Total CFR	**559,839**	**581,037**

Gross Borrowing and the Capital Financing Requirement

Gross Borrowing / CFR	31 March 2025 £'000	31 March 2026 £'000
Gross Borrowing (incl. PFI & leases)	458,630	470,940
Capital Financing Requirement	559,839	581,037

Debt and the Authorised Limit and Operational Boundary

Debt	Debt at 31 March 2026 £'000	2025/26 Operational Boundary £'000	2025/26 Authorised Limit £'000	Compliance? Yes/No
Borrowing	259,596	356,000	371,000	Yes
PFI and Finance Leases	211,344	230,250	230,250	Yes
Total Debt	**471,300**	**586,250**	**606,250**	

Proportion of Financing Costs to Net Revenue Stream

Financing Cost/Net Revenue Stream	2024/25 £'000	2025/26 £'000
Financing costs (£m)	26,525	27,027
Proportion of net revenue stream	7.61%	7.82%

Appendix 5

Oldham Council Audit and Counter Fraud Team

2025/26 Fundamental Financial Systems

Debt Recovery

Audit Report

17 June 2026

Prepared by:
Senior Auditor

Reviewed by:

John Miller	Head of Internal Audit and Counter Fraud

Issued to:

Fiona Greenway	Executive Director of Resources
Lee Walsh	Director of Finance (S151)
Alex Bougatef	Director of Legal (Monitoring Officer)
Mark Edmondson	Assistant Director Revenues and Benefit
	Revenues Manager
	Exchequer Client Manager (Revenues)
	Invoice & Debt Recovery Manager
	Finance Manager

2025/26 Fundamental Financial Systems

Debt Recovery

1 Background

1.1 In line with Annual Internal Audit Plan, a review of the Council's Debt Recovery systems has taken place. Audit and Counter Fraud will collaborate with our External Auditors, Forvis Mazars, to support their year-end audit planning to ensure that the agreed audit programme for each financial system reflects key risks, internal controls, and is delivered in accordance with Public Sector Internal Audit Standards.

1.2 The systems examined in this review relate to Sundry Debtors, Council Tax and Non-Domestic Rates (NDR). Council Tax, NDR and Sundry debts are reviewed as part of their own separate system audits, but the recommendations relating to debt in those areas have been summarised within this report, which attempts to provide a Council wide view of debt and assurance opinion in relation to the Council's overall levels of debt, and its systems and processes in place to address this issue.

2 Objectives and Scope

2.1 The objective of the audit was to review and test the operation of the system, including controls, to ensure that appropriate procedures and controls are in place and operating effectively. This review has been conducted in accordance with the Global Internal Audit Standards (GIAS) 2024, and the Chartered Institute of Public Finance (CIPFA) Local Government Application Note (LGAN) 2024.

2.2 The key system controls examined relate to follow-up and recovery of outstanding debts in line with agreed procedures.

2.3 Our approach involved:

- Follow up of previous recommendations made in the 2024/25 review.
- Walkthrough testing to ensure that processes and controls are operating as expected.
- Compliance testing of key controls.

3 2025/26 Draft Audit Opinion

3.1 The overall audit opinion is that the controls in place provide **Limited** assurance. The findings leading to this opinion are discussed below.

4 Findings

Total outstanding debt

4.1 A summary of the outstanding levels of debt for Council Tax, NNDR and Sundry Debts is as follows:

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Council Tax	£32.889m	£33.56m	£34.40m	£38.24m	£43.12m	£49.15m
NNDR	£9.236m	£9.384m	£8.51m	£7.80m	£10.02m	£12.71m
Sundry Debtors (inc. ASC debtors)	£18.161m	£23.57m	£23.44m	£27.46m	£29.4m	£36.60m
Total	**£51.80m**	**£60.29m**	**£66.51m**	**£66.35m**	**£73.50m**	**£98.46**
Number outstanding invoices (Sundry Debtors)	17,334	20,654	23,177	25,337	29,134	32,805

Adult Social Care Debt

4.2 In respect of Adult Social Care debt, which forms part of the Sundry Debtors figures in the table above, on 31 March 2020 the total service debt outstanding was £7.752m. By 31 March 2026 the total debt in connection with the Community Health and Adults Social Care has increased to £22.465m.

