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AUDIT COMMITTEE
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
Notes	1. Declarations of Interest- If a Member requires advice on any item involving a possible declaration of interest which could affect his/her ability to speak and/or vote he/she is advised to contact Alex Bougatef or Constitutional Services at least 24 hours in advance of the meeting. 2. further information relating to this meeting is available from Constitutional Services, email: constitutional.services@oldham.gov.uk 3. Public Questions - Any Member of the public wishing to ask a question at the above meeting can do so only if a written copy of the question is submitted to the contact officer by 12.00 noon on Friday, 17th July 2026. 4. Filming - The Council, members of the public and the press may record/film/photograph or broadcast this meeting when the public and the press are not lawfully excluded. Any member of the public who attends a meeting and objects to being filmed should advise the Constitutional Services Officer who will instruct that they are not included in the filming. Please note that anyone using recording equipment both audio and visual will not be permitted to leave the equipment in the room where a private meeting is held. Membership of the AUDIT COMMITTEE Mr. G. Page (Independent Member and Chair) Mr. S. Green (independent Member and Vice Chair) Councillors Chauhan, Chowhan, Quigg, Kenyon, Jabbar, Shah, Robinson, Arstan and Arnott

Item No

1 Apologies For Absence

2 Urgent Business

Urgent business, if any, introduced by the Chair

3 Declarations of Interest

To Receive Declarations of Interest in any Contract or matter to be discussed at the meeting.

4 Public Question Time

To receive Questions from the Public, in accordance with the Council's Constitution.

5 Minutes (Pages 5 - 16)

The Minutes of the meeting of the Audit Committee held on 26th March 2026 and the associated actions list are attached for approval.

6 Members' Allowances Update (Pages 17 - 24)

Report of the Assistant Director of Governance

7 Audit Strategy Memorandum (Pages 25 - 54)

Forvis Mazars to report

8 Draft 2025/26 Annual Statement of Accounts (Pages 55 - 240)

Director of Finance to report

9 2025/26 Head of Audit Annual Report and Opinion to Audit Committee (Pages 241 - 278)

To consider the Annual Report on the System of Internal Control and the continued developments in overall internal control and financial administration across the Council.

10 Treasury Management Review 2025/26

The annual review of Treasury Management for 2025/26 by the Audit Committee (to be circulated)

11 Q4 2025/26 and Q1 2026/27 Internal Audit and Counter Fraud Progress Report (Pages 279 - 288)

A report that provides Members with progress on the work of the Internal Audit and Counter Fraud team for Q4 of the 2025/26 financial year and Q1 of 2026/27.

12 Progress update on Audit Opinion Reports contributing to the 2024/25 Limited Assurance Annual Audit Opinion (Pages 289 - 300)

A report that updates on progress against the action plans and recommendations contained within those audit opinion reports contributing towards the 2024/25 annual audit opinion of Limited Assurance.
A confidential appendix is attached at item 19 below

13 Q4 2024/25 and Q1 2025/26 - Weak and Limited assurance reports (Pages 301 - 374)

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.

14 Payroll Audit Action Plan 2025/26 - Progress Report (Pages 375 - 378)

Report of the Assistant Director of Workforce and Organisational Culture

15 2025/26 Annual Report of the Audit Committee to Council (Pages 379 - 406)

An assessment of the Committee's effectiveness during the year 2025/26 and a draft Annual Report to full Council on the work of the Committee for the year including the Committee's action plan for self-development.

16 External Audit – Enquiries of Management and Those Charged with Governance 2025-26 (Pages 407 - 432)

To consider the enclosed responses, to suggest any appropriate amendments and to note the Council's responses to the External Auditors, Forvis Mazars LLP.

17 Audit Committee Work Programme 2026/27 (Pages 433 - 438)

To consider the Committee's Work Programme for 2026/27

18 Exclusion of the Press and Public

To consider that the press and public be excluded from the meeting for the following item of business, pursuant to Section 100A(4) of the Local Government Act 1972 on the grounds that discussions may involve the likely disclosure of exempt information, under paragraph 3 as defined in the provisions of Part 1 of Schedule 12A of the Act, to the Local Government Act 1972 and public interest would not be served in publishing the information.

19 Progress update on Audit Opinion Reports contributing to the 2024/25 Limited Assurance Annual Audit Opinion (Pages 439 - 446)

Confidential Appendix to item 12, above.

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AUDIT COMMITTEE
26/03/2026 at 6.00 pm

Present: Mr. G. Page (Chair)
Councillors Aslam, Harrison (Substitute), Kenyon (Substitute), Nasheen (Substitute), Rustidge and Sykes

Also in Attendance:

Andrew Bloor	Assistant Manager - Counter Fraud
Alex Bougatef	Director of Legal
Julie Daniels	Director of Children's Services
Eleanor Devlin	Assistant Director of Workforce & Organisational Culture
Sheila Garara	Childrens Services
Matthew Gratton	Director of Digital
Fiona Greenway	Executive Director of Resources
Jack Grennan	Constitutional Services
Councillor Abdul Jabbar MBE	Cabinet Member for Finance, Corporate Services and Sustainability
John Miller	Head of Audit and Counter Fraud
Shelley Kipling	Chief Executive
Vickie Lambert	Finance Services
David Nuttall	Audit Team
James Postle	Finance Manager
Jayne Ratcliffe	Director of Adult Social Services
Lee Walsh	Director of Finance
Daniel Watson	External Auditor

1 **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Mr Stuart Green and Councillors Al-Hamdani (Councillor Kenyon substituting), Chauhan (Councillor Nasheen substituting) and Malik (Councillor Harrison substituting).

2 **URGENT BUSINESS**

There were no items of urgent business received.

3 **DECLARATIONS OF INTEREST**

There were no declarations of interest received.

4 **PUBLIC QUESTION TIME**

There were no public questions received.

5 **MINUTES OF PREVIOUS MEETING**

The Committee considered the Minutes of the previous meeting of the Audit Committee, held 14th January 2026 and the Actions List arising therefrom.

The Chair noted that Minute 6, regarding the External Audit – Update Report, resolution 2 should read 'in agreement with' rather than 'in consultation with'.

Regarding the Actions log, the Chair requested an update on the establishment of a Scrutiny Study Group, and it was confirmed that the group had met and that a report was being prepared, to be presented at a future meeting of the Audit Committee.

RESOLVED that, subject to the above comments, the minutes of the meeting of the Audit Committee, held 14th January 2026, be approved and the accompanying Actions Log be noted.

The Chair agreed that item 12 and item 9 be brought earlier in the agenda.

6 **EXTERNAL AUDIT UPDATE**

The external auditors presented the External Audit update, noting that the accounts for 2024/25 had been signed off and that an audit plan would be brought to the next committee.

The Chair noted that audit fees were a lot higher than they had been a few years ago, and it was noted that these fees were set national and that there had been an 151% increase in audit fees over the last few years. Members queried whether there were any indications around upcoming change to fees, and it was noted that whilst there were no new standards for 2025/26, it wasn't known whether there would be any changes given the transition to the local audit office.

Members queried what were the four things that had increased. It was noted that these were significant weaknesses from last year as part of the additional risk review, material adjustments to pension assets, new accounting standards and new auditing standards, the last two of which were due to legislation changes.

RESOLVED: That the External Audit update be noted

7 **PAYROLL AUDIT ACTION PLAN 2024/25 PROGRESS**

The Assistant Director of Workforce & Organisational Culture introduced the report, noting the background and highlighting the actions so far, noting that they map back to the audit actions. It was highlighted that these were pretty much all on track or completed. An update on actions was provided.

Members queried how many of the outstanding items from October were still outstanding. It was noted that of the previous outstanding items, all but one had been completed, with just policies and procedures still outstanding, and this was due to be completed in September.

The Chair queried whether the internal checks and balances were working and had been embedded. It was confirmed that they were and part of the Audit control infrastructure.

Members asked what the gaps were within payroll anomalies, and it was noted that there had been a marked reduction and a continued monitoring of any anomalies. It was highlighted that conversations would be had with managers who were responsible for repeated payroll anomalies to prevent further issues. It was also noted that learning would be taken for sensible filing, including refiling. It was noted by members that continued focus would be needed, and it was noted that future audits should show progress on this. Members also queried when the next payroll review would take place and it was noted that there was one ongoing at the moment.

The Chair noted retention and recruitment challenges, and it was highlighted that payroll was now stable with a Head of Service in place and no vacancies. On retention, there were plans to help colleagues get qualifications and there were also internal recognition mechanisms in place.

RESOLVED: That the Committee endorse the report and thanked the Assistant Director for the progress made and noted a need to maintain it.

8 **COUNTER FRAUD BENCHMARKING**

The Head of Audit and Counter Fraud introduced the report, noting that it had come as a response to questions from the Committee, and gave comparative figures across other local authorities.

Members queried why certain authorities had more FTE roles than others, and it was noted that this was probably due to the needs of the organisations and their practices. It was highlighted that the exercise would be repeated in 2025/26, and that the figures could be impacted by the size of the cases involved.

Members also sought clarity around the single person discount and duplicate payments, and it was noted that these were often picked up through data matching and that the majority of overpayments were recovered.

Members queried what percentage of cases were the fault of the Council, and it was noted that across 14 cases, the service had stopped around 4-5 of them, meaning that whilst they were still classified as cases, they had only been attempts. Members also noted that it might be helpful to show the number of total blue badges alongside the case breakdown. Members asked for clarity around the schools admissions data and it was noted that these were two cases of claimants living out of the borough.

RESOLVED: That the Committee considered the contents of the report and noted the report.

9 **2026/27 INTERNAL AUDIT AND COUNTER FRAUD PLAN**

The Head of Audit and Counter Fraud introduced the item and highlighted the types of audit being undertaken.

Members queried whether there was any particular focus on Capital projects within the report and it was noted that there wasn’t in the report this year but that there had been previously, but that systems and processes were looked at generally as part of the audit work. It was asked by members whether there were any plans to specifically look at these, and it was requested that if members had any specific projects that they felt needed looking at, they should get in touch with the Audit team to ensure that this work went through the Audit Committee.

The Chair highlighted partnerships and place based work, including the ICB and health, and noted the increased risks around linking with other organisations and partners.. It was noted that this had been highlighted as one to watch given the upcoming changes around the ICBs, which may result in Council's being given additional budgets, which would be a significant shift, and that this would happen towards September. It was noted that the information around this at the moment were principles, rather than details.

The Chair also highlighted finance and internal audit focuses, noting that other local authorities' audit committees had undertaken deep dives on strategic issues. It was queried whether the Committee could do something similar with 10-15 minute deep dives within the Audit Committee's agenda, and it was noted that this would be considered.

Members queried how confident the Audit team were in their approach. It was noted that the team were pretty confident, given the good practice that the team follows and proactive approach taken.

The Chair queried what the impact could be given the context globally, for example, increases in the cost of living, and whether there would be more undetected fraud that the Council was exposed to. It was noted that the trend was that there would be more attempts at fraud but that the Audit team were following best practice procedures and internal controls were in place. It was noted that whilst resourcing within the team could be increased, all organisations could say the same thing and that this wasn't a unique position to the Council.

It was asked what mechanisms were in place to support employees who may be at risk of committing fraud. It was noted that this had been a focus post-Covid, with staff facing challenges. It was noted that there was a referral mechanism for staff who might need support and that for those staff who live within the borough, there were all the support schemes that the Council offered too.

RESOLVED: That the Audit Committee approve the 2026/27 Audit and Counter Fraud Plan and note the need to keep scanning the horizon for any potential issues.

10 **QUARTER 3 - 2026/27, TREASURY MANAGEMENT UPDATE**

The Senior Finance Manager provided an update on the Q3 2025/26 position.

Members queried whether separate independent assurance had been sought. It was noted that Arlingclose would just advise but that other GM authorities, LATIF and other groups were also sharing advice and best practice. It was noted that some of the council's own officers are qualified accountants and treasury management experts, and that as part of the general day to day operations, due diligence was done in house.

The chair queried the term of the contract with Arlingclose and it was noted that it was a 3 years +1 contract, and the contract was currently in the '+1' year. It was highlighted that procurement for the new contract would begin in July.

It was also highlighted that the implications of global issues would be picked up in future reports.

RESOLVED: That the Committee considered and commented upon the Treasury Management Quarter Three report and the Treasury Management activity.

11 **FINAL ACCOUNTS - PROPOSED ACCOUNTING POLICIES AND CRITICAL JUDGEMENTS**

The Senior Finance Manager introduced the report, noting that there were limited changes, mainly around the code of practice and intangible assets, the indexation of fixed assets, and the capitalisation of borrowing costs

Members queried the transfer of £10m as part of the capitalisation of borrowing costs and it was noted that this had been badged as general funding and was a one-off adjustment. Members also asked about the sensitivity analysis of alternative policies, and the transfer was highlighted. It was noted that Oldham was not the only local authority doing this and highlighted the realism in the MRP policy.

The Chair asked whether the new policies contained anything that would be seen as contrary to expectations, and it was highlighted that there was not anything that wasn't seen as general good practice and that Oldham had gone above and beyond on these policies already.

RESOLVED: That the Audit Committee approves the Council's proposed accounting policies to be adopted in completing the 2025/26 Statement of Accounts and notes the critical judgements made by management when producing the Statement of Accounts.

12 **UPDATE ON PROGRESS ON AUDIT REPORTS CONTRIBUTING TOWARD THE 2024/25 LIMITED ANNUAL ASSURANCE OPINION**

The Head of Audit and Counter Fraud introduced the item, noting that 74 recommendations had been completed, with 23 recommendations in progress.

Members queried what happens to the report after it is considered by the Committee. It was noted that the audit service would pick these up and that DMT meetings would be expected to answer on the action plans. Updates on audit recommendations were also taken to the Chief Executive's briefings at least every quarter but often more frequently.

Members queried whether completed items could go backwards. It was highlighted that it was ensured that this wouldn't happen through regular reviews and reporting.

The Chair noted debt recovery and concerns around keeping this information on a spreadsheet. It was noted that records were kept on the financial system and that spreadsheets were one tool used, mainly as a case management system that had rigourous maintenance. The Chair also queried whether there had been officer concerns with timescales and it was highlighted that progress had been made, but that whilst there was still unhappiness with the number of recommendations outstanding, the narrative for the barriers to these was clear, with the ambition being to improve the situation.

RESOLVED: That the Committee note the actions plans and the increase in senior leadership focus and oversight on the implementation of internal audit recommendations and that this must be maintained.

13 **INTERNAL AUDIT CHARTER - 2026/27**

The Head of Audit and Counter Fraud presented the report, noted that it was annual report highlighting the responsibilities for internal audit and the mandate which delegates powers to the audit service.

Members queried what the alternative arrangements were if the Head of Audit was unable to fulfil the role for any reason, and it was noted that oversight of any audit work in this type of case would be undertaken by another Senior Officer of the Council.

RESOLVED: That the Audit Committee approve the Internal Audit Charter, effective from 1st April 2026.

14 **AUDIT COMMITTEE WORK PROGRAMME**

RESOLVED: That the 2025/26 Work programme be noted and the proposed Work Programme for the future financial year 2026/27 be noted.

15 **EXCLUSION OF THE PRESS AND PUBLIC**

RESOLVED: That, in accordance with Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following two items of business on the grounds that they contain exempt information, as defined under Paragraph 3 of Part 1 of Schedule 12A of the Act, and it would not, on balance, be in the public interest to disclose the reports.

16 **UPDATE ON PROGRESS ON AUDIT REPORTS CONTRIBUTING TOWARD THE 2024/25 LIMITED ANNUAL ASSURANCE OPINION**

The Head of Audit and Counter Fraud presented the confidential appendix, noting that it related to IT progress.

RESOLVED: That the confidential appendix be noted.

The Chair noted that it was Councillor Sykes' last meeting of the Audit Committee and thanked him for his contributions.

The meeting started at 6.00 pm and ended at 7.30 pm

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Audit Committee Actions List
(after 26th March 2026 meeting)

Issue	Action	Responsible Officer(s)	Timescale	Outcome
Payroll Audit Progress – 22/10/25 Minute 9	The Audit Committee to receive update reports at future meetings regarding progress being made in relation to the Improvement Plan for the Council's Payroll	Eleanor Devlin	Ongoing	An update report is on the agenda for 22nd July 2026 meeting
Q2- 2025/26: Audit Opinion Reports with Weak or Limited Assurance Opinions 22/10/25 Minute 12	The Committee to receive progress reports on this issue on a quarterly basis and to receive details of remedial actions that have been recommended/ carried out	John Miller	Future reports to Committee on quarterly performance	A report is on the agenda for 22nd July 2026 meeting
Progress update on Audit Opinion reports contributing to the 2024/25 limited annual assurance audit opinion. 22/10/25 Minute 18	The Committee considered a report of the Head of Internal Audit and Counter Fraud that provided Members with an update on progress against the action plans and recommendations contained within those audit opinion reports contributing towards the 2024/25 annual audit opinion of Limited Assurance.	John Miller	Further reports thereon to be presented to future meetings of the Committee	An update report is on the agenda for 22nd July 2026 meeting
Establishment of a Scrutiny Study Group	The establishment of a member's study group that	Constitutional Services	The group is meeting but is currently on hold,	Ongoing

22/10/25 Minute 5	was being convened to assess the effectiveness of the Council's overview and scrutiny function.		due to council being unable to appoint a Leader or Cabinet. A report is due to go to the appropriate Scrutiny Board prior to submission to this Committee	(hopefully next meeting)
Internal Audit Progress Report – Quarter 3, 2025/26 14/1/26 Minute 8	The Committee resolved that future quarterly Internal Audit Progress Reports should include comparative figures from corresponding periods from previous years, benchmarking against selected other authorities in Greater Manchester and updates on those areas that have received limited audit opinions.	John Miller	The next quarterly report is due for submission at the Committee's meeting on 26th March 2026	Included on the agenda for 26th March 2026 meeting, therefore completed
Audit Committee – Work Programme 2025/26 14/1/26 Minute 9	The Committee noted its Work Programme for 2025/26 and requested that the Head of Audit and Risk Management provide a session for Members on the development of the 'Audit Plan'	John Miller	By the commencement of the 2026/27 meetings cycle	Report on the agenda for 22nd July 2026 meeting, presenting a draft work programme for 2026/27
2026/27 Internal Audit and Counter Fraud Plan 26/3/26 Minute 9	The Committee approved the report but requested Officers maintain vigilance for potential future issues	John Miller		
Final Accounts – Proposed Accounting Policies and	The Committee approved the report and noted the critical	Lee Walsh	Work is now completed	Completed

Critical Judgements 26/3/26 Minute 11	judgements recorded			
Update on Progress on Audit reports contributing towards the 2024/25 Limited Assurance Opinion 26/3/26 Minute 12	The Committee endorsed the increase in senior leadership focus and oversight on the implementation of internal audit recommendations, asking that this must be maintained	John Miller	Ongoing	Relevant information to be included in future reports thereon, to the Audit Committee beginning with the meeting on 22nd July 2026.

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Report to Audit Committee

Members' Allowances Update

Officer Contact: Heather Moore, Assistant Director of Governance

Report Authors: Jack Bailey & Heather Moore
Email: jack.bailey@oldham.gov.uk & heather.moore@oldham.gov.uk

22nd July 2026

Reason for Decision

To provide the Audit Committee with assurance that processes and strengthened oversight are in place for the effective management of member allowances. The report also provides an update, as requested by the Committee, on the position of the underpayments and overpayments of Members' and former Members' Allowances between 2022/23 and 2024/25, following the review and quality assurance exercise which identified historic discrepancies.

Recommendations

That the Audit Committee notes the report and progress made to strengthen internal controls, together with the position related to underpayments and overpayments for Members' and Former Members'.

Members' Allowances Update

1 Background

1.1 In October 2025, the Audit Committee considered a report on the administration of Members' Allowances following the review and quality assurance exercise which identified historic discrepancies affecting both serving and former Members, including instances of underpayments and overpayments dating back to the 2022/23 financial year.

1.2 The review found that these issues arose from systemic weaknesses in processes, controls and communication between Democratic Services, Finance, HR and Payroll. The responsibility for applying, administering, and ensuring compliance with the scheme rests entirely with officers, because once full Council approves the Members' Allowance Scheme, Members have no further involvement in its operation or implementation. The discrepancies arose from weaknesses in internal processes, communication, and validation. Key issues included inconsistent application of payment dates, incorrect allowance rates, insufficient record-keeping (particularly in relation to Members who forwent allowances), and a lack of robust quality assurance arrangements.

1.3 A series of actions have since been implemented to strengthen governance and reduce the risk of recurrence. These include the introduction of clear rules for payment start and end dates, improved processes and audit trails between services, independent verification of allowance rates, increased communication with Members, and the establishment of regular quality assurance and internal audit activity.

2 Current Position

2.1 The position in relation to overpayments and underpayments identified across the past three municipal years shows a mixed level of progress across former members, newly retired members, and current members.

2.2 For former members (28 cases in total), seven cases have been fully resolved, with identified underpayments now settled. In relation to overpayments, 14 cases are currently awaiting confirmation of net amounts from Payroll, which is required before repayment arrangements can be discussed and agreed. Additionally, four former members have not responded to correspondence to date, all related to overpayments. We are currently in discussion with one former member to settle an underpayment.

2.3 Two former members impacted by this issue have sadly passed away before this review concluded. In the case of one former Member, an overpayment of £569.68 has been written off by the Assistant Director for Governance in consultation with the Director of Finance, and in the case of another former Member, conversations are ongoing with the former Member's family so that the underpayment of £687.29 can be made to the estate.

2.4 Amongst the former Members who retired in May 2026 (16 cases in total), seven individuals had repayment plans in place prior to retirement, six of those are settled and require no further action, while we are in the process of collecting the outstanding balance from one individual. Discussions are ongoing with a further six individuals to agree appropriate repayment arrangements. However, there remain three newly retired members who have yet to respond, in these cases we have asked Group Leaders for their assistance in contacting these members.

2.5 For current members (45 cases in total), forty-one individuals have concluded their case, with either repayment plans in place or the debt settled. Four cases remain in progress, with repayment arrangements under discussion.

2.6 Table 1 showing the progress and gross amounts for all current and former members impacted by the discrepancies found in the review:

Name	**Overpaid or Underpaid**	**Gross Amount**	**Progress**
Abdul Jabbar	Overpaid	£5,161.69	Concluded
Abdul Malik	Overpaid	£630.55	No response
Abdul Wahid	Overpaid	£327.41	Concluded
Aftab Hussain	Overpaid	£1,416.44	In Progress
Aisha Kouser	Overpaid	£66.50	Concluded
Alicia Marland	Overpaid	£872.69	In Progress
Aqeel Salamat	Overpaid	£582.08	In Progress
Amanda Chadderton	Overpaid	£2,835.71	In Progress
Angela Cosgrove	Overpaid	£2,222.94	In Progress
Arooj Shah	Overpaid	£5,072.58	Concluded
Barbara Brownridge	Overpaid	£2,652.77	Concluded
Beth Sharp	Overpaid	£896.49	Concluded
Brian Hobin	Underpaid	-£417.63	Concluded
Chris Gloster	Overpaid	£918.48	In Progress
Chris Goodwin	Overpaid	£2,571.59	Concluded
Chris McManus	Overpaid	£417.56	In Progress
Christine Adams	Overpaid	£433.19	Concluded
Clint Phythian	Overpaid	£963.71	In Progress
Colin McLaren	Overpaid	£1,240.55	Concluded
Dave Arnott	Overpaid	£978.08	Concluded
Dave Murphy	Overpaid	£1,511.49	Concluded
Diane Williamson	Overpaid	£1,121.82	Concluded
Eddie Moores	Underpaid	-£1,746.67	Concluded
Elaine Garry	Overpaid	£1,326.24	In Progress
Elaine Taylor	Overpaid	£1,121.12	Concluded
Fida Hussain	Overpaid	£2,647.95	Concluded
Garth Harkness	Overpaid	£327.41	Concluded
George Hulme	Overpaid	£1,110.43	No response
Ginny Alexander	Overpaid	£569.68	Agreed to write-off
Graham Sheldon	Overpaid	£1,345.84	In Progress
Graham Shuttleworth	Overpaid	£2,206.27	Concluded

Hannah Roberts	Overpaid	£3,723.94	In Progress
Hazel Gloster	Overpaid	£465.35	In Progress
Helen Bishop	Underpaid	-£826.99	In Progress
Holly Harrison	Overpaid	£1,392.59	Concluded
Howard Sykes	Overpaid	£2,728.29	In Progress
Jade Hughes	Overpaid	£66.50	Concluded
Jamie Curley	Overpaid	£233.03	In Progress
Javid Iqbal	Overpaid	£573.65	No response
Jean Stretton	Underpaid	-£687.29	In Progress
Jenny Harrison	Underpaid	-£711.74	Concluded
Joshua Charters	Overpaid	£955.71	Concluded
Junaid Hussain	Overpaid	£8,461.10	Concluded
Kamran Ghafoor	Overpaid	£2,226.36	Concluded
Ken Rustidge	Overpaid	£66.50	Concluded
Kyle Phythian	Overpaid	£916.95	In Progress
Leanne Munroe	Overpaid	£312.65	In Progress
Lewis Quigg	Underpaid	-£149.72	Concluded
Lisa Navesey	Overpaid	£483.99	Concluded
Louie Hamblett	Overpaid	£1,512.39	In Progress
Lucia Rea	Underpaid	-£651.49	Concluded
Luke Lancaster	Overpaid	£724.09	Concluded
Maggie Hurley	Overpaid	£327.41	Concluded
Marc Hince	Overpaid	£6,934.40	Concluded
Marie Bashforth	Overpaid	£306.10	In Progress
Mark Kenyon	Overpaid	£1,511.49	Concluded
Mark Wilkinson	Overpaid	£660.51	Concluded
Max Woodvine	Overpaid	£1,002.23	Concluded
Mohammed Alyas	Overpaid	£214.80	No response
Mohammed Irfan	Underpaid	-£718.73	In Progress
Mohon Ali	Overpaid	£2,622.62	Concluded
Montaz Ali Azad	Overpaid	£35.85	In Progress
Nadeem Iqbal	Overpaid	£327.41	In Progress
Naseem Aslam	Overpaid	£854.37	Concluded
Naveed Chowhan	Overpaid	£66.50	Concluded
Nazrul Islam	Overpaid	£1,618.96	Concluded
Neil Hindle	Overpaid	£687.74	No response
Norman Briggs	Overpaid	£1,652.38	No response
Nyla Ibrahim	Overpaid	£1,041.89	Concluded
Pam Byrne	Overpaid	£1,126.33	In Progress
Paul Fryer	Underpaid	-£718.73	Concluded
Peter Davis	Overpaid	£2,214.29	Concluded

Peter Dean	Overpaid	£2,596.06	Concluded
Riaz Ahmad	Overpaid	£1,089.15	In Progress
Robert Barnes	Overpaid	£171.61	Concluded
Ros Birch	Underpaid	-£106.14	Concluded
Ruji Surjan	Underpaid	-£220.51	Concluded
Sajed Hussain	Overpaid	£952.77	Concluded
Sam Al-Hamdani	Overpaid	£2,132.72	Concluded
Sandra Ball	Overpaid	£394.65	Concluded
Shaid Mushtaq	Overpaid	£2,817.68	In Progress
Shoab Akhtar	Overpaid	£1,292.92	Concluded
Steve Bashforth	Underpaid	-£124.33	Concluded
Steve Williams	Overpaid	£1,003.28	In Progress
Umar Nasheen	Overpaid	£1,631.85	Concluded
Valerie Leach	Overpaid	£996.90	In Progress
Yasmin Toor	Underpaid	-£58.33	Concluded
Zaheer Ali	Overpaid	£66.50	Concluded
Zahid Chauhan	Overpaid	£367.29	Concluded

2.7 For those former members that have yet to engage with this process, the Council will shortly begin recovery proceedings in-line with the Under and Overpayments Policy and the Corporate Debt Policy.

2.8 The relevant section of the Under and Overpayments Policy that will be applied to current Members who have yet to respond is from Section 2. Overpayments:

“Should an employee fail to agree to a recovery plan within the general principles above, or fails to respond to any contact, then a letter with details of a proposed repayment plan will be issued to the employee giving 15 working days to respond. If there is no response from the employee, then salary deductions spread over a period the same to that of the overpayment shall commence.”

2.9 Overall, while a majority of cases have now been successfully resolved and others continue to progress, some remain dependent on payroll calculations and engagement before they can be fully concluded. Throughout this process, conscious efforts have been made to prioritise and resolve cases relating to current members before turning attention to former members. As the majority of current member cases have now been addressed, work is increasingly focused on following up and resolving outstanding cases involving former members. Progress was also affected by reduced capacity within Democratic Services during the election period; however, post-election capacity has increased, enabling greater focus on addressing the remaining backlog.

2.10 In terms of strengthened internal controls the following actions have been implemented:

- Consistent dates being applied to start and end dates for allowances.
- New process established for Councillors who chose to forgo all or part of their allowance.

- Increased communications between Democratic Services, Finance and Payroll with meetings at key points e.g. following the election, after changes to the Members Allowance Scheme, following changes to appointments/roles, and following any national pay award.
- Corporate record keeping of changes
- Renewal process introduced for political group deduction payments
- Audit as part of overall payroll audit
- Letters/emails to Members when there are changes
- Compliance with legislation e.g. publishing the Members' Allowance Scheme

3 Recommendation

3.1 That the Audit Committee notes the report and progress made to strengthen internal controls, together with the position related to underpayments and overpayments for Members' and Former Members'.

4 Consultation

4.1 N/A

5 Financial Implications

5.1 Details of all under and overpayments of Members Allowances are included within the report. The payment of allowances previously underpaid and the recovery of any overpayments still outstanding will be in accordance with the Council's policies and procedures.

Vickie Lambert (Finance Manager)

6 Legal Implications

6.1 It is good that the issues have been rectified, and this matter is now being resolved. While this was not an error by members, ultimately there is a duty to the public purse, and the Council must seek to remedy the financial position. The report sets out the proposal for those former members who have sadly passed away. The report also outlines the proposal to utilise the Under and Overpayments Policy and the Corporate Debt Policy to seek to recover any payments owed where members have either not repaid money or not agreed a repayment plan. This is suitable re-assurance that the public purse is sufficiently safeguarded.

Alex Bougatef (Director of Legal Services)

7 Procurement Implications

7.1 None.

8 Equality Impact, including implications for Children and Young People

8.1 No.

9 Key Decision

9.1 No.

10 Key Decision Reference

10.1 N/A

11 Background Papers

11.1 The following is a list of 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 the Act:

Report to Audit Committee – 22nd October 2025

12 Appendices

12.1 None.

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Audit Strategy Memorandum

Oldham Metropolitan Borough Council – Year ending 31 March 2026

July 2026

forvis mazars

Audit Committee
Oldham Metropolitan Borough Council
Spindles Shopping Centre

Oldham

OL1 1HD

22nd July 2026

I am pleased to present our Audit Strategy Memorandum ("ASM") for Oldham Metropolitan Borough Council for the year ending 31 March 2026. This document will be presented at the Audit Committee meeting on 22 July 2026. If you would like to discuss any matters in more detail, please contact me on 07909 985 324.

This report provides an overview of the planned scope and timing of our audit, including the significant and enhanced audit risks we have identified. In addition, as it is a fundamental requirement that we are, and are seen to be, independent of Oldham Metropolitan Borough Council this report also summarises our considerations and conclusions on our independence.

Two-way communication with you is key to a successful audit and is important in:

- Reaching a mutual understanding of the scope of our audit and our respective responsibilities,
- Sharing information to assist each of us with fulfilling our respective responsibilities,
- Providing you with constructive observations arising during our audit, and
- Ensuring that we gain an understanding of your attitude and views in respect of the risks facing the Council which may affect our audit, including the likelihood of those risks materialising and how they are monitored and managed.

This report, which we have prepared following our initial planning discussions with management, facilitates a discussion with you on our audit approach. We welcome any questions, concerns, or input you may have on our approach.

Forvis Mazars LLP – One St Peter's Square Manchester M2 3DE Tel: 0161 238 9200 – www.forvismazars.com/uk
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Providing a high-quality service is extremely important to us and we strive to provide technical excellence with the highest level of service quality, together with continuous improvement to exceed your expectations.

During the meeting, we would be grateful for your views/ knowledge on the following specific matters:

- Whether you have identified any other risks (business, laws & regulation, fraud, going concern, etc.) that may result in material misstatements in the financial statements.
- If you are aware of any significant communications between the Council and its regulators.
- If there are any matters that you consider warrant particular attention during our audit and/ or any areas where you would like additional procedures to be undertaken.

Subject to our prior written agreement or as required by any applicable law or regulation, this report is considered confidential and is intended solely for the Audit Committee and should not be disclosed to any other party, used or quoted for any other purpose.

Yours faithfully,

Daniel Watson
Forvis Mazars LLP

Forvis Mazars LLP – One St Peter's Square Manchester M2 3DE Tel: 0161 238 9200 – www.forvismazars.com/uk
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Contents

This document is to be regarded as confidential to Oldham Metropolitan Borough Council. It has been prepared for the sole use of the Audit Committee as the appropriate sub-committee charged with governance. No responsibility is accepted to any other person in respect of the whole or part of its contents.

Your audit team

Daniel Watson

Key Audit Partner

Email Daniel.Watson@mazars.co.uk

Leah Parsons

Senior Audit Manager

Email leah.parsons@mazars.co.uk

Olivia Jones

Engagement Assistant Manager

Email Olivia.jones@mazars.co.uk

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Audit scope, approach, and timeline

Planning and risk assessment
February 2026

- Planning our visit and developing our understanding of the entity
- Documenting systems and control and performing walkthroughs
- Risk identification and assessment
- Considering proposed accounting policies and accounting treatments
- Developing our audit strategy and planning the audit work to be performed
- Agreeing timetable and deadlines
- Determination of materiality

Interim
February 2026

- Documenting systems and controls
- Performing walkthroughs
- IT general controls testing
- IT application controls testing
- Reassessment of our audit strategy (and revising if necessary)
- Early substantive testing of transactions including payroll, and loans and investments
- Collate evidence to support our VFM work, including obtaining key documents and confirming our understanding of arrangements in place, including consideration of whether a significant weakness in arrangements exists.

Fieldwork
July - August 2026

- Executing our strategy, starting with significant risks and other higher-risk areas
- Use of data analytics
- Receiving and reviewing the draft financial statements
- Undertake planning work for our Value for Money (VFM) responsibilities
- Confirm our understanding of VFM arrangements, including determining any identified significant weaknesses, including participation in the firm's Consistency Panel process

Communication
September 2026

- Communicating progress and any issues arising
- Clearance meeting(s)
- Communication of identified significant weaknesses as appropriate throughout the audit

Completion
October 2026

- Final review of financial statements, and disclosure checklist
- Final partner review
- Agreeing the content of the letter of representation
- Preparing our auditor's report, including our VFM exception reporting
- Reporting to the Audit Committee
- Subsequent events procedures
- Signing our auditor's report

Group audit scope

The preliminary scope of our group audit is set out below. When scoping our group audit, we have considered quantitative criteria (the contribution of each of the group's consolidated components to the group financial statements); qualitative criteria (the risks of material misstatement of the group financial statements that consolidated components may present individually at component level); and we have assessed the risk of material misstatement across the group's consolidated components in aggregate.

Component	%	Location	Auditor	Scope
Oldham MBC	98%	Oldham	Forvis Mazars	Full statutory audit of the Council's single entity financial statements.
Miocare	2%	Oldham	Saffery LLP	Specific procedures performed by the group audit team

Group audit scope

The significant financial statement areas in the consolidated financial statements are set out below, including the work that we plan to perform and the coverage we plan to achieve through our group audit approach.

Financial statement area	Consolidated balance	Work to be performed
Pension Liability	£32,685k	• Reviewing the appropriateness of the Pension Asset and Liability valuation methodology applied by the Pension Fund Actuary, and the key assumptions included within the valuation. • Agreeing the data in the IAS 19 valuation report provided by the Pension Fund Actuary for accounting purposes to the pension accounting entries and disclosures in the Council's and Group's financial statements. • Reviewing the calculation of the asset ceiling adjustments and accounting treatment for net pension assets across the group. • Review the processes and controls in place to ensure data provided to the Actuary by the Pension Fund for the purposes of the IAS 19 valuation is complete and accurate;

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Audit risks and other significant matters

Significant risks

In this section, we have set out the significant and enhanced audit risks we have identified and our planned response. If we identify additional risks or change our risk assessment during our audit, we will report this to you. Refer to Appendix A for definitions. We have also set out in this section of the report any other significant matters that we consider should be brought to your attention.

Risk	Description	Our planned response
Management override of controls	This is a mandatory significant risk on all audits due to the unpredictable way in which such override could occur. Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, we are required by auditing standards to identify a significant risk of management override of controls on our audit.	We plan to address the management override of controls risk through performing audit work over accounting estimates, journal entries and significant transactions outside the normal course of business or otherwise unusual.

Audit risks and other significant matters

Significant risks

Risk	Description	Our planned response
Valuation of land and buildings (2024/25 £725,098k) and council dwellings (2024/25 £85,931k)	The CIPFA Code requires that where assets are subject to revaluation, their year-end carrying value should reflect the current value at that date. There has been a change to the in-year valuation methodology for Property, Plant and Equipment (PPE). Assets are now required to be valued at least once every five years, either through a full valuation cycle or on a rolling five-year basis, with indexation applied in the intervening years to support asset values between formal valuations. The valuation of property, plant & equipment involves the use of a management expert (the valuer) and incorporates assumptions and estimates which impact materially on the reported value. There are risks relating to the valuation process. The Council employs a valuation expert to provide valuations, however there remains a high degree of estimation uncertainty associated with the valuations of property, plant and equipment due to the significant judgements and number of variables involved. As a result of the rolling programme of revaluations, there is a risk that individual assets which have not been revalued for up to four years are not valued at the current value at the balance sheet date. In addition, as the valuations are undertaken through the year there is a risk that the current value of the assets could be materially different at the year end.	Our audit procedures will include: • Obtaining an understanding of the skills, experience and qualifications of the valuer, and considering the appropriateness of the Council's instructions to the valuer; • Obtaining an understanding of the basis of valuation applied by the valuer in the year; • Obtaining an understanding of the Council's approach to ensure that assets not subject to revaluation in 2025/26 are materially fairly stated; • Obtaining an understanding of the Council's approach to ensure that assets revalued through 2025/26 are materially fairly stated at the year end; • Sample testing the completeness and accuracy of underlying data provided by the Council and used by the valuer as part of their valuations; • Using relevant market and cost data to assess the reasonableness of the valuation as at 31 March 2026; • Critically assess the indices chosen and the application of these by the Council for the in year indexation exercise; • Testing the accuracy of how valuation movements were presented and disclosed in the financial statements; and • Engaging our internal valuation expert where necessary to review a sample of revaluations to confirm reasonableness of assumptions used.

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Audit risks and other significant matters

Significant risks

Risk	Description	Our planned response
Valuation of defined benefit pension liability (Council and Group) (2024/25 £32.3m liability)	The net pension liability represents a material element of the Council and the Group balance sheet. The Council and its consolidated subsidiaries are admitted bodies of Greater Manchester Pension Fund, which had its last triennial valuation completed as at 31 March 2025. The valuation of the Local Government Pension Scheme relies on a number of assumptions, most notably around the actuarial assumptions, and actuarial methodology which results in the Council's and the subsidiaries' overall valuations. There are financial assumptions and demographic assumptions used in the calculation of the valuation, such as the discount rate, inflation rates and mortality rates. The assumptions should also reflect the profile of the Council's and the subsidiaries' employees and should be based on appropriate data. The basis of the assumptions is derived on a consistent basis year to year or updated to reflect any changes. There is a risk that the assumptions and methodology used in valuing the pension obligations are not reasonable or appropriate to the Council's or the subsidiaries' circumstances. This could have a material impact to the Council and Group net pension asset/ liability in 2024/25.	Our audit procedures will include: • Obtaining an understanding of the skills, experience and qualifications of the actuary, and considering the appropriateness of the instructions to the actuary from the Council and the Group; • Obtaining confirmation from the auditor of the Greater Manchester Pension Fund that the Pension Fund has designed and implemented controls to prevent and detect material misstatement. This will include the processes and controls in place to ensure data provided to the Actuary by the Pension Fund for the purposes of the IAS 19 valuation is complete and accurate; • Reviewing a summary of the work performed by the Pension Fund auditor on the Pension Fund investment assets; • Reviewing the actuarial allocation of Pension Fund assets to the Council and Group by the actuary, including comparing the Council's and the Group's share of the assets to other corroborative information; • Reviewing the appropriateness of the Pension Asset and Liability valuation methodology applied by the Pension Fund Actuary, and the key assumptions included within the valuation; • Agreeing the data in the IAS 19 valuation report provided by the Pension Fund Actuary for accounting purposes to the pension accounting entries and disclosures in the Council's and Group's financial statements; and • Reviewing the calculation of the asset ceiling adjustments and accounting treatment for net pension assets across the group.

Audit risks and other significant matters

Enhanced risks

Risk	Description	Our planned response
Valuation of investment in Manchester Airport Holdings Limited (2024/25 £43.4m)	The Council uses an external valuation expert to determine the value of its investment in Manchester Airport Holdings Limited at 31 March 2026. The valuation is determined according to a methodology and applying assumptions. Council officers challenge the valuation assumptions and reach judgements on the valuation to include in the financial statements. There is a risk that the assumptions and methodology used in valuing the airport holding are not reasonable or appropriate to the Council. This could have a material impact to the Council and Group investment balance in 2025/26.	Our approach to auditing the investment in Manchester Airport Holdings Limited includes the involvement of the Mazars in-house valuation team. The Forvis Mazars in-house valuation team will review the methodology and key assumptions used by management's expert, considering the appropriateness of the methodology and the reasonableness of the assumptions used.

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Materiality

For the consolidated financial statements, we consider the gross expenditure of the group to be the key focus of the users of the financial statements. We have therefore determined our initial materiality levels using gross revenue expenditure at surplus/deficit level as the benchmark.

For the parent only financial statements, we consider the gross expenditure of the Council to be the key focus of the users of the financial statements. We have therefore determined our initial materiality levels using gross revenue expenditure at surplus/deficit level as the benchmark.

We expect to set financial statement materiality as 2% of gross revenue expenditure at surplus/deficit level for our audit of the consolidated financial statements and, for our audit of the parent only financial statements, as 2% of gross revenue expenditure at surplus/deficit level .Based on currently available information the draft financial statements we anticipate setting our financial statement materiality and performance materiality for our audit of the consolidated and parent only financial statements at the levels set out in the table adjacent. We will continue to monitor materiality throughout our audit to ensure it is set at an appropriate level.

We will accumulate misstatements identified during our audit that are above the reporting thresholds set out in the table adjacent, i.e., any misstatements that we identify that are above the reporting thresholds will be reported to you and management. Any misstatements that we identify that are below those amounts would not need to be reported because we expect that the accumulation of such amounts would not have a material effect on the financial statements and our audit opinion.

Each misstatement above our reporting threshold that we identify will be classified as **adjusted** (corrected by management), or **unadjusted** (not corrected by management). We will report all misstatements above the reporting threshold to management and request that they are corrected. If they are not corrected, we will report each misstatement to you as unadjusted misstatements and, if they remain uncorrected, we will communicate the effect that they may have individually, or in aggregate, on the financial statements and our audit opinion.

We also consider whether there are any financial statement areas or disclosures where a misstatement of an amount lower than overall materiality could reasonably be expected to influence the economic decisions of users of the financial statements. Our assessment of the financial statements and/or disclosures to which this applies and the specific materiality level we have set is shown below.

Misstatements also cover qualitative misstatements and quantitative and qualitative misstatements and omissions relating to the notes of the financial statements. If you have any queries about our reporting threshold, please raise these with me.

Consolidated financial statements		
	2025-26 (£'000s)	2024-25 (£'000s)
Overall materiality	£18,700	£17,750
Performance materiality	£13,850	£13,300
Clearly trivial	£560	£529

Parent-only financial statements		
	2025-26 (£'000s)	2024-25 (£'000s)
Overall materiality	£18,650	£17,600
Performance materiality	£13,900	£13,200
Clearly trivial	£560	£528
Specific materiality – Senior Officer Materiality	£5	£5

Fees

Audit fees and other services provided by Forvis Mazars LLP

Our fees (exclusive of VAT) for the audit of the financial statements for the year ended 31 March 2026, and for any non-audit assurance services or other non-audit services provided by Forvis Mazars LLP in the period, are outlined in the table adjacent. Our fees are designed to reflect the time, professional experience, and expertise required to perform our audit.

The proposed fee reflects the scale fee determined by PSAA and information on how the scale fee is set can be found on PSAA's website. Where an auditor is required to undertake substantially more or less work to deliver their responsibilities a fee variation may be proposed which is subject to approval by PSAA. Examples compiled by PSAA of circumstances that may trigger a fee variation are available on the PSAA website.

Any threats to our independence arising from the provision of non-audit services and the associated safeguards we have identified and/ or put in place are set out on the in the 'Our independence' section of this report.

Area of work	2025/26 proposed fee	2024/25 Actual fee
Code of Audit Work	£395,157	£399,966
Reduction in fee as Oldham MBC is no longer a Public Interest Entity	TBC	-£11,295
Value for Money work: Additional work arising from two new significant weaknesses identified	TBC	£13,000
Value for Money work: Additional work arising from two prior year significant weaknesses	TBC	-
Implementation of ISA 600	-	£10,500
Implementation of IFRS 16	-	£14,000
Additional fees in respect of work required on the net pension asset ceiling	TBC	£5,265
Additional fee for airport valuation	TBC	£3,000
Total Fee	**£395,157**	**£434,436**

Our independence

We are committed to independence and confirm that we comply with the FRC's Revised Ethical Standard. In addition, we have set out in this section any matters or relationships that we believe may have a bearing on our independence or the objectivity of our audit team.

Based on the information provided by you and our own internal procedures to safeguard our independence as auditors, we confirm that, in our professional judgement, there are no relationships between us and any of our related or subsidiary entities, and you and your related entities, that create any unacceptable threats to our independence within the context of the regulatory or professional requirements governing us as your auditors.

We have policies and procedures in place that are designed to ensure that we carry out our work with integrity, objectivity, and independence. These policies include:

- All partners and staff are required to complete an annual independence declaration and complete annual ethics training,
- All new partners and staff are required to complete an independence confirmation,
- Rotation policies covering audit engagement partners and other key members of the audit team, and
- Use by managers and partners of our client and engagement acceptance system, which requires all non-audit services to be approved in advance by the audit engagement partner.

We confirm, as at the date of this report, that Forvis Mazars LLP, the engagement team and others in the firm as appropriate, are independent and comply with relevant ethical and independence requirements. However, if at any time you have concerns or questions about our integrity, objectivity, or independence, please discuss these with me in the first instance.

We have not identified any threats to our independence in connection with the services we have provided to the Council. As indicated on the previous slide, we do not anticipate that we will be providing any non-audit services in the current audit period. We will update our independence assessment if this changes and inform you of the outcome as part of subsequent reporting to you.

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Value for money

The framework for Value for money work

We are required to form a view as to whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out in order to form our view and sets out the overall criterion and sub-criteria that we are required to consider.

We undertake our VFM work in accordance with the 2024 Code of Audit Practice (the Code). Our responsibility, under the Code, is to be satisfied that the Council has proper arrangements in place, and to report in the auditor's report where we are not satisfied that arrangements are in place. Where we have issued a recommendation in relation to a significant weaknesses this indicates we are not satisfied that arrangements are in place. Separately we provide a commentary on the Council arrangements in the Auditor's Annual Report.

Specified reporting criteria

The Code requires us to structure our commentary to report under three specified criteria:

1. **Financial sustainability** – how the Council plans and manages its resources to ensure it can continue to deliver its services;
2. **Governance** – how the Council ensures that it makes informed decisions and properly manages its risks; and
3. **Improving economy, efficiency and effectiveness** – how the Council uses information about its costs and performance to improve the way it manages and delivers its services.

Our approach

Our work falls into three primary phases as outlined opposite. We gather sufficient evidence to support our commentary on the Council's arrangements and to identify and report on any significant weaknesses in arrangements. Where significant weaknesses are identified, we are required to report these to the Council and make recommendations for improvement. Such recommendations can be made at any point during the audit cycle, and we are not expected to wait until issuing our overall commentary to do so.

Planning	Obtaining an understanding of the Council's arrangements for each specified reporting criteria. Relevant information sources will include: • NAO guidance and supporting information • Information from internal and external sources including regulators • Knowledge from previous audits and other audit work undertaken in the year • Interviews and discussions with staff and members
Additional risk- based procedures and evaluation	Where our planning work identifies risks of significant weaknesses, we will undertake additional procedures to determine whether there is a significant weakness.
Reporting	We will provide a summary of the work we have undertaken and our judgements against each of the specified reporting criteria as part of our commentary on arrangements which forms part of the Auditor's Annual Report. Our commentary will also highlight: • Significant weaknesses identified and our recommendations for improvement; and • Emerging issues or other matters that do not represent significant weaknesses but still require attention from the Council

Value for money

Our work to follow-up on previous recommendations

As part of our audit work in previous years we identified significant weaknesses in the Council's arrangements. The table below sets out the significant weaknesses identified, our previous recommendations and the work we intend to carry out as part of our 2025/26 audit.

Previously identified significant weakness in arrangements	Relevant reporting criteria	Our 2024-25 recommendations	Planned procedures for 2025-26
Financial sustainability In February 2024, the Council set a balanced budget for the 2024/25 financial year which included the need to deliver £20.4m of savings. By the end of the first quarter of the financial year, the Council was forecasting significant overspends and by year end reported an outturn position of £10.1m overspent. The Council failed to deliver its savings requirement in full, with only £15.9m out of the target £20.4m achieved. This has resulted in the Council's earmarked general fund reserves reducing by 38% to £44.9m. The Council's failure to control levels of expenditure or deliver its savings plans increases the risk of the Council having insufficient reserves to deliver its services. We consider this to be a weakness in how the Council plans its finances to support the sustainable delivery of services in accordance with strategic and statutory priorities.	Financial sustainability	The Council should: • review its budget setting process to identify areas where demand-led expenditure is consistently in excess of planned levels and determine whether revised forecasting procedures are required; • consider whether required levels of savings should be increased to mitigate against future increases in demand; • identify alternative budget reduction schemes when existing plans are considered to be at risk of being undelivered by year end; and • review its Medium Term Financial Strategy and Reserves Policy to identify ways of increasing levels of reserves and building long-term resilience into the Council's financial position.	We will meet with officers to understand the impact to the Medium-Term Financial Plan. We will review the 2025/26 outturn and delivery of savings.

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Value for money

Previously identified significant weakness in arrangements	Relevant reporting criteria	Our 2024-25 recommendations	Planned procedures for 2025-26
Implementation of internal audit recommendation The Head of Internal Audit issued a limited assurance opinion over the Council's governance, risk management, and internal control arrangements in place during 2024/25. Review of the limited assurance opinions highlights that most have been issued due to issues with staffing and high turnover of staff. In addition, there is evidence of failure to comply with reasonably designed systems of control. The limited assurance opinions impact upon a range of Council directorates and are not isolated to individual service areas. The report highlights that officers are failing to implement medium and high priority actions within agreed timeframes to address identified deficiencies in internal control, with evidence that high priority recommendations have been reported over a number of financial years.	Governance	The Council should: • take immediate action to implement the outstanding Internal Audit recommendations still in progress as at 31 March 2025; • put in place arrangements to monitor the implementation of future Internal Audit recommendations by the Council's senior leadership team, ensuring delivery of recommendations within agreed timescales; and • regularly report progress in clearing historic and future recommendations to Audit Committee	We plan to: • Review the 2025/26 Head of Internal Audit opinion; • Review the implementation levels of medium and high priority actions; • Discussion with internal auditors to understand their view of progress during the year.; • Review the procedures implemented to ensure timely delivery of internal audit actions.

Appendix A: Other communications

Audit scope and approach

Audit scope

Our audit approach is designed to provide an audit that complies with all professional requirements. Our audit of the financial statements will be conducted in accordance with International Standards on Auditing (UK), relevant ethical and professional standards, our own audit methodology, and in accordance with the terms of our engagement. Our work is focused on those aspects of your business which we consider to have a higher risk of material misstatement, such as those impacted by management judgement and estimation, application of new accounting standards, changes of accounting policy, changes to operations, or areas found to contain material errors in the past.

Audit approach

Our audit approach is risk-based, and the nature, extent, and timing of our audit procedures are driven primarily by the areas of the financial statements we consider to be more susceptible to material misstatement. Following our risk assessment where we assess inherent risk factors (subjectivity, complexity, uncertainty, change and susceptibility to misstatement due to management bias or fraud), we develop our audit strategy and design audit procedures to respond to the risks we identify.

If we conclude that appropriately designed controls are in place, we may plan to test and rely on those controls. If we decide controls are not appropriately designed, or if we decide that it would be more efficient, we may take a wholly substantive approach to our audit testing if, in our professional judgement, substantive procedures alone will provide sufficient appropriate audit evidence. Substantive procedures are audit procedures designed to detect material misstatements at the assertion level and comprise tests of detail (of classes of transaction, account balances, and disclosures), and substantive analytical procedures. Irrespective of our assessed risks of material misstatement, which takes account of our evaluation of the operating effectiveness of controls, we are required by UK auditing standards to design and perform substantive procedures for each material class of transaction, account balance, and disclosure.

Our audit has been planned and will be performed to provide reasonable assurance that the financial statements are free from material misstatement and give a true and fair view. The concept of materiality and how we define a misstatement is explained in the *'Materiality'* section of this report.

Appendix A: Other communications

Responsibilities

We are appointed to perform the external audit of Oldham Metropolitan Borough Council (the Council) for the year to 31 March 2026. The scope of our engagement is set out in the Statement of Responsibilities of Auditors and Audited Bodies, issued by Public Sector Audit Appointments Ltd (PSAA) available from the PSAA website: [Statement of responsibilities of auditors and audited bodies from 2023/24](). Our responsibilities are principally derived from the Local Audit and Accountability Act 2014 (the 2014 Act) and the Code of Audit Practice issued by the National Audit Office (NAO), as outlined below.

Audit opinion

We are responsible for forming and expressing an opinion on whether the financial statements are prepared, in all material respects, in accordance with the CIPFA Code of Practice on Local Authority Accounting.

Our audit does not relieve management or The Audit Committee, as those charged with governance, of their responsibilities.

The Chief Finance Officer is responsible for the assessment of Oldham Metropolitan Borough Council's ability to continue as a going concern. As auditors, we are required to obtain sufficient, appropriate audit evidence regarding, and conclude on:

a) whether a material uncertainty related to going concern exists, and
b) the appropriateness of the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements.

Internal control

Management is responsible for such internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

We are responsible for obtaining an understanding of internal control relevant to our audit and the preparation of the financial statements to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Oldham Metropolitan Borough Council's internal control.

Value for money

We are also responsible for forming a view on the arrangements that the Council has in place to secure economy, efficiency and effectiveness in its use of resources. We discuss our approach to Value for Money work further in the '*Value for Money*' section of this report.

Fraud

The responsibility for safeguarding assets and for the prevention and detection of fraud, error, and non-compliance with law or regulations rests with both you and management. This includes establishing and maintaining internal controls over asset protection, compliance with relevant laws and regulations, and the reliability of financial reporting.

As part of our audit procedures in relation to fraud, we are required to inquire of you, key management personnel and internal audit on their knowledge of instances of fraud, and their views on the risks of fraud and on internal controls that mitigate those risks.

In accordance with International Standards on Auditing (UK), we plan and perform our audit to obtain reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether due to fraud or error. However, our audit should not be relied upon to identify all such misstatements.

Wider reporting and electors' rights

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounts of the Council and consider objections made to the accounts. We also have a broad range of reporting responsibilities and powers that are unique to the audit of local authorities in the United Kingdom.

We also report to the NAO on the consistency of the Council's financial statements with its Whole of Government Accounts (WGA) submission.

Appendix A: Other communications

Required communications

This section of our report sets out the matters that we are required to report to you by UK auditing standards, including which form of our communications satisfy, or will satisfy, those requirements.

Required communication	Where addressed
Our responsibilities in relation to our audit of the company's financial statement and the responsibilities of management and those charged with governance.	Audit Strategy Memorandum and engagement letter
The planned scope and timing of our audit, including any limitations (specifically with respect to significant risks and key audit matters, if applicable).	Audit Strategy Memorandum
With respect to misstatements: • Uncorrected misstatements and their effect on our audit opinion, • The effect of uncorrected misstatements related to prior periods, • A request that any uncorrected misstatement is corrected, and • In writing, corrected misstatements that are significant.	Audit Completion Report
With respect to fraud communications: • Inquiries with you to determine whether you have knowledge of any actual, suspected, or alleged fraud affecting the company, • Any fraud that we have identified or information we have obtained that indicates that fraud may exist, and • A discussion of any other matters related to fraud.	Audit Completion Report and discussion at Audit Committee meetings, audit planning meeting, and audit clearance meetings
Significant matters arising during our audit in connection with the entity's related parties including, when applicable: • Non-disclosure by management, • Inappropriate authorisation and approval of transactions, • Disagreement over disclosures, • Non-compliance with laws and regulations, and • Difficulty in identifying the party that ultimately controls the entity.	Audit Completion Report

Appendix A: Other communications

Required communications

Required communication	Where addressed
Significant findings from our audit, including: • Our view about the significant qualitative aspects of accounting practices, including accounting policies, accounting estimates, and financial statement disclosures, • Significant difficulties, if any, encountered during our audit, • Significant matters, if any, arising from our audit that were discussed with management or were the subject of correspondence with management, • Written representations that we are seeking, • Expected modifications to our auditor's report, and • Other matters, if any, significant to the oversight of the financial reporting process or otherwise identified during our audit that we believe are relevant to those charged with governance in the context of fulfilling their responsibilities.	Audit Completion Report
Significant deficiencies in internal controls identified during our audit.	Audit Completion Report
Where relevant, any issues identified with respect to authority to obtain external confirmations or inability to obtain relevant and reliable audit evidence from other procedures.	Audit Completion Report
Audit findings regarding non-compliance with laws and regulations where the non-compliance is material and believed to be intentional (subject to compliance with legislation on tipping off) and inquiry of you into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements that you may be aware of.	Audit Completion Report and Audit Committee meetings
With respect to going concern, events or conditions identified that may cast significant doubt on the company's ability to continue as a going concern, including: • Whether the event or condition constitutes a material uncertainty, • Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements, and • The adequacy of related disclosures in the financial statements.	Audit Completion Report

Appendix A: Other communications

Required communications

Required communication	Where addressed
Communication regarding our system of quality management, compliant with ISQM (UK) 1, developed to support the consistent performance of quality audit engagements. To address the requirements of ISQM (UK) 1, our firm's system of quality management team completes, as part of an ongoing and iterative process, key steps to assess and conclude on our firm's system of quality management, including: • Ensuring there is an appropriate assignment of responsibilities, • Establishing and reviewing quality objectives each year, ensuring our firm's quality objectives align with our strategies and priorities, • Identifying, reviewing, and updating quality risks each quarter, taking into consideration multiple input sources (such as FRC/ ICAEW review findings, internal monitoring findings, findings from our firm's root cause analysis and remediation functions, etc.), • Identifying, designing, and implementing responses to strengthen our firm's internal control environment and overall quality, and • Evaluating our quality responses and remediating control gaps or deficiencies. We perform an evaluation of our system of quality management on an annual basis. We publish the details of our annual evaluation, and our conclusion, in our Transparency Report, which can be accessed on our website at: https://www.forvismazars.com/uk/en/who-we-are/corporate-publications/transparency-reports.	Audit Strategy Memorandum (the communication adjacent satisfies this requirement)
We are required to communicate certain matters to you which include, but are not limited to, significant difficulties, if any, that are encountered during our audit. Such difficulties may include: • Significant delays in management providing information that we require to perform our audit. • An unnecessarily brief time within which to complete our audit. • Extensive and unexpected effort to obtain sufficient, appropriate audit evidence. • Unavailability of expected information. • Restrictions imposed on us by management. • Unwillingness by management to make or extend their assessment of the company's ability to continue as a going concern when requested. We will highlight to you on a timely basis should we encounter any such difficulties (if our audit process is unduly impeded, this could require us to issue a modified auditor's report).	Audit Completion Report, discussion at Audit Committee meetings, and audit clearance meeting

Appendix A: Other communications

Required communications

Required communication	Where addressed
An overview of the work to be performed at the components of the group and the nature of our involvement in the work to be performed by component auditors.	Audit Strategy Memorandum and Audit Completion Report
Instances where our review of the work of a component auditor gave rise to a concern about the quality of the component auditor's work, and how we addressed that concern.	Audit Completion Report
Any limitations on the scope of our group audit; for example, significant matters related to restrictions on access to people or information.	Audit Strategy Memorandum and Audit Completion Report, as necessary
Fraud or suspected fraud involving group management, component management, employees who have significant roles in the group's system of internal control or others when the fraud resulted in a material misstatement of the group financial statements.	Audit Completion Report and discussion at Audit Committee meetings, audit planning meeting, and audit clearance meeting

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Appendix A: Other communications

Definitions

<table>
<tr><th>Term</th><th>Definition</th></tr>
<tr><td>Materiality</td><td>An expression of the relative significance or importance of a particular matter in the context of the financial statements as a whole. Misstatements in the financial statements are considered to be material if they could, individually or in aggregate, reasonably be expected to influence the economic decisions of users based on the financial statements.

We determine materiality for the financial statements as a whole (overall materiality) using a benchmark that, in our professional judgement, is most appropriate to the company. We also determine an amount less than materiality (performance materiality), which is applied when we carry out our audit procedures and is designed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Further, we set a threshold above which all misstatements we identify during our audit (adjusted and unadjusted) will be reported to you (reporting threshold). Judgements on materiality are made in light of surrounding circumstances and are affected by the size and nature of a misstatement, or a combination of both. Judgements about materiality are based on a consideration of the common financial information needs of users as a group and not on specific individual users.

An assessment of what is material is a matter of professional judgement and is affected by our perception of the financial information needs of the users of the financial statements. In making our assessment we assume that users:

• Have a reasonable knowledge of business, economic activities, and accounts,
• Have a willingness to study the information in the financial statements with reasonable diligence,
• Understand that financial statements are prepared, presented, and audited to levels of materiality,
• Recognise the uncertainties inherent in the measurement of amounts based on the use of estimates, judgement, and consideration of future events, and
• Will make reasonable economic decisions based on the information in the financial statements.

We consider overall materiality and performance materiality while planning and performing our audit based on quantitative and qualitative factors. When planning our audit, we make judgements about the size of misstatements we consider to be material. This provide a basis for our risk assessment procedures, including identifying and assessing the risks of material misstatement, and determining the nature, timing and extent of our responses to those risks. We revise materiality as our audit progresses should we become aware of information that would have caused us to determine a different amount had we been aware of that information at the planning stage.

The overall materiality and performance materiality that we determine does not necessarily mean that uncorrected misstatements that are below materiality, individually or in aggregate, will be considered immaterial.</td></tr>
</table>

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Appendix A: Other communications

Definitions

Term	Definition
Significant risk	A risk that is assessed as being at or close to the upper end of the spectrum of inherent risk, based on a combination of the likelihood of a misstatement occurring and the magnitude of any potential misstatement. A fraud risk is always assessed as a significant risk (as required by UK auditing standards), including management override of controls and revenue recognition.
Enhanced risk	An area with an elevated risk of material misstatement at the assertion level, other than a significant risk, based on factors/ information inherent to that area. Enhanced risks require additional consideration but do not rise to the level of a significant risk. These include but are not limited to: • Key areas of management judgement and estimation uncertainty, including accounting estimates related to material classes of transaction, account balances, and disclosures but which are not considered to give rise to a significant risk of material misstatement, and • Risks relating to other assertions and arising from significant events or transactions that occurred during the period.
Standard risk	A risk related to assertions over classes of transaction, account balances, and disclosures that are relatively routine, non-complex, tend to be subject to systematic processing, and require little or no management judgement/ estimation. Although it is considered that there is a risk of material misstatement, there are no elevated or special factors related to the nature of the financial statement area, the likely magnitude of potential misstatements, or the likelihood of a risk occurring.
Key audit matter	A matter that, in our professional judgment, was of most significance in our audit of the financial statements of the current period. Key audit matters include the most significant assessed risks of material misstatement (whether due to fraud or error) we identified, including those which had the greatest effect on our overall audit strategy, the allocation of resources in our audit, and directing the efforts of our engagement team. It is important that you understand and have the opportunity to discuss with us why something is being communicated as a key audit matter and the way it is described. This report highlights which of the significant and other risks are expected, at this stage, to be determined as key audit matters. It should be noted, however, that other audit areas may be determined as key audit matters during our audit.

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Appendix A: Other communications

Definitions

Term	Definition
Key audit partner	(a) An individual who is eligible for appointment as a statutory auditor and who is designated by our firm for a particular audit engagement as being primarily responsible for carrying out the statutory audit on behalf of our firm. (b) In the case of a group audit, any of the following: (i) an individual who is eligible for appointment as a statutory auditor and who is designated by our firm as being primarily responsible for carrying out the statutory audit of the consolidated accounts of the group on behalf of our firm; (ii) an individual who is eligible to conduct the audit of the accounts of any subsidiary undertaking determined by us to be a 'material subsidiary' and who is designated as being primarily responsible for that audit. (c) An individual who is eligible for an appointment as a statutory auditor and who signs the audit report.

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Appendix B: Current year updates, forthcoming accounting & other issues

HM Treasury changes to non-investment asset valuation

Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (the "Code")

Following a thematic review of non-current asset valuations for financial reporting in the public sector, HM Treasury has made a number of changes to its requirements for the valuation frequency, valuation methodology and classification of non-investment property assets. The changes are effective from 1 April 2025 as set out in the 2025-26 Code and include:

- A change to the requirements regarding revaluation frequency. Rather than adhering to paragraph 34 of IAS 16 which requires an asset to be revalued whenever its carrying value differs materially from its current value, entities will be required to revalue assets on a quinquennial basis, i.e. every five years, supplemented by annual indexation in the intervening years. This requirement can be adhered to either as part of a full revaluation or as part of a rolling programme. The Code requires bodies to use the best index available to them. Should management determine that there is no appropriate index to use, then the quinquennial valuation is supplemented by a valuation in the third year.

- Revaluations carried out prior to 2025/26, in line with former requirements of the Code, remain valid throughout the transition period (being 1 April 2025 to the date the next revaluation is due for a given asset). During the transition period, the maximum period between revaluations must not exceed five years.

- The requirement to consider indicators of impairment under IAS 36 remains, so management will still be required to undertake an annual assessment of whether there are indicators of impairment, and where these are present, it may be necessary to undertake valuations outside of the 5-yearly valuation programme.

Whilst management will no longer need to consider annually whether it is necessary to revalue non-investment assets, they will need to be satisfied that they have appointed a suitably qualified valuer to undertake the valuation of assets whenever they fall due either as part of a full valuation or a rolling programme. If local indices are used, management will need to have sufficient evidence to demonstrate these indices are appropriate and relevant to the entity's circumstances, and to provide this evidence to the auditor.

Appendix B: Current year updates, forthcoming accounting & other issues

Effective for accounting periods beginning on or after 1 January 2027

IFRS 18 Presentation and Disclosure in Financial Statements

The standard was UK-adopted in December 2025, and the date of incorporation into the Code is not confirmed, though expected to be within the 2028/29 financial year. It is not yet confirmed what interpretations and adaptations HMT will determine are necessary for implementation in the public sector. We have provided an outline of the main changes arising from IFRS 18 as unadapted and without interpretation and will provide an update on the expected impact on the Oldham Metropolitan Borough Council as and when detail is available as to when and how the standard is incorporated into the Code.

IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18) is a new standard that replaces IAS 1 Presentation of Financial Statements. The new standard aims to increase the comparability, transparency and usefulness of information about companies' financial performance. It introduces three key new requirements focusing on the presentation of information in the statement of profit or loss and enhancing certain guidance on disclosures within the financial statements.

New categories and subtotals for inclusion within the statement of profit or loss

- Income and expenses are to be classified into three new defined categories: operating, investing and financing, in addition to the income taxes and discontinued operations categories.
- All companies are to present new defined subtotals – operating profit and loss, and profit or loss before financing and income taxes.

New reporting requirements on Management Performance Measures (MPMs)

- New requirements are introduced for management-defined performance measures (MPMs), which may also be called Alternative Performance Measures (APMs). These are described as subtotals of income and expenses that an entity: (a) uses in public communications outside financial statements; (b) uses to communicate to users of financial statements management's view of an aspect of the financial performance; and (c) are not listed within IFRS 18 or specifically required to be presented or disclosed by another IFRS Accounting Standard.
- All MPMs are required to be disclosed in a single note in the financial statements setting out:
  - an explanation of why the MPM is reported, and
  - a reconciliation to a directly comparable GAAP measure within IFRS 18 or another IFRS Accounting Standard.

Enhanced requirements for aggregation & disaggregating information

- Enhanced requirements are set out for the aggregation and disaggregation of items based on similar and dissimilar characteristics. Items that have dissimilar characteristics must be disaggregated when the resulting information is material. Guidance is also included on how to describe items within the financial statements, requiring an entity to label items presented or disclosed as 'other' only if a more informative label cannot be found.
- New guidance is provided on whether information should be reported in the primary financial statements or the notes. This includes guidance on presentation and disclosure of expenses classified in the operating category, alongside introducing more prescribed requirements for an entity that classifies expenses by function as well as the requirement to disclose expenses by nature in a single note for certain amounts - depreciation, amortisation, employee benefits, impairment and write-downs of inventories

Many principles and requirements have been brought forward from IAS 1 to IFRS 18 such as frequency of reporting, comparative information, offsetting, capital disclosures and the requirements for the statement of financial position and for the statement of changes in equity.

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Report to Audit Committee

Draft 2025/26 Annual Statement of Accounts

Portfolio Holder: TBC

Officer Contact: Lee Walsh – Director of Finance (S151 Officer)

Report Author: Vickie Lambert – Finance Manager

Contact: vickie.lambert@oldham.gov.uk

22 July 2026

Purpose of the Report

To present to the Audit Committee, the draft Statement of Accounts for 2025/26 for consideration.

Executive Summary

The Council's draft Statement of Accounts for 2025/26 were published on the Council's website on 29 May 2026 along with the Notice of Public Inspection. These can be viewed via the attached link:

https://www.oldham.gov.uk/info/200145/performance_and_spending/486/financial_publications

A presentation outlining the key issues as presented in the accounts will be provided to members at the meeting.

Recommendation

That members of the Audit Committee note the Council's draft Statement of Accounts for 2025/26.

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Oldham Council

Draft Statement of Accounts

2025/26

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1.0 Introduction to the 2025/26 Draft Statement of Accounts

Message from the Director of Finance and Section 151 Officer – Lee Walsh, BA (Hons), CPFA

Welcome to the 2025/26 Statement of Accounts. As we reflect on the 2025/26 financial year and look toward to the future, it is clear that the Council is on an important journey of improvement for the borough, despite continued social and economic challenges. This set of accounts demonstrates how the Council has managed its resources during a demanding year, while maintaining a clear focus on financial sustainability and improved outcomes for residents.

My personal priority during the year has been to strengthen relationships with neighbouring local authorities and Central Government, ensuring Oldham is well positioned, influential, and engaged in decision making that affects our communities. These relationships are increasingly important as expectations on local government continue to grow.

The operating environment remains challenging. Central Government and the public are demanding more from local authorities at a time when financial resources are constrained, demand led services continue to rise, and technology is rapidly reshaping the way we work. While this transformation brings opportunities for greater transparency, efficiency and service improvement, it also introduces new risks. Responding effectively to this pace of change is a key test of the Council's resilience and capability.

Against this backdrop, the Council's financial outturn for 2025/26 is an overspend of £3.845m. This represents a significantly improved position compared to earlier projections, reflecting active financial management throughout the year. The main drivers of this variance are explained further within the Narrative Report.

The Council maintained its commitment to borough investment via the Capital Programme, highlighted by several town centre development schemes. With many of these projects nearing completion, it is rewarding to see both new and restored buildings opening to the public. These investments are vital for driving regeneration and economic growth, ensuring long-term resilience in line with the Council's strategic priorities.

Looking ahead, the Council set a balanced budget for 2026/27 focused on stability, protecting key services and supporting long term investment. Additional funding has been directed towards priority areas including adult and children's social care, youth services, local infrastructure and improving health and wellbeing. Importantly, this is the second consecutive year that the budget has been balanced without the use of reserves, allowing progress to be made in rebuilding those reserves and strengthening the Council's financial position.

The following financial statements provide an overview of the Council's financial performance and position for the 2025/26 financial year and should be read alongside the Narrative Report. Together, they demonstrate both the challenges faced and the progress being made in securing a sustainable financial future for Oldham.

I look forward to the year ahead with confidence and a continued commitment to sound financial stewardship and improvement.

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1.1 Narrative Report

This Narrative Report provides an overview of the financial and operational performance of Oldham Council for the financial year ended 31 March 2026. It aims to offer a clear and accessible summary of the Council's financial position, key achievements, and future outlook.

About Oldham

- Oldham is 1 of 10 Local Authorities in Greater Manchester
- Winston Churchill began his political career in Oldham being elected as MP in 1900
- The world's first test tube baby was born in Oldham on 25 July 1978
- We are the gateway to the Saddleworth Moors and Yorkshire
- Oldham is the home of Colin the Caterpillar
- Oldham Athletic FC were founder members of the English Premier League in 1992

On the edge of stunning Pennine landscapes, yet only a short tram journey from Manchester city centre, Oldham is a fantastic place to live, work and enjoy.

Ours is a borough of contrasts. A quarter of Oldham lies within the spectacular Peak District National Park, with picturesque Saddleworth villages offering the best of rural life. Meanwhile, our town centre's dramatic transformation will create new homes, new shops, new jobs, new culture and a new sense of optimism.

The Industrial Revolution saw Oldham transform from a small Pennine settlement into one of the leading industrial bases in the country, and that strong manufacturing heritage continues to this day – though industries such as engineering and food production have taken over where the cotton trade once thrived.

We're proud to have one of the most diverse populations in the country, with around 150 different languages spoken by our community. This is a place where people from all cultures play, learn and work together.

Total population

The population of Oldham is **251,560** (ONS 2024 Mid Year Estimates).

- **25.5%** aged under 18
- **58.8%** aged 18-64
- **15.7%** aged 65+

The age structure of Oldham is relatively youthful with a high proportion of residents aged under 18 (**25.5%**). Since 2001, the population across Oldham and England has aged, with more people aged over 65 and fewer under 18s. This change has been influenced by a decrease in the birth rate and an increase in the average life expectancy. *Source: ONS Mid Year Estimates 2024.*

Population projections 2025-2035

Oldham's population is projected to increase from around **248,000** in 2025 to around **254,000** in 2035. An increase of **2.4%**. (Source: ONS Sub-National Population Projections, 2022-based)

There will be over the next ten years:

- A **0.3%** increase in those aged under 64.
- A **9.9%** increase in those aged 65-84.
- A **39.1%** increase in those aged over 85.

Given the growth in Oldham's over 85 population over the next ten years there will be significant changes in demand of adult social care and health provision. *Source: ONS Subnational population projections for England: 2022-based.*

Life expectancy 2021-2023

Life Expectancy

Oldham's life expectancy is significantly lower than the average in England.

- For men it's 76.6 years compared to the national average of 79.1
- For women it's 80.5 years compared to the national average of 83.1

Healthy Life Expectancy

Oldham's healthy life expectancy is also significantly lower than the average in England.

- For men it's 56.6 years v national average of 63.1
- For women it's 58.2 years v national average of 63.9

Source: ONS, calculated by OHID

Deprivation & Inequality

On average, those living in the most deprived areas of Oldham can expect to live shorter lives than those in the least deprived.

Between Alexandra (Most deprived) and Saddleworth South (Least deprived) the difference is:

- **12.7** years for males.
- **12.8** years for females.

Source: Local Health

About the Council - Political Structure

The Council is made up of 60 Councillors from the 20 wards across the borough. Following the May 2024 election, the Council was in a position of no overall control, with Labour having the largest administration with 27 of the 60 seats. 2025/26 was a fallow year whereby no local elections were held.

At the beginning of the 2025/26 financial year the composition of the Council was:

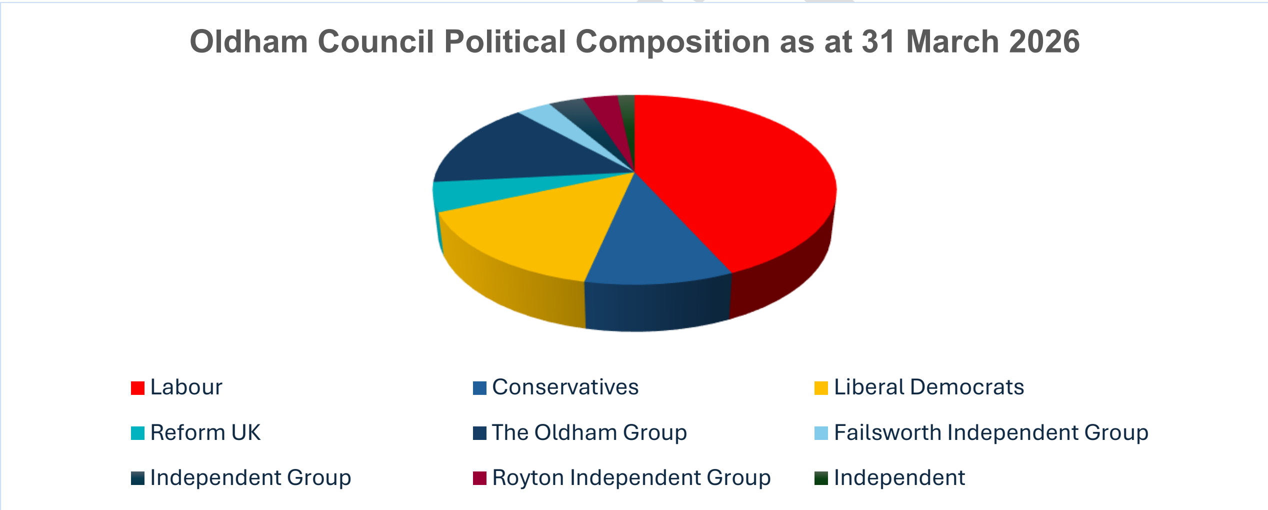
(i)	The Labour Group	27	Members
(ii)	The Liberal Democrat Group	9	Members
(iii)	The Oldham Group	9	Members
(iv)	The Conservative Group	5	Members
(v)	Failsworth Independent Party	2	Members
(vi)	Royton Independents	2	Members
(vii)	The Independent Group	2	Members
(viii)	Royton Local Group	2	Members
(ix)	Independent members not aligned to a political group	2	Members

During the financial year, there were a number of changes with Councillors moving between parties and in some cases becoming an independent member not aligned to a group. Therefore the composition at the end of the 2025/26 financial year was:

(i)	The Labour Group	26	Members
(ii)	The Liberal Democrat Group	9	Members
(iii)	The Oldham Group	9	Members
(iv)	The Conservative Group	6	Members
(v)	Reform UK	3	Members
(vi)	Failsworth Independent Party	2	Members
(vii)	Royton Independents	2	Members
(viii)	The Independent Group	2	Members
(ix)	Independent members not aligned to a political group	1	Members

This is diagramatically represented below:

Oldham Councillors – as at the 2025/26 financial year end



The Council operates a Leader and Cabinet model. The Full Council elects a Leader who, in turn, appoints members of the Cabinet, and allocates specific areas of responsibility to Cabinet Members.

The Cabinet comprises the Leader and eight Councillors, exercising responsibility for strategic decision making, implementation of agreed policies, providing political leadership and recommending proposals for approval by the full Council on the budget, Council Tax levels and the Council's policy framework.

Cabinet Portfolios are broadly aligned to the Council's key service Directorates, enabling the joint sharing of priorities. Effective working relationships exist between officers and Elected Members, with Cabinet Members regularly meeting with their respective senior officer leads to monitor the progress of business plans, consider key service developments and improvements, performance and financial management.