	31-Mar-22	31-Mar-23	31-Mar-24	31-Mar-25	31-Mar-26
Debt by Type	£	£	£	£	£
Companies	433,044	2,693,211	2,869,734	3,362,3985	2,774,536
Individuals	8,776,775	10,330,708	12,462,060	15,363,485	19,636,828
Public Bodies	1,414,507	53,614	101,044	118,842	53,429
Total Debt	10,624,326	13,077,533	15,432,838	18,844,722	22,464,793

See Recommendation 1 in Section 6 below.

Council Tax Debt

4.3 **Bad Debts**

As with previous reviews, a sample of longstanding debts were monitored to ensure all were being followed up in line with agreed procedures and in a timely manner. Some of these debts had been monitored in previous reviews. The sample chosen are detailed in Appendix 1 below. From the debts selected during this review, it was found:

- One company had been dissolved. A consequence of which meant that under the six-year statutory restoration period rules no company restoration was possible, and a possible sale could be agreed with the Duchy of Lancaster.
- Five debts had been sent to Legal in order to update the Charging Order debt, with a view to progressing three cases to an Order for Sale, while the other two cases were being pursued by agreed follow-up procedures, in one case via bailiffs.

- Two bankrupt cases were included within the sample, with one case being sent to Weightmans Solicitors for bankruptcy proceedings to recover both Council Tax and Business Rates, while another was being dealt with by Horsefield's Insolvency Practice. This case had been declared bankrupt in 2025, but to date there had been no feedback from Horsefields.
- One debt was being pursued through agreed follow-up procedures, and a further debt which had been passed to enforcement agents who had declared the debt as uncollectable but further action appeared to have stalled.

A copy of the revised spreadsheet used to administer those cases being referred to the Debt Panel was reviewed. The spreadsheet was used as the basis for monitoring cases that had been referred to the Panel. Some of the dates showing when the Liability Orders went from and to showed the 'to'' date as being 'present', so it could not be ascertained when that debt was secured to.

Other cases showed one date, presumably the start date, but no end date. Another column showing the balance of Liability Orders was only partially complete. The tabs attaching to the spreadsheet detailed the cases referred to the Panel at each of the Panel sittings, and the follow-up actions agreed. Incorporating these tabs to the main spreadsheet may be beneficial to providing a better picture of the recovery status of each case.

Please refer to Recommendations 2 below.

<u>Orders for Sale</u>

4.4 It was agreed in the 2023/24 review that, in order to formalise better monitoring and review processes to help ensure progression of Charging Orders to Orders for Sale, there would be more active involvement in this area by the Debt Panel.

Despite the success in progressing two of the three previous Orders for Sale, only one further order for sale appeared to be progressing through the Debt Panel. Following the Panels meeting on 02/12/2025, it was agreed a total of six cases would be progressed to Orders for Sale following an inspector's visit to ensure the properties were empty. A further eight cases were referred for visits following the Panel meeting on 29/01/2025. At the time of this review, these visits had not been undertaken.

Please refer to Recommendations 3 below.

<u>Attachment of Earnings / Benefit</u>

4.5 A sample of ten Council Taxpayers with an Attachment of Earnings was reviewed to ensure payments were being received in a timely manner in line with the terms of the respective attachments. No Council Taxpayers were making payments via an Attachment of Benefits. This year's sample is shown in Appendix 3 below, while the debts selected for the final report for 2024/25 are shown in Appendix 4.

Attachment of earnings:

- Of the ten debts reviewed with Attachment of Earnings, three only recently had the Attachment of Earnings served and no payments had yet been received, whilst five showed that payments were being received.

- Two cases had not been reviewed as they should have been, and payments had ceased.

- The total debt for the ten debts reviewed was £73,749.77.

Please refer to Recommendation 4 below.

Write-Offs Council Tax

4.6 In respect of Council Tax debts, the only write-offs that had been undertaken were in respect of debts below £100.00. The total amount for submitted for write-off as per the accompanying spreadsheet totalled £1,267.15, but these could not be tracked back to the four approvals for write-offs under £100.00 that had been provided. There was no reconciliation on file between the amounts approved for write-off, and the actual write-offs undertaken.

Please refer to Recommendation 5 below.

NDR Debt

Bad Debt Follow - Up and Enforcement

4.7 In line with previous reviews, a selection of ten longstanding debts were reviewed to ensure they were being followed up proactively in line with agreed follow-up procedures (see Appendix 2):

- Two debts had been passed to enforcement agents in July 2025, but there had been no feedback from the agents in the previous twelve months as to how this enforcement was progressing.
- Six debts (£619,401.95) were awaiting Cabinet approval for write-off. The last action on one of those was in 2025, whilst two others were flagged as waiting for approval in the 2024/25 review. A fourth case went into liquidation in 2024 with Cabinet approval still outstanding, whilst a fifth case had gone bankrupt, and approval was still outstanding from 2023.
- One debt was awaiting the outcome of an application for Discretionary Rate Relief.
- One debt was awaiting a trace enquiry.