Cabinet Members are held to account by a system of scrutiny which is set out in the Constitution. Scrutiny arrangements are as follows:

- Governance, Strategy and Resources Scrutiny Board
- Adults Social Care and Health Scrutiny Board
- Place, Economic Growth and Environment Scrutiny Board

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- Children and Young People Scrutiny Board

The scrutiny function is central to the Council's corporate governance and provides the opportunity to shape key policy matters at an early stage, prior to decisions being made by the Cabinet. Scrutiny has the power to call-in decisions for review before they are implemented, and is a key democratic tool to hold the Cabinet to account.

About the Council - Senior Management Team

Supporting the work of Elected Members is the organisational structure of the Council headed by the Chief Executive, Shelley Kipling. The Chief Executive leads the management of the Council with Executive Directors who form the Executive Team, and the Management Board comprising of all senior officers at Director level and above.

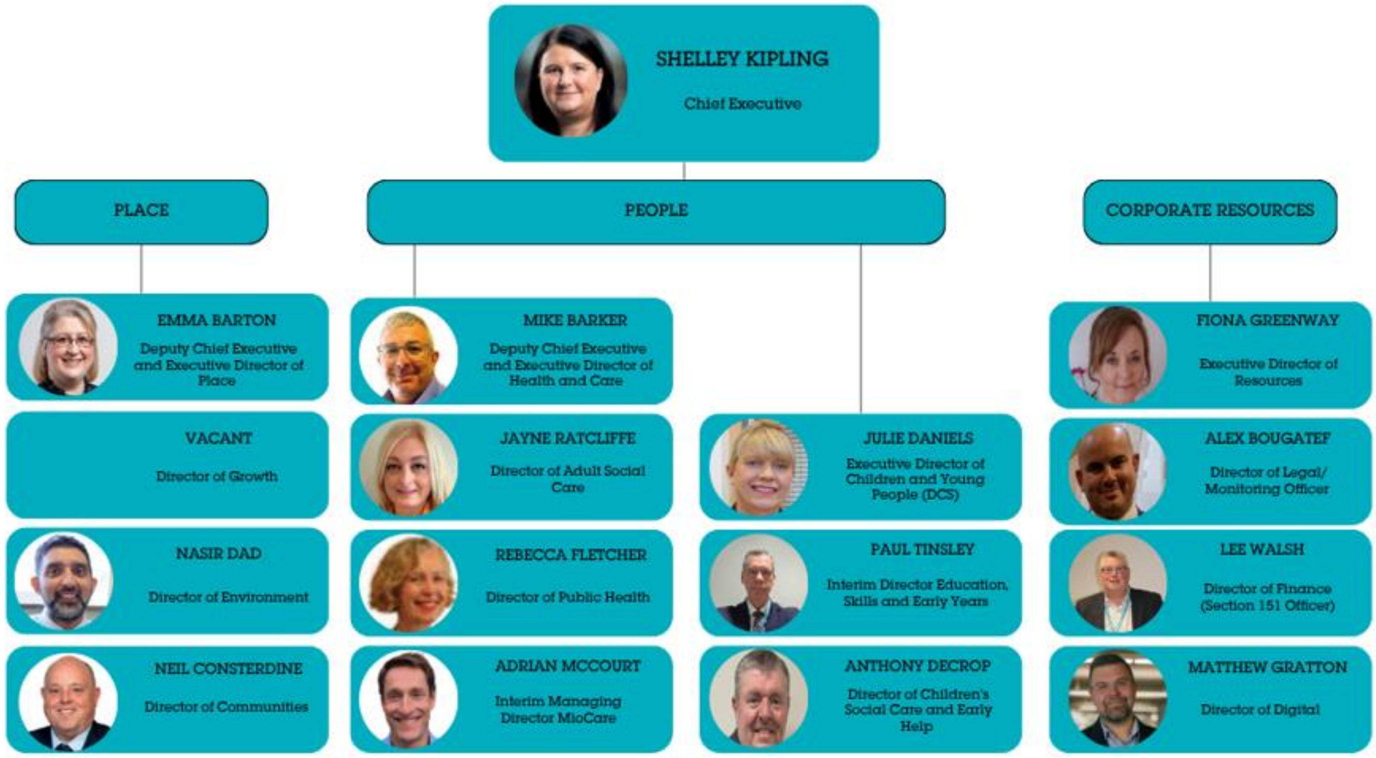
The Chief Executive and the members of Management Board provide managerial leadership of the Council and support Elected Members in:

- Developing and delivering the strategic plans and priorites set by the Council;
- Identifying and planning resources;
- Managing the Council's budget, assets and financial planning;
- Delivering value for money for the residents of Oldham;
- Ensuring legal compliance and responsible financial stewardship;
- Leading and supporting the wider Council workforce;
- Promoting good management, staff development and workforce wellbeing;
- Monitoring and mitigating risks that could affect services or residents;
- Oversight and management of performance to ensure delivery of priorities;
- Delivering effective services for the borough's diverse communities; and
- Ensuring that Oldham plays a full part in national, regional and sub-regional activities.

Director Leadership Team structure as at 31 March 2026

The diagram below shows the Director Leadership structure at the 31 March 2026.

DIRECTOR LEADERSHIP STRUCTURE



About the Council - Strategies

The Oldham Plan / The Corporate Plan

The Oldham Plan 2024 – 2030; Pride, Progress, Partnership sets the direction for the borough as a whole, based on extensive consultation with residents and partners. It shows what the Council is trying to achieve overall, and specifically the minimum standards every resident should have by 2030. The three missions outlined in this plan are:

- **Healthier, Happier Lives**

  - People in Oldham will live healthier and longer lives.
  - Our children and young people will have the chance to reach their full potential.
  - Everyone will get the right health and care support, in the right place, when they need it.
  - More people will feel involved and connected to their communities.
  - Residents of all ages will see improvements in their mental health and wellbeing.

- **Great Place to Live**

  - More people will have access to good, affordable homes that suit their needs.
  - Residents will feel proud of where they live and more connected to their community.
  - Our neighbourhoods will be safer, more welcoming, and better connected.
  - Everyone will have the chance to enjoy great arts and culture right here in Oldham.
  - Oldham will be a fairer place where those who need help can easily get it.

- **Green and Growing**

    - Our town centres and high streets will be lively places where people want to visit and shop.
    - More local businesses will start, grow, and succeed, creating good jobs for residents.
    - Every resident will see the benefit of Oldham's growing economy.
    - Oldham will lead the way on green projects across the country.
    - We'll support the growth of tech, green industries, and advanced manufacturing in the borough.

Each of these is supported by a set of metrics to hold the Partnership accountable for progress on these priorities.

The Corporate Plan 2024 – 2027; Ready for the Future, is the Council's contribution to the Oldham Plan. It sets out our values and behaviours, which define how we, as an organisation, will operate and shape our culture, our decisions, and inspire us to deliver on our commitments for the people of Oldham. This plan also outlines our four pillars of change;

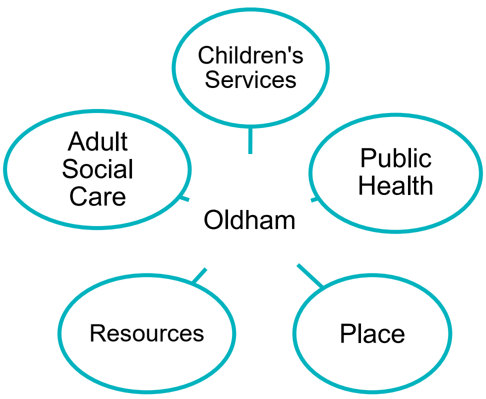
- Efficiency and value for money,
- Capacity building,
- Prevention and early help, and
- Digital.

These are crucial to the successful delivery of the Corporate Plan. Finally, the Corporate Plan has three missions (as mentioned above). The priorities in this plan are aligned to service areas and business planning, ensuring that our resources, actions, and initiatives drive meaningful and sustainable change across the borough.

Revenue Budget Monitoring

The Council's operations are divided into directorates. Each directorate has an approved budget which is updated throughout the year as additional funding is made available to the Council. Monitoring of actual expenditure against the revised budget takes place frequently, with monitoring reports progressing to Cabinet throughout the financial year. The final outturn position for 2025/26, which is considered in more detail over the following pages, is taken to Cabinet for approval. In addition, the Council's Governance, Strategy and Resources Board considers Cabinet's budget monitoring reports throughout the year.

Directorates



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Revenue Outturn – General Fund

For the financial year 2025/26, the Council approved a General Fund net revenue budget of £322.928m at its meeting on 6 March 2025. During the year, a number of amendments were approved to the budget to reflect additional grant receipts such that by the year end the approved net revenue controllable budget was £331.045m. Controllable budgets exclude those costs for depreciation and impairment, central support service recharges and technical accounting adjustments that are outside of individual directorate control.

Since the start of the financial year, the Council has seen significant pressures on the Revenue Budget. At the end of Qtr 1, the forecast revenue outturn for 2025/26 was an adverse variance of £20.822m. This forecast overspend was due to the continued pressures being reported across three directorate areas in particular:

- Adult Social Care (£10.165m)
- Children's Services (£5.011m)
- Place (£5.789m)

The increasing need for use of the Council's services from residents and businesses, the complexity of the support needed, and inflationary costs continued to put pressure on service budgets and was the largest factor in the forecast revenue position. These pressures, in the main driven by escalating costs in essential statutory services supporting the most vulnerable residents, reflected the broader challenges the Council and numerous Councils across the country have and continue to face. This is particularly acute in statutory and heavily inspected services where there is little flexibility to mitigate rising costs, for example increasing pressures on social care budgets due to the support needs of vulnerable children and complexity in the needs of adults requiring support. There has also been an increasing need to support children with Special Educational Needs and Disabilities (SEND) and whilst significant work had taken place, homelessness presentations and use of temporary accommodation was still a concern.

This significant adverse forecast position was an early warning sign for the Council and one that required significant management actions to mitigate the forecast position.

A number of management actions that had been put into place in the previous financial year were continued into 2025/26 and these are listed below:

- Rigorous management review and challenge of all planned expenditure and to maximise income;
- Service panels in Adult Social Care and Children's Services to review high-cost placements and care packages and step-down costs where appropriate;
- Specific task and finish groups to look at reducing the cost in high demand service areas to create efficiencies and reduce cost;
- Reviewing existing budgetary contingencies and the ability to repurpose/ reposition some of these towards meeting the in-year challenge;
- Developing action plans to bring spend and savings back in line with budget projections;
- Acceleration of the transformation programme in-year to try to reduce the forecast overspend position; and
- Any previously approved Budget reduction proposals for 2025/26 to be accelerated where possible to relieve the in-year pressure.

As a result of the Qtr1 forecast position, Elected Members and the Management Board worked collaboratively to enhance the controls already in place, whilst looking for other opportunities to mitigate wherever possible. These controls included:

- Enhanced spending controls with all expenditure being approved by Directors or Executive Directors;
- Recruitment freeze with limited exemptions for critical areas such as social work staff, front line staff or those roles that contribute to the delivery of a saving;
- Escalation of service reviews; and
- Reviewing opportunities to maximise income through utilising external funding in a different way to still meet required outcomes or via additional income generation.

The frequency of budget monitoring reports to Cabinet for 2025/26 followed that of the previous financial year with the next monitoring report presented providing details as at the end of Month 5. At this stage, the adverse forecast outturn position had increased with the projected adverse position rising by £2.387m to £23.209m. Whilst this increase between reporting periods was significant, the implementation of the management actions put in place after the Qtr 1 report were expected to reduce this unfavourable variance by the end of Qtr 2.

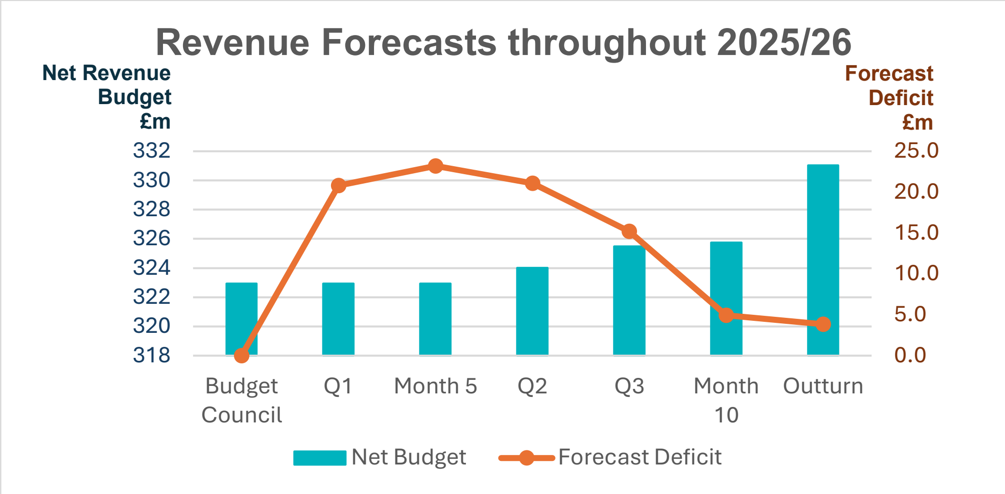
At the end of Qtr 2 the forecast adverse position reduced to £21.094m, a favourable change of £2.115m from that previously reported. Whilst this position was improved from that presented at the end of Month 5, it was still significant and further mitigations and the acceleration of current mitigations across every area of the Council were explored to reduce the position by the end of the financial year.

The Quarter 3 monitor was presented alongside the revenue budget report and Medium Term Financial Strategy (MTFS) which reflected the latest information from the Government. The adverse position reported at a value of £15.199m was a reduction of £5.894m from that presented at the end of Qtr 2. Consideration of the ongoing revenue impacts of the increased expenditure that was included in the Qtr 3 report was incorporated within the revenue budget and MTFS for 2026/27 to 2028/29. Furthermore, the report contained the ongoing work that the Council was exploring with opportunities around the capitalisation of interest costs for assets under construction with its Treasury Management Advisors. An early indication of this work would be included within the Month 10 Revenue and Capital monitor report which was subsequently presented to Cabinet on 23 March 2026.

The final formal reporting period of the year at Month 10 saw a further positive movement in the projected outturn position with a forecast favourable movement of £10.253m to an adverse forecast outturn for the financial year of £4.946m. The largest contributing factor in this positive change was the outcome of the review on capitalisation of interest for assets under construction. Subject to the final outturn position this indicated that a potential one-off benefit of £10.096m could be realised by the end of the 2025/26 financial year.

Annual controllable spend against the approved net revenue budget was £345.760m with an additional shortfall of financing income of £0.806m, there was an overall adverse variance against budget £3.845m after the application of the one-off benefit for capitalisation of interest based on actuals incurred which amounted to £11.676m. To address the financial position, an unbudgeted contribution from Reserves of £3.845m was made to cover the overspend.

The graph below, highlights the controllable budget movement together with the forecast adverse position throughout 2025/26.



The Council's 2025/26 outturn position is shown in the following table:

Directorate	Annual Controllable Budget £000	Annual Controllable Expenditure £000	Annual Variance £000
Adult Social Care	82,742	90,972	8,230
Children's Services	88,581	93,835	5,253
Public Health	25,111	24,686	(424)
Place	71,543	75,202	3,659
Resources	34,939	33,399	(1,540)
Capital, Treasury and Technical Accounting	28,129	27,667	(463)
NET EXPENDITURE	**331,045**	**345,760**	**14,715**
Financed By:			
Locally Generated Income	(181,158)	(181,158)	-
Government Grants	(150,917)	(150,111)	806
Collection Fund Deficit	1,030	1,030	-
TOTAL FINANCING	**(331,045)**	**(330,239)**	**806**
OVERALL PROJECTED VARIANCE	**-**	**15,521**	**15,521**
Capitalisation of interest costs	-	(11,676)	(11,676)
General Revenue Usable Reserves	-	(3,845)	(3,845)
REVISED PROJECTED VARIANCE	**-**	**-**	**-**

Analysis of Directorate Revenue Outturn

The following details the key variances across the directorates:

Adult Social Care (ASC)

The Adult Social Care directorate closed the financial year with an adverse variance of £8.230m primarily attributed to the cost and change in complexity of care placements. Supported Living costs continues to be the largest driver of cost with additional costs of £4.828m, followed by Home Care at £3.868m.

Children's Services

The Children's Services outturn position was an unfavourable position of £5.253m. Much of the overspend related to pressures within the Children's Social Care service area for placements including high-cost external residential packages (£7.632m). The continual review of external placement packages in 2025/26 yielded cost reductions of £2.776m however, new placements cost £6.599m removing any financial benefit.

Pressures in permanent recruitment seen in recent years continued throughout 2025/26 with the use of agency staff in the Fieldwork and Family Support service creating further overspends. These pressures were in part offset by vacant posts and additional income across the whole of the directorate.

Place

The Place directorate has ended the 2025/26 financial year with an adverse position of £3.659m. Within the Growth division the largest contributing budget pressure at £3.502m relates to the Town Centre service area due to a reduction in income collected for rental properties alongside additional costs being incurred from voids, service charges and foregone rent. Furthermore, additional adverse variances relate to assets assumed to have been disposed of that have been retained, resulting in costs continuing to be incurred creating an ongoing budget variance.

Additional external staffing costs within the waste service, alongside fleet pressures and under recovery of income resulted in the Environment division ending the 2025/26 financial year with an unfavourable position of £1.374m.

These adverse variances have been mitigated by a favourable position of £1.748m within the Communities Division. The falling number of placements alongside the sourcing of alternative placements at a lower cost for those in Temporary Accommodation is the largest contributing factor to this position.

Overall, overspends in the areas highlighted above were offset by underspends in the Resources, Public Health and Capital, Treasury and Technical Accounting directorate areas.

Transfers from Reserves have been used to mitigate the impact of the overspend on the General Fund resulting in a nil change to the overall General Fund balance. The use of General Revenue Usable Reserves to combat overspends is a short-term measure and is one that cannot be used indefinitely. Significant work was done throughout the financial year to limit the use of reserves to balance the position and protect wherever possible the organisation's financial resilience.

Capital Spending

On 6 March 2025, the Council approved a five -year Capital Strategy of £180.037m. Of this £108.501m was forecast to be spent during 2025/26.

A review of the programme in late summer 2025 reduced the expected spend for 2025/26 to £68.463m. This was due to updated project timelines, changes in delivery plans, and delays where some projects had not progressed as quickly as originally expected.

During the year, capital monitoring reports were produced every month from Month 3 through to Month 10. Updates on the Capital Programme were reported to Cabinet periodically alongside the revenue monitoring reports. These reports highlighted changes to the Programme, slippage from timing differences and asked for approval for movements in spending between the years. The table below shows the actual capital spending for the year compared to the final forecast reported at Month 10.

Directorate	2025/26 Original Budget £000	2025/26 Budget M10 £000	2025/26 Actual £000	Variance To Revised Budget £000
Adult Social Care	4,106	3,902	3,296	(606)
Children's Services	10,482	4,370	3,064	(1,306)
Communities	338	-	-	-
Heritage, Libraries and Arts	-	561	557	(4)
Place	80,617	56,852	60,941	4,089
Housing Revenue Account	3,193	250	212	(38)
Resources/Information Technology	3,165	1,283	1,455	172
Capital, Treasury & Technical Accounting	3,600	3,600	2,600	(1,000)
Funding for Emerging Priorities	3,000	-	-	-
Total Expenditure	**108,501**	**70,818**	**72,125**	**1,307**

By the end of the year, the Council had spent £72.125m compared to the Month 10 budget of £70.818m, resulting in an increased spend of £1.307m against the forecast position at Month 10. This is mainly due to £1.975m of capitalised interest on development projects. This was partly offset by delays in starting some projects, particularly in Adult Social Care and school-related schemes.

The table below details the financing of the 2025/26 capital expenditure. As can be seen from the table, Government grants and capital receipts were higher than forecast. This has meant the Council being able to apply more on external funding which has reduced the amount of borrowing needed during the year.

Financing	2025/26 Original Budget £000	2025/26 Budget M10 £000	2025/26 Actual £000	Variance To Revised Budget £000
Government Grants & Contributions	(60,800)	(41,811)	(44,744)	(2,933)
Prudential Borrowing	(39,855)	(23,983)	(20,333)	3,650
Capital Receipts	(4,653)	(4,714)	(6,994)	(2,280)
Revenue Contributions	(3,193)	(310)	(54)	256
Total Financing	**(108,501)**	**(70,818)**	**(72,125)**	**(1,307)**

Medium Term Financial Strategy (MTFS)

The Council presented its budget for 2026/27, together with its forward estimates to Full Council for approval on 4 March 2026.

During the summer of 2025, the Government consulted upon the Fair Funding Review 2.0 with the outcomes of this consultation resulting in the first multi-year financial settlement in ten years, which covered the 2026/27 financial year with indicative allocations for 2027/28 and 2028/29. The Local Government Finance Settlement (LGFS) also included the simplification of the grants system, rolling in 36 grants into the settlement, with other grants being combined into four specific grants. The receipt of a multi-year settlement was welcomed by the Council and allowed the organisation to plan over the longer term rather than being limited by the one-off funding allocations it had been receiving.

At the same time the Government carried out a national Business Rates Reset. This aimed to share business rates growth from local areas more evenly across the country. As Oldham is part of the Greater Manchester Business Rates Retention Scheme, the city region kept £23m of this growth, with the remaining growth redistributed across the country.

Early work began on setting the revenue budget for 2026/27 during 2025 having regard to the 2024/25 outturn, the forecast adverse position for 2025/26 and the budget gap for 2026/27. The key principles used in the approach to setting the 2026/27 revenue budget were:

- Review of key demand areas and the delivery of statutory services
- Updating the underlying assumptions used for budget estimates including demand and price
- Review of those areas where costs are greater than budgetary provision
- Delivery / non-delivery of current approved budget reductions, the mitigations in place and the established procedures for scrutiny of these budget reductions
- The availability of base budget provision for in year volatility to remove the risk of in year overspends
- Management actions implemented during the financial year and the impact of these actions upon the Council's financial position
- Renewed focus of the Council's Transformation Programme and the relevant investment required to ensure delivery of long term financial efficiencies
- Any emerging issues and any associated financial impact
- Review of all revenue resources, outcomes and current delivery
- The Council's overall financial resilience

Whilst presenting a balanced budget for 2026/27 without the support of reserves, the MTFS highlighted major challenges facing the Council which included:

- The continued pressure on Children's Services due to demand for, and the costs associated with external placements.
- Adults Social Care demand and demographic pressures.
- The numbers of individuals and families presenting as homeless and requiring accommodation, a trend that is exacerbated by a current lack of housing supply.

The pressures facing the Council reflect nationwide issues affecting the Local Government sector as a whole. There is no indication that these trends will curtail in the future meaning the Council must continue to make difficult decisions to maintain financial resilience and continue to provide effective services in the future. In light of these ongoing pressures,

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growth was built into the revenue base to address the ongoing financial impacts of delivering these key services to our residents.

After the review of all areas as detailed above, a revenue budget gap of £20.301m was identified for 2026/27. To address this, the Council reviewed and realigned its revenue grant resources to utilise them differently whilst still maximising outcomes in line with grant requirements. This resulted in a budget adjustment of £10.196m.

During 2025, the Council also commissioned an external strategic partner to support the organisation in a piece of discovery work aimed at reducing overall operating costs across the three highest overspending areas; Adults Social Care, Children's Services and Housing. Through an intensive programme of data analysis, significant transformation savings were identified and reflected in the Council's MTFS, with £2.000m to be achieved for the 2026/27 financial year.

Furthermore, revenue budget savings of £8.105m were agreed by Budget Council which resulted in a balanced revenue budget for 2026/27 without the need of general revenue usable reserves to support it. This is the second financial year for some time that the revenue budget was set without the use of reserves and therefore protecting the organisation's financial resilience; the key theme of the MTFS for 2026/27 to 2028/29.

It is acknowledged that the Council has again drawn on general revenue usable reserves to manage its in year position. Going forward, it will be important to maintain the controls introduced during 2025/26 into 2026/27 to help ensure spending remains within the Council's available resources. Alongside these strengthened controls, the Council will need to continue working towards delivering the agreed budget reductions with the aim of avoiding the need to use reserves to support the 2026/27 position.

There remains budget challenges over the coming years, however the Council's Transformation Programme is expected to generate substantial savings over the period of the MTFS. Further information is set out in the approved MTFS which is available on the Council's website.

Revenue Account Earmarked Reserves General Fund balances

In previous years, the Council has used reserves to manage funding pressures. The following graph shows the level of General Fund Revenue Earmarked Reserves balances since 2020/21. Overall, there has been a general decline in balances over this period with a notable reduction up to 2024/25. However, reflecting the Council's focus to rebuild reserves and strengthen financial resilience, as a budget strategy, there has been an increase in balance by the end of 2025/26, as illustrated below:

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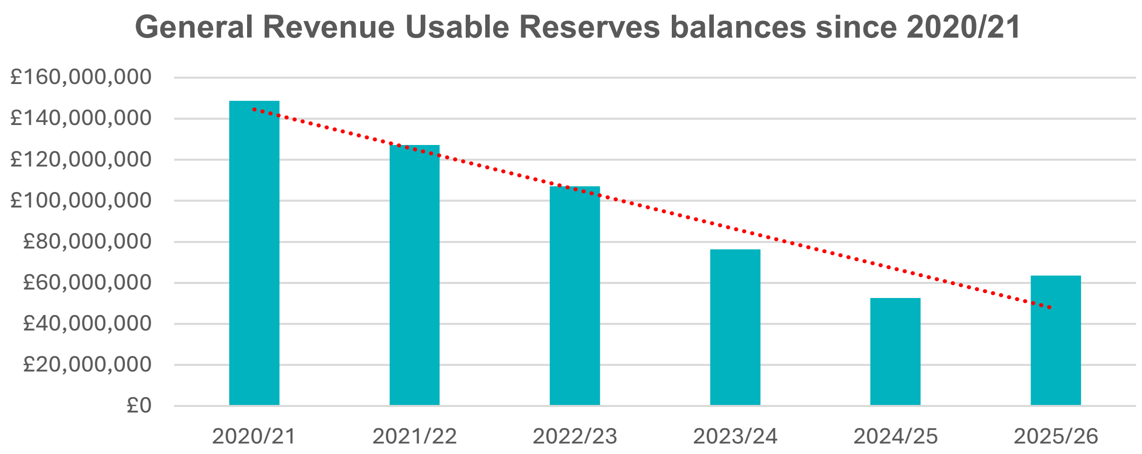
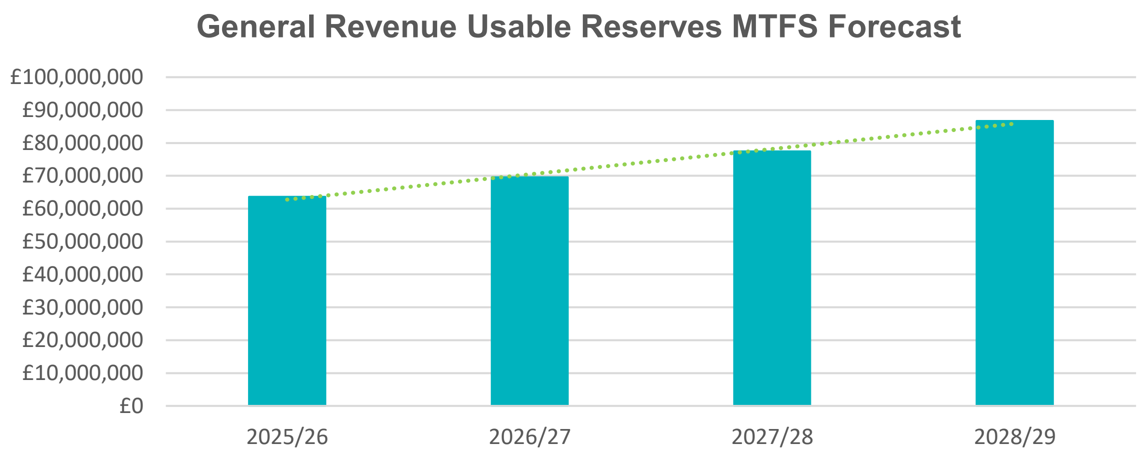


To support the Council in achieving financial sustainability over the medium term, it is important that reliance on reserves to balance the budget is reduced. As outlined earlier in the narrative report, and within the Council's MTFS, a key priority is to rebuild reserves that have been drawn upon in recent years. This is highlighted in the graph below which shows the forecast reserves position over the MTFS period.



Ongoing financial resilience will be strengthened by reducing the need to rely on reserves to balance the budget. For example, the financing of the revenue budget for 2025/26 and 2026/27 without the need to use reserves. The Council's approach to rebuilding reserves where possible will also help ensure it is better prepared to respond to future challenges.

Capital Strategy

The Capital Strategy for the 5-year period from 2026/27 to 2030/31 was approved by Cabinet and subsequently Full Council alongside the MTFS on 4 March 2026.

The Capital Strategy was influenced by the principles which shaped the overarching budget process for the Council and is driven by the ethos of a Co-operative Council. The areas of expenditure and sources of funding as reported to Budget Council are summarised below.

This programme will be updated with the final Outturn position and reviewed across the Capital Strategy period as part of the ongoing capital monitoring process.

Directorate	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	2030/31 £000
Adult Social Care	6,495	3,870	-	-	-
Children's Services	9,657	6,481	2,209	10	-
Communities	125	-	-	-	-
Place	72,953	25,636	6,016	362	-
Housing Revenue Account (HRA)	6,151	3,849	-	-	-
Resources /Information Technology	3,843	3,336	1,092	-	-
Capital, Treasury & Technical Accounting	3,240	4,973	3,100	5,600	-
Funding for Emerging Priorities	-	902	2,506	-	1,592
Total Expenditure	**102,464**	**49,047**	**14,923**	**5,972**	**1,592**

Funding	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	2030/31 £000
Ringfenced Grants	(49,882)	(27,360)	(4,180)	-	-
Un-ringfenced Grants	(12,695)	(4,356)	(1,169)	(256)	-
Other Contributions	(87)	(831)	-	-	-
Capital Receipts	(3,751)	(2,900)	(2,600)	(2,600)	-
Prudential Borrowing	(33,039)	(13,600)	(6,974)	(3,116)	(1,592)
Revenue (HRA & GF)	(3,010)	-	-	-	-
Total Funding	**(102,464)**	**(49,047)**	**(14,923)**	**(5,972)**	**(1,592)**

Potential projects are appraised via the Council's established existing Gateway process with the outcomes being reported to Capital Investment Programme Board (CIPB). This helps ensure capital investment is focused on delivering meaningful and positive benefits directed to make a real and demonstrable impact for Oldham.

As part of the Capital Strategy for 2026/27 to 2030/31, there is an ongoing need to continue funding a number of existing programmes including:

- Corporate Landlord Function
- Town Centre Housing Projects
- Social Care

Alongside these established programmes, a range of further and emerging projects may also require funding. These are grouped under the key strategies that support the overall programme:

1) Creating a Better Place

   - Housing
   - Town Centre and Borough-Wide Regeneration (incorporating Spindles and Town Square Shopping Centres, wider Town Centre Redevelopment, Coliseum Refurbishment, Northern Roots, Heritage Town Centre Assets, and Other Regeneration schemes including Prudential Building, Tommyfield Park and Greenway, and George Square)

- Asset Management (including Medium Term Property Strategy, Surplus Sites and Working with NHS Partners)
- Green Initiatives and Decarbonisation

2) Highways and Transport

   - City Region Sustainable Transport Settlement (CRSTS) annual Highways Maintenance allocation
   - GM Mayor's Cycling and Walking Challenge Fund
   - Department for Transport Highway Maintenance Challenge Fund
   - Active Travel Funding
   - CRSTS - 'Streets for All' highways schemes
   - QBT – Quality Bus Transit Schemes

3) Other Programmes and Schemes

   - Housing Initiatives (funded by the Housing Revenue Account Resources) including working with the Councils Private Finance Initiative (PFI) partners to ensure the condition of the housing stock is maintained
   - Social Care (including the Better Care Fund (Disabled Facilities Grant)) and responding to the Adult Social Care provision and reform agenda and Children's Social Care provision
   - Fleet Replacement
   - GM Investment Fund Loans
   - GM Devolution and Related Initiatives
   - Opportunities arising from Central Government Funding
   - Capital Grants to Third Sector Organisations
   - Matched Funding for Grant Bids
   - Funding for Emerging Priorities

The table above indicates that approximately £58.321m (33.52%) of the approved Capital Programme is currently planned to be funded by prudential borrowing. This position may change over time as the Council continues to explore alternative funding options and pursues grant opportunities where appropriate. The overall borrowing requirement will be kept under regular review, taking into account the Council's forecast revenue position. Where necessary, projects that are not yet contractually committed and rely on borrowing may be rescheduled or reconsidered. The Council also keeps its borrowing levels under ongoing review to ensure it achieves Value for Money for the residents of the Borough.

Further detail is set out in the Capital Strategy report which is available on the Council's website.

Non-Financial Achievements linked to the Corporate Plan

Happier, Healthier Lives

- We have delivered significant improvements across the education, health and care area with progress recognised positively by the Secretary of State.

- We have secured funding from the National Lottery Heritage Fund for the restoration of the Grade II listed Foxdenton Hall in Foxdenton Park, Chadderton for use by the community.

- Family Hubs continue to have a positive impact across all districts, providing joined-up support for parents, carers, and children.

Great Place to Live

- We have delivered the first major phase of Oldham's town centre regeneration, including the brand-new Spindles office space, setting the foundation for a thriving, modern business and retail hub.

- 'The Loom', Oldham's brand new event space standing proudly in Parliament square has opened which has been delivered as part of our ambitious town centre transformation programme.

- Ushered in the next chapter of the town's proud market history with the opening of a vibrant new market space, 'The Market'.

- The Communities Board has been established to provide a forum for the Council, voluntary, community and faith sectors to improve the lives of our communities and respond to community issues.

Green and Growing

- Northern Roots is transforming 160 acres of underused green space into the UK's largest urban eco-park, right in the heart of Oldham.

- Supported 'The Hub' at Alexandra Park, Oldham's Community Food Growing Project where volunteers grow fruit and vegetables to share with the community.

- Atom Valley is transforming the region into a global leader in advanced manufacturing, clean energy, and digital innovation – and Oldham is right at its heart.

Corporate Risks

The Council has an embedded process to manage risks and assist in the achievement of its objectives, alongside national and local performance targets. Risk Management is incorporated into the Business Planning Process with all risks reviewed in Directorates and escalated corporately as required.

The Corporate Risk Register plays an integral role in supporting production of the Corporate Plan and is subject to review by the Audit Committee.

This encompasses:

- Changes to the Council's financial resilience due to uncertainty and matters outside of the Council's control such as the pressures to provide statutory functions meaning that the Council could not set a legal budget;
- The impact of changes in the delivery of Health and Care Services in Oldham which creates uncertainty and disrupts integration plans;
- The internal control environment including Adult Social Care systems;
- Cyber and information risks;
- The key regeneration projects planned for the future; and
- Workforce resilience, retention, skills and capability.

The Annual Governance Statement (included within this document) outlines the arrangements through which the Council manages risks. It identifies the future risks and challenges the Council faces and actions required to mitigate those risks to a reasonable level. Significant issues identified include:

- The need to control expenditure and reduce the reliance on reserves;
- Political instability following the elections in May 2026;
- Increasing demand pressures in children's social care, special educational needs and disabilities, adults services and housing
- Financial sustainability;
- Cyber crime and digital threats;
- Digital transformation; and
- Delivery of regeneration and development.

Main Changes to the Statements and Significant Transactions

The Council has followed the guidance in the CIPFA Code of Practice on Local Authority Accounting 2025/26 and subsequent Bulletin 23 for the closure of the 2025/26 Financial Statements. However, the Council has continued its policy of diverging from the Code in relation to the accounting treatment for the depreciation charge against Housing Revenue Account (HRA) dwellings. Details are provided in Section 4.1 of the Accounts. The Council's management believes that this alternative treatment is required in order to present a true and fair view of the financial position of the Council's HRA.

Basis of Preparation and Presentation of the Accounts

The Council prepares its Statement of Accounts on a going concern basis, on the assumption that it will continue in existence into the foreseeable future. Disclosures are included within the Statement of Accounts based on an assessment of their materiality. A disclosure is considered material if through an omission or a misstatement, the decisions made by users of the accounts would be influenced. This could be due to the value or the nature of the disclosure.

The Council considers disclosures against an internally calculated materiality threshold which is reviewed each year. However individual items of income and expenditure over £6.000m which are not disclosed on the face of the Comprehensive Income and Expenditure Statement (CIES) are considered to be significant and are disclosed in Note 7. Some disclosures are included due to their nature even if the value of transactions is not over the materiality threshold, an example of this is Note 9 Officers' Remuneration.

The assessment of materiality also influences the Council's decision to produce Group Accounts. Each year the Council assesses the entities it exerts control or significant influence over to identify which fall within the Group boundary. If the value of transactions for the Group as a whole is material, Group Accounts are produced. The accounts for 2025/26 therefore consolidate the MioCare Community Interest Company.

Explanation of the Statements to the Accounts

The Accounts and Audit (Amendment) Regulations 2024 require the Council to produce a Statement of Accounts for each financial year. These statements contain several different elements which are explained below:

Statement of Responsibilities for the Statement of Accounts sets out the respective responsibilities of the Authority and the Chief Financial Officer (Director of Finance and Section 151 Officer).

Auditor's Report gives the External Auditor's opinion of the financial statements and of the Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources (this report is not included in the draft accounts).

Financial Statements

- **Comprehensive Income and Expenditure Statement (CIES)** shows the cost of providing services in the year in accordance with International Financial Reporting Standards. The top part of the CIES provides an analysis by Directorate and reflects the Council's local reporting format. The bottom half of the statement deals with corporate transactions and funding.

- **Movement in Reserves Statement** is a summary of the changes to the Council's reserves over the course of the year. Reserves are divided into "usable", which can be invested in capital projects or service improvements, and "unusable" which must be set aside for specific purposes.

- **Balance Sheet** shows the value of the Council's assets, liabilities and reserves at a point in time.

- **Cash Flow Statement** shows the changes in the Council's cash and cash equivalents during the year and quantifies the movements in balances attributable to the day to day running of the Council (operating activities), investing activities or financing activities.

- **Housing Revenue Account (HRA)** shows the in-year economic cost of providing housing services in accordance with generally accepted accounting practices.

- **Collection Fund Statement** shows the transactions of the Billing Authority in relation to the collection from taxpayers of Council Tax and Business Rates and its distribution to precepting bodies. For Oldham, the Council Tax precepts payable are for the Mayoral Police and Crime Commissioner Precept and the Mayoral General Precept (including Fire & Rescue Services).

- **Group Accounts** show the Group position of the Council and its material subsidiaries. The Council considers the Group Statements to be of equal prominence to the single entity statements.

Receipt of Further Information

If you would like to receive further information about these accounts, please do not hesitate to contact Lee Walsh, Director of Finance and Section 151 Officer, Oldham Council, The JR Clynes Building, Cultural Quarter, Greaves Street, Oldham, OL1 1AL.

Acknowledgements

The production of the Statement of Accounts would not have been possible without the exceptional hard work and dedication of staff across the Council. I would like to express my gratitude to all colleagues, from the Finance team and other services, who have assisted in the preparation of this document.

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Lee Walsh, BA (Hons), CPFA
Director of Finance and Section 151 Officer
29 May 2026

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1.2 Annual Governance Statement 2025/26

1. Introduction

1.1 Purpose of the Annual Governance Statement (AGS)

Oldham Council is accountable to the residents of the Borough and other stakeholders for ensuring a sound system of governance is in place. Good governance underpins realisation of the Council's vision and objectives and provides confidence that decisions are well made. It supports ethical working, public accountability and a continued focus on the Council's values of Proud, Ambitious and Together.

The AGS, informed by the annual review, is structured to provide:

- An Executive Summary (section 2) providing the key messages of the AGS and an overall opinion as to whether governance arrangements at the Council are fit for purpose.
- An Assessment of Effectiveness (section 3) outlining how the review of effectiveness was conducted and the key findings.
- Improvements to Governance Arrangements (section 4), identifying those areas of governance requiring improvement and how these are being addressed, and how we have improved our governance arrangements based on issues identified in last year's AGS and other significant steps taken to improve governance during the year.
- A Forward Look on Governance (section 5) identifying where governance needs to change or develop to meet the future needs of the Council.

The Council is committed to continuous improvement and review of its operations to deliver best value in accordance with the Local Government Act 1999. This AGS covers the period 1 April 2025 to 31 March 2026 and reflects governance arrangements in place up to the approval of the Statement of Accounts, ensuring that it accurately reflects the Council's current governance arrangements and issues in accordance with the Good Governance Framework.

Preparing the AGS is an opportunity for the Council to undertake a rigorous annual assessment of governance and consider whether it truly is fit for purpose. The review takes into account not just current demands but also anticipated challenges to ensure that the Council is resilient and sustainable in its governance.

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1.2 Scope of Responsibility

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and provides value for money. The Council also has a duty under the Local Government Act 1999 to plan to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency, and effectiveness.

In discharging this overall responsibility, the Council must put in place proper arrangements for the governance of its affairs, which include arrangements for the management of risk, whilst facilitating the effective exercise of its functions.

Elected members have overall responsibility for the governance of the Council and for the fulfilment of accountabilities to residents of Oldham and other stakeholders. Approval of core governance arrangements such as the Council Constitution is made by full Council whereas other aspects of governance are approved through delegated authority.

The Council has delegated authority for approval of the AGS to the Audit Committee. The Council has three key statutory officers with specific governance responsibilities, being the Chief Executive (Head of Paid Service), Director of Finance (Chief Financial Officer), and the Director of Legal (Monitoring Officer). Officers with governance roles are responsible for supporting the statutory officers to put in place and maintain the appropriate arrangements for governance and provide assurance on its effectiveness in their service or corporate specialist area. All members of the Executive Team and Management Board share responsibility for the accuracy of the AGS.

The Annual Governance Statement (AGS) is required to be prepared and published by the Council in accordance with the Accounts and Audit Regulations 2015. It provides assurance on the effectiveness of the Council's governance arrangements, based on a robust and evidence-based review of those arrangements.

The review is aligned to the principles set out in the CIPFA/SOLACE Delivering Good Governance in Local Government Framework (2016) and the 2025 Addendum (referred to in this document as 'the Addendum' and collectively as the Good Governance Framework), which strengthens expectations in relation to assurance, effectiveness reviews, and forward-looking governance planning.

The Council has adopted a Local Code of Corporate Governance, which was approved by the Standards Committee on 27 June 2024.

A copy of the Local Code of Corporate Governance is available on the Council's website.

1.3 Purpose of the Governance Framework

The governance framework comprises the systems and processes, culture, values, and behaviours, by which the Council's activities are directed and controlled, and through which it accounts to, engages with, and leads the community and residents. Key components of the framework include:

- Strategic vision and community leadership articulated through partnership's Oldham Plan which the Council's Corporate Plan is aligned.
- The Constitution of the Council that sets out how the Council operates, makes decisions, and ensures accountability through its governance, rules and procedures. It is the primary governance document of the Council and includes codes of conduct and core financial rules that must be followed.
- Scrutiny arrangements, and openness such as through public access to meetings and published agendas, consultation and community engagement and publication of Council information, that support challenge, transparency and accountability.
- Corporate policies covering expected behaviours including for equality, counter fraud and anti-bribery, whistleblowing and information governance.
- Arrangements in place for the discharge of statutory officer functions.
- Robust financial management including the Medium-Term Financial Strategy (MTFS) and regular monitoring and oversight arrangements. Financial planning is aligned with strategic objectives to provide long-term sustainability. The Council publishes its Statement of Accounts in accordance with the Code of Practice on Local Authority Accounting.
- Sustainable service planning and performance management translating strategic priorities into deliverable plans and measurable objectives.

- Risk management arrangements overseen by the Council's Executive Team and the Audit Committee.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively, and economically.

2. Executive Summary

The Council has made good progress in developing and improving its overall governance framework during the year. Key achievements have included:

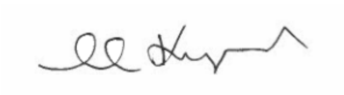
- The Council approved £26.584m of revenue savings covering the 2025/26 financial year making significant progress towards its target to reduce reliance on using general revenue usable reserves to finance day to day expenditure, build strategic and tactical reserves and continuing to invest in enhanced governance and financial resilience.
- Strengthened visible leadership on governance and accountability. The Chief Executive, Executive Directors, the Leader and Cabinet Members, and other senior officers have regularly attended the Council's Audit Committee throughout 2025/26 to provide written and verbal updates to members so that the Committee can hold them to account.
- Ongoing investment to support improved capability and capacity in key governance functions, resulting in senior appointments to key posts including the Director of Finance, the Director of Legal and the Assistant Director of Governance to strengthen the Council's governance capability and co-ordination.
- Key governance boards including the continuation of the Financial Sustainability Steering Group, chaired by the Leader, to hold Directors to account in respect of the savings proposals and to monitor and manage the MTFP and MTFS processes to deliver a balanced budget; and the establishment of the Senior Information Risk Owner (SIRO) Board comprising senior officers with responsibility for governance.
- In 2024/2025 Internal Audit identified a number of control weaknesses and provided limited assurance opinions in certain areas. In response, the Council has undertaken significant work during 2025/26 to strengthen the control environment, with good progress made in implementing agreed recommendations. Progress against these improvements has been reported regularly to the Audit Committee Reviewing our Local Code of Governance adopted in 2024.
- Establishing cross party working groups to review the constitution, and to review the impact and effectiveness of overview and scrutiny.

We also recognise that more needs to be done in key areas of governance improvement. Our priorities for 2026/2027 include:

- Implement actions identified in the 2025/2026 review of the impact and effectiveness of the Council's Overview and Scrutiny function.
- Ensuring that the Senior Information Risk Owner (SIRO) Board which was developed during 2025/2026 builds on its work of having clear oversight of governance matters across the Council.

- Refresh of the Council’s Corporate Risk Register and Directorate Risk Registers.
- Continued focus on stability, security and resilience of IT systems.
- Development and implementation of enhanced budget reduction monitoring.

- Embedding of clear and robust governance for the use and returns on the Transformation Fund investment to drive further transformational financial savings to be included within the Council’s MTFS.
- Improve procurement compliance in line with the Procurement Act 2023 and NHS PSR Contract Procedure Rules Update.
- Review the Council’s Social Value eco-system and plan changes for 2027.
- Improve oversight and reporting on contractor performance.
- Conclusion of the work to review the Constitution.



Shelley Kipling
Chief Executive

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3. Assurance

3.1 Key sources

In assessing the effectiveness of arrangements, consideration has been given to a range of sources through which the Council gains assurances.

Area	Sources of governance / assurances received
Internal Audit	• Annual Head of Internal Audit Opinion • Internal Audit reports • Public Sector Internal Audit Standards compliance
External Audit	• Annual Statement of Accounts audit • Value for Money opinion • Grant certification
Information Governance (IG)	• IG policies and procedures • Annual SIRO reporting • IG performance measures
Counter fraud	• Counter fraud policies • Annual report
Risk Management	• Corporate Risk Register • Service Risk Registers • Internal audit reviews • SIRO Board
Resident Satisfaction / Complaints	• Internal complaints procedure • Internal complaints monitoring and reporting • Ombudsman • Customer satisfaction
External Reviews	• Ofsted Children's Service Inspection • Local Government Association (LGA) Awards • Care Quality Commission (CQC) inspection of Adults Socal Care • Local Government & Social Care Ombudsman Annual Review Letter
Management and Statutory Officers	• Monitoring Officer (legal assurances and ethics) • Chief Finance Officer role compliance • Financial Sustainability Steering Group • SIRO Board
Decision making	• Council, Cabinet, Committees • Scrutiny • Standards reports • Audit Committee self-assessment • Constitution • Scheme of delegation
Transformation	• Project and programme management • Transformation Board
Members and Officers	• Codes of Conduct • HR policies and procedures • Staff and Member training

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3.2 Assurance Statements

As part of the Annual Governance Statement, CIPFA guidance identifies the Monitoring Officer and Section 151 Officer as a key source of assurance that the ‘Council's systems and procedures of internal control which are in operation are effective, efficient and being complied with". In this context, the Monitoring Officer is responsible for ensuring that the Council and its officers act lawfully and do not give rise to maladministration or injustice. In addition, the Chief Financial Officer (S151 Officer) is responsible for ensuring proper financial administration, including budgetary and policy framework, the setting and monitoring of the budget and maintenance of appropriate standards of financial stewardship across the Council.

3.2.1 Monitoring Officer Assurance Statement

As the Council’s Director of Legal and designated Monitoring Officer under Section 5 of the Local Government and Housing Act 1989, it is incumbent upon me that the Council operates lawfully and in accordance with all applicable legislation and that the Council’s constitution is effective and adhered to. Where there is evidence of any potential unlawfulness or maladministration, this may give rise to circumstances leading to a report being prepared that would seek to stop a proposal or decision being implemented until the report is fully considered.

The Role of the Council’s Monitoring Officer also includes providing assurance that the Council operates other key functions to a high standard, including having an effective and secure document sealing process, an accurate whistleblowing policy, ensuring that all legal proceedings and settlements are conducted in an accurate and effective manner and there is a suitable standards framework and investigation process.

Standards:

The Council has a challenging and complex political makeup. There are 60 Councillors with 6 separate groups. The Labour Group has 18 members, Reform UK Group has 16 members. The other Groups include The Oldham Group with 10 members, the Liberal Democrats have 6 members, the Conservative Group have 4 members, the Royton Independent Group have 2 members and there are a further 4 independent members who are not in a political Group. The large number of political groups with differing political ideologies has led to at times a fractious environment where challenging member behaviour is not uncommon both towards officers and in particular towards each other. There are currently 24 active standards complaints that have been received. These complaints include officer complaints towards members, member to member complaints and members of the public complaining about members.

The Standards Committee met in June 2025 and again in March 2026 and all members in attendance accepted that while the standards framework nationally is wholly ineffective and absent of any ability to effectively sanction offending members, all looked forward to more robust legislation being provided in due course, there were still improvements that could be made. The current code of conduct was approved but a request that the following recommendations be progressed with a view to being resolved at full Council and implementing into the current member code of conduct:

1. There should be mandatory training that occurs twice a year regarding the members code of conduct.
2. That training should be interactive possibly in the format of a workshop with an ability for members to work together in groups including some scenario-based examples.
3. Committee members felt that there needed to be more around publicity and transparency, members should be required to have their public profiles updated to indicate if they had completed the latest standards training, members that refused to

complete the training could then also be named, possibly in full Council, there should also be more publicity about a member when a breach of the code is found.

4. Members also wanted it to be investigated if each Council member could be asked to sign a behaviour code of conduct contract and the Mayor would remind them of this contract at the start of each Council meeting. While a contract would not be enforceable, The Mayor's script does have a paragraph included which is read out to members each meeting reminding all members of the importance of members behaviour while in the Chamber. Unfortunately, this has not made any noticeable impact.

Conclusion:

While the standards situation has been a point of difficulty for the Council, it is positive that all members of the Standards Committee have recognised this at meetings and positively wanted to improve matters. There was an update of the Member Officer protocol presented to members of the committee which was agreed to be accepted and adopted and a questionnaire to be sent to officers and members to monitor how the new protocol was working and whether there were any other themes that were of concern. I will continue to work with members and officers to work to improve the standards framework within the Council.

Considering the current position, I am satisfied that the Council is legally compliant and has sufficiently robust processes in place to ensure effective decision making and legal compliance. I will continue to work with all to improve the processes we have.

Alex Bougatef Borough Solicitor / Monitoring Officer
26 May 2026

3.2.2 S151 Officer Assurance Statement

As the Council's Chief Financial Officer and designated Section 151 Officer under the Local Government Act 1972, I am responsible for ensuring the proper administration of the Council's financial affairs. This includes providing assurance on the robustness of the Council's financial management and internal control environment.

1. Financial Management and Governance

I confirm that the Council has maintained a sound system of financial management throughout the financial year. This includes:

- Compliance with the CIPFA Financial Management Code;
- Effective budget setting and monitoring processes;
- Clear accountability for financial performance across departments;
- Regular and transparent reporting to Members and the Senior Leadership team.

2. Internal Control and Risk Management

The Council has in place a comprehensive framework of internal controls and risk management, which has been reviewed and updated during the year. This framework supports the achievement of the Council's objectives while safeguarding public funds. Internal Audit identified a number of control weaknesses during 2024/25 and provided limited assurance opinions in certain areas. In response, the Council has undertaken significant work during 2025/26 to strengthen the control environment, with good progress made in implementing agreed recommendations. Progress against these improvements has been reported regularly to the Audit Committee and the Chief Executive Strategy meetings throughout the 2025/26 and will continue to be reported during 2026/27.

3. **Resilience and Sustainability**

In my professional opinion:

- The Council's budget position remains challenging with ongoing pressures in delivering statutory services within the financial envelope; and
- The level of reserves must continue to be strengthened in line with the Medium Term Financial Strategy and with reliance on reserves to support ongoing revenue expenditure minimised.

This opinion is based on an assessment of:

- The Council's overall financial position and Medium-Term Financial Strategy
- The adequacy of reserves, contingencies and financial resilience planning
- The findings and opinions of Internal audit and External audit

4. **Conclusion**

Based on the information available to me and the assurances provided from both internal and external sources, I am satisfied that the Council has appropriate arrangements in place to ensure effective financial governance and stewardship of public resources.

I will continue to work with Elected Members and Senior Officers to strengthen financial resilience and ensure that the Council remains well positioned to respond to future financial challenges.

Lee Walsh
Section 151 Officer / Chief Financial Officer
29 May 2026

3.2.3 Head of Audit and Counter Fraud Statement

Following on from the Limited assurance opinion received by the Council for 2024/25, senior leaders implemented a robust system of senior level management and oversight of progress against the issues raised in the Head of Audit's Annual Report and Opinion for that year.

This involved detailed, regular progress reporting to the Council's Chief Executive and Executive Directors, to the Leader of the Council and Portfolio Holder, and to the Council's Audit Committee.

Self-reporting of progress by Services has been at a granular level, on a recommendation by recommendation basis, with reasons for programme slippage required where this has been the case.

The Chief Executive, Executive Directors, Leader, Portfolio Holder and other responsible Officers have regularly attended the Council's Audit Committee throughout 2025/26 to provide written and verbal updates to members and answer Member questions on progress.

Progress against the areas and recommendations outstanding from 2024/25, and findings in connection with additional areas of Risk Management and Partnership Governance are provided below.

1. **Financial Control and Resilience**

In 2024/25, internal control arrangements in connection with five of the Council's Fundamental Financial Systems received Limited assurance opinions and had done for successive years. Three of these systems, in connection with Adult's and Children's Social care services support areas of delivery which provide the bulk of the expenditure budget challenges for the Council for 2025/26 and prior years.

In 2025/26, whilst there has been progress in addressing audit recommendations across these three areas, in many instances implementation has either come later in 2025/26 or remains outstanding pending further ICT development actions to support improvements. Improved outcomes from work completed and ongoing are expected to arise throughout 2026/27 and the direction of travel is positive.

Debt Recovery has also seen progress in the year, but again, much has been later in 2025/26, with positive outcomes from this work anticipated going forward into 2026/27.

In terms of overall financial outcomes against budget for the year 2025/26, the unaudited financial results shows that the Council exceeded its annual budget by £3.845m. (2024/25 c£10m) This overspend was funded from the Council's earmarked reserve balances available for this purpose and also a one-off facility available to capitalise capital project interest charges and reduce the 2025/26 in-year overspend position by approximately £11m. In addition, the Council has increased earmarked reserves and revenue grant reserves for the purposes of providing future revenue budget support should this be required. In summary, whilst a call on reserves to fund unplanned revenue budget overspends should be avoided where possible, the Council has taken steps in year, and for future periods, to mitigate future financial risks.

2. ICT

Three of the four specialist ICT reviews which reported during 2024/25 provided Limited assurance over the controls in place in connection with IT Supplier Management, Cloud Service Management and Physical Security & Environmental Controls. Secure and reliable ICT is fundamental to both front line operational services and corporate support services throughout the Council. Without functioning and reliable systems in place no modern organisation can operate either effectively, or in some cases at all.

The Service has reported steady progress against the recommendations in these audit reports over the course of 2025/26 and, as at the date of the last report to the Audit Committee in March 2026, reported that all recommendations were now complete.

ICT audit is a specialist audit area, and the Council engages Salford Technical Audit Service (STAS) to conduct these reviews on our behalf. A programme of follow up work to provide independent confirmation of the progress reported has been agreed and will take place over the course of 2026/27. However, in the absence of this independent confirmation, we cannot yet revise our opinion in these areas for this current AGS in 2025/26.

We are pleased to note that that in connection with their review of the Council's arrangements for Security Incident Detection and Response in 2025/26, STAS found the control environment to provide Reasonable assurance.

3. Procurement

Work in connection with the compilation of the Council's own internal Contracts Register continued into 2025/26, having initially been raised as an area for improvement in previous years.

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At their last progress update to the Audit Committee in March 2026, the Service reported mixed progress against the outstanding audit recommendations. However, as noted in other areas above, much of the progress reported in this area was either commenced or completed later in 2025/26, with outcomes expected to arise during 2026/27. We have not yet revisited this area to independently verify the reported progress and will liaise with the Service to conduct further testing at the earliest appropriate opportunity. Therefore, our opinion in this area remains that the controls in place for 2025/26 provided Limited assurance.

4. Decision Making

Findings from our review of the Council's Delegated Decision Recording System in 2024/25 reflected a risk that the Council was not ensuring openness and accountability in its decision making and recording processes; that sensitive information may be shared inadvertently, and in some cases, decisions may be progressed in the absence of complete and accurate information.

We have completed our follow up testing in this area and are pleased to report that the results show that the majority of the audit recommendations have now been implemented during 2025/26, with no significant issues identified in the Delegated Decision Reports sampled at follow up stage. As a result, our opinion is that controls in connection with the Council's Delegated Decision Recording System provide Reasonable assurance on the transparency and accountability of the Council's decision making processes and records.

Further work remains to fully implement the ModernGov system to provide a full audit trial within the system, and we will monitor this going forward.

5. Corporate Performance Management

Findings from our review of the Council's Corporate Performance Management Systems in 2024/25 reflected a risk that the Council may not be able to measure performance in a way which is open, accountable, comparable, or in line with the Council's corporate and service objectives and identified risks. The Service reports limited progress against our previous recommendations in this area and, as a result, our opinion is that controls in connection with Council's Corporate Performance Management continued to provide Limited assurance during 2025/26.

6. Corporate Risk Management

The most recent update on the Corporate Risk Register was reported to the Council's Audit Committee in March 2025. There has been oversight by the Executive Team and Management Board, as risk management is a key component of effective governance within any organisation. The Council will look to strengthen its approach by reintroducing regular monitoring and oversight of corporate-level risks to the appropriate committee, alongside timely action to manage and mitigate these where appropriate.

7. Partnership Governance

Oldham Total Care was acquired by Oldham Council following the previous provider, formerly known as Chadderton Total Care, entering administration. This created a significant risk to continuity of care and putting approximately 100 residents, many with complex needs, as well as uncertainty for around 200 staff.

Our review of the governance and financial administration arrangements at Oldham Total Care identified a number of areas where structures, systems and processes would benefit from further strengthening to fully support the effective governance of the organisation.

While this work is still ongoing, since the Council acquired the business, the current level of assurance is assessed as Weak, with improvements required across a number of the areas identified. However, these findings also provide a clear basis for continued development and enhancement of governance arrangements going forward which will be required to be addressed.

8. Conclusion and Annual Audit Opinion

Following on from the Limited assurance opinion received by the Council for the financial year 2024/25, senior leaders and Members have focussed substantial management and oversight resources to ensure that progress against the areas highlighted in the 2024/25 AGS.

Significant progress has been reported by Services across the majority of areas highlighted in the Head of Internal Audit's Annual Report and Opinion for 2024/25. Which reflects the clear organisational commitment to strengthening governance, risk management and internal control arrangements.

However:

- While some of these improvements and progress has been realised towards the latter part of the 2025/26 financial year, the benefits and improvements in outcomes are expected to become fully embedded and evident during 2026/27 and future years.
- Independent validation of service reported progress has been undertaken where possible. In some areas full assurance is still being established, mainly as a result of the timing of the implementation of the audit recommendations during the later part of the year.
- A number of services are continuing to develop with further progress linked to enabling improvements, including those associated with further work in connection with the development of ICT.

As a result, the overall conclusion and Annual Audit Opinion is that the Council's systems of governance and internal control during 2025/26 continued to provide Limited assurance. However, there is a clear implementation plan in place and a positive trajectory of improvement and, should the current momentum be sustained throughout 2026/27, there is an expectation that assurance levels will improve in coming years.

John Miller
Head of Internal Audit and Counter Fraud

3.3 Local Code of Corporate Governance

The Council's Local Code of Corporate Governance adopts the seven core principles in the CIPFA/SOLACE Good Governance framework.

Set out below is how the Council has specifically complied with the Good Governance framework during 2025/2026.

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
Local authorities should uphold integrity, transparency, and ethical standards in decision-making and service delivery. They must comply with legal requirements and promote a culture of accountability. We have a clear set of values in our Corporate Plan that outline who we are and how we operate. They shape our culture, inform our decisions, and inspire us to deliver on our commitments to the people of Oldham. They are the standards we hold ourselves to, day in and day out. Alongside these values, a set of key behaviours guides how we work, ensuring consistency and focus across all areas of the council. We use the values and behaviours in our annual Let's Talks with staff where we set objectives for the year and appraise performance of the previous year. Work commenced with a cross-party group of Elected Members to review the constitution. Whilst some progress was made, this work will continue into 2026/27. The Council's Constitution was submitted for approval by the full Council on 20 May 2026. The Constitution includes terms of references, defines decision making powers and describes roles and functions. The Code of Conduct which was adopted by the Council in 2024, was reviewed on 24 June 2025 by the Standards Committee. Reminders are provided by the Mayor at the start of each Council meeting in respect of adherence to the Members' Code of Conduct and the expected standards. Throughout the year the conduct of Elected Members is overseen by the Monitoring Officer who reports annually on the outcome of complaints reported through to the Standards Committee. The last update was on 5 March 2026. Registers of declarations of interests, gifts and hospitality are held for both employees and Elected Members. Elected Members' register of interests are published on the Council's website. Council and Committee minutes show any declarations made at meetings and are recorded against each individual Councillor's record on the website. Training is provided for regulatory committees on a regular basis. Training was provided to members of the Audit Committee on 3rd and 5th November 2025. The Director of Legal (Monitoring Officer) and the Assistant Director of Governance delivered Employee Code of Conduct refresher training to the Council's Extended Leadership Team on 10 February 2026. The Employee Code of Conduct is available to all staff on the intranet. There is also a summary document which explains the standards expected of officers. The Code of Conduct training forms part of the mandatory eLearning programme and officers are expected to complete this training course every two years. The Council has a comprehensive suite of e-learning for staff which includes 12 mandatory modules. The system allows managers to monitor employees completion and

compliance with policies. The mandatory training modules are approved by the senior leadership team and annual completion reports are shared with senior leadership and further reports are shared with services to support with compliance and completion.

The Head of Internal Audit maintains a comprehensive suite of counter fraud and anti-corruption policies. An annual fraud and loss assessment is undertaken which feeds into the annual audit and counter fraud plan which is reported regularly to Audit Committee. This work aligns with the annual report on the adequacy and effectiveness of internal controls.

The Director of Legal Services is the Council's Monitoring Officer and maintains the Council's Whistleblowing Policy and receives allegations on behalf of the Council.

Legal advice is sought where required. All legal challenges are recorded in a legal risk register, which is reviewed by the Monitoring Officer. Cases with significant implications for the Council are discussed with the Chief Executive and where appropriate referred to Management Board for consideration.

The Head of Paid Service, the Monitoring Officer and the Chief Financial Officer (Section 151 Officer) meet regularly as the statutory officer group, often referred to as the "Golden Triangle". These meetings support effective communication, shared oversight, and a coordinated understanding of key issues across the Council.

The Council uses its Equality Impact Assessment (EIA) tool to ensure that impact on disadvantaged or vulnerable residents is considered when introducing new policies and decisions and consideration of EIA implications is a mandatory requirement for all formal reports, and when developing budget options.

A development session was delivered to the Council's Extended Leadership Team, which includes Heads of Service in respect of pre-election period arrangements, and a briefing note was provided to all Elected Members to remind them of the requirements of the pre-election period, including some practical examples to support them.

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Principle B: Ensuring openness and comprehensive stakeholder engagement

Authorities should communicate openly, involve stakeholders in decision-making, and ensure public participation in governance processes to build trust and accountability.

CIPFA's Position Statement: Audit Committees in Local Authorities and Police 2022 contains two self-assessment questionnaires for the Audit Committee to complete each year to assist the Committee in conducting a self-assessment of its own effectiveness. This supports a culture of internal challenge and the report considered by the Audit Committee highlighted high levels of adherence to best practice and also areas where potential improvements had been identified.

The annual review of complaints was considered by Overview and Scrutiny on 9 October 2025 and noted that Oldham had seen a decrease in the number of complaints and was performing significantly better than the national and regional average, with 100% compliance with the Ombudsman's recommendations.

Agendas, reports, and decision records are published online, with improved navigability and searchability through the Mod-Gov system.

All key decisions are proactively published, with confidentiality applied only where clearly justified by legal or commercial sensitivity.

Full Council, Cabinet and Committee meetings are held in public unless exempt information is to be considered, in which case, public reports are published for openness, with the exempt information withheld. All meeting dates, agendas and minutes have been published in accordance with legislation.

The responses to questions submitted to the full Council are published on the Council's website, together with the questions asked from Elected Members to the Leader and Cabinet. The Council publishes all key decisions on its website.

The Council also live-streams Full Council and Cabinet meetings. The Council encourages public questions at meetings and has procedures for speaking at meetings, for example, full Council and planning committee. Electronic voting was introduced to full Council meetings, with individual votes of Elected Members live streamed for openness, so that residents can see how their ward Councillor has voted on a matter.

Full Council provides an opportunity for members of the Youth Council to present motions on topics of importance to young people to the council.

The Council's Overview and Scrutiny arrangements support and monitor the work of the Executive (Cabinet). A "call-in" procedure allows Scrutiny to review Executive decisions before they are implemented, presenting challenge and the opportunity for a decision to be reconsidered.

The Council publishes information on the website including spend over £500, it's contract register, pay policy statement, election results and performance information.

The Oldham Plan was adopted by the Leading Oldham Partnership in 2024. The Leading Oldham Partnership brings together business, community and public sector leaders from across Oldham. An impact report of the Leading Oldham Partnership was considered by the full Council to capture the progress made in the first year of delivering the Oldham Plan and the three missions – Healthier, Happier Lives, a Great Place to Live, and a Green and Growing Borough. Case studies highlight progress in delivering the missions.

The full Council adopted the Children, Young People and Families plan which was developed in collaboration with the Children's Achieving Excellence Board, the Oldham Safeguarding Children Partnership and the Children and Young People Scrutiny Board.

The Council has a Joint Health Overview and Scrutiny Committee to scrutinise services provided by the NHS Northern Care Alliance.

E-Petitions are part of the Council's ongoing commitment to listening to and acting on the views of the public. An e-Petition is a petition which collects signatures online. This allows petitions and supporting information to be made available to a potentially much wider audience than a traditional paper based petition. Anyone who lives, works or studies in the area can submit or sign an e-Petition.

The Big Oldham Conversation is another way we engage with residents. Residents can register online to explore a range of topics that affect Oldham and for people to have their say.

A magazine/newspaper is issued to all households in Oldham called Working For You to update residents on council services, regeneration projects, events, and housing, as a way to engage with residents, including those who do not access digital media.

The Council continues to engage with all sectors of the community through Partnership and Community Engagement, District Partnership engagement and Scrutiny Committees, and through targeted consultation and engagement.

In addition to corporate consultation exercises, directorates conduct specific consultation. A key consultation during 2025/26 related to the introduction of an Article 4 Direction for Houses of Multiple Occupation, of which 314 responses had been received, with 53% supportive of the introduction of the Article 4 Direction which would result in applications needing to be considered by the Planning Committee.

The Council publishes details of how we perform in responding to Freedom of Information requests. This performance data provides an overview of the number of requests received and how many are responded to within the statutory time period, if information was disclosed and the number of requests referred for an internal review.

In relation to staff engagement, the Council introduced The Get Together to bring staff from all Directorates together in a conference to discuss the Council's priorities, values and behaviours and future plans. World café style groups were held, giving staff an opportunity to choose which topic was of interest to them, for example, they could join a small group asking the Chief Executive any question.

A new intranet site was launched in 2025/26, which included the Viva Engage platform to support staff in having a digital workplace social network for announcements, updates, asking questions and sharing ideas and to promote events or share key messages.

Peer support groups are a key part of creating an inclusive and supportive workplace. The Council celebrated the National Day for Staff Networks, recognising the important role the peer support groups play in driving positive change across the Council. Each peer support group has a senior Executive Team member as a sponsor, and they are actively engaged in the groups. For example, a panel of the young persons' peer group heard from Executive Directors about their career journeys.

Regular Team Briefings are distributed to staff via an e-newsletter. This briefing includes important service updates, upcoming events and a range of initiatives that staff can get involved with.

There is also an a 'Ask the Chief' email address, which staff can use at any time to provide direct feedback or ideas to the Chief Executive.

Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits

Governance should focus on achieving long-term benefits for communities, balancing economic growth, social well-being, and environmental sustainability.

The Council was recognised as the Most Improved Council in the Local Government Association awards which was a significant milestone following numerous measures of improvement which had been undertaken since the LGA Peer Review in 2023.

The Council's Corporate Plan: Ready for the Future – covering 2024 to 2027 provides the core of the Council's contribution to delivering the Oldham Plan. The Corporate Plan also sets out our organisational values and behaviours. Our values – Proud, Ambitious, Together – define who we are and how we operate. They shape our culture, inform our decisions, and inspire us to deliver on our commitments to the people of Oldham. They are the standards we hold ourselves to, day in and day out. Alongside these values, a set of key behaviours guides how we work, ensuring consistency and focus across all areas of the Council.

In November 2025, the full Council reflected on the progress made since the launch of the Corporate Plan. The report features case studies that bring the progress to life, including the development of Family Hubs which provide joined up support for children and families, recognising the Council's Children's Services as Good by Ofsted.

An internal audit review of the Council's decision making arrangements highlighted areas of strength and improvement. The action plan updates are regularly presented to the Audit Committee.

The Overview and Scrutiny Annual Report demonstrates the impact of the work of the four scrutiny boards:

- Governance Strategy and Resources Scrutiny Board
- Place, Economic Growth and Environment Scrutiny Board
- Adults, Social Care and Health Scrutiny Board
- Children and Young People Scrutiny Board

Collaboration between the Audit Committee and the Scrutiny Boards saw a request from the Audit Committee for Scrutiny to review its impact and effectiveness. A small cross-party working group was established, and this looked at best practice, together with seeking feedback from all Elected Members and council officers who attend scrutiny to inform an action plan which will be considered by scrutiny in the new municipal year.

The Council publishes on the website a forward plan of key decisions it intends to make, so that residents are informed of what decisions are being made and how they can be involved.

A cross party Constitution Working Group was established in 2025/26 to review the constitution, and this work will continue in the new municipal year.

To achieve fair access to services the Council uses its Equality Impact Assessment (EIA) tool to ensure that impact on disadvantaged or vulnerable residents is considered when introducing new policies and decisions and consideration of EIA implications is a mandatory requirement for all formal reports, and when developing budget options.

In respect of the Council's strategic approach, proposals are approved through the Council's governance arrangements prior to publication on the Procurement Portal, The Chest, to ensure transparency. Once a tender is live, all communication is published via The Chest to ensure all potential providers have access to the same information. Elected

Members need to declare if they hold positions on any providers Board. All tenders are evaluated by a panel following Corporate Procurement Rules to ensure compliancy. Decisions to award are made and published in the public domain.

Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes

Authorities should make informed decisions based on evidence, risk assessment, and stakeholder input to ensure effective service delivery and resource allocation.

All decision reports (including Cabinet, Council and Delegated decisions) include a section on compliance with legal and financial requirements, and risk. Human Resource and Procurement implications are also required where relevant.

Regular Member and Officer briefings take place for more complex areas of decision making, through portfolio meetings and informal Cabinet meetings.

The Audit Committee, working alongside officers, provides independent assurance to the Council that its overall governance arrangements are working effectively and reviews the arrangements that exist to safeguard the Council's money and assets and to provide proper value for money; manage the Council's exposure to risk having regard to its control environment including potential exposure to fraud and corruption and ensure the adequacy of the Council's financial reporting processes.

Each of the Council's Directorates develop annual business plans. Plans focus on contributions to the corporate plan, performance, key activities for the coming year, challenges/risks covering changes affecting the service and the service's finance/budget.

The Council actively consults with stakeholders and service users when making decisions about service improvements, changes to service delivery or proposing any reductions to service delivery. This is supported by effective service planning, budget planning and performance planning processes, all of which are underpinned by the Medium-Term Financial Strategy.

The Council's performance management arrangements ensure continued alignment to its objectives. Each Overview and Scrutiny Board receives performance information to hold Cabinet Members to account.

In respect of the arrangements for the achievement of social value in commissioning, procurement and contracting, contractors with whom the Council spends significant amounts with to provide goods and services are required to deliver and evidence the delivery of social value.

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

Governance should support leadership development, workforce training, and organisational capacity-building to enhance service effectiveness and resilience.

The Constitution sets out a range of member and officer protocols, providing clarity on roles and responsibilities and delegation of decisions. Schemes of delegation are in place for each Directorate.

In 2021/22, the Chartered Institute of Public Finance and Accountancy (CIPFA) issued its guidance on the CIPFA Financial Management Code (FM Code). The FM Code sets out the principles by which Authorities should be guided in managing their finances and the specific standards that they should,

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as a minimum, seek to achieve. There are six underlying principles of the code designed to focus on robust financial management. The authority complies with the FM Code and an update report will be presented to Members during 2026/27.

The Head of Paid Service, the Monitoring Officer and the Chief Financial Officer (Section 151 Officer) meet regularly as the statutory officer group, often referred to as the "Golden Triangle". These meetings support effective communication, shared oversight, and a coordinated understanding of key issues across the Council.

The Head of Paid Service ensures the Council has appropriate management structures, staffing arrangements and governance systems in place to deliver statutory functions effectively. A review of the senior management structure was approved by the Appointments Committee in May 2025 to establish four directorates and for the permanent recruitment of a number of senior roles including the Executive Director of Resources, the Director of Finance, the Director of Legal and the Director of Digital.

The CFO is suitably qualified and experienced and is also a member of the Management Board (the current officer Leadership Team) with a status at least equivalent to other members. The CFO is not a member of the Executive Management Team but regularly attends meeting of the Executive Management Team.

The Council's Monitoring Officer is the Director of Legal. The Monitoring Officer is responsible for ensuring that the decisions and actions of the council are lawful and in accordance with the adopted policy frameworks. The guidance on decision making was refreshed on the intranet in response to feedback from officers to make it clearer on decision making thresholds.

The Monitoring Officer is required to report to the Full Council in any case where it appears that any proposal, decision or omission by the authority has given rise to or is likely to or would give rise to any contravention of any enactment, rule of law or code of practice or maladministration or injustice in accordance with Sections 5 and 5A of the Local Government and Housing Act 1989. No reports have been made this year.

The Council provides a programme of learning and development for Councillors, which includes an induction for new Councillors. The content of the programme changes annually but the emphasis is to support members in the variety of roles they have including advocacy skills to support members in their community leadership role, regulatory specific training for members serving on the Licensing Committee and Planning Committee, support for members in their scrutiny role and mandatory training for all members in relation to safeguarding. Cabinet Members are supported through role descriptions and regular briefings on their areas of responsibility. Newly Elected Members receive training on the code of conduct and related governance matters. The programme ensures that feedback is captured, and adaptations are made ensuring that the learning requirements elected members are met. Attendance is captured and added to members learning records to ensure completion. Additional resources are also shared with members which include podcasts, videos & articles ensuring all learning needs are met.

To support the achievement of the Council's strategic priorities, the Council reviews the organisational framework annually to ensure that it has the right people with the right skills. To support this, the Council has an agreed People (workforce) Strategy, which is currently under review to ensure it addresses recruitment and retention challenges across a number of services and is brought up to date to align with the Council's new Corporate Plan and Transformation ambitions.

All officers are supported with regular performance conversations through the appraisal system, Let's Talk, with targeted, relevant training identified to meet agreed objectives.

The Council's Learning Needs Analysis ensures appropriate spend of the General Training Budget to build capability across the workforce.

Using psychometric profiling, an extensive training programme is being rolled out to upskill staff in self-awareness and self-management, increasing leadership capability at all levels and promoting the benefits of strong relationship building, communication, and collaboration, aligned to our values and behaviours.

A new manager's induction and management development programme was rolled out, ensuring a bespoke offer which is aligned to addressing skills gaps and future-proofing the workforce with a strengthened leadership pipeline.

All human resources policies and procedures are available to staff on the Council's intranet site, together with an Employee Handbook and a Manager's Handbook. There are targeted programmes, often using e-learning, within the Organisational Development Team supporting these policies and helping ensure appropriate consideration is given to the future capacity of the organisation. The training courses are aligned to strategic ambitions and underpinned by the Council's values and behaviours.

Staff are required to complete a programme of mandatory training every one to three years. Progress is recorded centrally, and service managers are informed of non-compliance. Staff also have access to a catalogue of e-learning training to support with continuous professional development. Embedding e-learning into our development offer supports the culture of growth and curiosity whilst also building a baseline of shared knowledge supporting consistency and collaboration.

Health and wellbeing is a central strand of the Let's Talk conversations, which are driven by the staff themselves. A wellbeing tool is available for staff and managers to have conversations. These are employee led and encourage open and honest conversations. A comprehensive wellbeing offer including access to an employee assistance programme, occupation health, keep in touch meetings, and resources related to lifestyle, mental and physical health are available on the intranet. Oldham Active gym membership is available for staff and Members at competitive rates for staff to access all leisure sites across Oldham.

Up to 3 days volunteering time is available for staff, so that they can use their time and skills to support local charities, community groups and voluntary organisations.

Principle F: Managing risk and performance through robust internal control and strong public financial management

Authorities must implement risk management strategies, maintain financial integrity, and ensure effective internal controls to safeguard public resources.

In 2025/2026 the Senior Information Risk Owner (SIRO) Board comprising senior officers with responsibility for governance.

Decision making is supported by risk management arrangements. All Council and Committee reports include a risk management section.

Service Business Plans contain risk matrices and significant risks are captured in the Corporate Risk Register.

The Corporate Risk Register is updated from the risks highlighted in the business plans alongside corporate risks identified separately.

Management Board receive regular in-year updates, at least quarterly on the management of risks within the Corporate Risk Register and the updated Corporate Risk

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Register is shared with Audit Committee. There are robust policies, guidance and systems in place to ensure that data is as secure as possible. Annual mandatory data protection and cyber awareness training is in place for all staff. The Information Governance team, led by the statutory Data Protection Officer provide a corporate approach to information governance processes and procedures ensuring they are met and implemented. The Council's Senior Information Risk Owner (SIRO) is the role of Executive Director of Resources and reports through to Management Board and Audit Committee annually on security breaches, information risk issues and other data issues. Progress against the audit plan and the outcomes of all audits are reported through to Audit Committee throughout the year and follow ups are routinely revisited as part of the following year's audit plan. Internal controls have been strengthened in relation to members' allowances, following a review where incorrect payment rates had been applied. The Head of Internal Audit also provides an Annual Report and Opinion to the Audit Committee on the adequacy of the Council's Internal Control Environment for the year. A summary statement on the outcomes of the work of the Internal Audit and Counter Fraud Service is included earlier in this statement. The Head of Internal Audit's opinion is that the Council's control environment during 2025/26 provided **Limited** assurance that the Council's systems of governance and internal control met its needs in monitoring and controlling its performance and resources. The Council's compliance with the CIPFA Financial Management Code was reported to the Audit Committee on 5 September 2023 and advised Members that the Council complied with the key requirements of the Code. A further update on this will be presented to Audit Committee during 2026/27.
Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability
Governance should promote transparency, regular reporting, and independent audit processes to ensure accountability and continuous improvement. The Care Quality Commission (CQC) inspected Adults Services and in 2025 and gave an overall assessment of Good. In the final report the CQC praised Oldham for its strong leadership, positive culture, and person-centred approach. Partnership working was also identified as a key strength, with Oldham commended for working closely with health services, care providers and community organisations to deliver joined up, coordinated support. The CQC also praised Oldham's safeguarding arrangements, noting strong leadership oversight, effective systems, and a well-coordinated multi-agency approach to keeping people safe. The report also identified some areas where improvement was required. These included mixed feedback from unpaid carers relating to the support they received and the availability of respite care and more work to be done on reducing waiting times for care reviews and financial assessments. The Council publishes a wide range of information on its website, with the aim of increasing transparency and accountability, and to comply with the local government transparency code.