The total amount for the debts reviewed was £1,087,979.58.

Please refer to Recommendation 6 & 7 below.

Write-Offs NDR

4.8 Four batches of write-offs for NNDR in two different bandings had been submitted for write-off. These were as follows:

- £17.94
- £76.34
- £12,394.78
- £19,941.81

Whilst the spreadsheets detailing the individual accounts making up each batch detailed the individual, and total amounts written-off, there was no confirmation that the amounts written-off in the Agresso System matched the debts submitted for write-off.

Please refer to Recommendation 8 below.

Sundry Debt

Debts in Legal

4.9 A review was also undertaken of a sample of ten debts that had been previously passed to Legal for debt follow-up through the Legal System. Of those ten reviewed, seven had been subject of a similar review last year. The total value of the ten debts was £328.1k.

Two of the debts were awaiting feedback from the Council's external solicitors Weightmans, but the follow-up of these debts had not progressed since they had been subject of review in the audit reviews for 2023/24 and 2024/25.

Two of the debts also reviewed last year had received no further payments and emails were sent by Legal Services requesting payments re-commence. Of the other six cases, a County Court Judgment had been obtained on one, a Charging Order was obtained on another and one was in dispute. Two had regular payments being made, and another had been paid in full.

A review of the debts currently being processed by the Legal Services section as of March 2026 was reviewed. The total debt of cases being progressed in Legal was £772k, which was slightly lower than the amount held in the 2024/25 review which totalled £796.5k. Of this debt £279.8k related to debts that were over 10 years old, which compared favourably with the comparable debt taken in the previous review of £380.3k. The oldest debt had its invoice raised in 2008.

VAT on bad debts can be reclaimed once the debt is over six months old (from the date the payment was due) and is less than four years and six months old. In order to reclaim the VAT must have been paid over to HMRC and the debt must have been written off in the accounts. The total amount of invoices for which VAT could not be reclaimed (if applicable) to the debt being over four years and six months old was £511.6k.

Please refer to Recommendations 9, & 10 below.

Time Bound Debts

4.10 For most debts there is a six-year time limit for recovery from when the last correspondence was sent or the last payment received. After that time the debt becomes time bound, and debt follow-up is no longer a legal option. In the absence of any spreadsheet monitoring of cases in Legal it was not possible to ascertain if any cases had become time bound, and what value these cases would be. The total value of cases that were being progressed in Legal over six years old totaled £401.9k.

Please refer to Recommendation 11 below.

4.11 **Write-Offs -Finance Procedure Rules**

The Finance Procedure Rules embodied within the Council's Constitution state that debts within each of the five categories of write-offs should be submitted to the Director of Finance for approval and onward progression for the write-off itself. At the time of the review, no write-offs had been processed in the 2025/26 financial year.

Please refer to Recommendation 12 below.

5 Way Forward

5.1 An Action Plan is included in **Section 6.** The table contains recommendations identified as part of other Fundamental Systems reviews which are included in order to provide an overall view of the Council's Debt Recovery Processes.

Progress against the agreed recommendations will be reviewed as part of an agreed timetable.

5.2 We would like to thank officers in the department for their help in this review. In the meantime, once the report has been finalised, we would be grateful if you would complete the Customer Service Questionnaire so that we can continuously review our service delivery.

5.3 **Disclaimer**

This report is made solely as an internal management report to the Officers of the Council identified on the report distribution list as an aid to the effective management of Council resources, and for no other purpose. Our audit work has been undertaken in accordance with the Global Internal Audit Standards (GIAS) 2024, and the Chartered Institute of Public Finance (CIPFA) Local Government Application Note (LGAN) 2024. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than those Officers for whom the report was produced, for our audit work, for this report, or for the opinions we have formed.

6 2025/26 Final Action Plan

The table below shows the recommendations for the findings arising from our audit review. We have prioritised the recommendations to provide you with an indication of the importance for each nominated officer. If an officer disagrees with the prioritisation, they should discuss this with the auditor as part of the finalisation process.

High Priority - Significant risk to the Council or Service, the recommendation is essential for sound or effective control.
Medium Priority - Moderate risk to the Service it is important that the recommendation is completed
Low Priority - Small risk to the Service it would improve control if the recommendation were to be completed.