We seek to publish all committee items in the public part of the agenda unless there is the need to preserve confidentiality where it is proper and appropriate to do so, and in those cases we aim to produce a public summary paper for increased transparency.

The Council has a clear process for dealing with Freedom of Information (FOI) requests from the public. These are logged onto a central system and the Council's Information Governance team co-ordinate and track progress on all requests to ensure responses are properly co-ordinated and to the right quality, standard and timescales. Performance measures on compliance with statutory timescales are published on the Council's website.

The Council complies with the requirements of the Local Government Transparency Code 2015. This information can be found on the Council's website at https://www.oldham.gov.uk/info/100004/about_the_council/1429/open_data/3

Work has been undertaken to ensure commissioning procurement is fair, transparent, ethical and based on the needs of the community and an understanding of the marketplace. Training was provided to improve compliance with the Public Contracts Regulations 2015 and the Procurement Act 23 supporting the rules and principles of fair and transparent procurement. A more focused category management approach supports the emphasis on the needs of the community and marketplace. The Social Value Portal is used for all procurements over £100k requiring suitable measures to be put in place in contracts for suppliers to deliver against. To ensure a consistency of approach, decision making, and a full audit trail of procurement processes over £30k an e-procurement system (the Chest), is used to support procurement activity. Oldham Council is fully signed up to the new Government Central Digital Platform which is where all mandatory notices are published ensuring public knowledge of procurement activity and also the sharing of data of suppliers including a debarment list of suppliers.

The Audit Committee is chaired by an independent member and the Committee oversees the work of Internal and External Audit. A second independent member was appointed in 2025/26 and holds the role of vice-chair. External training is provided to Members of the Audit Committee to help them dispense with their responsibilities.

We continue to develop an effective overview and scrutiny function which encourages constructive challenge and enhances the Council's performance overall.

We maintain an effective Audit Committee which is independent of the Cabinet and the Scrutiny Boards.

The Council has a comprehensive annual audit and counter fraud plan which takes a risk based approach to identifying an organisational wide internal audit plan. The plan is developed in conjunction with Directors and Management Board. The Council's fundamental financial systems are reviewed annually and the output from these audits provides significant input into the Head of Internal Audit's annual opinion.

It is a requirement of the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 that, "Where an authority is in a group relationship with other entities and undertakes significant activities through the group, the review of the effectiveness of the system of internal control should include its group activities". This was undertaken via the development of a Partnership Dashboard, that sets out the key financial risks associated with the Council's subsidiaries and other related parties. During the year a report was presented to the Governance, Strategy & Resources Scrutiny Board highlighting the risks.

To further enhance governance arrangements, the Council recruited for an Executive Director of Resources to give further core assurance and bring all the Governance functions under one Directorate to give greater Senior Management oversight and ownership. A new Assistant Director of Governance commenced during 2025/2026 with responsibility for democratic, electoral, civic and political functions and information governance, and during the year the portfolio of responsibility increased to include performance and risk.

In June 2025, Oldham Council was proud to be named LGC Most Improved Council, a significant national recognition of our progress and commitment to transformation. This award reflects the impact of our renewed focus on leadership, governance, resident engagement, and financial resilience. It highlights how we have worked collaboratively across political, corporate, and community boundaries to improve outcomes, strengthen trust, and deliver better services for the people of Oldham. While challenges remain, the award provides independent validation of the strides we have made in creating a more responsive, inclusive, and resident focused organisation.

3.4 Review of Effectiveness

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control. This provides an open and honest assessment of the Council's governance arrangements. In line with the Good Governance framework, the review draws on a broad range of assurances to evaluate whether governance arrangements are fit for purpose, operating effectively, and to identify areas for improvement including developments to best meet future demands and anticipated change.

3.4.1 How Governance Has Improved

There were two actions carried forward from the 2024/2025 AGS, and updates are provided below:

2024/25 Action	Responsible Officer	Progress during 2025/2026
1) Reviewing and refreshing the transformation and change programme to identify options for acceleration of schemes that will drive financial savings.	Assistant Director of Transformation & Change	**Complete.** We have established a new transformation governance structure that provides a clear framework for directing, overseeing, and assuring the transformation programme by linking strategic leadership, programme control, project delivery, and support functions in a single coordinated model. This provides stronger accountability, faster and better-informed decision-making, improved confidence that projects will achieve their intended outcomes, tighter financial control, and more joined-up working across services, all of which help the Council deliver transformation and change in a more consistent, transparent, and sustainable way.
2) Ensuring that all income and debts due to the Council are collected efficiently and effectively. All debt management activity will be centralised under the Assistant Director for Revenues and Benefits with new consistent debt management policies.	Assistant Director of Revenues & Benefits	**Complete.** A Customer Experience review of Council Tax has led to significant improvements. Our Income and Debt Management Plan was approved leading to the advertising for 5 temporary debt recovery officers, and the approval to procure a third party debt recovery partner. The Recovery Plan for Client Finance team has brought down work to business as usual levels, which will help with debt collection. The Revenues Debt and Adult Social Care Debt panels have met regularly resulting in cases being referred for charging orders and CCJ obtained against debtors Approval to appoint 5 temporary debt collection officers was given which will enable us to increase debt collection in 2026/27.

		A restructure of the Revenues and Benefits service will be completed in 2026/27 which will enable more resources to be directed to Revenue collection and identifying debts that should be written off. The backlog in ASC Financial Assessments has been significantly reduced, and the annual uprating exercise was completed several months earlier than previous years. A review of the way that we communicate with residents and collect debt will deliver improvements in 2026/27.

Updates on the actions identified in the 2024/25 AGS for the 2025/26 financial year are provided below:

2025/26 Action	Responsible Officer	Progress
1) Implementation of budget saving delivery plan documents to hold directors to account on the delivery of budget reductions including mitigations for approved plans.	Director of Finance	**Complete.** During 2025/26 revised budget delivery templates were implemented which highlighted details on approved plans and required mitigations. For the 2026/27 budget setting process revised budget delivery plan documents were implemented for each budget reduction proposed to Budget Council
2) Continuation of the Financial Sustainability Steering Group, chaired by the Leader, to hold directors to account in respect of the savings proposals and to monitor and manage the MTFP and MTFS processes to deliver a balanced budget.	Chief Executive	**Complete.** The Financial Sustainability Steering Group met regularly throughout 2025/2026. This Group ensured an organisational wide view and challenge on budget performance, savings trajectories and sustainability measures, whilst driving the delivery of organisational change, improvements and transformation. It also ensured the development and officer sign-off of options for a financially sustainable budget. Additionally, it provided assurance to the elected member led Financial Sustainability Delivery Board on the Council's change, improvements and transformation

		efforts and the delivery of budget savings and a balanced budget.
3) Development of budget monitoring information to include further analysis of any variances split by non delivery of savings, expenditure or income pressures with mitigations.	Director of Finance	**Complete.** Included within the revenue budget monitoring reports presented to Cabinet during the 2025/26 financial year were details on the split of variances. This will continue into 2026/27.
4) Working with our approved strategic partner to develop a robust transformation and change programme to drive financial savings over the MTFS period.	Assistant Director of Transformation & Change	**Complete.** Work was carried out with a strategic partner to develop a specific transformation programme in adult services. The wider transformation and change programme will be supported by the internal Transformation and Change team. The Council have agreed a transformation fund to build internal capacity and capability, with funding available for external expertise when required to deliver specific packages of transformation work.
5) Development of the Council's Medium Term Financial Strategy to include the impacts of the Fair Funding Review and Business Rates Reset from 2026/27.	Director of Finance	**Complete.** The Council's MTFS for 2026/27 to 2028/29 was refreshed to include the outcomes of the Fair Funding Review 2.0 and the National Business Rates Reset.
6) Completion of a comprehensive review of Revenues and Benefits, including, processes, customer experience and technology usage with the aim to build a resilient service model.	Assistant Director of Revenues & Benefits	**Ongoing.** Approval to appoint 5 temporary debt collection officers was given which will enable us to increase debt collection in 2026/27. A restructure of the Revenues and Benefits service will be completed in 2026/27 which will enable more resources to be directed to Revenue collection and identifying debts that should be written off. The backlog in ASC Financial Assessments has been significantly reduced, and the annual uprating exercise was completed several months earlier than previous years. A review of the way that we communicate with residents and

		collect debt will deliver improvements in 2026/27.
7) Develop a mandatory training Programme for elected Members in relations to the Members Code of Conduct	Monitoring Officer	**Complete.** There is currently a training programme that the Council has that is offered to members. The induction session also covers the Members Code of Conduct, register of interests and gifts and hospitality.
8) Explore options to review the Members Code of Conduct to improve compliance.	Monitoring Officer	**Complete.** A new more detailed Member / Officer Protocol has been developed and considered by the scrutiny committee and adopted by the Council. This will further demonstrate the lengths the Council is going to create a better working environment for members and officers, so that members feel supported by officers of the Council. Ultimately it is not a case that members do not understand or are not aware of the code of conduct. It has historically been a case where there are no sanctions that can be imposed that provides a deterrent. After any standards hearing that finds a breach of the code of conduct, a report is submitted to full council that publicises the breach and the punishment order.

4. Forward Look

4.1 Where Governance Needs to Improve

Based on the work undertaken to complete this AGS, the most significant governance issue facing the Council continues to relate to its financial position and its financial resilience.

The Council's External Auditor (Forvis Mazars LLP) concluded in its 2024/25 report that there is a serious weakness in the Council's arrangements for securing economy, efficiency and effectiveness. This reflects ongoing overspending and a continued reliance on reserves to support day to day revenue expenditure.

While this position is a concern, the Auditor recognised that the Council had taken positive steps for 2025/26 by setting a balanced revenue budget that did not initially rely on the use of reserves. Whilst the revenue outturn for 2025/26 required the draw down of reserves to manage the position this was substantially reduced from the previous year. The Council also ended the end of the financial year with a net increase of general revenue usable reserves which has improved its financial resilience.

The Auditor made a series of recommendations to strengthen financial resilience and management. These include improving the budget setting process to better reflect demand led pressures, ensuring that planned savings are sufficient, realistic and deliverable, strengthening monitoring arrangements to enable early corrective action where savings are at risk, and reviewing the Medium Term Financial Strategy and Reserves Policy to increase reserves over time.

The Council has responded to these findings, and the recommendations have been incorporated into the 2026/27 Revenue Budget setting process and supporting financial strategies.

As highlighted in the Monitoring Officer's Statement of Assurance, political instability remains a serious concern for the Council. At the time of drafting this Statement, the Council's Annual Meeting had to be adjourned and reconvened at a later date as members failed to elect a Mayor and were subsequently prevented from attempting to elect a Leader of the Council and appoint a Cabinet, the reconvened meeting is scheduled for Monday the 15th of June 2026.

4.2 Action Plan

Further work has been identified to strengthen governance during 2026/2027, as detailed below.

Governance Issue	2026/27 Proposed Action	Responsible Officer	Timeline
Political balance	To be reviewed following the May elections	Assistant Director of Governance	May 2026
Risk Management	Refresh of the Council's Corporate Risk Register and Directorate Risk Registers	Strategic Risk Lead	December 2026
Council Meetings and Decision Making	Concluding the work of the review of the effectiveness of the Constitution	Director of Legal / Assistant Director of Governance	March 2027
Impact of national Government policy	Consider governance and constitutional arrangements relating to Government plans to introduce guidance on any adopted provision for hybrid meetings and proxy voting or required amendments to the Member Code of Conduct, and also address the governance implications of any new councillor standards and conduct framework which may be introduced under the English Devolution and Community Empowerment Bill	Assistant Director of Governance	Following legislative changes

Governance Issue	2026/27 Proposed Action	Responsible Officer	Timeline
Code of Conduct	Evaluate impact and effectiveness of the Code by seeking views of members and officers on areas of strength or concern	Director of Legal	December 2027
Procurement	a) Improve procurement compliance in line with the Procurement Act 2023 and NHS PSR b) Contract Procedure Rules Update c) Review the Council's Social Value eco-system and plan changes for 2027 d) Improve oversight and reporting on contractor performance	Head of Procurement	March 2027
Overview and Scrutiny	Implementing the recommendations from the scrutiny review to strengthen impact and effectiveness	Assistant Director of Governance	December 2026
Stakeholder engagement	Strengthen stakeholder engagement in the Annual Governance Statement, with all Directorates completing a self-evaluation to inform future actions	Assistant Director of Governance	March 2027
Business continuity	Review approach to business continuity management	Strategic Risk Lead	December 2026
Cyber resilience	Continued focus on stability, security and resilience of IT systems	Director of Digital	Ongoing throughout 2026/2027
Budget Monitoring	Development and implementation of enhanced budget reduction monitoring for the Transformation & Improvement Executive Board and the Revenue	Director of Finance	Ongoing throughout 2026/27

Governance Issue	2026/27 Proposed Action	Responsible Officer	Timeline
	Budget Monitoring reports for Cabinet.		
Transformation & Improvement	Embedding of clear and robust governance for the use and returns on the Transformation Fund investment to drive further transformational financial savings to be included within the Council's MTFS	Director of Finance	Ongoing throughout 2026/27
Budget & MTFS Review	Review and update of the Council's Revenue & Capital Budgets for 2026/27 and Medium Term Financial Strategy to reflect any changes to the Administration's priorities and reflecting any fluctuations in local, national or global economies.	Director of Finance	Ongoing throughout 2026/27

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2.0 Statements to the Accounts

2.1 Statement of Responsibilities for the Statement of Accounts

2.1.1 The Council's Responsibilities

The Council is required to:

i. Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In Oldham Council, that officer is the Director of Finance.
ii. Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
iii. Approve the Statement of Accounts.

2.1.2 The Section 151 (S151) Officer Responsibilities

The Section 151 Officer is responsible for the preparation of Oldham Council's Statement of Accounts in accordance with proper practices as set out in the Chartered Institute of Public Finance and Accountancy 2025/26 Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Section 151 Officer has:

i. Selected suitable accounting policies and then applied them consistently.
ii. Made judgements and estimates that were reasonable and prudent.
iii. Complied with the Code of Practice on Local Authority Accounting.
iv. Kept proper accounting records which were up to date.
v. Taken reasonable steps for the prevention and detection of fraud and other irregularities.

2.1.3 Certification of Accounts

I certify that the Statement of Accounts gives a true and fair view of the financial position of Oldham Council at 31 March 2026 and its income and expenditure for the year then ended.

Lee Walsh, BA (Hons), CPFA
Section 151 Officer
Dated: 29 May 2026

2.2 Auditors Report

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Oldham Council

Financial Statements and Explanatory Notes

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3.1 Comprehensive Income and Expenditure Statement (CIES)

2024/25 Gross Expenditure £000	2024/25 Gross Income £000	2024/25 Net Expenditure £000		Note	2025/26 Gross Expenditure £000	2025/26 Gross Income £000	2025/26 Net Expenditure £000
71,491	(58,913)	12,578	Resources		62,250	(49,474)	12,776
360,117	(247,590)	112,528	Children's Services		345,518	(215,552)	129,966
158,189	(61,984)	96,206	Adult Social Care		159,606	(62,321)	97,285
22,818	(3,333)	19,485	Capital, Treasury and Technical Accounting		12,037	(4,357)	7,681
127,697	(45,248)	82,448	Place		234,643	(48,586)	186,057
37,624	(3,254)	34,370	Public Health		38,190	(3,791)	34,400
45,074	(31,441)	13,633	Housing Revenue Account		26,332	(31,042)	(4,710)
823,010	**(451,762)**	**371,248**	**Cost of Services**		**878,577**	**(415,123)**	**463,454**
			Other Operating Expenditure				
		354	Parish Council precepts				380
		246	Payments to Housing capital receipts to government pool				-
		35,069	Levies	**12**			36,108
		9,577	(Gains)/losses on the disposal of non-current assets				47,284
		45,246	**Total Other Operating Expenditure**				**83,772**
		19,334	Financing and Investment Income and Expenditure	**3**			9,996
		(344,787)	Taxation and Non-Specific Grant Income	**4**			(381,453)
		91,041	**(Surplus) or Deficit on Provision of Services**				**175,769**
			Other Comprehensive Income and Expenditure				
		(52,913)	Revaluation (gains)/losses non-current assets	**16a**			(70,068)
		13	Impairment losses on non-current assets	**16a**			(78)
		2,615	(Surplus) or deficit on Financial Assets measured at Fair Value through Other Comprehensive Income				6,410
		(5,859)	Remeasurement of net defined benefit liability	**31**			(9,157)
		(56,144)	**Total Other Comprehensive Income and Expenditure**				**(72,894)**
		34,897	**Total Comprehensive Income and Expenditure**				**102,875**

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3.2 Movement in Reserves Statement

2025/26	Note	Usable Reserves: General Fund Balance £000	Earmarked General Fund Reserves £000	Total General Fund Balance £000	Housing Revenue Account £000	Usable Capital Receipts £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Usable Reserve £000	Unusable Reserves £000	Total Reserves £000
Balance at 1 April Brought Forward		(18,865)	(44,930)	**(63,795)**	(24,447)	-	(1,343)	(45,653)	**(135,237)**	(521,495)	**(656,732)**
Movement in reserves during 2025/26				**-**					**-**		**-**
Total Comprehensive Income and Expenditure		172,054	-	**172,054**	3,715	-	-	-	**175,769**	(72,894)	**102,875**
Adjustments between accounting basis and funding basis under regulations	14	(176,797)	-	**(176,797)**	(5,777)	-	(134)	(8,914)	**(191,623)**	191,623	**-**
Net (increase)/decrease before transfers to Earmarked Reserves		**(4,743)**	**-**	**(4,743)**	**(2,061)**	**-**	**(134)**	**(8,914)**	**(15,854)**	**118,729**	**102,875**
Transfers to/from Earmarked Reserves	15	4,743	(9,470)	**(4,727)**	4,726	-	-	-	**-**	-	**-**
(Increase)/Decrease in Year		**-**	**(9,470)**	**(9,469)**	**2,665**	**-**	**(134)**	**(8,914)**	**(15,854)**	**118,729**	**102,875**
Balance at 31 March carried forward		**(18,865)**	**(54,399)**	**(73,265)**	**(21,782)**	**-**	**(1,477)**	**(54,567)**	**(151,091)**	**(402,766)**	**(553,857)**

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2024/25	Note	Usable Reserves								Unusable Reserves	Total Reserves
		General Fund Balance	Earmarked General Fund Reserves	Total General Fund Balance	Housing Revenue Account	Usable Capital Receipts	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserve		
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April Brought Forward		(18,865)	(72,540)	**(91,405)**	(21,106)	-	(1,222)	(28,306)	**(142,039)**	(549,590)	**(691,629)**
Movement in reserves during 2024/25				**-**					**-**		**-**
Total Comprehensive Income and Expenditure		68,019	-	**68,019**	23,022	-	-	-	**91,041**	(56,144)	**34,897**
Adjustments between accounting basis and funding basis under regulations	**14**	(40,409)	-	**(40,409)**	(26,363)	-	(121)	(17,346)	**(84,239)**	84,239	**-**
Net (increase)/decrease before transfers to Earmarked Reserves		**27,610**	**-**	**27,610**	**(3,341)**	**-**	**(121)**	**(17,346)**	**6,802**	**28,095**	**34,897**
Transfers to/from Earmarked Reserves	**15**	(27,610)	27,610	**-**	-	-	-	-	**-**	-	**-**
(Increase)/Decrease in Year		**-**	**27,610**	**27,610**	**(3,341)**	**-**	**(121)**	**(17,346)**	**6,802**	**28,095**	**34,897**
Balance at 31 March carried forward		**(18,865)**	**(44,930)**	**(63,795)**	**(24,447)**	**-**	**(1,343)**	**(45,653)**	**(135,237)**	**(521,495)**	**(656,732)**

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3.3 Balance Sheet

31 March 2025 £000		Note	31 March 2026 £000
832,993	Property Plant & Equipment	**17**	727,124
170,874	Infrastructure Assets	**18**	171,319
21,141	Heritage Assets	**19**	21,141
20,487	Investment Property	**20**	20,929
4,894	Intangible Assets		2,712
68,066	Long Term Investments	**22**	61,648
45,074	Long Term Debtors	**23**	44,798
1,163,529	**Long Term Assets**		**1,049,671**
0	Short Term Investments	**22**	0
708	Inventories		699
67,052	Short Term Debtors	**23**	68,966
35,538	Cash & Cash Equivalents	**24**	42,837
782	Assets Held For Sale (less than 1 year)		13,074
104,080	**Current Assets**		**125,576**
(27,468)	Short Term Borrowing	**22**	(32,668)
(107,878)	Short Term Creditors	**25**	(107,031)
(7,057)	Short Term Provisions	**26**	(9,159)
	Short Term Liabilities		
(12,557)	- Private Finance Initiatives	**22, 29**	(12,507)
(765)	- Finance Leases	**13**	(613)
(6)	- Transferred Debt	**22**	(6)
(155,731)	**Current Liabilities**		**(161,984)**
(7,642)	Long Term Provisions	**26**	(7,149)
(210,291)	Long Term Borrowing	**22**	(230,272)
	Other Long Term Liabilities		
(32,300)	- Net Pension Liabilities	**31**	(23,523)
(201,293)	- Private Finance Initiatives	**22, 29**	(196,143)
(3,164)	- Leases	**13**	(2,059)
(22)	- Transferred Debt	**22**	(16)
(16)	- Deferred Credits		(16)
(418)	Capital Grants Receipts In Advance		(228)
(455,146)	**Long Term Liabilities**		**(459,406)**
656,732	**Net Assets**		**553,857**
(135,237)	**Usable Reserves**	**MiRS**	(151,091)
(521,495)	**Unusable Reserves**	**MiRS,16**	(402,766)
(656,732)	**Total Reserves**		**(553,857)**

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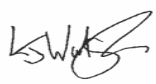
These draft financial statements were authorised for issue by the S151 Officer on 29 May 2026.



Lee Walsh, BA (Hons), CPFA
Director of Finance and Section 151 Officer

3.4 Cash Flow Statement

	Notes	2024/25 £000	2025/26 £000
Net deficit on the provision of services		(91,041)	(175,769)
Adjustment to surplus or deficit on the provision of services for non-cash movements	**32**	137,605	238,590
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	**32**	(49,788)	(60,652)
Net cash flows from operating activities		**(3,224)**	**2,169**
Net Cash flows from Investing Activities	**33**	(10,049)	(4,240)
Net Cash flows from Financing Activities	**34**	41,159	9,370
Net increase or (decrease) in cash and cash equivalents		**27,886**	**7,299**
Cash and cash equivalents at the beginning of the reporting period		7,652	35,538
Cash and cash equivalents at the end of the reporting period	**24**	**35,538**	**42,837**

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3.5 Index of Explanatory Notes to the Accounts

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3.6 Explanatory Notes to the Financial Statements

Introduction

The financial statements have been prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (the Code) and the Accounting Policies set out in Note 35. The Notes that follow (1 to 39) set out explanatory information for readers of the accounts.

1. Expenditure and Funding Analysis

The Expenditure and Funding Analysis demonstrates how the funding available to the Council for the year 2025/26 (i.e. Government grants, rents, Council Tax and Business Rates) has been used to provide services in comparison with those resources consumed or earned under generally accepted accounting practice (GAAP). The Expenditure and Funding analysis also shows how this expenditure is allocated for decision making purposes between the Council's Directorates. Income and expenditure accounted for under GAAP is presented more fully in the Comprehensive Income and Expenditure Statement.

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1a. Expenditure and Funding Analysis

2025/26 Directorate	As reported for resource management (including HRA) £000	Adjustment to arrive at the net amount chargeable to the General Fund and HRA balances £000	Net Expenditure Chargeable to the General Fund and HRA Balances £000	Adjustments between Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
Resources	33,399	(49,591)	(16,192)	28,968	12,776
Children's Services	93,835	26,317	120,151	9,815	129,966
Adult Social Care	90,972	(131,547)	(40,574)	137,860	97,285
Capital, Treasury and Technical Accounting	27,667	(8,394)	19,273	(11,592)	7,681
Place	75,202	107,321	182,522	3,534	186,057
Public Health	24,686	6,817	31,503	2,896	34,400
Housing Revenue Account	0	(10,487)	(10,487)	5,777	(4,710)
Net cost of services	**345,761**	**(59,565)**	**286,196**	**177,258**	**463,454**
Other income and expenditure	(341,916)	48,915	(293,001)	5,316	(287,685)
Deficit	**3,845**	**(10,650)**	**(6,805)**	**182,575**	**175,769**

The table below shows the comparative information for 2024/25.

2024/25 Directorate	As reported for resource management (including HRA) £000	Adjustment to arrive at the net amount chargeable to the General Fund and HRA balances £000	Net Expenditure Chargeable to the General Fund and HRA Balances £000	Adjustments between Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
Corporate Services	33,539	(24,866)	8,673	3,906	12,578
Children's Services	81,408	4,924	86,332	26,195	112,528
Community Health and Adult Social Care	87,571	6,371	93,942	2,264	96,206
Capital, Treasury and Technical Accounting	19,363	35,920	55,283	(35,798)	19,485
Place and Economic Growth	72,084	(19,634)	52,450	29,998	82,448
Public Health	21,552	1,194	22,746	11,624	34,370
Housing Revenue Account	(0)	(12,730)	(12,730)	26,363	13,633
Net cost of services	**315,518**	**(8,821)**	**306,696**	**64,551**	**371,248**
Other income and expenditure	(305,363)	22,936	(282,427)	2,220	(280,207)
Deficit	**10,155**	**14,115**	**24,269**	**66,772**	**91,041**

The table below reconciles between the opening and closing balances of the General Fund (including earmarked reserves) and Housing Revenue Account (HRA) balances.

Additional information on the movements in General Fund and HRA balances can be found on the Movement in Reserves Statement.

Movement in General Fund and HRA Balance	2024/25 £000	2025/26 £000
Opening General Fund and HRA Balance as at 1 April	(112,510)	(88,242)
Add (Surplus)/Deficit on General Fund and HRA Balance in Year	24,268	(6,805)
Closing General Fund and HRA Balance as at 31 March	**(88,242)**	**(95,047)**

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1b. Note to the Expenditure and Funding Analysis

This note provides a reconciliation of the main adjustments to net expenditure chargeable to the General Fund and HRA balances to arrive at the amounts in the Comprehensive Income and Expenditure Statement. The relevant transfers between reserves are explained in the Movement in Reserves Statement.

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement				Adjustments between Accounting Basis and Funding Basis 2025/26			
	Movement in Reserves	Other adjustments	Total to arrive at amount charged to the general fund & HRA	Adjustment for capital purposes £000 (Note 1)	Net change for pension adjustment £000 (Note 2)	Other Differences £000 (Note 3)	Total Adjustments £000
Resources	4,801	(54,393)	**(49,591)**	30,618	(1,650)	-	28,968
Children's Services	161	26,156	**26,317**	9,857	(43)	-	9,815
Adult Social Care	(1,339)	(130,208)	**(131,547)**	139,157	(1,298)	-	137,860
Capital, Treasury and Technical Accounting	(9,261)	866	**(8,394)**	(15,813)	4,510	(289)	(11,592)
Place	355	106,966	**107,321**	4,318	(783)	-	3,534
Public Health	539	6,279	**6,817**	3,252	(356)	-	2,896
Housing Revenue Account	(2,061)	(8,425)	**(10,487)**	5,911	-	(134)	5,777
Net cost of services	**(6,805)**	**(52,760)**	**(59,565)**	**177,301**	**380**	**(423)**	**177,258**
Other income and expenditure from the Expenditure and Funding Analysis	-	52,760	**52,760**	-	-	5,316	**5,316**
Difference between General Fund surplus/deficit and Comprehensive Income and Expenditure Statement surplus/deficit	**(6,805)**	**-**	**(6,805)**	**177,301**	**380**	**4,892**	**182,575**

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Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement				Adjustments between Accounting Basis and Funding Basis 2024/25			
	Movement in Reserves	Other adjustments	Total to arrive at amount charged to the general fund & HRA	Adjustment for capital purposes £000 (Note 1)	Net change for pension adjustment £000 (Note 2)	Other Differences £000 (Note 3)	Total Adjustments £000
Corporate Services	51	(3,124)	**(3,073)**	5,013	(1,108)	-	3,905
Children's Services	4,600	(37,226)	**(32,626)**	28,173	(1,978)	-	26,195
Community Health and Adult Social Care	3,281	(2,264)	**1,017**	2,759	(496)	-	2,263
Capital, Treasury and Technical Accounting	19,174	52,210	**71,384**	(40,532)	5,285	(551)	(35,798)
Place and Economic Growth	175	(60,183)	**(60,008)**	31,864	(1,865)	-	29,999
Public Health	329	(12,270)	**(11,941)**	11,683	(59)	-	11,624
Housing Revenue Account	(3,341)	(9,389)	**(12,730)**	26,484	-	(121)	26,363
Net cost of services	**24,269**	**(72,246)**	**(47,977)**	**65,445**	**(221)**	**(672)**	**64,551**
Other income and expenditure from the Expenditure and Funding Analysis	-	72,246	**72,246**	-	-	2,220	**2,220**
Difference between General Fund surplus/deficit and Comprehensive Income and Expenditure Statement surplus/deficit	**24,269**	**-**	**24,269**	**65,445**	**(221)**	**1,548**	**66,772**

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(i) Adjustments for Depreciation/Rental Income

For resource management purposes, the Council includes depreciation in its reporting at Directorate level. However, these charges are removed as they are not included in the net expenditure chargeable to the General Fund and HRA balances. Also, the Council includes rental income from investment properties in the Place and Economic Growth Directorate. However, this is reported in the financial statements below the cost of services line and, therefore the table above shows the item being reallocated.

(ii) Adjustments for Capital Purposes

Depreciation, impairment charges and revaluation gains and losses are included within the net cost of services. In addition:

- **Other operating expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- **Finance and investment income and expenditure** – the statutory charges for capital financing, i.e. Minimum Revenue Provision (MRP) and other revenue contributions, are deducted from other income and expenditure as these are not chargeable under GAAP.
- **Taxation and non-specific grant income and expenditure –** capital grants are adjusted for income not chargeable under GAAP. Revenue grants are adjusted from those receivable during the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non-Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied within the year.

(iii) Net Change for Pension Adjustments

The removal of pension contributions and the addition of the International Accounting Standard (IAS) 19 Employee Benefits pension related expenditure and income are reflected as follows:

- **For the net cost of services –** the removal of the employer pension contributions made by the Council as determined by statute and their replacement with current service costs and past service costs.
- **For financing and investment income and expenditure –** the net interest on the defined benefit liability is charged to the CIES.

(iv) Other Differences

Other differences between amounts debited/credited to the CIES and amounts payable/receivable to be recognised under statute are set out below:

- **For financing and investment income and expenditure -** the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts for Long Term Borrowing.
- **For taxation and non-specific grant income -** the charge represents the difference between what is chargeable under statute for Council Tax and Business Rates to that which was forecast to be received at the start of the year, and the income recognised under GAAP. This is a timing difference as any difference is brought forward in the surpluses or deficits on the Collection Fund.

2. Expenditure and Income Analysed by Nature

	2024/25 £000	2025/26 £000
Expenditure		
Employee Benefit Expenses	245,046	213,648
Other services expenses	475,745	487,019
Asset revaluations, depreciation, amortisation and impairment	105,766	182,868
Interest Payments	28,095	15,868
Precepts and levies	35,424	36,489
Payments to the housing capital receipts pool	246	-
Loss on transfer to academy status	13,036	51,344
Movement on Pooled Investments	-	1
Total expenditure	**903,358**	**987,238**
Income		
Fees, charges and other service income	(107,778)	(104,031)
Interest and investment income	(9,374)	(7,982)
Income from Council Tax and Business Rates	(171,072)	(177,683)
Government grants and contributions	(483,990)	(476,826)
(Gain)/Loss on the Disposal of assets	(3,459)	(4,060)
Movement on Pooled Investments	(257)	
Other revenue receipts	(36,387)	(40,887)
Total income	(812,317)	(811,469)
(Surplus)/Deficit on the Provision of Services	**91,041**	**175,769**

3. Financing and Investment Income and Expenditure

	2024/25 £000	2025/26 £000
Interest payable and similar charges	26,274	13,889
Net interest on the net defined benefit liability	1,821	1,979
Interest receivable and similar income	(7,632)	(6,905)
Income and expenditure in relation to investment properties and changes in their fair value	(2,732)	(2,266)
Other investment income	(1,742)	(1,077)
Expected Credit Loss	3,602	4,375
Fair Value movement on Pooled Investment Funds	(257)	1
Total	**19,334**	**9,996**

4. Taxation and Non-Specific Grant Income

The Council raises Council Tax, Business Rates and receives non-specific unringfenced grants from Central Government each year to finance revenue expenditure. This income is not attributable to specific services. The Council Tax and Retained Business Rates income together with non-specific unringfenced Government Grants underpin the overall expenditure of the Council. The Grants are set out below:

	2024/25 £000	2025/26 £000
Council Tax Income - General Purposes	(98,343)	(102,267)
Council Tax Income - Adult Social Care Precept	(17,311)	(19,673)
Retained Business Rates	(55,418)	(55,743)
Business Rates Top Up Grant	(47,944)	(49,699)
Grants in Lieu of Business Rates	(29,342)	(27,080)
Capital Grants and Contributions	(45,120)	(53,659)
Private Finance Initiative (PFI) Grant	(6,674)	(3,836)
Improved Better Care Fund Grant	(11,188)	(13,802)
Social Care Support Grant	(27,500)	(32,202)
Housing and Council Tax Benefit Administration Grants	(748)	(690)
New Homes Bonus Grant	(205)	(402)
Services Grant	(452)	-
Family Hubs and Start for Life Programme Grant	(1,177)	(1,296)
Other Non-Ringfenced Government Grants	(3,365)	(4,359)
Recovery Grant	-	(8,010)
Childrens Prevention Grant	-	(2,242)
Childrens and Families Grant	-	(2,625)
National Insurance Grant	-	(2,075)
eProducer Responsibility Grant	-	(1,793)
Total	**(344,787)**	**(381,453)**

5. Grant Income Credited to Services

The Council credited the following grants and contributions to the CIES:

	2024/25 £000	2025/26 £000
Government Grants		
Dedicated Schools Grant (DSG)	(184,849)	(164,382)
Housing Benefit Subsidy - Rent Allowances	(35,447)	(28,793)
Housing Benefit Subsidy - Rent Rebates	(7,053)	(6,056)
Private Finance Initiative (PFI) Credit	(25,394)	(28,232)
Household Support Fund	(4,999)	(4,264)
Pupil Premium	(9,408)	(7,611)
Discretionary Housing Payments	(422)	(425)
Education and Skills Funding Agency (ESFA) - Adult and Community Learning Income	(2,734)	(3,055)
Holiday Activities and Food Grant	(1,273)	(1,010)
Other Government Grants	(34,566)	(25,987)
Other Grants	(4,130)	(3,242)
Total	**(310,275)**	**(273,057)**

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6. Dedicated School's Grant (DSG)

The Council's expenditure on schools is financed primarily by Dedicated Schools Grant (DSG) provided by the Department for Education (DfE). DSG is ring-fenced and can only be used to finance expenditure that is included in the School's Budget, as defined in the Schools and Early Years Finance and Childcare (England) Regulations 2025. The School's Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each Council maintained school.

Details of the deployment of the DSG receivable for 2025/26 are as follows:

		2025/26		
		Central Expenditure	**Individual Schools Budget**	**Total**
Note		**£000**	**£000**	**£000**
A	Final DSG for 2025/26 before academy and high needs recoupment			387,042
B	Academy and high needs figure recouped for 2025/26			(222,033)
C	Total DSG after academy and high needs recoupment for 2025/26			**165,009**
D	Plus: Brought forward from 2024/25			**3,996**
E	Less: Carry-forward to 2026/27 agreed in advance			(147)
F	Agreed initial budgeted distribution in 2025/26	86,607	82,251	**168,858**
G	In year adjustments	(758)	131	(627)
H	**Final budget distribution for 2025/26**	**85,849**	**82,382**	**168,231**
I	Less: Actual central expenditure	(90,261)		(90,261)
J	Less: Actual ISB deployed to schools		(82,252)	(82,252)
K	Plus: Local authority contribution for 2025/26			-
L	**In Year Carry-forward to 2026/27**	**(4,412)**	**130**	**(4,282)**
M	Plus: Carry-forward to 2026/27 agreed in advance			147
N	Carry-forward to 2026/27			-
O	DSG unusable reserve at the end of 2024/25			(2,814)
P	Addition to DSG unusable reserve at the end of 2025/26			(4,135)
Q	Total of DSG unusable reserve at the end of 2025/26			(6,949)
R	**Net DSG position at the end of 2025/26**			**(6,949)**

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A Final DSG figure before any amount has been recouped from the Authority as published in March 2025, excluding the adjustment to the 2024/25 DSG for Early Years made during 2025/26.

B Figure recouped from the Authority in 2025/26 by the DfE for the conversion of maintained schools into academies and for high needs payments made by the ESFA.

C Total DSG figure after academy and high needs recoupment for 2025/26, as published March 2026.

D Balance brought forward (where in surplus) from 2024/25.

E The amount which the Authority decided after consultation with the School's Forum to carry forward to 2026/27 rather than distribute in 2025/26.

F Budgeted distribution of DSG as agreed with the School's Forum.
G Changes to the initial distribution, for the final Early years Block adjustment re 2024/25.
H Budgeted distribution of DSG as at the end of the financial year.
I Actual amount of central expenditure items in 2025/26.
J Amount of ISB distributed to schools in 2025/26.
K Any Local Authority contribution for 2025/26 - there was no contribution from Oldham Council in 2025/26.
L In year position at end of 2025/26, carried forward into 2026/27.
M Carry-forward to 2026/27 already agreed.
N Carry-forward to 2026/27 (before any unusable reserve brought forward).
O DSG unusable reserve at the end of 2024/25
P Addition to DSG unusable reserve at the end of 2025/26.
Q Total of DSG unusable reserve at the end of 2025/26.
R Net DSG position at the end of 2025/26.

At the end of 2025/26 the DSG position is a deficit of £6.949m an adverse movement of £8.131m when compared to the 2024/25 surplus of £1.182m.

Details of the deployment of the DSG receivable for 2024/25 were as follows:

		2024/25		
		Central Expenditure	Individual Schools Budget	Total
Note		£000	£000	£000
A	Final DSG for 2024/25 before academy and high needs recoupment			351,177
B	Academy and high needs figure recouped for 2024/25			(166,110)
C	Total DSG after academy and high needs recoupment for 2024/25			**185,067**
D	Plus: Brought forward from 2023/24			**6,516**
E	Less: Carry-forward to 2025/26 agreed in advance			(1,380)
F	Agreed initial budgeted distribution in 2024/25	75,648	114,555	**190,203**
G	In year adjustments	(77)	(141)	(218)
H	**Final budget distribution for 2024/25**	**75,571**	**114,414**	**189,985**
I	Less: Actual central expenditure	(73,277)		(73,277)
J	Less: Actual ISB deployed to schools		(114,092)	(114,092)
K	Plus: Local authority contribution for 2024/25			-
L	**In Year Carry-forward to 2025/26**	**2,294**	**322**	**2,616**
M	Plus: Carry-forward to 2025/26 agreed in advance			1,380
N	Carry-forward to 2025/26			3,996
O	DSG unusable reserve at the end of 2023/24			(2,814)
P	Addition to DSG unusable reserve at the end of 2024/25			-
Q	Total of DSG unusable reserve at the end of 2024/25			(2,814)
R	**Net DSG position at the end of 2024/25**			**1,182**

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7. Material Items of Income and Expenditure

This note identifies material items of income and expenditure that are not disclosed on the face of the Comprehensive Income and Expenditure Statement. For the purposes of this note the Council considers material items to be those greater than £6.000m.

Saddleworth School was derecognised on the Council's Balance Sheet as it transferred to academy status in 2025/26. The value of the disposal is £52.842m (Net Book Value).