No	Recommendation	Priority	2023/2024 & 2024/25 Management Comments	2025/26 Management Comments	Who / When
1	**Proposed ASC Debt Recovery Process** The action plan to address outstanding debt presented to DMT in July 2021 should be progressed. **Brought forward from previous years.**	High	**Complete.** The Adult Social Care Debt policy continues to provide guidance and support to officers in decision-making, helping to endure consistency and transparency. Following the end of the Income and Prevention Officer post in December 2024, casework has been absorbed into the wider service. The 2025/26 review of Revenues and Benefits including the Accounts Receivable, and Client Finance teams are now underway. This review will assess current processes, resourcing and governance arrangements.	Complete Regular debt panel meetings continue but the restructure of the Revenues and Benefits service is yet to be approved. The fundamental issue with ASC Debt has been the delays in dealing with Financial Assessments and the lack of resources in Accounts Receivable, both of which are addressed in the restructure. The Financial assessment Recovery Plan has been successful in reducing the backlog of Financial Assessments and support from the Benefits team to complete the FABU for 2026/27 has meant that it was substantively	Assistant Director Revenues and Benefits

No	Recommendation	Priority	2023/2024 & 2024/25 Management Comments	2025/26 Management Comments	Who / When
			This work has commenced already. Regular debt panel meetings are in progress where cases are reviewed and decisions regarding recovery action are being taken.	complete several months sooner than in 2025/26. The approval of additional resources for debt recovery will also allow progress to be made when the staff are in post. NB interviews are taking place in July 2026 with staff to be in place by August 2026.	
2	**Bad Debts:** The Panel Spreadsheet should be updated for all columns including dates when the liability has been claimed to, and how much the of the liability has been secured. Debts progressing through bankruptcy or Orders for Sale should be clearly identified with the monitoring undertaken for those cases detailed.	Medium	**No previous comments received.**	Agreed in part. The Debt Panel spreadsheet is used as a management tool to help identify and prioritise complex cases for review. The full case history and recovery position are held on the MRI system, which remain the main record for each account. The spreadsheet has been reviewed to ensure it clearly identifies the current recovery stage of each case, however the MRI system is where detailed notes are recorded.	Interim Head of Revenues – June 2026
3	**Orders for Sale:** A process should be implemented to ensure there is continuous monitoring and progression of Charging Orders to Orders for Sale where this is	Medium	**Agreed:** The Process has been implemented and embedded within business-as-usual debt panel reviews.	Agreed In part. The review identified that visit outcomes had not been updated on the system and this has been corrected.	Interim Head of Revenues – June 2026

No	Recommendation	Priority	2023/2024 & 2024/25 Management Comments	2025/26 Management Comments	Who / When
	appropriate. Visits to properties relating to debts should be undertaken.		Monthly Debt Panel Meetings are scheduled in line with the requirements of the Councils Charging Order and Insolvency Policy. Monthly reviews are also in place to monitor ongoing cases with solicitors acting on the Councils behalf. Three new Order for Sale cases have been sent for enforcement in 2025/26, and a number of cases with secured arrears are under review. These instances include where owner occupiers are asset rich but cash poor, and others where owners have tenanted their properties. Careful consideration is being given to avoid action that could lead to making residents homeless. The review of potential charging orders and Order for Sales are now treated as business as usual. Learning from the three initial order for sale cases have highlighted that disposal is a costly and length process, with additional risks such as disputed ownership, undisclosed occupation, and property	Order for sale action is not an automatic next step in every case where a charging order is held. A charging order secures the arrears and accrues interest against the equity in the property. An order for sale is complex and can involve significant legal cost, length timescales and wider risk. The Council does use order for sales and has enforced sales on a number of properties when appropriate. The review has ensured a clear position for each case has been recorded and there is an agreed next steps in place for each case. In relation to the cases Further checks have confirmed that the 14 cases are at different stages. 5 cases are being progressed by external solicitors on behalf of the Council for Order for Sale action.	

No	Recommendation	Priority	2023/2024 & 2024/25 Management Comments	2025/26 Management Comments	Who / When
			disrepair. While costs have been recovered, this experience is being used to refine case selection. It is anticipated that legal action on occupied properties would be significantly more costly, and the Council would seek to enforce a payment arrangement in the first instance there is the courts would be required to enforce an order for sale increasing the risk of homelessness for any potential debtors.	Several have been passed for updated charging orders, one has paid in full, one is subject to a payment arrangement, two are subject to liability disputes, one is now occupied. The remaining cases have ongoing charges, and a new liability order has been obtained for the 2026/27 charge. These cases will be brought back to the debt panel to determine the next course of action.	
4	**Attachment of Earnings / Benefits:** All existing Attachment of Earnings / Benefits should be monitored on an ongoing basis. In addition to pursuing those debtors where the relevant attachments are not being applied, those with existing debts should be reviewed to ensure they don't fall into further arrears.	Medium	**Agreed:** The Process has been implemented and embedded within business-as-usual processes This area continues to be managed as business as usual, with reports generated from the Council Tax administration system and reviewed by the debt recovery team. National issues remain with attachment of benefits, including significant delays with the DWP and cases where insufficient	Agreed in part Attachment of earnings cases are already monitored through reports from the Council Tax system and reviewed by the debt recovery team. The audit sample shows that payments were being received in several cases, and that some cases had only recently been served so no payments were yet due.	Interim Head of Revenues – June 2026

No	Recommendation	Priority	2023/2024 & 2024/25 Management Comments	2025/26 Management Comments	Who / When
			benefit remains following other deductions already in place to allow any further deductions. There remain instances where employers are slow to commence deductions from attachment to earnings. Where delays or barriers arise, cases are escalated quickly to alternative recovery methods. It is also recognised that deductions rarely clear Council Tax arrears within the financial year, which means debt often increases when a new year bill isn't paid. Council policy prevents the use of enforcement agents in Council Tax Reduction cases, which restricts the range of recovery options available.	The sample identified two cases where reviews had not taken place as expected. We have therefore strengthened our exception monitoring to ensure where payments have stopped, have not started or where arrears continue to increase, they are prioritised for review. It should be noted that opportunities to recover outstanding amounts can be reduced where deductions are unsuccessful and there is limited engagement from the taxpayer. This is especially relevant for Council tax Reduction cases, as current Council policy does not provide for referral to enforcement agents for these cases. Progression can also depend on employer responses, DWP timescales, existing deduction and the level of deduction available. Where an attachment is not effective or cannot be applied, alternative recovery action will be considered in line with policy and debtor considerations.	

No	Recommendation	Priority	2023/2024 & 2024/25 Management Comments	2025/26 Management Comments	Who / When
5	**Write-Offs: Council Tax:** All batches of write-offs should be reconciled between the write-offs actually posted in the Agresso System and those debts authorised for write-off. These should be signed off by an authorised signatory.	Medium	**No previous comments received.**	Agreed. The service recognises that debts approved for write-off should be reconciled to the amounts posted in Agresso and signed off by an authorised officer. A regular write off review process has been put in place to ensure approved write off offs are processed, reconciled and evidenced.	Interim Head of Revenues – June 2026
6	**Bad Debt Follow-Up and Enforcement:** All bad debts should be routinely monitored and actioned promptly when arrangements are not maintained. Bad debts passed to Enforcement Agents should be monitored periodically to ensure follow-up was still progressing.	Medium	**Agreed:** Full implementation will take time to complete due to the scale of historic debt and limited review capacity. Current focus is on prioritising debts that remain recoverable and progressing these through appropriate enforcement. Automations within the administration system continue to help identify cases where payments have stagnated or defaulted moving them onto the next stage of recovery. Monthly records are maintained to track arrears, costs and fees, amounts collected, and amounts written off.	Agreed Automations within the MRI system continue to help identify cases where payments have stagnated or defaulted enabling them to move to the next stage of recovery The appointment of 5 temporary Debt Recovery Officers and the Revenues and Benefits Service restructure will allow progress regarding the implementation of this recommendation to be accelerated.	Interim Head of Revenues – June 2026

No	Recommendation	Priority	2023/2024 & 2024/25 Management Comments	2025/26 Management Comments	Who / When
			Authority has been gained to recruit 5 additional debt recovery staff on an 18 month temporary spend to save basis. In addition, authority has also been given for the AD Revenues and Benefits to explore with the Procurement Service a market testing exercise to identify a third party partner to assist in this work on an income sharing basis. This will also enable us to identify cases that need to be written off.	Procedures have been put in place to ensure debts referred to Enforcement Agents are monitored.	
7	**Bad Debt Follow-Up and Enforcement:** Bad debts passed through to Cabinet for write-off should be monitored to ensure those write-offs are being progressed.	Low	**No previous comments received.**	Agreed It is acknowledged that reports have not been taken to Cabinet for a number of years., but as part of a fundamental debt review reports will be brought forward to Cabinet in future. At the same time, it is important that officer resources remain focused on current recovery activity and the effective collection of income. Cases will be taken forward, with care taken to ensure that reports are fully evidenced,	Interim Head of Revenues – June 2026