8. Members' Allowances

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

	2024/25 £000	2025/26 £000
Allowances	1,285	1,370
Expenses	0	0
Total	1,285	1,370

In accordance with the requirements of the Accounts and Audit Regulations 2015 and guidance set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom, the Council is required to disclose the total amount of allowances and expenses paid to Members during the financial year under the Members' Allowance Scheme.

The amounts disclosed in this note represent the gross allowances and expenses properly payable to Members in respect of the year, in accordance with the approved scheme, and are shown on an accruals basis. The figures disclosed are not reduced for any amounts overpaid in error during the year, nor for repayments made by Members in respect of such overpayments.

Historical Member allowance overpayments have been identified, and recovery payments are in place.

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9. Officers' Remuneration

The remuneration of senior employees is detailed below.

	2024/25				2025/26				Note
	Salary, Fees and Allowances £000	Compensation for Loss Office of £000	Pension Contribution £000	Total £000	Salary, Fees and Allowances £000	Compensation for Loss Office of £000	Pension Contribution £000	Total £000	
H Catherall Chief Executive Oldham Council, Head of Paid Service	160	-	-	**160**	112	-	-	**112**	A
S Kipling, Chief Executive Oldham Council, Head of Paid Service	15	-	3	**18**	181	-	34	**215**	B
S Kipling, Acting Chief Executive	58	-	11	**69**	-	-	-	**-**	
Assistant Chief Executive	62	-	12	**74**	-	-	-	**-**	C
Deputy Chief Executive: People Services	12	99	2	**113**	-	-	-	**-**	D
Deputy Chief Executive: Place	145	-	27	172	144	-	27	**171**	
Executive Director of Resources	-	-	-	-	87	-	-	**87**	E
Managing Director Children and Young People (Director of Children's Services)	70	24	13	**107**	-	-	-	**-**	F
Strategic Director of Children's Services (Director of Children's Services)	70	-	13	**83**	148	-	28	**176**	G
Director of Adult Social Care Services (Director of Adult Social Services)	119	-	23	**142**	123	-	23	**146**	
Director of Education, Skills and Lifelong Learning (Chief Education Officer)	105	-	20	**125**	-	-	-	**-**	H
Director of Education, Skills and Early Years (Chief Education Officer)	-	-	-	**-**	72	-	14	**86**	
Interim Director of Education, Skills and Early Years (Chief Education Officer)	-	-	-	**-**	52		-	**52**	I
Director of Finance and Chief Financial Officer (Section 151 Officer)	105	-	20	**125**	97	-	-	**97**	J
Director of Finance and Chief Financial Officer (Section 151 Officer)	-	-	-	**-**	76	-	14	**90**	K
Director of Legal Services and Monitoring Officer	72	151	11	**234**	-	-	-	**-**	L
Interim Borough Solicitor and Monitoring Officer	48	-	9	**57**	28	-	5	**33**	M
Director of Legal (Monitoring Officer)	-	-	-	**-**	77	-	15	**92**	N
Director of Public Health	106	-	20	**126**	109		21	**130**	

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Senior Officers served for the whole of 2024/25 and 2025/26 unless stated below:

A The Chief Executive and Head of Paid Services: was seconded to Tameside Council on 1 April 2025 to 26 October 2025. The contribution to the salary cost paid by Tameside Council was £128,717.

B The Acting Chief Executive: was appointed on 1 October 2024 to 6 March 2025. The appointment to the post of Chief Executive and Head of Paid Service was confirmed at the Council meeting on 6 March 2025 with effect from 7 March 2025.

C The Assistant Chief Executive: was appointed Acting Chief Executive on 1 October 2024.

D The Deputy Chief Executive People: left the Council on 30 April 2024.

E The Executive Director of Resources: was appointed on 14 July 2025.

F The Managing Director Children and Young People (Director of Children's Services): left the Council on 30 September 2024.

G The Strategic Director Children's Services (Director of Children's Services): was appointed 1 October 2024.

H The Director of Education, Skills and Lifelong Learning (Chief Education Officer): was appointed 1 June 2023. The role was subsequently renamed Director of Education, Skills and Early Years on 1 April 2025. The Director of Education, Skills and Early Years was appointed to a new role on 2 December 2025.

I The Interim Director of Education, Skills and Early Years: was appointed in December 2025 and was appointed to the post of Director of Education, Skills and Early Years (Chief Education Officer) on 5 February 2026.

J The Director of Finance and Chief Financial Officer (Section 151 Officer): left the Council on 2 February 2025. From the 5 March 2025 the Director of Finance and Chief Financial Officer (Section 151 Officer) post was covered on an interim basis until 17 July 2025.

K The Director of Finance and Chief Financial Officer (Section 151 Officer): was appointed 18 July 2025.

L The Director of Legal and Monitoring Officer: left the Council on 30 September 2024. Compensation for loss of office in 2024/25 was a lump sum payment to Greater Manchester Pension Fund (GMPF) in relation to pension fund contribution.

M The Interim Borough Solicitor and Monitoring Officer: was appointed on 1 October 2024 until 13 July 2025.

N The Interim Borough Solicitor and Monitoring Officer: was appointed Director of Legal (Monitoring Officer) on 11 July 2025.

All of the Council's employees (excluding the Chief Executive, other Executive Management Team members and statutory officers) receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

	2024/25 Number of Employees Including Severance or Other Related Payments	2025/26 Number of Employees Including Severance or Other Related Payments
£50,000 - £55,000	233	237
£55,001 - £60,000	132	107
£60,001 - £65,000	74	67
£65,001 - £70,000	44	31
£70,001 - £75,000	37	26
£75,001 - £80,000	20	19
£80,001 - £85,000	12	9
£85,001 - £90,000	15	19
£90,001 - £95,000	14	5
£95,001 - £100,000	4	3
£100,001 - £105,000	1	1
£105,001 - £110,000	2	3
£110,001 - £115,000	3	-
£115,001 - £120,000	2	-
£120,001 - £125,000	2	1
£125,001 - £130,000	-	-
£130,001 - £135,000	1	1
	596	**529**

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.

Exit Package Cost band (including special payments)	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26
	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	
							£	£
£0 - £20,000	5	2	28	14	33	16	254,191	120,349
£20,001- £40,000	3	-	20	6	23	6	623,691	170,500
£40,001- £60,000	-	2	5	4	5	6	246,102	265,454
£60,001- £80,000	1	-	4	1	5	1	347,676	62,681
£80,001- £100,000	-	2	2	-	2	2	190,384	178,420
£100,001- £150,000	-	-	4	1	4	1	450,641	136,516
£150,001- £200,000	-	-	1	-	1	-	186,574	-
	9	**6**	**64**	**26**	**73**	**32**	**2,299,259**	**933,920**

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10. External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts by the Council's External Auditors, which for 2024/25 and 2025/26 was Forvis Mazars LLP.

	2024/25 £000	2025/26 £000
Fees payable to Mazars LLP with regard to external audit services carried out by the appointed auditor for the year	399	396

The 2024/25 amount has increased to £434k due to additional fee notifications in relation to the 2024/25 audit received in the 2025/26 financial year.

11. Pooled Budget

Section 75 Agreement

Since April 2016, Greater Manchester has been working to deliver its own sustainable Health and Social Care system. Oldham Council and NHS Greater Manchester Integrated Care Board (ICB); previously Oldham CCG, have worked closely together and for a number of years have entered into a pooled funding agreement under the powers of the NHS Act 2006 to facilitate a whole system approach to delivering care to the citizens of Oldham.

The Oldham Integrated Care Partnership Committee is responsible for the governance and oversight of health and social care integration services and developments within the Oldham locality, accordingly the Section 75 agreement for 2025/26 was approved by the Partnership Committee on 22 May 2025.

The agreement for 2025/26 retains the principles and the designations of Pooled and Non-Pooled Budgets that were introduced in 2024/25. As in previous years, there are no risk sharing arrangements within the agreement, the resolution of any overspends being the responsibility of the relevant organisation.

As shown in the table below the Council spent pooled funds of £32.859m and Oldham NHS Integrated Care Board - Oldham Locality spent £9.517m; a total pooled fund of £42.376m. Each of the partner organisations accounts for their own contributions and details are contained within the respective organisation's annual accounts.

The variance between funding provided to the pool and met from the pool by the respective partners is due to funds being transferred from one partner to facilitate expenditure by the other partner.

Section 75 incorporating Better Care Fund & Improved Better Care Fund	2024/25 £000	2025/26 £000
Funding provided to the pooled funds:		
Council	(18,542)	(16,280)
NHS GM Integrated Care Board - Oldham Locality	(25,537)	(26,096)
	(44,079)	**(42,376)**
Expenditure met from the pooled funds:		
Council	34,666	32,859
NHS GM Integrated Care Board - Oldham Locality	9,413	9.517
	44,079	**42,376**
Net surplus arising on the pooled budget during the year	**-**	**-**

12. 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 shows 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.

Central Government

Central Government has significant influence over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, provides the majority 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. Council Tax billing, Housing Benefit administration). Grants received from Government Departments are disclosed in Notes 4 and 5.

Elected Members of the Council

Members of the Council have direct control over the Council's financial and operating policies. The total of Members' Allowances paid in 2025/26 is disclosed in Note 8.

The Register of Members' Interests is open to public inspection at the Civic Centre during office hours, on application, and is also available on the Council's website. The Council is compliant in this regard with the requirements of the Localism Act 2012.

Any material transactions with entities disclosed by Members have been incorporated into the Related Party Transactions table below.

Officers

There are no material related party transactions identified between the entities disclosed by Chief Officers as interests/related parties during both the 2024/25 and 2025/26 financial years.

Other Public Bodies (subject to common control by Central Government)

The Council has a pooled fund (Section 75) arrangement. The agreement encompasses a range of Council services as follows, for further details see Note 11 Pooled Budget.

The Council also pays levies towards the services provided by the Greater Manchester Combined Authority (GMCA) for Waste Disposal and for Transport services (plus a statutory charge for Transport) and also to the Environment Agency. The levies payable are shown in the following table.

Levying Body/Statutory Charging Body	31 March 2025 £000	31 March 2026 £000
Greater Manchester Combined Authority - Waste Disposal	17,680	18,262
Greater Manchester Combined Authority - Transport (Levy and Statutory Charge)	17,271	17,726
Environment Agency	118	120
Total	**35,069**	**36,108**

The following table shows the income and expenditure and balances attributable to the Council's subsidiaries, associate companies, joint ventures and non-group entities where appropriate.

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Related Party Transactions	Details of Arrangement	2024/25 Receipts £000	2024/25 Payments £000	2024/25 Outstanding Balances / Commitments £000	2025/26 Receipts £000	2025/26 Payments £000	2025/26 Outstanding Balances / Commitments £000
Subsidiaries							
MioCare Group Community Interest Company (formerly Oldham Care Services Limited)	MioCare Group CIC is a care and support provider and is wholly owned by the Council. It delivers services through two subsidiaries: Oldham Care and Support Ltd (OCS); and MioCare Services Ltd (formerly Oldham Care and Support at Home (OCSH)).	(870)	21,192	50	(995)	20,739	35
Unity Partnership Limited (Unity)	On 2 July 2018 the ownership of Unity Partnership Ltd transferred to Oldham Council and Unity Partnership became a 100% wholly owned Council subsidiary company providing a variety of services within the Council and to residents. On 1 April 2022, the staff of the Unity Partnership Ltd were transferred back into the Council and the Company's functions were taken over by the Council.	-	8	11	-	394	11
Oldham Economic Development Association Limited (OEDA)	OEDA is a company without share capital which is wholly owned by the Council and was set up to aid economic development and regeneration across the Borough. The company has remained inactive in the past year because of the restrictions which apply to companies wholly owned by a Local Authority.	-	-	-	-	-	-
Southlink Developments Limited	The principal activity of the company is that of a property developer. However, the development land now owned by the company is reduced to a few acres located on Southlink Business Park. The continued inactivity of the company is the result of the restrictions which apply to companies wholly owned by a Local Authority.	-	-	-	-	-	-
Meridian Group (Interurban)	The Meridian Group is comprised of the Meridian Development Company Ltd and its subsidiary, Interurban, was created to enable the purchase and development of key sites in Oldham. In 2021/22, the Council became the sole shareholder of the Company.	-	60	-	-	63	-
Northern Roots (Oldham) Ltd	Northern Roots (Oldham) Ltd is a Charity limited by shares and a wholly owned Council company incorporated to develop and operate a new Urban Park in the Snipe Clough area of Oldham. The Council is the sole shareholder.	-	49	-	-	-	-
Oldham Total Care	Oldham Total Care, formerly Chadderton Total Care, is a company wholly owned by Oldham Council that provides 24-hour residential care services to adults in the borough of Oldham. The company was incorporated on 11 July 2023 following the failure of the previous independent provider.	(18)	3,055	4,923	(68)	3,202	50
Associates							
Joint Ventures							
Community 1st Oldham (Chadderton) Ltd	Community 1st Oldham (Chadderton) Ltd was incorporated on 29 March 2008 and commenced trading on 30 April 2008. The principal activity of the company is the development and property management of a Multi-Purpose Health and Wellbeing Centre in Chadderton.	(153)	1,671	-	(153)	2,121	-
FO Development LLP	This joint venture was formed to deliver the development of the Foxdenton employment area in order to create a premium business location, new jobs and housing. The Council has a 20% shareholding.	(1,646)	-	-	-	-	-
Non-Group Entities							
Positive Steps Oldham	The Council has a number of contracts with Positive Steps which is a charitable trust that delivers a range of targeted and integrated services for young people, adults and families. It is a not for profit company for which Council Members occupy 4 of the 12 Trustee positions.	(18)	3,843	-	(2)	2,950	-
	Total	**(2,705)**	**29,879**	**4,984**	**(1,219)**	**29,468**	**96**

13. Leases

The Council's as lessee:

The Council leases in property, vehicles and equipment from third parties under operating leases, to include but not limited to provision of service delivery.

The Council adopted IFRS 16 from 1 April 2024. Properties, vehicles, plant and equipment that fall under the scope of IFRS16 are classified as right of use assets on the balance sheet with a corresponding lease liability and are recognised at commencement of the lease. The lease liability is measured at the present value of the lease payments, discounted at the rate implicit in the lease, or if that cannot be readily determined, at the PWLB annuity rate specific to the term and the start date of the lease.

The lease liability is subsequently measured the Net Present Value (NPV) of the remaining lease payments. There are currently no leases where there is a requirement to re-measure as a result in changes in future lease payments and/or rent reviews. This will be reviewed annually and if applicable will be re-measured, with a corresponding adjustment to the right of use asset, when there is a change in future lease payments resulting from a rent review or change in the Council's assessment of whether it is reasonably certain to exercise a purchase, extension or break option.

The right of use asset is initially measured at cost comprising the initial lease liability; less any lease payments made at or before the commencement date, less any lease incentives received. The right of use asset is subsequently depreciated on a straight-line bases over the shorter of the lease term or the useful life of the underlying asset.

The Council applies recognition exemptions to short-term leases and has elected not to recognise right-of-use assets and lease liabilities for short term leases that have;

- a term of 12 months or less;
- a lease term greater than 12 months but less than 12 months remaining at the balance sheet date; and
- low value assets (less than £10,000).

The Council recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Under these operating leases the Council is committed to paying the following sums and the maturity analysis of lease liabilities as illustrated below.

Right of Use lease liability	2024/25 £000	2025/26 £000
Value at 1 April	747	3,928
Right of Use Assets Created	3,033	-
Additions during the year	1,429	1,319
Principal repaid	-	(890)
Disposal / Derecognition	(1,281)	(1,685)
Value at 31 March	**3,928**	**2,672**
Vehicles, plant, equipment and furniture	3,928	2,672
Value at 31 March	**3,928**	**2,672**

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Maturity analysis of Lease Liabilities	2024/25 £000	2025/26 £000
Within 1 year	765	613
Between 2 and 5 years	2,613	1,779
Over 5 years	550	280
Total liabilities	**3,928**	**2,672**

Right of Use Assets

Properties, vehicles, plant and equipment where they fall within the scope of IFRS16 have been reclassified as right of use assets and are shown in the table below, which form part of the balances for the respective asset classes in Note 17 - Property Plant and Equipment.

Right To Use Assets	Land & Buildings	Vehicle Plant & Equipment	Total
	£000	£000	£000
Cost or Valuation			
As at 1 April 2025	1,808	4,998	6,806
Additions	629	1,190	1,818
Derecognition - disposals	(678)	(1,670)	(2,347)
As at 31 March 2026	1,759	4,518	6,277
Accumulated Depreciation & Impairment			
As at 1 April 2025	-	(1,679)	(1,679)
Depreciation charge	(296)	(866)	(1,162)
Derecognition - disposals	8	-	8
As at 31 March 2026	(288)	(2,545)	(2,833)
Net Book Value at 31 March 2025	**1,808**	**3,318**	**5,126**
Net Book Value at 31 March 2026	**2,047**	**1,972**	**3,444**

The Council's as lessor:

Operating Leases

The Council leases out property to third parties under operating leases, to include but not limited to, the following purposes:

- for the provision of community services such as community centres; and
- for economic development purposes to provide suitable affordable accommodation for local businesses.

The future minimum lease payments receivable under non-cancellable leases in future years are:

	2024/25 £000	2025/26 £000
No later than 1 year	3,657	2,771
2 years	3,253	2,374
3 years	2,818	1,911
4 years	2,352	1,640
5 years	2,053	1,564
Later than 5 years	120,013	96,389
Total	**134,145**	**106,650**

The only material leased out asset is the Spindles Shopping centre. The Council, through its managing agent, leases retail units to individual retailers. The lease payments are generally fixed for the period of the lease, although, some tenants are subject to rents based wholly or partially on the tenant's turnover. Lease periods are typically between 5 to 15 years for individual tenants. There were 39 individual leases in operation during the 2025/26 financial year.

14. Adjustments Between Accounting Basis and Funding Basis Under Regulations

This note details the adjustments that are made to the total Comprehensive Income and Expenditure 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.

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	2024/25						2025/26					
	Usable Reserves						Usable Reserves					
	General Fund Balance £000	Housing Revenue Account (HRA) £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Movements in Unusable Reserves £000	General Fund Balance £000	Housing Revenue Account (HRA) £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Movements in Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account:												
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:												
Charges for depreciation of non-current assets	(47,754)	(6,312)	-	-	-	54,065	(51,956)	(6,773)	-	-	-	58,729
Charges for impairment of non-current assets	(4,127)	(24,336)	-	-	-	28,463	(2,594)	(4,272)	-	-	-	6,867
Revaluation losses on Property, Plant and Equipment	(20,653)	(11)	-	-	-	20,663	(115,366)	(2)	-	-	-	115,368
Movements in the fair value of Investment Properties	968	-	(105)	-	-	(863)	459	-	(191)	-	-	(267)
Amortisation of intangible assets	(2,574)	-	-	-	-	2,574	(1,904)	-	-	-	-	1,904
Capital grants and contributions applied	21,514	-	-	-	-	(21,514)	20,978	-	-	-	-	(20,978)
Revenue expenditure funded from capital under statute	(8,986)	-	-	-	-	8,986	(17,228)	-	-	-	-	17,228
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(3,349)	-	-	-	-	3,349	(2,090)	(652)	-	-	-	2,742
Amounts written off on disposal of Academy Schools to the Comprehensive Income and Expenditure Statement	(13,036)	-	-	-	-	13,036	(51,344)	-	-	-	-	51,344
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:												
Statutory provision for the financing of capital investment	8,880	4,148	-	-	-	(13,027)	11,569	4,338	-	-	-	(15,908)
Voluntary provision for the financing of capital investment	-	-	-	-	-	-		-	-	-	-	-
Capital expenditure charged against the General Fund and HRA balances	12	1	-	-	-	(13)	54	-	-	-	-	(54)
Adjustments primarily involving the Capital Grants Unapplied Account:												
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	23,606	-	-	-	(23,606)	-	32,680	-	-	-	(32,680)	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-	6,260	(6,260)	-	-	-	-	23,766	(23,766)
Adjustments primarily involving the Capital Receipts Reserve:												
Transfer of cash sales proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	6,783	25	(6,808)	-	-	-	5,352	1,450	(6,802)	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	6,667			(6,667)	-	-	6,994			(6,994)
Contributions to the Capital Receipts Pool	(246)	-	246	-	-	-	-	-	-	-	-	-
Repayment of Long Term Loans												

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	2024/25						2025/26					
	Usable Reserves						Usable Reserves					
	General Fund Balance £000	Housing Revenue Account (HRA) £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Movements in Unusable Reserves £000	General Fund Balance £000	Housing Revenue Account (HRA) £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Movements in Unusable Reserves £000
Adjustments primarily involving the Major Repairs Reserve (MRR):												
Transfer of Excess of Depreciation over Notional MRA to MRR	-	121	-	(121)	-	-	-	134	-	(134)	-	-
Credit MRR with a sum equal to HRA Depreciation	-	-	-	-	-	-	-	-	-	-	-	-
Adjustments primarily involving the Financial Instruments Adjustment Account:												
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	294	-	-	-	-	(294)	290	-	-	-	-	(290)
Adjustments primarily involving the Financial Instruments Revaluation Reserve:												
Amount by which Financial Instruments held under Fair Value through Profit & Loss are subject to MHCLG statutory over-ride.	257	-	-	-	-	(257)	(1)	-	-	-	-	1
Adjustments primarily involving the Pensions Reserve:												
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 31)	(24,367)	-	-	-	-	24,367	(23,365)	-	-	-	-	23,365
Employer's pension contributions and direct payments to pensioners payable in the year	24,588	-	-	-	-	(24,588)	22,985	-	-	-	-	(22,985)
Adjustments primarily involving the Collection Fund Adjustment Account:												
Amount by which Council Tax and Business Rates income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements	(2,470)	-	-	-	-	2,470	(2,446)	-	-	-	-	2,446
Adjustments primarily involving the Accumulated Absences Account:												
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from the remuneration chargeable in the year in accordance with statutory requirements	249	-	-	-	-	(249)	1,266	-	-	-	-	(1,266)
Adjustments primarily involving the Dedicated Schools Grant Adjustment Account												
Transfer of Dedicated Schools Grant (DSG) overspend to the DSG Adjustment Account	-	-	-	-	-	-	(4,135)	-	-	-	-	4,135
Total Adjustments	**(40,409)**	**(26,363)**	**-**	**(121)**	**(17,346)**	**84,240**	**(176,797)**	**(5,777)**	**-**	**(134)**	**(8,914)**	**191,623**

15. Earmarked Reserves

This note discloses the amounts set aside from the General Fund as Earmarked Reserves to provide financing for future expenditure plans. The note also discloses the value of transfers to or from General Fund Earmarked Reserves during 2024/25 and 2025/26. All Earmarked Reserves are managed in accordance with the Council's reserves policy which was agreed by Council on 4 March 2026.

	Balance as at 31 March 2024 £000	Transfers Out 2024/25 £000	Transfers In 2024/25 £000	Balance as at 31 March 2025 £000	Transfers Out 2025/26 £000	Transfers In 2025/26 £000	Balance as at 31 March 2026 £000
Integrated Working Reserve	(9,430)	9,430	-	-	-	-	-
Transformation Reserve	(5,211)	5,211	-	-	-	-	-
Adverse Weather Reserve	(1,000)	1,000	-	-	-	-	-
Regeneration Reserve	(836)	836	-	-	-	-	-
Emergency and External Events Reserve	(2,000)	2,000	-	-	-	-	-
Council Initiatives Reserve	(1,723)	1,722	-	-	-	-	-
Fiscal Mitigation Reserve	(10,236)	12,322	(2,086)	-	-	-	-
Life Cycle Costs Reserve	(1,300)	1,300	-	-	-	-	-
Insurance Reserve	(2,405)	2,405	-	-	-	-	-
Directorate Reserve	(2,775)	268	(876)	(3,384)	-	(794)	(4,178)
Balancing Budget Reserve	(12,185)	12,185	-	-	-	-	-
District Partnership Reserve	(545)	545	-	-	-	-	-
Corporate Budget Strategy Reserve	-	8,421	(24,501)	(16,080)	3,845	(11,074)	(23,310)
Corporate Other Reserve	-	4,943	(12,487)	(7,544)	387	(3,251)	(10,408)
Joint Fund Reserve	-	1,345	(5,900)	(4,555)	1,557	-	(2,998)
Total General Fund Revenue Account Earmarked Reserves	**(49,646)**	**63,934**	**(45,850)**	**(31,563)**	**5,788**	**(15,119)**	**(40,894)**
Housing Revenue Account Earmarked Reserve	-	-	-	-	-	(4,726)	(4,726)
Total Earmarked Reserves	**(49,646)**	**63,934**	**(45,850)**	**(31,563)**	**5,788**	**(19,845)**	**(45,620)**
Other Earmarked Reserves							
Revenue Grants Reserve	(7,800)	6,227	(638)	(2,211)	14	(1,645)	(3,843)
Schools Reserve	(8,578)	8,578	(7,160)	(7,160)	7,160	(4,937)	(4,936)
Dedicated Schools Grant Surplus Reserve	(6,516)	-	2,520	(3,996)	3,996	-	0
Total Other Earmarked Reserves	**(22,894)**	**14,806**	**(5,278)**	**(13,367)**	**11,170**	**(6,582)**	**(8,779)**
Total Earmarked Reserves	**(72,540)**	**78,738**	**(51,128)**	**(44,929)**	**16,958**	**(26,428)**	**(54,399)**

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General Fund Revenue Account Earmarked Reserves

The Council's reserves policy was approved by Council on 4 March 2026. Earmarked Reserves are held in four distinct categories which are reflected within the 2025/26 accounts, with details of each category as follows:

Corporate Budget Strategy Reserve - This reserve represents resources that have been set aside to support the corporate budget strategy of the Council.

Corporate Other Reserve - This reserve holds resources set aside to provide for any costs of other corporate areas that are required to be held for a specific purpose or support the delivery of corporate priorities.

General Directorate Reserves - There are a range of Directorate initiatives which span more than one financial year or for which funds have been budgeted but not yet utilised. This reserve will ensure that such initiatives can be completed.

Joint Fund Reserve - This reserve is hosted by the Council and is held to provide resources to support further integration between health and social care providers in line with Government policy and the local direction of travel.

Housing Revenue Account Earmarked Reserves

Housing Revenue Account Earmarked Reserve – this represents balances held with regard to future HRA Private Financial Initiative (PFI) financial obligations.

Other Earmarked Reserves

In addition to the reserves detailed above there are three Earmarked Reserves held in the Council's General Fund which have to be itemised separately given the nature of the funds held. These are:

- **Revenue Grants Reserve** - this represents income from grants received which have no conditions attached or where the conditions have been met but no expenditure has yet been incurred.

- **Schools Reserve** - this includes the balances held by Schools under the scheme of delegation.

- **Dedicated Schools Grant Surplus Reserve** – this reserve contains any surpluses in the DSG and offsets the DSG unusable reserve deficit position which is shown under unusable reserves within the MiRS.

16. Unusable Reserves

All unusable reserves are described below. The movements in year for all reserves with a material balance are also disclosed.

	Note	31 March 2025 £000	31 March 2026 £000
Revaluation Reserve	16a	(457,951)	(483,220)
Financial Instruments Revaluation Reserve	16b	(35,766)	(29,356)
Capital Adjustment Account	16c	(76,886)	64,452
Financial Instruments Adjustment Account	16d	7,049	6,760
Deferred Capital Receipts	16e	(523)	(523)
Pensions Reserve	16f	32,300	23,523
Collection Fund Adjustment Account	16g	1,501	3,947
DSG Adjustment Account	16h	2,814	6,949
Accumulated Absences	16i	5,967	4,702
Total Unusable Reserves		**(521,495)**	**(402,766)**

(16a) Revaluation Reserve

The Revaluation Reserve includes 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; and
- disposed of and 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.

	2024/25 £000	2025/26 £000
Balance at 1 April	(442,438)	(457,951)
Upward revaluation of assets	(52,913)	(70,068)
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	13	(78)
Difference between fair value depreciation and historic cost depreciation	25,754	28,673
Accumulated gains on non-current assets sold or decommissioned (excluding Academies)	1,162	743
Accumulated gains on Academy assets sold or decommissioned	10,470	15,461
Balance at 31 March	**(457,951)**	**(483,220)**

(16b) 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 are measured at fair value through other comprehensive income. The balance is reduced when investments with accumulated gains are:

- revalued downwards or impaired and the gains are lost; and
- disposed of and the gains are realised.

	2024/25 £000	2025/26 £000
Balance at 1 April	(40,369)	(35,766)
Transfer from AFS		
Revaluation of Shareholding in Manchester Airport	2,900	6,400
Reversal of Pooled Investment Funds	(1,646)	(1,389)
	1,254	**5,011**
Other movements	1,960	10
Financial Instruments held under Fair Value through Profit & Loss subject to MHCLG Statutory override*	1,389	1,390
Balance at 31 March	**(35,766)**	**(29,356)**

* The Ministry for Housing, Communities and Local Government introduced a statutory override to protect the General Fund balance from any fluctuations in fair value movements in quoted investment funds. In the Council's case this relates to its investments in the Churches, Charities and Local Authorities (CCLA) Property Fund. The override has been extended to 31 March 2029 for investments in place as at 1 April 2024.

(16c) 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 element 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 subsequent costs.

The Account contains accumulated gains and losses on Investment Properties and gains 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 April 2007, the date that the Revaluation Reserve was created to hold such gains. Note 14 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

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	2024/25 £000	2025/26 £000
Balance at 1 April	(120,046)	(76,886)
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement		
Charges for depreciation of non-current assets	54,065	58,729
Charges for impairment of non-current assets	28,463	6,867
Revaluation (gains)/losses on non-current assets	20,663	115,368
Amortisation of intangible assets	2,574	1,904
Revenue expenditure funded from capital under statute	8,986	17,228
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement (excluding Academies)	1,104	2,742
Amounts written off on disposal or sale as part of the gain/loss on disposal of Academies to the Comprehensive Income and Expenditure Statement	2,566	35,883
Adjusting amounts written out of the Revaluation Reserve	(26,917)	(29,416)
Repayment of Long-Term Debtors	-	-
Capital financing applied in the year:		
Use of the Capital Receipts reserve to finance new capital expenditure	(6,667)	(6,994)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(21,514)	(20,978)
Application of grants to capital financing from the Capital Grants Unapplied Account	(6,260)	(23,766)
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(13,027)	(15,909)
Capital expenditure charged against the General Fund and HRA balances	(13)	(54)
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(863)	(267)
Balance at 31 March	**(76,886)**	**64,452**

(16d) Financial Instrument Adjustment Account

The Financial Instrument Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenditure relating to certain financial instruments and for bearing losses or benefitting from gains per statutory provisions. The Council uses the Account to manage premiums paid and discounts received on the early redemption of loans. Premiums are debited and discounts are credited to the CIES when they are incurred but reversed out of the General Fund Balance to the Account in the MiRS. Over time, the net expense is posted back to the General Fund balance in accordance with statutory arrangements for spreading the burden on Council Taxpayers. In the Council's case this period is the unexpired term that was outstanding on loans when they were redeemed.

	2024/25 £000	2025/26 £000
Balance as 1 April	7,343	7,049
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	(329)	(324)
Proportion of discounts received in previous financial years to be transferred to the General Fund Balance in accordance with statutory requirements	34	34
Balance at 31 March	**7,049**	**6,760**

(16e) Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets 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. The balance of this reserve was £0.523m for the year end of 2023/24, 2024/25 and 2025/26.

(16f) 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 pension for which it is directly responsible.

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	2024/25 £000	2025/26 £000
Balance at 1 April	38,380	32,300
Remeasurement of net defined benefit liability	(5,859)	(9,157)
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	24,367	23,365
Employer's pension contributions and direct payments to pensioners payable in the year	(24,588)	(22,985)
Balance at 31 March	**32,300**	**23,523**

(16g) Collection Fund Adjustment Account

The Collection Fund Adjustment Account is used to manage the differences arising from the recognition of Council Tax and Business Rates income in the CIES as it falls due from Council Tax and Business Rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

(16h) Dedicated Schools Grant (DSG) Adjustment Account

On 6 November 2020, the Secretary of State for the Department of Levelling Up, Housing and Communities (now Ministry for Housing, Communities & Local Government) laid before Parliament a statutory instrument (the instrument) to amend The Local Authorities (Capital Finance and Accounting) Regulations (the 2003 Regulations). The statutory override came into effect from 29 November 2020.

The instrument amends the 2003 Regulations by establishing new accounting practices in relation to the treatment of local authorities' schools budget deficits such that where the Council has a deficit on its schools' budget relating to its accounts for a financial year beginning on 1 April 2020, 1 April 2021 or 1 April 2022, it must not charge the amount of that deficit to a revenue account. The requirement being that the Council must record any such deficit in a separate account established solely for the purpose of recording deficits relating to its school's budget, thereby separating schools budget deficits from the Councils' General Fund. The accounting treatment introduced by this regulation was initially for a period of three financial years and was applicable to the financial reporting periods 2020/21, 2021/22 and 2022/23 to provide time for Government and Councils to look at budgetary and financial management strategies to reduce the deficit.

The provision was due to expire at the end of March 2023, however the Local Government Finance Policy Statement 2023/24 to 2024/25, published on 12 December 2022, confirmed that the override for the Dedicated Schools Grant will be extended for the next three years from 2023/24 to 2025/26. Subsequently, on 20 June 2025, it was indicated that the DSG statutory override will be further extended for two years to March 2028.

Dedicated Schools Grant Adjustment Account	2024/25 £000	2025/26 £000
Balance as 1 April	2,814	2,814
In year DSG over/(under) spend	-	4,135
Balance at 31 March	**2,814**	**6,949**

(16i) Accumulated Absences Reserve

The Short-term 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.

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17. Property, Plant and Equipment

Movements on Balances

2025/26	Property, Plant and Equipment (PPE)						
	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant and Equipment £000	Community Assets £000	Surplus Assets £000	PPE Under Construction £000	Total PPE £000
Cost or Valuation							
At 1 April 2025	116,526	739,943	52,457	3,262	4,367	3,256	**919,815**
At 1 April 2025	**116,526**	**739,943**	**52,457**	**3,262**	**4,367**	**3,256**	**919,815**
Additions	4,918	47,385	1,354	1	87	7,962	**61,707**
Revaluation Increases/(decreases) to Revaluation Reserve	5,146	12,685	-	14	81	-	**17,926**
Revaluation Increases/(decreases) to Surplus/Deficit on the Provision of Services	1	(119,895)	-	-	225	-	**(119,669)**
Derecognition - Disposals	(700)	(53,850)	(467)	-	(0)	-	**(55,017)**
Derecognition - Other	-	-	-	-	-	-	**-**
Reclassified to/from Held for Sale	-	(13,009)	-	-	(15)	-	**(13,024)**
Other Reclassifications	-	-	-	-	-	-	**-**
At 31 March 2026	**125,890**	**613,260**	**53,344**	**3,277**	**4,745**	**11,218**	**811,736**
Accumulated Depreciation and Impairment							-
At 1 April 2025	**30,597**	**14,845**	**37,709**	**3,248**	**-**	**422**	**86,822**
Depreciation Charge	6,650	39,551	4,279	-	-	-	**50,481**
Depreciation written out on revaluation	(6,155)	(35,286)	-	-	-	-	**(41,440)**
Depreciation written out to Surplus/Deficit on the Provision of Services	-	(4,369)	-	-	-	-	**(4,369)**
Impairment losses/reversals to Revaluation Reserve	-	(10,780)	-	-	-	-	**(10,780)**
Impairment losses/reversals to Surplus/Deficit on the Provision of Services	4,272	1,997	(37)	1	-	-	**6,234**
Derecognition - Disposals	(48)	(1,818)	(467)	-	-	(1)	**(2,335)**
Derecognition - Other	-	-	-	-	-	-	**-**
Eliminated on reclassification to Held for Sale	-	-	-	-	-	-	**-**
Other Reclassifications	-	-	-	-	-	-	**-**
At 31 March 2026	**35,316**	**4,141**	**41,485**	**3,249**	**-**	**421**	**84,612**
Net Book Value							-
At 31 March 2026	**90,575**	**609,121**	**11,859**	**28**	**4,745**	**10,796**	**727,124**
At 31 March 2025	**85,931**	**725,098**	**14,748**	**14**	**4,367**	**2,834**	**832,993**

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Comparative Movements in 2024/25

2024/25	Property, Plant and Equipment (PPE)						
	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant and Equipment £000	Community Assets £000	Surplus Assets £000	PPE Under Construction £000	Total PPE £000
Cost or Valuation							
At 1 April 2024	87,286	706,990	47,188	3,230	4,590	-	**849,284**
IFRS 16 Leases Adjustments	-	1,808	929				**2,737**
IFRS 16 PFI Adjustments	24,336	8,359	-	-		-	**32,695**
Additions	-	55,437	5,694	33	22	2,083	**63,270**
Revaluation Increases/(decreases) to Revaluation Reserve	5,000	6,252	-	-	(99)	-	**11,153**
Revaluation Increases/(decreases) to Surplus/Deficit on the Provision of Services	(44)	(22,769)	-	-	(22)	-	**(22,836)**
Derecognition – Disposals	-	(14,966)	(1,354)	-	-	-	**(16,320)**
Reclassified to/from Held for Sale	(50)	(1,169)	-	-	(122)	1,173	**(168)**
Other Reclassifications	-	-	-	-	-	-	-
At 31 March 2025	**116,526**	**739,943**	**52,457**	**3,262**	**4,367**	**3,256**	**919,815**
Accumulated Depreciation and Impairment							-
At 1 April 2024	**5,878**	**12,719**	**36,261**	**3,225**	**-**	**-**	**58,082**
Depreciation Charge	6,199	36,926	3,024	-	-	-	**46,148**
Depreciation written out on revaluation	(5,782)	(35,680)	-	-	-	-	**(41,462)**
Depreciation written out to Surplus/Deficit on the Provision of Services	(33)	(2,139)	-	-	-	-	**(2,172)**
Impairment losses/reversals to Revaluation Reserve	-	(285)	-	-	-	-	**(285)**
Impairment losses/reversals to Surplus/Deficit on the Provision of Services	24,336	4,331	-	24	-	-	**28,691**
Derecognition – Disposals	-	(604)	(1,576)	-	-	-	**(2,180)**
Derecognition - Other							
Eliminated on reclassification to Held for Sale	-	-	-	-	-	-	-
Other Reclassifications	-	(422)	-	-	-	422	-
At 31 March 2025	**30,597**	**14,845**	**37,709**	**3,248**	**-**	**422**	**86,822**
Net Book Value							-
At 31 March 2025	**85,931**	**725,098**	**14,748**	**14**	**4,367**	**2,834**	**832,993**
At 31 March 2024	**81,408**	**694,271**	**10,927**	**5**	**4,590**	**-**	**791,202**

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Depreciation

The following asset lives have been used in the calculation of depreciation:

Council Dwellings	Up to 50 years
Other Land and Buildings and Community Assets	Up to 50 years
Vehicles, Plant, Furniture, and Equipment	Between 3 and 20 years

Assets in the course of construction are not depreciated until they are brought into use.

Capital Commitments

As at 31 March 2026, the Council had entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment with outstanding contractual commitments of £7.239m (similar commitments were £18.297m at 31 March 2025). The major commitments are:

Scheme	Commitment £000
Manchester Viaduct	3,762
Wrigley Head Solar Farm	1,600
Northern Roots	1,000
Coliseum	877
Total	**7,239**

Effects of Changes in Estimates

In 2025/26, the Council made no material changes to its accounting estimates for Property, Plant and Equipment.

Revaluations

The Council undertakes a rolling programme of valuation that ensures that all Property, Plant and Equipment required to be measured at current value is revalued at least every five years, or when it is anticipated that there has been significant movement in the value of the asset. All valuations of land and buildings were carried out in accordance with the methodologies and basis for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations are carried out internally by a team of suitably qualified professionals.

From 1 April 2025, the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requirements changed in respect of revaluations of property, plant and equipment. Property, Plant, and Equipment assets must now be revalued every five years with annual indexation applied to assets during the four intervening years. Where appropriate indices cannot be obtained without undue cost or effort, authorities can revalue those assets using a quinquennial revaluation with a desktop revaluation in year three.

The revaluation programme was carried out throughout the year and the effective date of each revaluation is the date that the valuation was carried out. Assets valued by Depreciated

Replacement Cost (DRC) that were not valued in year were subject to indexation at 31 March 2026.

With regard to the assets where indexation has not been applied this is because appropriate indices could not be obtained without undue cost or effort. For land assets and assets valued on an EUV basis, these are valued using the comparable method and indices are not an appropriate way of assessing value. Where no suitable indices are available, the Code allows a quinquennial revaluation with a desktop valuation to be carried out in year 3, and as such the Authority has taken the decision to adopt this approach and as such will not materially affect any estimates.

The significant assumptions applied in estimating current values (fair value for Surplus Assets) are that:

- good title can be shown, and all valid planning permissions and statutory approvals are in place;
- the property is connected and has a right to use mains services and that sewers, main services and roads giving access to it have been adopted;
- an inspection of those parts not inspected would not reveal defects that would affect the valuation;
- the testing of electrical or other services would not reveal defects that would cause the valuation to alter; and
- there are no deleterious or hazardous materials or existing or potential environmental factors that would affect the valuation.

Gross Valuations by Valuation Date

	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Community Assets £000	Surplus Assets £000	Assets under Construction £000	Total £000
Carried at historical cost	-	-	53,344	3,277	-	11,218	67,839
Valued at fair value as at:							
31 March 2026	71,845	84,431			4,227		160,504
31 March 2025	51,885	253,643			34		305,563
31 March 2024	-	49,612			484		50,098
31 March 2023	-	218,153			-		218,153
31 March 2022	2,160	7,419			-		9,579
Total Cost or Valuation	**125,890**	**613,260**	**53,344**	**3,277**	**4,745**	**11,218**	**811,736**

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18. Highways Infrastructure Assets

Movements on balances

Highways Infrastructure Assets	2024/25 £000	2025/26 £000
Net book value (modified historical cost)		
At 1 April	**169,298**	**170,874**
IFRS Adjustment	**(310)**	**632**
Additions	9,502	8,694
Impairment	302	(632)
Depreciation	(7,918)	(8,248)
Net Book Value at 31 March	**170,874**	**171,319**

In accordance with the Code of Practice this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position of the Council to the users of the financial statements.

The Council has determined in accordance with Regulation 30M of the Local Authorities (Capital Finance and Accounting) (England/Wales) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

The Council has an individual asset life for each of the components of its Highways Network. All asset life estimates have been calculated with the methodology and basis for estimation in consultation with the Council's internal Highways department and external highways partners. The following table indicates the asset life for each component of the network. Further information can be found in the Council's Accounting Policies in Note 35.

Category of the Highway Network	Useful Life (Years)
Carriageways	27
Footways and Cycle Tracks	45
Structures	107
Street Lighting	40
Street Furniture	40
Traffic Management Systems	15

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19. Heritage Assets

Tangible and Intangible Heritage Assets

The three principal collections of heritage assets held in Gallery Oldham include:

- **Natural History -** Gallery Oldham holds an extensive natural history collection, made up of over 110,000 items of invertebrate, vertebrate and geological specimens.

- **Social History -** This collection consists of around 22,000 items and is of significant value as material evidence of the social history of Oldham and its people. The collections relate to the area's industrial history, archaeology, textiles and ephemera representing the everyday life of the Borough.

- **Fine and Decorative Art -** This collection consists of over 450 oil paintings, 500 watercolours and around 1,400 prints. Of particular interest are the Charles Lees collection of oil paintings, watercolours, drawings and engravings and 55 watercolours and drawings from the S. C. Turner Collection. A valuation in 2020 (see paragraph below) identified three paintings in the collection each with a market value in excess of £1.000m. These are works by J. W. Waterhouse. Alfred Munnings and William Orpen. There are also a small number of assorted photographic prints, drawings and mixed media works, sculptures, and decorative arts.

  The Gallery Oldham collections were valued by external valuer, James Glennie (Arts & Antiques Appraisals) on a market value basis and assessed at £18.295m in March 2020.

  In addition to the above three collections, the Council also has Civic Regalia which is either stored or displayed at the Civic Centre, statues and other heritage assets.

- **Civic Regalia** - The Council's Civic Regalia is reported in the Balance Sheet at the insurance valuation, and at 31 March 2026, the value was £1.521m.

- **Statues/Other -** Council owned statues are held on the Balance Sheet at their nominal value, and at 31 March 2026, the value was £1.325m.

Regularly, the Council's Gallery Team use their expert knowledge and understanding to determine if a change in insurance valuation is needed. This is based on the valuations given to items when agreeing loans to other museums and galleries as required. The 2020 valuation was based on wide research into sale prices at auctions around the world. This valuation was commissioned from Arts & Antiques Appraisals for the Gallery Oldham Collection, and this has been updated accordingly. It is the view of the Council that the most recent valuation is still relevant and there are no events which would materially change the financial statements.

Heritage assets are deemed to have indeterminate lives; hence the Council does not consider it as appropriate to charge depreciation.

The following table summarises balances relating to Heritage Assets and the movements during the year:

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	Art Collection £000	Civic Regalia £000	Statues / Other £000	Total Assets £000
Cost or Valuation				
1 April 2024	18,295	1,521	1,325	21,141
Revaluation Gains/(Losses) Recognised in the Revaluation Reserve	-	-	-	-
Additions	-	-	24	24
Impairment to CIES	-	-	(24)	(24)
31 March 2025	**18,295**	**1,521**	**1,325**	**21,141**
Cost or Valuation				
1 April 2025	18,295	1,521	1,325	21,141
Revaluation Gains/(Losses) Recognised in the Revaluation Reserve	-	-	(67)	(67)
Additions	-	-	67	67
31 March 2026	**18,295**	**1,521**	**1,325**	**21,141**

20. Investment Properties

The following items of income and expenditure have been accounted for in the Financing and Investment Income and Expenditure line of the CIES:

	2024/25 £000	2025/26 £000
Rental Income from Investment Properties	(2,572)	(2,645)
Direct Operating Expenses (including repairs and maintenance)	808	838
Net Gain	**(1,764)**	**(1,807)**
Fair value movements on investment properties	(863)	(267)
(Profit)/Loss on disposal	(105)	(191)
Total Income and Expenditure on relation to investment properties and changes in their fair value	**(2,732)**	**(2,266)**

The movement in the value of investment properties is disclosed below:

	2024/25 £000	2025/26 £000
Balance as at 1 April	19,624	20,487
Additions: Subsequent Expenditure	0	175
Disposals	(14)	(28)
Net (Loss)/Gain from Fair Value Adjustments	877	296
Transfers (to)/from Other Land and Buildings	-	-
Balance at 31 March	**20,487**	**20,929**

Fair Value Hierarchy

All the Council's investment properties have been valued as Level 2 on the fair value hierarchy for valuation purposes (see Note 35 Accounting Policy Section 1.23 for an explanation of the fair value levels).

Valuation Techniques Used to Determine Level 2 Fair Values for Investment Properties

The fair value of investment properties has been measured using a market approach, which considers 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 Property 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 yearfor 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.

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21. Capital Expenditure and Capital Financing

The total value of capital expenditure incurred during the year is disclosed 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 a decrease in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed.

	2024/25 £000	2025/26 £000
Opening capital financing requirement	**488,980**	**559,840**
Capital Investment		
Property Plant and Equipment	98,702	61,707
Infrastructure Assets	9,192	9,326
Heritage Assets	24	67
Revenue Expenditure Funded from Capital Under Statute	8,986	17,228
Intangible Assets	1,436	394
Investment Assets	-	175
Sources of Finance		
Capital Receipts	(6,667)	(6,994)
Government Grants and Other Contributions	(27,774)	(44,744)
Sums Set aside from Revenue	(13,040)	(15,962)
Closing Capital Financing Requirement	**559,840**	**581,037**
Explanation of movements in year		
Decrease in Need to Borrow Supported by Government Financial Assistance	(806)	(805)
(Decrease)/Increase in Need to Borrow Unsupported by Government Financial Assistance	35,115	15,394
Assets Acquired Under Finance Leases	4,165	(367)
IFRS 16 PFI Adjustments	32,385	6,976
Increase/(Decrease) in Capital Financing Requirement	**70,859**	**21,197**

22. Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instruments of another entity. Non exchange transactions, such as those relating to taxes and Government Grants, do not give rise to financial instruments.

Financial Liabilities

A financial liability is an obligation to transfer economic benefits controlled by the Council and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that is potentially unfavourable to the Council.

All of the Council's financial liabilities held during the year are measured at amortised cost and comprised:

- long-term loans from the Public Works Loan Board and commercial lenders;
- short-term loans from other Local Authorities;
- transferred debt; and
- trade payables for goods and services received.

Financial Assets

A financial asset is a right to future economic benefits controlled by the Council that is represented by cash, equity instruments or a contractual right to receive cash or other financial assets or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the Council. The financial assets held by the Council during the year are accounted for under the following classifications:

- Amortised cost (where cash flows are solely payments of principal and interest and the Council's business model is to collect those cash flow) comprising:
    - cash in hand;
    - bank current and deposit accounts with banks;
    - fixed term deposits with banks and building societies;
    - loans to other Local Authorities;
    - certificates of deposit and covered bonds issued by banks and building societies;
    - treasury bills and gilts issued by the UK Government;
    - loans to strategic partners made for service purposes;
    - lease receivables; and
    - trade receivables for goods and services provided.

- Fair value through other comprehensive income (where cash flows are solely payments of principal and interest and the Council's business model is to both collect those cash flows and sell the instrument; and equity investments that the Council has elected into this category) consisting of equity investments in Manchester Airport Group, Community 1st Oldham and Meridian Developments held for service and strategic purposes.
- Fair value through profit and loss (all other financial assets) consists of pooled bond, equity and property funds managed by CCLA.

Financial assets held at amortised cost and some assets held at fair value through other comprehensive income are shown net of a loss allowance reflecting the statistical likelihood that the borrower or debtor will be unable to meet their contractual commitments to the Council for general debt. Individual significant debtors are examined on a case by case basis.

Financial Instruments - Balances

The financial liabilities disclosed in the Balance Sheet are analysed across the following categories:

* The total short-term borrowing includes £2.406m (2024/25: £2.211m) representing accrued interest and principal repayments due within 12 months on long-term borrowing.

** The creditors lines on the Balance Sheet include £46.568mm (2024/25: £39.071m) short-term creditors that do not meet the definition of a financial liability as they relate to non-exchange transactions.

	Long Term		Short Term	
Financial Liabilities	**31 March 2025 £000**	**31 March 2026 £000**	**31 March 2025 £000**	**31 March 2026 £000**
Loans at Amortised Cost				
Principal sum borrowed	(209,560)	(229,697)	(25,257)	(30,262)
Accrued Interest	-		(2,211)	(2,406)
Effective Interest Rate (EIR) Adjustment	(731)	(575)	-	
Total Borrowing *	**(210,291)**	**(230,272)**	**(27,468)**	**(32,668)**
Liabilities at Amortised Cost				
Transferred Debt	(22)	(16)	(6)	(6)
Trade Payables included in creditors**	**-**		**(68,807)**	**(60,463)**
Total	**(210,313)**	**(230,288)**	**(96,280)**	**(93,137)**

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The financial assets disclosed in the Balance Sheet are analysed across the following categories

* The debtors lines on the Balance Sheet include £43.649m (2024/25: £42.688m) short-term debtors that do not meet the definition of a financial asset as they relate to non-exchange transactions or payments in advance.

	Long Term		Short Term	
Financial Assets	**31 March 2025 £000**	**31 March 2026 £000**	**31 March 2025 £000**	**31 March 2026 £000**
At Amortised Cost				
Principal	165	158	-	-
Accrued Interest	-	-	-	-
At Fair Value Through Other Comprehensive Income				
Equity Investments elected FVOCI	54,290	47,880	-	-
At Fair Value Through Profit and Loss				-
Fair Value	13,611	13,610	-	-
Total Investments	**68,066**	**61,648**	**-**	**-**
At Amortised Cost				
Principal	-		35,423	35,340
Accrued Interest	-	-	113	97
Total Cash and Cash Equivalents	**-**	**-**	**35,536**	**35,437**
At Amortised Cost				
Trade Receivables included in debtors*	-	-	24,365	25,317
Loans made for service purposes	35,571	35,831	-	-
Accrued Interest	9,503	8.966	-	
Total	**45,074**	**44,797**	**24,365**	**25,317**
Grand Total	**113,140**	**106,445**	**59,901**	**60,753**

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Equity Instruments Elected to Fair Value through Other Comprehensive Income

The Council has elected to account for the following investments in equity instruments at fair value through other comprehensive income because they are long-term strategic holdings and changes in their fair value are not considered to be part of the Council's annual financial performance.

	Fair Value Level	Valuation technique used to measure Fair Value	Fair Value	
			2024/25 £000	2025/26 £000
Manchester Airport Shares	2	Earnings Based	43,400	37,500
Manchester Airport Car Park (1) Shares	2	Earnings Based	4,400	3,900
Meridian Developments	2	Earnings Based	3,996	3,911
Community 1st Oldham (Chadderton) Ltd	2	Earnings Based	2,494	2,569
Total			**54,290**	**47,880**

The Council holds 3.22% shares in Manchester Airport Holdings Ltd, the shareholding is a strategic investment and not held for trading and therefore the Council has opted to designate it as fair value through Other Comprehensive Income. This means that there is no impact on the revenue budget and the decision to designate to fair value through other comprehensive income is irrevocable. Any gains or losses on the valuation of the shareholding will therefore be transferred to a Financial Instruments Revaluation Reserve.

The Council along with the other nine Greater Manchester District Councils holds an equity investment in Manchester Airport Car Park (1) Limited. The Council's total original investment of £5.610m was to assist in funding the capital build of a car park in return for the issue of 3 C Shares in Manchester Airport Car Park (1) Limited. The valuation of the Council's shareholding was undertaken by BDO. The value Fair Value has reduced by £0.500m as can be seen in the above table. As in prior years, the shareholding is classed as a financial instrument and held at fair value on the Council's Balance Sheet. Under IFRS 9 the shareholding (investment) is designated as a strategic investment and not held for trading therefore the Council has opted to designate it as fair value through Other Comprehensive Income. This means that there is no impact on the revenue budget and the Council's decision to designate to fair value through other comprehensive income is irrevocable.

The Council also holds shares in both Meridian Developments and Community 1st Oldham (Chadderton) Limited which have been elected to be accounted as fair value through other comprehensive income. For further information see note 37 Critical Judgements in Applying Accounting Policies.

Financial Instruments Gains and losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments consist of the following:

	Financial Liabilities at Amortised Cost £000	Financial Assets					
		Amortised Cost £000	Fair Value through OCI £000	Elected to Fair Value through OCI £000	Fair Value through Profit & Loss £000	2025/26 Total £000	2024/25 Total £000
Interest Expense	27,027	-	-	-	-	**27,027**	**27,027**
Capitalised Interest	(13,138)					**(13,138)**	**-**
Losses on de-recognition	-	-	-	-	-	**-**	**2.245**
Losses from changes in fair value	-	-	-	6,484	1	**6,485**	**3,066**
Interest Payable and similar charges	**13,889**	**-**	**-**	**6,484**	**1**	**20,374**	**31,585**
Interest Income	**-**	(3,153)	**-**	(3,752)	-	**(6,905)**	**(7,631)**
Dividend Income	**-**	**-**	-	(452)	(626)	**(1078)**	**(1,743)**
Gains from changes in fair value	**-**	**-**	**-**	(74)	-	**(74)**	**(708)**
Interest and investment income	**-**	**(3,153)**	**-**	**(4,278)**	**(626)**	**(8,057)**	**(10,082)**
Expected Credit Loss Movement	**-**	**3,676**	**-**	**-**	**-**	**3,676**	**3,602**
Net Impact on (surplus)/deficit on provision of services	**13,889**	**523**	**-**	**2,206**	**(625)**	**15,993**	**25,104**

Fair Value of Financial Instruments

The fair value of a financial instrument is the price that would be received when selling an asset, or the price that would be paid when transferring a liability, to another market participant in an arms-length transaction. Where liabilities are held as an asset by another party, such as the Council's borrowing, the fair value is estimated from the holder's perspective.

Financial instruments, except those classified at amortised cost, are carried in the Balance Sheet at fair value. For most assets, including shares in money market funds and other pooled funds, the fair value is taken from the market price. The fair value of shares in Meridian Developments and Community 1st Oldham (Chadderton) Limited, have been calculated from the company's balance sheet net assets.

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Financial instruments classified at amortised cost are carried in the Balance Sheet at their amortised cost. Their fair values disclosed below have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2026, using the following methods and assumptions:

- Loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for Local Authority loans.
- Discount rates for “Lender’s Option Borrower’s Option” (LOBO) loans have been reduced to reflect the value of the embedded options. The size of the reduction has been calculated using proprietary software.
- The fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31 March.
- The fair values of financial guarantees have been estimated based on the likelihood of the guarantees being called and the likely payments to be made.
- No early repayment or impairment is recognised for any financial instrument.
- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount given the low interest rate environment.

Fair values are shown in the table below, split by their level in the fair value hierarchy:

- Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities, e.g. bond prices
- Level 2 – fair value is calculated from inputs that are observable for the asset or liability, other than quoted prices, e.g. interest rates or yields for similar instruments
- Level 3 – fair value is determined using unobservable inputs, e.g. non-market data such as cash flow forecasts or estimated creditworthiness

The Council holds a 3.22% share in Manchester Airports Holdings Limited (MAHL) and 10% of the issued C Shares in Manchester Airport Car Park (1) Limited which represents a minority holding and does not confer any voting rights. The shares in both these companies are not traded in an active market; however, the fair value in MAHL shown above is based on a high degree of comparability to listed company data including any movement in share prices. The earnings-based method has been employed which takes as its basis the profitability of the company, assessing its historic earnings and arriving at a view of “maintainable” or “prospective” earnings.

The method involves the application of a price earnings ratio to maintainable or prospective earnings or post tax profits and draws on data from comparable quoted companies. The data is then adjusted by discount factors to allow for the fact that the shares are not publicly traded and that the Council holds a minority interest with no voting rights. These unobservable inputs have been developed using the best information about the assumptions that the market participants would use when pricing the asset.

The valuation has been made using the audited accounts of MAHL for the annual periods between 2023/24 and 2024/25 along with an interim 6-month report for the period ending 30 September 2025. These shares are subject to an annual valuation. In 2025/26 this has seen a reduction in value of £6.4m (MAHL £5.9m and MACP £0.5m) . The valuation of the shareholdings was undertaken by independent valuers, BDO, on behalf of the Council.

The 10% holding in Manchester Airport Car Park (1) Limited is valued on the updated financial forecast and taking into account the Council valuation of its shareholding in MAHL. The data is then adjusted by discount factors to allow for the fact that the shares are not publicly traded and that the Council holds a minority interest with no voting rights.

The Council also holds units within the CCLA Property Fund. The fair value has been calculated using quoted share prices.

The valuation treatment used for Meridian Developments and Community 1st Oldham (Chadderton) Limited, is to fair value and the Council has elected to charge the movements on value of the investments through other comprehensive income. In line with IFRS 9 the shareholding investment is designated as a strategic investment and not held for trading, the Council's decision to designate Fair Value through Other Comprehensive Income (FVOCI) is irrevocable.

All other long-term investments are carried at historic cost, as these are the Council's investments in subsidiaries and associates. The total value of the other long-term investments at 31 March 2026 is £0.158m.

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	Fair Value Level	31 March 2025		31 March 2026	
		Balance sheet £000	Fair Value £000	Balance sheet £000	Fair Value £000
Financial Liabilities held at amortised cost:					
Long-term loans from PWLB	2	(84,515)	(72,099)	(115,044)	(67,299)
Long-term LOBO loans	2	(87,132)	(95,987)	(76,873)	(89,148)
Other long-term loans	2	(40,404)	(29,342)	(40,405)	(28,658)
TOTAL FINANCIAL LIABILITIES		**(212,051)**	**(197,429)**	**(232,322)**	**(185,105)**
Recorded on balance sheet as:					
Short-term creditors		(68,807)	(68,807)	(60,463)	(60,463)
Short-term borrowing		(25,707)	(25,864)	(30,620)	(30,620)
TOTAL FINANCIAL LIABILITIES		**(306,565)**	**(292,099)**	**(323,405)**	**(276,188)**

	Fair Value Level	31 March 2025		31 March 2026	
		Balance sheet £000	Fair Value £000	Balance sheet £000	Fair Value £000
Financial Assets held at Fair Value:					
Property funds	2	13,611	13,403	13,610	13,402
Strategic Partner Loans	2	39,168	50,348	38,631	50,284
TOTAL FINANCIAL Assets		**52,779**	**63,751**	**52,241**	**63,686**
Recorded on balance sheet as:					
Short-term debtors		28,668	28,668	34,517	34,517
Short-term investments		0	0	0	0
Cash and cash equivalents		35,423	35,423	35,340	35,340
Long-term debtors		5,906	5,906	6,166	6,166
Long-term investments		54,455	54,455	48,038	48,038
TOTAL FINANCIAL Assets		**124,452**	**124,452**	**124,061**	**124,061**

Financial Instruments - Risks

The Council complies with CIPFA's Code of Practice on Treasury Management and Prudential Code for Capital Finance in Local Authorities, both revised in December 2021.

In line with the Treasury Management Code, the Council approves a Treasury Management Strategy before the commencement of each financial year, for the year 2025/26 this was approved at full Council 06 February 2025. The Strategy sets out the parameters for the management of risks associated with financial instruments. The Council also produces Treasury Management Practices specifying the practical arrangements to be followed to manage these risks. This Strategy was set using Arlingclose as the Council's Treasury Management advisors.

The Treasury Management Strategy includes an Investment Strategy in compliance with Central Government guidance on Local Government Investments. This Guidance emphasises that priority is to be given to security and liquidity, rather than yield. The Council's Treasury Management Strategy and its Treasury Management Practices seek to achieve a suitable balance between risk and return or cost.

The main risks covered are:

- *Credit Risk:* The possibility that the counterparty to a financial asset will fail to meet its contractual obligations, causing a loss to the Council.
- *Liquidity Risk:* The possibility that the Council might not have the cash available to make contracted payments on time.
- *Market Risk:* The possibility that an unplanned financial loss will materialise because of changes in market variables such as interest rates or equity prices.

Credit Risk: Overview

The Council is exposed to credit risk on the following categories of financial assets and commitments:

Exposure Category	31 March 2025 £000	31 March 2026 £000
Treasury Investments	48,975	50,340
Treasury Loans	45,074	44,798
Trade Receivables	28,668	34,517
Total Credit Risk Exposure	**122,717**	**129,654**

Credit Risk: Treasury Investments and Commitments

The Council manages credit risk by ensuring that treasury investments are only placed with organisations of high credit quality as set out in the Treasury Management Strategy. These include commercial entities, the UK Government, other Local Authorities and organisations without credit ratings upon which the Council has received independent investment advice. Recognising that credit ratings are imperfect predictors of default, the Council has regard to other measures including credit default swap and equity prices when selecting commercial entities for investment.

The Annual Investment Strategy also considers maximum amounts and time limits in respect of each financial institution. Deposits are not made unless they meet the minimum requirements of the investment criteria outlined above and detailed below.

Oldham Council used the creditworthiness service provided by Arlingclose for the financial year ending 31 March 2026. This service used a sophisticated modelling approach with credit ratings from all three rating agencies forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- Credit watches and credit outlooks from credit rating agencies;
- Credit Default Swap (CDS) spreads to give early warning of likely changes in credit ratings; and
- Sovereign ratings to select counterparties from only the most creditworthy countries.

Institutions are split into colour bandings to determine the maximum level and duration of the investment.

The table below summarises the credit risk exposures of the Council's treasury investment portfolio by credit rating and remaining time to maturity:

Credit Rating	31 March 2025		31 March 2026	
	Long - term £000	Short - term £000	Long - term £000	Short - term £000
AAA	0	30,885	0	35,340
A +	0	3,090	0	0
A -	0	0	0	0
Unrated Local Authorities	0	0	0	0
Total Credit Risk Investments	**0**	**33,975**	**0**	**35,340**

Loss allowances on treasury investments have been calculated by reference to historic default data published by credit rating agencies, multiplied by 110% (2025: 52%) to adjust for current and forecast economic conditions. A delay in cashflows is assumed to arise in the event of default. Investments are determined to have suffered a significant increase in credit risk where they have been downgraded by [three] or more credit rating notches or equivalent since initial recognition, unless they retain an investment grade credit rating.

The Council has not incurred any amounts of loss allowances related to treasury investments in the year to 31 March 2026 or the previous financial year.

The table above does not include the Council' s CCLA Property Fund investment which is detailed in the Price Risk Section below.

Credit Risk: Trade Receivables

The Council does not generally allow credit for customers. The following analysis summarises the Council's trade and lease receivables, by due date. Only those receivables meeting the definition of a financial asset are included.

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Credit Rating	2024/25 Trade Receivables £000	2025/26 Trade Receivables £000
Neither past due nor impaired	9,245	9,808
Past due < 3 months	1,759	2,584
Past due 3 - 6 months	619	2,605
Past due 6 - 12 months	4,364	3,715
Past due 12 + months	12,681	15,805
Total Receivables	**28,668**	**34,517**

As at 31 March 2026, the Council had a balance of short-term debtors of £139.174m. A review of significant balances suggested that an expected credit loss of £70.208m was appropriate and sufficient (£127.260m short term debtors with and expected credit loss of £60.208m as at 31 March 2025). The calculation is based on the life-time expected credit losses for trade receivables, and they have been collectively assessed according to the groupings shown in the Note 23, for the purposes of calculating expected credit losses. Write offs occur only when all possible debt recovery procedures have been unable to secure payment. The Council's Long-Term Debtors have been reviewed and assessed for an Expected Credit Loss. This review has not identified that any impairment is required.

No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds.

Credit Risk: Service Loans and Loan Commitments

Of the £44.798m Treasury Loans disclosed above, in furtherance of the Council's service objectives, it has lent money to a strategic partner at market rates.
The amounts recognised on the balance sheet, and the Council's total exposure to credit risk from these instruments are:

Exposure Type	31 March 2025		31 March 2026	
	Balance Sheet	Risk Exposure	Balance Sheet	Risk Exposure
	£000	£000	£000	£000
Loans at market rates	29,665	29,665	29,665	29,665
	29,665	**29,665**	**29,665**	**29,665**

Liquidity Risk

The Council has ready access to borrowing at favourable rates from the Public Works Loan Board and other Local Authorities, and at higher rates from banks and building societies. There is no perceived risk that the Council will be unable to raise finance to meet its commitments. It is however exposed to the risk that it will need to refinance a significant proportion of its borrowing at a time of unfavourably high interest rates. This risk is managed by maintaining a spread of fixed rate loans.

The Council holds £35.340m (2024/25: £33.975m) of liquid financial assets that can be withdrawn or sold at short notice if required to meet cash outflows on financial liabilities.

The maturity analysis of financial liabilities is as follows.

31/03/2026	< 1 yr	1 -2 yrs	2 - 5 yrs	5- 10 yrs	10 20 yrs	20 - 30 yrs	30 - 40 yrs	> 40 yrs	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Borrowing	(84,126)	(27,364)	(41,091)	(27,377)	(5,000)	(10,000)	(5,000)	(41,225)	**(241,183)**
Trade Payables	(60.463)	-	-	-	-	-	-	-	**(60,463)**
Financial Liabilities	**(144,588)**	**(27,364)**	**(41,091)**	**(27,377)**	**(5,000)**	**(10,000)**	**(5,000)**	**(41,225)**	**(301,646)**
Liquid financial assets	35,340								**35,340**
Net Liquidity Risk	**(109,248)**	**(27,364)**	**(41,091)**	**(27,377)**	**(5,000)**	**(10,000)**	**(5,000)**	**(41,225)**	**(266,305)**

31/03/2024	< 1 yr	1 -2 yrs	2 - 5 yrs	5- 10 yrs	10 20 yrs	20 - 30 yrs	30 - 40 yrs	> 40 yrs	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Borrowing	(69,121)	(19,864)	(53,591)	(31,559)	(5,682)	(5,000)	(5,000)	(45,001)	**(234,817)**
Trade Payables	(68,807)	-	-	-	-	-	-	-	**(68,807)**
Financial Liabilities	**(137,927)**	**(19,864)**	**(53,591)**	**(31,559)**	**(5,682)**	**(5,000)**	**(5,000)**	**(45,001)**	**(303,624)**
Liquid financial assets	33,975								**33,975**
Net Liquidity Risk	**(103,953)**	**(19,864)**	**(53,591)**	**(31,559)**	**(682)**	**(5,000)**	**(5,000)**	**(45,001)**	**(269,649)**

The Council has £75.500m (2024/25: £85.500m) of "Lender's option, borrower's option" (LOBO) loans where the lender has the option on set dates to propose an increase in the rate payable; the Council will then have the option to accept the new rate or repay the loan without penalty. The lender therefore has the effective right to demand repayment and these loans are therefore shown in the tables above as maturing on the next option date.

Market Risk – Interest Rate Risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates – the interest expense will rise;
- borrowings at fixed rates – the fair value of the liabilities will fall;

- investments at variable rates – the interest income will rise; and
- investments at fixed rates – the fair value of the assets will fall.

Investments measured at amortised cost and loans borrowed are not carried at fair value, so changes in their fair value will have no impact on the Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services. Movements in the fair value of fixed rate investments measured at fair value will be reflected in Other Comprehensive Income or the Surplus or Deficit on the Provision of Services as appropriate.

If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	31 March 2025 £'000	31 March 2026 £'000
Increase in interest payable on variable rate borrowings	327	311
Increase in interest receivable on variable rate investments	(267)	(307)
Impact on Surplus or Deficit on the Provision of Services	**60**	**4**
Decrease in fair value of loans and investments at amortised cost	(4,143)	(4,083)
Decrease in fair value of fixed rate borrowing	(22,530)	(21,203)

The Council's variable rate borrowings for the calculation are any LOBO investments with a call-date due and any loan principal that is due to become repayable in the 2026/27 financial year. The approximate impact of a 1% fall in interest rates would be a reduction in interest payable of £51k rather than £307k as it is assumed that any LOBO's would remain at their existing rates following the call date.

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed for variable rate investments.

The Council has £75.500m (2024/25: £85.500m) of "Lender's option, borrower's option" (LOBO) loans with maturity dates between 2053 and 2078 where the lender has the option to propose an increase in the rate payable; the Council will then have the option to accept the new rate or repay the loan without penalty.

Market Risks: Price Risk

The market prices of the Council's units in pooled bond funds are governed by prevailing interest rates and the price risk associated with these instruments is managed alongside interest rate risk as described above.

The Council does not generally invest in equity shares or marketable bonds but does have shareholdings to the value of £61.490m in a number of joint ventures and in local companies. Whilst these holdings are generally illiquid, the Council is consequently exposed to losses arising from movements in the prices of the shares.

As the shareholdings have arisen in the acquisition of specific interests, the Council is not in a position to limit its exposure to price movements by diversifying its portfolio. Instead, it only acquires shareholdings in return for 'open book' arrangements with the company concerned so that the Council can monitor factors that might cause a fall in the value of specific shareholdings.

Of the shares mentioned above £47.880m have been elected as Fair Value through Other Comprehensive Income, meaning that all movements in price will impact on gains and losses recognised in the Financial Instruments Revaluation Reserve. A general shift of 5% in the general price of shares (positive or negative) may occur, which would have resulted in a £2.394m gain or loss being recognised in the Financial Instrument Revaluation Reserve for 2025/26.

The Council holds investment units within the CCLA Property Fund that have been classified as Fair Value through Profit and Loss, however the Council has chosen to use the override as allowed by DLUHC that provides a statutory override which allows the Fair Value movements during the year (any gain or loss in price) to be taken to the Financial Instrument Revaluation Reserve. A loss of £1.080m was recognised in 2025/26 in relation to the Council's holding in the CCLA Property Fund valued at £13.610m as at 31 March 2026.

In 2025/26 the Council's holding in Manchester Airport, was re-valued resulting in a loss of £5.900m, which was recognised in the Financial Instruments Revaluation Reserve. The shareholding in Manchester Airport Car Park (1) Limited was re-valued resulting in a loss of £0.500m, which was recognised in the Financial Instruments Revaluation Reserve

The Council also holds shares in both, Meridian Developments, and Community 1st Oldham (Chadderton) limited which have been elected to be accounted as fair value through other comprehensive income. Meridian Developments experience a loss of £0.084m and Community First Oldham (Chadderton) increased in value by £0.075m.

Market Risks: Foreign Exchange Risk

The Council has no financial assets or liabilities denominated in foreign currencies and therefore has no exposure to loss arising from movement in exchange rates.

23. Debtors

The Council's short-term debtors (net of the expected credit loss) are as follows:

	31 March 2025 £000	31 March 2026 £000
Central Government Bodies	14,298	11,890
Other Local Authorities	1,759	1,911
NHS Bodies	4,837	6,306
Capital Debtors	3,623	5,341
Other entities and individuals	95,280	105,687
Payments in Advance	7,463	8,039
Impairment Allowance for doubtful debts	(60,208)	(70,208)
Total	**67,052**	**68,966**

The Council's long-term debtors (net of the expected credit loss) are as follows:

	31 March 2025 £000	31 March 2026 £000
Mortgages	6	6
Loans to Trusts, Community Interest Groups & Third Sector Organisations	301	301
Manchester Airport Debt	39,168	38,631
Other Capital Loans & Advances	5,599	5,859
Total	**45,074**	**44,798**

The Council's past due but not impaired amount for local taxation (Council Tax and Non-Domestic Rates) can be analysed by age as follows:

	31 March 2025 £000	31 March 2026 £000
Less than three months	1,279	1,574
Three to six months	1,918	2,362
Six months to one year	4,476	5,510
More than one year	14,469	15,631
Total	**22,141**	**25,078**

24. Cash and Cash Equivalents

	31 March 2025 £000	31 March 2026 £000
Cash held by the Authority	97	88
Bank Current Accounts	39,643	42,749
Bank Overdraft	(4,202)	-
Total	**35,538**	**42,837**

25. Creditors

The Council's creditors are as follows:

	31 March 2025 £000	31 March 2026 £000
Central Government Bodies	(8,699)	(13,341)
Other Local Authorities	(2,515)	(2,330)
NHS Bodies	(465)	(304)
Capital Creditors	(8,238)	(7,479)
Other entities and individuals	(69,813)	(65,541)
Accumulated Absences	(5,966)	(4,700)
Receipts in Advance	(12,184)	(13,336)
Total	**(107,880)**	**(107,031)**

26. Provisions

The Council's provisions are as follows:

	Short Term		
	Insurance Provision £000	Other Provisions £000	Total £000
Balance at 1 April 2025	(250)	(6,807)	(7,057)
Provisions released in 2025/26	-	1,682	1,682
Increase in Provision 2025/26	(211)	(3,573)	(3,784)
Balance at 31 March 2026	**(461)**	**(8,698)**	**(9,159)**

	Long Term		
	Insurance Provision £000	Other Provisions £000	Total £000
Balance at 1 April 2025	(5,142)	(2,500)	(7,642)
Provisions released in 2025/26	493	-	493
Increase in Provision 2025/26	-	-	-
Balance at 31 March 2026	**(4,649)**	**(2,500)**	**(7,149)**

The Insurance Provision covers all historic legal liability claims including risks to employees whilst carrying out their duties, risks to the public and all other liability claims.

The Other Provisions represent amounts set aside to meet potential future liabilities; this includes a provision for Business Rates Appeals and changes in legislation.

27. Contingent Assets

A contingent asset is an asset that may be received but only if a future event occurs that is not under the control of the Council. The Council has identified the following contingent assets at 31 March 2026.

Housing Stock Transfer

The Housing Stock Transfer has resulted in two remaining contingent assets to the Council.

a) Right to Buy Sharing Agreement

As with other agreed housing stock transfers, the Council entered into an agreement with First Choice Homes Oldham (FCHO) and the Council's Housing PFI partners relating to the future sales under the Prescribed Right to Buy (PRTB) regulations. This relates to any future sales of the transferred stock to existing tenants.

The Council will receive capital receipts at the end of each financial year for any properties sold within the year. The value of the receipt is calculated using a formula that takes the net income forgone by FCHO/Housing PFI from the total proceeds from the sale of dwellings for that year. The amount anticipated to be received in 2025/26 was £3.587m with £1.951m received in 2024/25 and £0.210 in 2023/24.

Special Educational Needs and Disabilities (SEND): Dedicated Schools Grant (DSG) Deficits

In February 2026, the Government committed to supporting local authorities with their DSG deficits as they transition to a reformed SEND system. It introduces support for local authorities in phases. The first phase will address historic deficits accrued up to the end of 2025/26. All local authorities with a SEND deficit will be eligible in 2026/27 to receive a High Needs Stability Grant covering 90% of their High Needs-related DSG deficit accrued up to the end of 2025/26.

The estimated total DSG deficit at the end of 2025/26 is £6,949,400. On the basis of current information, applying the 90% funding factor to this figure results in an estimated additional funding allocation of up to £6,254,460.

The Government will confirm the detail on further support for deficits arising in 2026/27 and 2027/28 before the accounting override set out in Regulation 30L of The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 ("the Statutory Override") ends from 1 April 2028. From 2028/29, SEND spending will be covered by the overall Government DEL budget, meaning local authorities are not expected to fund future SEND costs from general funds, once the Statutory Override ends at the end of 2027/28.

28. Contingent Liabilities

A contingent liability is a potential liability which depends on the occurrence or non-occurrence of one or more uncertain future events, as a result the Council cannot reliably estimate the total financial impact of the Contingent Liabilities. The Council has identified the following contingent liabilities at 31 March 2026.

1) Stock Transfer Warranties

The Council agreed to a number of warranties under the stock transfer agreements with First Choice Homes Oldham (FCHO) and other housing providers. Such arrangements give rise to a possible obligation of the Council, which will be confirmed upon the occurrence or non-occurrence of the invocation of the warranties.

2) Historical Disputes

There are potential liabilities arising from an education setting where a former employee has been convicted of criminal offences. As some of the former pupils who secured convictions have yet to pursue claims for compensation, there is uncertainty about the potential implications or the amounts being claimed.