No	Recommendation	Priority	2023/2024 & 2024/25 Management Comments	2025/26 Management Comments	Who / When
				accurate and appropriately prepared for determination. The service is exploring the procurement of a third-party provider to review older debt across Council Tax, Business Rates, and sundry debt. This would include data analysis propensity to pay assessment, and recommendation on the most appropriate next steps for recovery or write off.	
8	**Bad Debt Write-Offs NDR:** Following all write-offs, an authorised signatory should reconcile the debts written off in the Academy System with the debts for which write-offs had been approved.	Medium	**Agreed:** Write offs are now being actioned on a quarterly. Identified cases are passed to the Exchequer Client Team to undertake due diligence checks and then forwarded for authorisation. The authorisation will be retained by the Exchequer Client Team.	Agreed. The service recognises that debts approved for write-off should be reconciled to the amounts posted in Agresso and signed off by an authorised officer. A regular write off review process has been put in place to ensure approved write offs are processed, reconciled and evidenced.	Interim Head of Revenues – June 2026

No	Recommendation	Priority	2023/2024 & 2024/25 Management Comments	2025/26 Management Comments	Who / When
9	**Debts in Legal:** All debts currently with Legal Services should be reviewed on a continuous basis to ensure follow-up on each debt is progressing in line with debt recovery policy.	Medium	The legal service have one member of staff (legal assistant) who is responsible for progressing charging order applications for council tax as well as issuing all sundry debts and managing the process and progressing all debt recovery for any other service. The member of staff is continuing with business as normal but has created a spread sheet of all new debts sent to legal and is working on adding historical debts which unfortunately requires manual data entry.	The legal service now has two members of staff (Legal Assistant and Group Solicitor - Litigation) who are responsible for progressing charging order applications for council tax as well as issuing all sundry debts and managing the process and progressing all debt recovery for any other service. These members of staff are continuing with business as normal but have also created a spread sheet of all new debts sent to Legal and are working on adding historical debts which unfortunately requires manual data entry. The Group Solicitor – Litigation now has a revised work focus on debt.	Director of Legal Services
10	**Debts in Legal:** Debts in Legal that are inclusive of VAT should be reviewed prior to the ability to claim VAT expiring, and, where applicable, written off.	Medium	**Agreed:** All new debts are added to a spreadsheet and this is updated and being added to on a regular basis. This is now in effect. Senior officers from Council tax, business rates and adult social care client finance and commissioning have formed a working group to establish how the debt levels can start	**Agreed:** All new debts are added to a spreadsheet and this is updated and being added to on a regular basis. This is now in effect. Senior officers from Council tax, business rates and adult social care client finance and commissioning have formed a working group to establish how the debt levels can start	Director of Legal Services

No	Recommendation	Priority	2023/2024 & 2024/25 Management Comments	2025/26 Management Comments	Who / When
			reducing. Legal Services monitor and pursue debts under £10k, with larger debts outsourced, on a cost neutral basis, to third party recovery agents. Another debt recovery legal assistant may be required to take the lead on tackling the backlog as a spend to save appointment.	reducing. Legal Services monitor and pursue all debts, with some larger debts above £10k outsourced, on a cost neutral basis, to third party recovery agents.	
11	**Time Bound Cases:** All cases approaching becoming time-bound should be prioritised and progressed in order to prevent this happening.	High	**No previous management comments.**	We will review the feasibility of further action in cases over 6 years old and either take appropriate further recovery action or take these cases forward for write-off where irrecoverable, or uneconomic to pursue.	Director of Legal Services
12	**Write-Offs -Finance Procedure Rules** Write-offs should be continually processed throughout each financial year.	Low	**No previous management comments.**	Agreed The write-off process has not progressed at the level required due to service capacity and the need to prioritise live recovery activity and income collection. The service is exploring the procurement of a third-party provider to review older debt across Council Tax, Business Rates, and sundry debt. This would include data analysis propensity to pay assessment,	Assistant Director Revenues and Benefits

No	Recommendation	Priority	2023/2024 & 2024/25 Management Comments	2025/26 Management Comments	Who / When
				and recommendation on the most appropriate next steps for recovery or write off. This will be managed alongside recovery priorities with focus remaining on collectable debt and cases where further recovery action is no longer viable.	