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29. PFI and Similar Contracts

Overview of PFI and Similar Contract

Scheme	Library and Lifelong Learning Centre	Sheltered Housing	Gateways to Oldham Housing	Chadderton Wellbeing Centre	Street Lighting	Schools	Building Schools for the Future
Type of Contract	PFI	PFI	PFI	Local Improvement Finance Trust Lease Plus Agreement	PFI	PFI	PFI
Year of Operation of Contract	21st	20th	15th	17th	15th	19th	14th
Contract Length (Years)	25	30	25	30	25	25	25
Description of Arrangement	Construction, Maintenance and operation of Information Technology and Facilities Management Services at Oldham Library and Lifelong Learning Centre	Demolition, build and refurbishment and provision of management and maintenance services to sheltered and warden supported HRA Properties	Demolition, build or refurbishment and the provision of management and maintenance services to 620 HRA Properties	Build contract and the provision of Facility Management services to the centre, which incorporates a library, sports centre, café and community rooms	Joint Arrangement with Rochdale for the replacement of circa 23,000 streetlights and ongoing management and maintenance of streetlights	Construction and maintenance of Radclyffe and Failsworth Secondary schools including the provision of Facilities Management and Information Technology services	Construction and maintenance of the Saint John Henry Newman RC Secondary School, along with provision of Facilities Management services.
Council Rights under the contract	Right to specify the opening times of the Centre	Right to specify arrangements around the demolition, build and refurbishment of dwellings and tenancy management services	Right to specify arrangements around the demolition, build and refurbishment of dwellings and tenancy management services	Right to specify the opening times of the Centre	Rights to detail the specification of the streetlights	Right to specify the opening times of the schools	Right to specify the opening times of the school
Minimum standards specified by the contract with deductions from the fee payable if facilities are unavailable or performance is below minimum standards	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Assets to transfer to the Council at the end of the contract for nil consideration (Governing Body for schools)	Yes	Yes	Yes	The Council has the option to purchase at the end of the contract. Purchase costs have been incorporated into the expected lease payments	Yes	Yes	Yes
The Council only has rights to terminate contract if it compensates the contractor in full for costs incurred, including the repayment of any of the contractors' outstanding debt attributable to the contract	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Changes to the contract during the financial year	None	None	None	None	None	None	None

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Analysis of Payments due to be made under PFI and similar Contracts

The following table shows payments due to be made under PFI and similar Contracts in future financial years from 2026/27 onwards. All the payments under PFI and similar Contracts are linked in full or in part to Retail Price Index inflation and can be reduced if the contractor fails to meet availability and performance standards in any given financial year but are otherwise fixed. Lifecycle replacement costs have been included in the Service Charges element detailed in the table below:

		Library and Lifelong Learning Centre £000	Sheltered Housing £000	Gateways to Oldham Housing £000	Chadderton Wellbeing Centre £000	Street Lighting £000	Schools £000	Building Schools for the Future £000	Total £000
2026/27	Repayment of Liability	1,016	4,226	1,931	85	270	3,071	1,909	**12,507**
	Interest	609	5,689	3,325	1,107	1,386	1,783	2,050	**15,949**
	Service Charges	1,662	8,627	4,898	614	3,651	5,098	2,085	**26,634**
	Total	**3,287**	**18,541**	**10,154**	**1,806**	**5,307**	**9,952**	**6,044**	**55,090**
2027/28 to 2030/31	Repayment of Liability	5,562	18,549	12,645	1,417	1,874	12,640	7,386	**60,072**
	Interest	1,339	19,688	11,693	4,276	5,279	5,027	6,551	**53,854**
	Service Charges	6,647	39,826	18,440	2,302	15,187	24,296	11,395	**118,094**
	Total	**13,548**	**78,064**	**42,778**	**7,995**	**22,340**	**41,964**	**25,332**	**232,020**
2031/32 to 2035/36	Repayment of Liability	0	45,534	28,941	5,213	12,374	6,537	10,295	**108,894**
	Interest	0	13,465	8,131	4,462	3,988	703	4,563	**35,312**
	Service Charges	0	47,979	21,956	2,307	14,238	13,197	19,778	**119,455**
	Total	**0**	**106,978**	**59,028**	**11,981**	**30,600**	**20,437**	**34,636**	**263,661**
2036/37 to 2040/41	Repayment of Liability	0	6,567	5,350	10,343	811	0	4,104	**27,176**
	Interest	0	499	364	2,123	73	0	469	**3,528**
	Service Charges	0	4,302	2,719	2,604	785	0	8,446	**18,856**
	Total	**0**	**11,368**	**8,432**	**15,071**	**1,670**	**0**	**13,019**	**49,560**
	Repayment of Liability- Total	**6,578**	**74,876**	**48,866**	**17,058**	**15,329**	**22,248**	**23,694**	**208,649**
	Interest- Total	**1,948**	**39,341**	**23,513**	**11,967**	**10,727**	**7,514**	**13,633**	**108,644**
	Service Charges- Total	**8,309**	**100,734**	**48,012**	**7,827**	**33,862**	**42,591**	**41,704**	**283,039**
	Grand total	**16,834**	**214,951**	**120,391**	**36,853**	**59,918**	**72,353**	**79,031**	**600,332**

Analysis of Liabilities as a result of PFI and Similar Contracts

The payments to the contractor are described as Unitary Charges. They have been calculated to compensate the contractor for the fair value of the services the contractor provides, the capital expenditure incurred and the interest payable whilst the capital expenditure remains to be reimbursed. The liability to pay the contractors for capital expenditure incurred is as follows:

The Council has adopted the IFRS 16 accounting standard since the 2024/25 financial year. This requires the nominal lease within the PFI contracts to be re-calculated to reflect appropriate changes in the index-linked inflation within the contract. The Lease component of each PFI contract is linked to inflation. The lease liability was re-measured based on the relevant Retail Prices Index rates, noting that there was no change to past or future projected Unitary Charges. The increase in the overall liability has been offset by an equal increase in the value of the PFI assets.

Scheme	Liability 31 March 2024 £000	IFRS 16 Opening Liability Adjustment £000	Repayments £000	Liability 31 March 2025 £000	IFRS 16 Opening Liability Adjustment £000	Repayments £000	Liability 31 March 2026 £000
Library and Lifelong Learning Centre	7,793	352	(816)	7,329	38	(789)	6,578
Sheltered Housing	62,355	18,851	(4,623)	76,582	2,954	(4,660)	74,876
Gateways to Oldham	45,764	5,485	(1,839)	49,410	1,319	(1,862)	48,866
Chadderton Wellbeing Centre	7,695	7,391	(46)	15,039	2,055	(36)	17,058
Street Lighting	15,329	(310)	(110)	14,909	632	(212)	15,329
Schools	28,013	52	(2,894)	25,171	30	(2,953)	22,248
Building Schools for the Future	26,161	564	(1,317)	25,408	(52)	(1,662)	23,694
Total	**193,108**	**32,384**	**(11,644)**	**213,848**	**6,976**	**(12,175)**	**208,649**

Assets as result of PFI and Similar Contracts

	Library and Lifelong Learning Centre	Sheltered Housing	Gateways to Oldham Housing	Chadderton Wellbeing Centre	Street Lighting	Schools	Building Schools for the Future	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation								
As at 1 April 2025	19,441	65,128	34,260	21,209	24,147	106,019	51,973	**322,177**
IFRS 16 Adjustment	38	2,954	1,319	2,075	632	30	(52)	**6,996**
Additions		25	454			41	200	**720**
Revaluations recognised in Revaluation Reserve	562	1,066	4,309	(9,201)	-	(565)	450	**(3,380)**
Derecognition-disposals			(660)					**(660)**
As at 31 March 2026	**20,041**	**69,172**	**39,682**	**14,082**	**24,779**	**105,525**	**52,571**	**325,853**
Accumulated Depreciation & Impairment								
As at 1 April 2025	352	22,846	7,557	7,391	6,020	52	564	**44,782**
Depreciation Charge	1,171	4,088	2,421	756	504	10,416	3,195	**22,550**
Depreciation Written out to Revaluation Reserve	(1,171)	(3,994)	(2,073)	(756)	-	(10,416)	(3,195)	**(21,604)**
Impairment Losses/(reversals) recognised in the Revaluation Reserve	(391)	-	-	(9,445)	-		-	**(9,836)**
Impairment Losses/(reversals) recognised in the (Surplus)/Deficit on the Provision of Services	38	2,954	1,319	2,055	632	(52)	(564)	**6,382**
Derecognition -disposals			(49)					**(49)**
As at 31 March 2026	**0**	**25,894**	**9,176**	**0**	**7,155**	**-**	**0**	**42,226**
Net Book Value at 31 March 2025	**19,089**	**42,282**	**26,703**	**13,818**	**18,127**	**105,967**	**51,409**	**277,395**
Net Book Value at 31 March 2026	**20,041**	**43,278**	**30,506**	**14,082**	**17,623**	**105,525**	**52,571**	**283,627**

	Library and Lifelong Learning Centre	Sheltered Housing	Gateways to Oldham Housing	Chadderton Wellbeing Centre	Street Lighting	Schools	Building Schools for the Future	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation								
As at 1 April 2024	19,878	45,296	24,860	14,022	24,457	103,661	49,320	**281,494**
IFRS 16 Adjustment	352	18,851	5,485	7,391	(310)	52	564	**32,385**
Additions				11				**11**
Revaluations recognised in Revaluation Reserve	(789)	981	3,915	(215)	-	2,306	2,089	**8,287**
As at 31 March 2025	**19,441**	**65,128**	**34,260**	**21,209**	**24,147**	**106,019**	**51,973**	**322,177**
Accumulated Depreciation & Impairment								
As at 1 April 2024	-	3,910	1,789	-	5,826	-	-	**11,525**
Depreciation Charge	1,255	3,994	2,073	831	504	8,410	3,494	**20,561**
Depreciation Written out to Revaluation Reserve	(1,255)	(3,909)	(1,790)	(831)	-	(8,410)	(3,494)	**(19,689)**
Impairment Losses/(reversals) recognised in the (Surplus)/Deficit on the Provision of Services	352	18,851	5,485	7,391	(310)	52	564	**32,385**
As at 31 March 2025	**352**	**22,846**	**7,557**	**7,391**	**6,020**	**52**	**564**	**44,782**
Net Book Value at 31 March 2024	**19,878**	**41,386**	**23,071**	**14,022**	**18,631**	**103,661**	**49,320**	**269,969**
Net Book Value at 31 March 2025	**19,089**	**42,282**	**26,703**	**13,818**	**18,127**	**105,967**	**51,409**	**277,395**

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30. Pension Schemes Accounted for as Defined Contribution Schemes

Teachers' Pension Scheme

Teachers employed by the Council are members of the Teachers' Pension Scheme administered by Capita Teachers' Pensions on behalf of the Department for Education. The Scheme provides teachers with specified benefits upon their retirement and the Council contributes towards the cost by making contributions based on a percentage of scheme members' pensionable salaries.

The Scheme is a defined benefit scheme; however, the scheme is unfunded. The Department for Education uses a notional fund as the basis for calculating the employer's contribution rate paid by Local Authorities. The Council is not able to identify its share of the underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2025/26, the Council paid £8.253m (£12.525m in 2024/25) to the Teachers Pensions Scheme in respect of teachers' retirement benefits, representing 27.09% (27.00% in 2024/25) of pensionable pay. The expected payments in 2026/27 are circa £8m - £9m.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside the terms of the Teachers' Scheme. These costs are accounted for on a defined benefits basis and are detailed in Note 31.

31. Defined Benefit Pension Schemes

Participation in Pension Schemes

As part of the terms and conditions of the employment of its Officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until the employees retire, the Council has a commitment to make the payments that need to be disclosed at the time the employees earn their future entitlement. The Council participates in the Local Government Pension Scheme (LGPS) which is administered locally by Tameside Metropolitan Borough Council. This is a funded defined benefit final salary pension scheme, meaning that the Council and employees pay contributions into a fund calculated at a level intended to balance the pension liabilities with investment assets.

Transactions Relating to Post-employment Benefits

The cost of retirement benefits is recognised in the reported cost of services when they are earned by the employees rather than when they 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 through the MiRS. The following transactions have been made in the CIES and the General Fund Balance through the MiRS during the year:

	2024/25 £000	2025/26 £000
Service Cost		
Current service cost	(18,673)	(12,851)
Past service cost (including curtailments)	(3,464)	(2,531)
Effect of Settlements	(409)	(6,004)
Total service cost	**(22,546)**	**(21,386)**
Financing and Investment Income and Expenditure		
Interest income on scheme assets	67,774	81,930
Interest cost on defined benefit obligation	(55,774)	(57,089)
Interest on the effect of the asset ceiling	(13,821)	(26,820)
Total net interest	**(1,821)**	**(1,979)**
Total Post Employment Benefits Charged to the Deficit on the Provision of Services	**(24,367)**	**(23,365)**
Remeasurements of the Net Defined Liability Comprising:		
Return on plan assets excluding amounts included in net interest	(13,217)	59,941
Changed in demographic assumptions	2,029	(1,404)
Actuarial Gains/(losses) arising from changes in financial assumptions	167,703	17,839
Other experience and actuarial adjustments	13,286	(147,268)
Changes in the effect of the asset ceiling	(163,942)	80,049
Total Remeasurements Recognised in Other Comprehensive Income	**5,859**	**9,157**
Total Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement	**(18,508)**	**(14,208)**
Movement in Reserves Statement		
Reversal of net charges made to the deficit on the provision of services	24,367	23,365
Employers' Contributions Payable to the Scheme	**(24,588)**	**(22,985)**

Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Council's obligation in respect of its defined benefit scheme is as follows:

	2024/25 £000	2025/26 £000
Fair value of plan assets	1,442,500	1,446,899
Present value of funded liabilities	(987,815)	(1,037,387)
Present value of unfunded liabilities	(24,244)	(23,523)
Effect of the Asset Ceiling	(462,741)	(409,512)
Net Liability Arising From Defined Benefit Obligation	**(32,300)**	**(23,523)**

Asset Ceiling

Following the pensions valuation by the Council's actuary, Hymans Robertson LLP, the Council determined that the fair value of its pension plan assets outweighed the present value of the plan obligations at 31 March 2026 resulting in a pension plan asset for the first time. IAS 19 Employee Benefits requires that, where a pension plan asset exists, it is measured at the lower of:

- The surplus in the defined benefit plan; and
- The asset ceiling.

The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The Council's actuary calculated the asset ceiling as the net present value of future service costs less net present value of future contributions.

The Council has therefore limited the Pension asset recognised in its balance sheet to the asset ceiling, which was nil in 2025/26 (nil in 2024/25). The remaining represents the unfunded liabilities (comprising £12.645m LGPS and £10.878m Teachers unfunded, £13.165m LGPS and £11.079m in 2024/25) which are not included in the asset ceiling adjustment and any liabilities as a result of past contributions. The adjustment has been recognised within other comprehensive income and expenditure of the CIES.

	2024/25 £000	2025/26 £000
Asset Ceiling Balance at 1 April	(284,978)	(462,741)
Interest on the Effect of Asset Ceiling	(13,821)	(26,820)
Changes on the Effect of Asset Ceiling	(163,942)	80,049
Asset Ceiling Balance 31 March	**(462,741)**	**(409,512)**

Reconciliation of the Movements in Fair Value of Scheme Assets

	2024/25 £000	2025/26 £000
Opening fair value of scheme assets	1,409,171	1,442,500
Effect of Settlements	(4,737)	(19,699)
Interest income	67,774	81,930
Remeasurement loss		
Return on plan assets excluding amounts included in net interest	(13,217)	59,941
Other experience and actuarial adjustments	-	(96,468)
Contributions from employer into the scheme	21,854	20,311
Contributions from employees into the scheme	6,971	6,712
Benefits paid	(45,316)	(48,328)
Closing Fair Value of Scheme Assets	**1,442,500**	**1,446,899**

The Council's share of pension fund assets is rolled forward, by the actuary, from the latest formal valuation date. The roll forward amount is then adjusted for investment returns, the effective contributions paid into, and estimated benefits paid from the fund by the Council and its employees. As such this estimate may differ from the actual assets held by the Pension Fund on 31 March 2026.

Reconciliation of Present Value of Scheme Liabilities (Defined Benefit Obligation)

	2024/25 £000	2025/26 £000
Opening fair value of scheme liabilities	1,162,573	1,012,059
Current service cost	18,673	12,851
Effect of Settlements	(4,328)	(13,695)
Interest cost	55,774	57,089
Contributions from scheme participants	6,971	6,712
Remeasurement gain		
Actuarial (gains)/losses arising from changes in financial assumptions	(167,703)	(17,839)
Changes in demographic assumptions	(2,029)	1,404
Other experience and actuarial adjustments	(13,286)	50,800
Past service cost	3,464	2,531
Benefits paid	(48,050)	(51,002)
Closing Fair Value of Scheme Liabilities	**1,012,059**	**1,060,910**

The Court of Appeal issued its judgement in the Virgin Media case (Virgin Media Ltd v NTL Pension Trustees II Ltd & Ors) which could affect any scheme which was contracted out of the State Second Pension on a final salary basis in the period between 6 April 1997 and 5 April 2016. The case centred on a change to benefits made in 1999 to the way in which deferred members' pensions were revalued in relation to inflation. The Government confirmed on 5 June 2025 that it will bring forward legislation to deal with issues arising from the Virgin Media v NTL Pension Trustees judgment, which was included in the Government's Pension Scheme Bill (Amendments) tabled on 1 September 2025. The Government will introduce legislation to allow pension schemes to obtain actuarial certification retrospectively. The impact of the ruling on LGPS liabilities is not known and no adjustments to reflect the impact of the ruling have been made to the financial statements for the year. Management will continue to monitor the developments and consider the impact on the LGPS liabilities.

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Pension Scheme Assets

	Period Ended 31 March 2025				Period Ended 31 March 2026			
	Quoted prices in active markets £000	Quoted prices not in active markets £000	Total £000	Percentage Total of Asset	Quoted prices in active markets £000	Quoted prices not in active markets £000	Total £000	Percentage Total of Asset
Equity Securities								
Consumer	92,469		**92,469**	6%	97,052		**97,052**	7%
Manufacturing	69,672		**69,672**	5%	76,850		**76,850**	5%
Energy and Utilities	76,820		**76,820**	5%	73,004		**73,004**	5%
Financial Institutions	117,281		**117,281**	8%	125,628		**125,628**	9%
Health and Care	65,573		**65,573**	5%	70,245		**70,245**	5%
Information Technology	77,918		**77,918**	5%	88,976		**88,976**	6%
Other	19,665		**19,665**	1%	19,516		**19,516**	1%
Debt Securities								
Corporate Bonds (investment grade)	47,192		**47,192**	3%	43,107		**43,107**	3%
UK Government	61,564		**61,564**	4%	64,944		**64,944**	4%
Other	55,252		**55,252**	4%	46,788		**46,788**	3%
Private Equity								
All		92,057	**92,057**	6%		81,216	**81,216**	6%
Real Estate								
UK Property		74,360	**74,360**	5%		83,301	**83,301**	6%
Investment Funds and Unit Trusts								
Equities	62,521		**62,521**	4%	74,188		**74,188**	5%
Bonds	145,122		**145,122**	10%	143,343		**143,343**	10%
Infrastructure		120,838	**120,838**	8%		118,050	**118,050**	8%
Other	35,542	187,575	**223,117**	15%	32,166	170,051	**202,217**	14%
Derivatives								
Other	(2,247)		**(2,247)**	0%	(7,326)		**(7,326)**	-1%
Cash and Cash Equivalents								
All	43,326		**43,326**	3%	45,802		**45,802**	3%
Totals	**967,671**	**474,830**	**1,442,500**	**100%**	**994,282**	**452,617**	**1,446,899**	**100%**

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, with estimates being based on the latest valuation of the scheme as of 31 March 2026.

The significant assumptions used by the actuary have been:

	2024/25	2025/26
Mortality assumptions:		
Longevity at 65 for current pensioners:		
men	19.6	20.3
women	22.9	23.5
Longevity at 65 for future pensioners:		
men	20.8	21.5
women	24.6	25.0
Rate of increase in salaries	3.55%	4.50%
Rate of increase in pensions	2.75%	3.00%
Rate for discounting scheme liabilities	5.80%	6.20%

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The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below is based on possible changes to the assumptions occurring at the end of the reporting period. For each assumption change all other assumptions remain constant.

The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit cost method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in 2024/25.

Change in Assumptions at 31 March 2026	Approximate % Increase to Employee Liability	Approximate Monetary Amount £000
0.1% decrease in real discount rate	1%	15,269
1 year increase in member life expectancy	4%	42,436
0.1% increase in the salary increase rate	0%	533
0.1% increase in the pension increase rate	1%	14,721

Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. Funding levels are monitored on an annual basis. The contribution rate set by the current triennial valuation took effect from the financial year starting 1 April 2023. The expected employer pension contributions for 2026/27 are £18m.

The scheme has taken 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 and other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). 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.

32. Cash Flows from Operating Activities

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:	2024/25 £000	2025/26 £000
Depreciation	54,065	58,729
Impairment and downward valuations	49,126	122,235
Amortisation	2,574	1,904
Increase/(decrease) in creditors	23,293	947
(Increase)/decrease in debtors	(6,442)	(896)
(Increase)/decrease in inventories	(66)	9
Movement in pension liability	(221)	380
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	14,139	54,086
Other non-cash items charged to the net surplus or deficit on the provision of services	1,137	1,196
	137,605	**238,590**

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The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:	**2024/25 £000**	**2025/26 £000**
Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	2,245	-
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(6,913)	(6,993)
Any other items for which the cash effects are investing or financing cash flows	(45,120)	(53,659)
	(49,788)	**(60,652)**
The cash flows for operating activities include the following items:		
Interest received	6,931	6,032
Interest paid	(25,628)	(13,837)
Dividends received	1,742	1,077
	(16,955)	**(6,728)**

33. Cash Flows from Investing Activities

	2024/25 £000	**2025/26 £000**
Purchase of property, plant and equipment, investment property and intangible assets	(71,064)	(64,133)
Purchase of short-term and long-term investments	-	-
Other payments for investing activities	(1,680)	(11)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	6,913	6,993
Proceeds from short-term and long-term investments	10,000	-
Other receipts from investing activities	45,782	52,911
Net cash flows from investing activities	**(10,049)**	**(4,240)**

34. Cash Flows from Financing Activities

	2024/25 £000	**2025/26 £000**
Cash receipts of short and long-term borrowing	85,000	65,000
Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance Sheet PFI contracts	(12,628)	(14,751)
Repayments of short and long-term borrowing	(31,190)	(39,869)
Other payments for financing activities	(23)	(1,010)
Net cash flows from financing activities	**41,159**	**9,370**

34a. Reconciliation of Liabilities Arising from Financing Activities

	1 April 2025 £000	Financing cash flows £000	Acquisition £000	Other non-cash changes £000	31 March 2026 £000
Long-term borrowings	210,291	20,136	-	(156)	230,271
Short-term borrowings	27,468	5,001	-	199	32,668
Lease Liabilities	3,929	(2,575)	1,318		2,672
Transferred Debt	28	(6)	-	-	22
On balance sheet PFI Liabilities	213,850	(12,176)	6,976		208,650
Amounts included as part of (debtor)/creditor balances:					
Amounts owed to/from Collection Fund preceptors	781	(1,010)	-	-	(229)
Total Liabilities from financing activities	**456,347**	**9,370**	**8,294**	**43**	**474,055**

	1 April 2024 £000	Financing cash flows £000	Acquisition £000	Other non-cash changes £000	31 March 2025 £000
Long-term borrowings	161,484	48,818	-	(11)	210,291
Short-term borrowings	21,820	4,997	-	651	27,468
Lease Liabilities	747	(984)	4,166	-	3,929
Transferred Debt	33	(5)	-	-	28
On balance sheet PFI Liabilities	193,110	(11,644)	32,384		213,850
Amounts included as part of (debtor)/creditor balances:					
Amounts owed to/from Collection Fund preceptors	804	(23)	-	-	781
Total Liabilities from financing activities	**377,998**	**41,159**	**36,550**	**640**	**456,347**

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35. Accounting Policies

1.1 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 the Accounts and Audit Regulations 2015, which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (the Code) supported by International Financial Reporting Standards (IFRS).

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.

The accounts have been prepared on a going concern basis, under the assumption that the functions of the Council will continue in operational existence for the foreseeable future.

Unless otherwise stated, the convention used in this document is to round to amounts the nearest thousand pounds. All totals are the rounded totals of unrounded figures and, therefore, may not be the strict sums of the figures presented in the text or tables. Throughout the Statements all credit balances are shown with parentheses e.g. (£1,234).

1.2 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 accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e., repairs and maintenance) is charged as an expense when it is incurred. The Council has a £10,000 de minimis limit for the recognition of Capital Expenditure.

Capitalisation of Borrowing Costs

The Council capitalises borrowing costs incurred whilst qualifying assets are under construction. An asset is classified as a qualifying asset if there is a substantial period of time from the initial capital expenditure financed from prudential borrowing and the asset being brought into use. A substantial period of time is considered to mean in excess of a year.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price;
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management;
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

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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.

Assets are then carried in the Balance Sheet using the following measurement bases:

- community assets, infrastructure assets and assets under construction – depreciated historical cost.
- dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH).
- surplus assets – fair value, determined by the measurement of the highest and best use value of the asset.
- all other operational assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).
- Intangible assets are held at Historic Cost

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. For 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 on the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. In addition, assets are indexed in the intervening years using relevant indices supplied by a qualified valuer. Where relevant indices are unavailable desktop valuations are undertaken in year 3, with an explanation of why no indices are appropriate. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Surplus or Deficit on the Provision of Services where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant Directorate line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

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 as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant Directorate line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is subsequently reversed, the reversal is credited to the relevant Directorate line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer;
- vehicles, plant, furniture and equipment – straight-line allocation over the useful life of the asset as estimated by a suitably qualified officer; and
- infrastructure – See section below.

Revaluation gains are 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.

Component Accounting

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item and/or whose life is significantly different to the life of the host (main) asset, the components are depreciated separately.

Components are recognised in the financial year where:

- there has been a revaluation of assets;
- there has been an acquisition of assets within the financial year; and
- enhancement expenditure has been incurred within the financial year.

Disposals

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

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The written-off asset value of disposals is not a charge against the General Fund, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. If the disposal relates to housing assets a proportion of the capital receipt is payable to the Government (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances). For 2025/26 the Council can benefit from the flexibilities in the amendment on Right to Buy (RTB) receipts. For 2025/26 the Council can retain 100% RTB receipts to finance capital expenditure on housing projects. The balance of receipts is required to be credited to the Usable Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are transferred to the Usable Capital Receipts Reserve from the General Fund Balance in the Movement in Reserves Statement.

Infrastructure Assets

Highways infrastructure assets include carriageways, footways and cycle tracks, structures, street lighting, street furniture, traffic management systems and land which together form a single integrated system.

- Recognition

Expenditure on the acquisition or replacement of components of the network is capitalised on an accruals basis, provided that it is probable that the future economic benefit associated with the item will flow to the Council and the cost of the item can be measured reliably.

- Measurement

Highways infrastructure assets are measured at depreciated historical cost. This is, however, a modified form of historical cost. Opening balances for highways infrastructure assets were originally recorded in the balance sheet at amounts of capital undischarged for sums borrowed as at 1 April 1994, which was deemed at the time to be historical cost.

- Impairment

Where impairment losses are identified, they are accounted for by the carrying amount of the asset being written down to the recoverable amount.

- Depreciation

Depreciation is provided for on the parts of the highways network infrastructure assets that are subject to deterioration or depletion and by the systematic allocation of their depreciable amounts over their useful lives.

Annual depreciation is the depreciation amount allocated each year.

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The useful lives of the various parts of the highways network are detailed below:

Elements of the Highway Network	Useful Life
Carriageways	27
Footways and Cycle Tracks	45
Structures	107
Street Lighting	40
Street Furniture	40
Traffic Management Systems	15

Disposal and Derecognition

When a component of the network is disposed of or decommissioned, the carrying amount of the component in the Balance Sheet is written off the 'Other Operating Expenditure' line in the Comprehensive Income & Expenditure Statement as part of the gain or loss on disposal. Receipts from disposal (if any) are credited to the same line in the Comprehensive Income & 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). The written off amounts of disposal are 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 transferred to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

1.3 Heritage Assets

The Council's Heritage Assets are held by the Council principally for their contribution to knowledge and/or culture. They are recognised and measured, including treatment of revaluation gains and losses, in accordance with the Council's Accounting Policies on Property Plant and Equipment. However, some of the measurement rules are relaxed allowing the Council's Heritage Assets to be included on the Balance Sheet at their insured value where available. Where insurance valuations are not available and the Council has no records of the original cost of the asset, then there is a narrative disclosure of the asset.

Heritage assets are deemed to have an indefinite life, therefore are not depreciated as the charge made would be minimal and immaterial. Nevertheless, where there is evidence of physical deterioration to a Heritage Asset, or doubts arise to its authenticity, the value of the asset has to be reviewed.

1.4 Investment Property

Investment properties are those assets that are used solely to earn rental income 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. Investment properties are not depreciated, and an annual valuation programme ensures that they are held at highest and best use value at the Balance Sheet date. Gains and losses on revaluation are charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and charged to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Useable Capital Receipts Reserve.

1.5 Private Finance Initiative (PFI) and Similar Contracts

PFI and similar contracts are agreements to receive services, where the responsibility for making available the Property, Plant and Equipment needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes, and as ownership of the Property, Plant and Equipment assets will pass to the Council at the end of the contracts for no additional charge, the Council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value (based on the cost to purchase the Property, Plant and Equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment. Following the introduction of IFRS 16, the liability is measured as the Net Present Value of future Lease payments with the original lease interest rate applied. The liability is subsequently adjusted for interest due and payments made. The liability is remeasured where there is a change in the future payments arising from a change in index or rate. Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as Property, Plant and Equipment owned by the Council.

The amounts payable to the PFI operators each year are analysed into five elements:

- The value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement.
- Finance cost – an interest charge is raised on the outstanding Balance Sheet liability and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The interest rate is calculated for each scheme so that the Balance Sheet liability is zero at the end of each contract.
- Payment towards liability – applied to write down the Balance Sheet liability.
- Lifecycle replacement costs – are split between revenue and capital costs. Revenue lifecycle costs are debited to the relevant service in the Comprehensive Income and Expenditure Statement. Capital lifecycle costs are debited to Property, Plant and Equipment to reflect the enhancement of the PFI Asset.

1.6 Accounting for Schools

In line with accounting standards and the Code on group accounts and consolidation, all maintained schools are considered to be entities controlled by the Council. Rather than produce group accounts the income, expenditure, assets, liabilities, reserves and cash flows of each school are recognised in the Council's single entity accounts. The Council has the following types of maintained schools under its control:

- Community
- Voluntary Aided
- Voluntary Controlled
- Foundation Trust
- Foundation

Schools' non-current assets (school buildings and playing fields) are recognised on the Balance Sheet where the Council directly owns the assets, where the Council holds the balance of control of the assets or where the school or the school governing body own the assets or have had rights to use the assets transferred to them through a licence arrangement.

When a maintained school converts to an Academy, the school's non-current assets held on the Council's Balance Sheet are treated as a disposal. The carrying value of the asset is written off to Other Operating Expenditure in the Comprehensive Income and Expenditure Statement. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

The written-off asset value is not a charge against the General Fund, as the cost of non-current asset disposals resulting from schools transferring to an Academy status is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

1.7 Revenue Expenditure Funded from Capital under Statute (REFCUS)

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of Council Tax.

1.8 Capital 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.
- amortisation of intangible non-current assets attributable to the service.

The Council is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in the approved Minimum Revenue Provision policy. Depreciation, revaluation and impairment losses, and amortisation are replaced by Minimum Revenue Provision (MRP). This adjusting transaction is included in the Movement in Reserves Statement with the Capital Adjustment Account charged with the difference between the two amounts.

1.9 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 Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the CIES is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the CIES, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. When a premium or discount has been incurred and paid in full by a grant from an external body it is accounted for in full in the year that the grant is received. The reconciliation of amounts charged to the CIES to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

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 cash flow characteristics. There are three main classes of financial assets measured at:

- amortised cost;
- fair value through profit or loss (FVPL); and
- fair value through other comprehensive income (FVOCI).

The Council's business model is to hold investments to collect contractual cash flows i.e. payments of interest and principal. Most of the Council's financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

Financial Assets Measured at Amortised Cost

Financial assets 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 Comprehensive Income and Expenditure Statement (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 financial assets held by the Council, 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.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

Financial Assets Measured at Fair Value through Profit or Loss (FVPL)

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council 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.

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

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

The inputs to the measurement techniques are categorised in accordance with the accounting policy set out in section 1.23 Fair Value Measurement.

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

IFRS 9 Financial Instruments sets out that investments in equity should be classified as fair value through profit and loss unless there is an irrevocable election to recognise changes in fair value through other comprehensive income. The Council will assess each investment on an individual basis and assign an IFRS 9 category. The assessment will be based on the underlying purpose for holding the financial instrument.

Any changes in the fair value of instruments held at fair value through profit or loss will be recognised in the net cost of service in the CIES and will have a General Fund impact.

Financial Assets measured at Fair Value through other Comprehensive Income (FVOCI)

The Council has equity instruments designated at fair value through other Comprehensive Income (FVOCI).

The Council has made an irrevocable election to designate three of its equity instruments as FVOCI on the basis that it is held for non-contractual benefits, it is not held for trading but for strategic purposes. The assets are initially measured and carried at fair value. The value is based on the principal that the equity shares have no quoted market prices and is based on an independent appraisal of the company valuation.

Dividend income is credited to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

Changes in fair value are posted to Other Comprehensive Income and Expenditure and are balanced by an entry in the Financial Instruments Revaluation Reserve.

When the asset is de-recognised, the cumulative gain or loss previously recognised in Other Comprehensive Income and Expenditure is transferred from the Financial Instruments Revaluation Reserve and recognised in the Surplus or Deficit on the Provision of Services.

Expected Credit Loss Model

The Council recognises expected credit losses on all of its financial assets held at amortised cost (or where relevant FVOCI), 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.

Instruments Entered into Before 1 April 2006

The Council entered into a number of financial guarantees that are not required to be accounted for as financial instruments. These guarantees are reflected in the Statement of Accounts to the extent that provisions might be required, or a contingent liability note is needed under the policies set out in the section on Provisions, Contingent Liabilities and Contingent Assets.

1.10 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, paid sick leave, flexi and time off in lieu (TOIL) as well as bonuses and non-monetary benefits (e.g. mobile phones) for current employees and are recognised as an expense for services in the year in which employees render service to the Council.

Employee Accumulated Absence Accrual

An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the current accounting year. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday entitlement occurs.

Termination Benefits

Termination benefits are amounts payable as a result 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 and are charged on an accruals basis to the relevant services lines in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-Employment Benefits

Employees of the Council are members of three separate pension schemes:

- The Greater Manchester Local Government Pension Scheme - administered by Tameside Metropolitan Borough Council.

- The Teachers' Pension Scheme - administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE).
- The NHS Pension Scheme - administered by EA Finance NHS Pensions.

These schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees working for the Council.

However, the arrangements for the teachers' and NHS schemes mean that liabilities for these benefits cannot be identified specifically to the Council. These schemes are therefore accounted for as if they are a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Children's Services line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pension Scheme in the year. The Community Health & Adult Social Care Directorate line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to the NHS Pension Scheme in the year.

The Greater Manchester Local Government Pension Scheme

The Greater Manchester Local Government Pension Scheme is accounted for as a defined benefits scheme.

The liabilities of the Greater Manchester Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method; 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 and projections of future earnings for current employees. Liabilities are discounted to their value at current prices, using a discount rate (based on the indicative rate of return on a basket of high-quality corporate bonds, Government gilts and other factors).

The assets of the Greater Manchester 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 liability is analysed into following components:

- current service cost – the increase in liabilities as a result of years of service earned in the current year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
- past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years will be debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Capital, Treasury and Technical Accounting;
- net interest on the net defined benefit liability - the change during the period in the net defined benefit liability that arises from the passage of time is charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability 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.

Remeasurement comprising:

- the return on plan assets – excluding amounts included in net interest on the net defined benefit liability – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
- 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 Reserve as Other Comprehensive Income and Expenditure;
- contributions paid to the Greater Manchester Pension Fund - cash paid as employer contributions to the pension scheme in settlement of liabilities; not accounted for as an expense.
- Effect of Asset Ceiling – where the defined benefit liability is negative (i.e. an asset), a limit is applied to the amount that may be recognised as an asset on the balance sheet, this limit is termed the asset ceiling. If an adjustment is required to reduce the total asset to the amount of the asset ceiling, this adjustment is charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

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 accounting standards. In the Movement in Reserves Statement this means that there are appropriations to and from the Pensions Reserve, to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund, and pensioners, and any such amounts payable but unpaid at the year-end. The balance that arises on the Pensions Reserve thereby measures the impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

1.11 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.

Where income and expenditure has 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 may not be collected.

1.12 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of a change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

1.13 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. For

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instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made) the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim) it 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.

1.14 Government Grants and Contributions

Whether paid on account, by instalments or in arrears, Government grants and third-party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- the Council will comply with the conditions attached to the payment; and;
- the grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement.

Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Where revenue grants are credited to the Comprehensive Income and Expenditure Statement but have yet to be used to fund revenue expenditure, it is posted to the Revenue Grant Reserve. When eligible expenditure is incurred in future years the grant is transferred back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against Council Tax for the expenditure.

1.15 Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring 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 Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against Council Tax for the expenditure.

Certain reserves are held 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 further explained in the relevant policies.

1.16 Revenue Recognition

Revenue is defined as income arising as a result of the Council's normal operating activities and where income arises from contracts with service recipients it is recognised when or as the Council has satisfied a performance obligation by transferring a promised good or service to the service recipient.

Revenue is measured as the amount of the transaction price which is allocated to that performance obligation. Where the Council is acting as an agent of another organisation the amounts collected for that organisation are excluded from revenue.

1.17 Tax Income

Council Tax, Retained Business Rates and Business Rates Top-up Grant income included in the Comprehensive Income and Expenditure Statement for the year will be treated as accrued income.

Business Rates, Business Rates Top-up Grant and Council Tax income will be recognised in the Comprehensive Income and Expenditure Statement within the Taxation and Non-Specific Grant Income line. As a billing Authority, the difference between the Business Rates and Council Tax included in the Comprehensive Income and Expenditure Statement and the amount required by regulation credited to the General Fund is taken to the Collection Fund Adjustment Account and reported in the Movement in Reserves Statement. Each major preceptor's share of the accrued Business Rates and Council Tax income is available from the information that is required to be produced in order to prepare the Collection Fund Statement.

Business Rates and Council Tax income is recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the Council, and the amount of revenue can be measured reliably.

Revenue relating to Council Tax and Business Rates is measured at the full amount receivable (net of any impairment losses) as they are non-contractual, non-exchange transactions and there can be no difference between the delivery and payment dates.

1.18 Overheads and Support Services

The costs of overheads and support services are charged to the relevant services in accordance with the Authority's arrangements for accountability and financial performance, with the exception of:

- Corporate and Democratic Core – costs relating to the Council's status as a multi-functional, democratic organisation;
- Non Distributed Costs – changes in past service costs and impairment losses chargeable on Assets Held for Sale.

Corporate and Democratic Core is identified as a separate heading in the Comprehensive Income and Expenditure Statement. Non Distributed Costs form part of the Capital, Treasury and Technical Accounting Directorate line with the Council's local reporting format.

1.19 Value Added Tax (VAT)

Value Added Tax payable is included as an expense only to the extent that it is not recoverable from His Majesty's Revenue and Customs. VAT receivable is excluded from income.

1.20 Interests in Companies and Other Entities

The Council has material interests in external entities that are classified as subsidiaries and therefore group accounts have been prepared. In the Council's single-entity accounts the Council's interest in companies and other entities are recorded as financial assets at cost less any impairment. Any gains or losses are recognised in the Comprehensive Income and Expenditure Statement.

1.21 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.

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

1.22 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:

- Adjusting Events - Those events that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.
- Non-Adjusting Events - Those events 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 either their estimated financial effect or a statement that such an estimate cannot be made reliably.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

1.23 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 amount that would be received from the sale of an asset or paid over 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 non-financial assets and liabilities, for recognition or disclosure as appropriate, in line with the highest and best use definition within IFRS 13 Fair Value Measurement. 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 Council can access at the measurement date.

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

Level 3 – unobservable inputs for the asset or liability.

1.24 Leases

The Council as lessee

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 for a period of more than one year, through rights both to obtain substantially all the economic benefits or service potential from that

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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 (or the IFRS 16 transition date, if later). On transition to IFRS16, an entity is not required to reassess whether a contract is, or contains, a lease at the date of initial application. Instead, the entity is permitted to only apply IFRS 16 to contracts that were previously identified as leases under IAS 17 and IFRIC 4.

The leases are typically for fixed periods in excess of one year but may have extension options. The Council initially recognises lease liabilities measured at the present value of lease payments, discounting at the rate implicit in the lease wherever the interest rate implicit in the lease cannot be determined. Lease payments included in the measurement of the lease liability include:

- 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 authority is reasonably certain to exercise
- lease payments in an optional renewal period if the authority is reasonably certain to exercise an extension option
- penalties for early termination of a lease, unless the authority 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 at current value in accordance with the CIPFA Code. The Council considers the current value 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 as determined by professionally qualified valuers in line with the Council's valuation policy. .

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 Net Present Value of the remaining lease payments.

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 authority 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 Comprehensive Income and Expenditure 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
- with a term shorter than 12 months, for the 2025/26 accounts any lease that expires on or before 31st March 2026 will be deemed to be a short-term lease.

Lease expenditure

Expenditure in the Comprehensive Income and Expenditure Statement includes interest, straightline 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 are 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 authority 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 authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and

- finance income (credited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund balance to the capital receipts reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund balance to [the deferred capital receipts reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the capital receipts reserve.

The written-off value of disposals is not a charge against Council tax, as the cost of 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.

36. Accounting Standards Issued, Not Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard which has been issued but is yet to be adopted by the 2025/26 Code.

The Code also requires that changes in accounting policy are to be applied retrospectively unless transitional arrangements are specified.

Accounting changes that are introduced by the 2026/27 Code are:

1. Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage Assets) issued in March 2024.

2. Amendments to the classification and measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) issued in May 2024.

3. Annual improvements to IFRS accounting standards - Volume 11 issued in July 2024.

4. Contracts referencing nature-dependent electricity (Amendments to IFRS 9 and IFRS 7) issued in December 2024.

Work on the implementation of the Code changes is still ongoing and the full impact on the Council’s single entity and group accounts has not been fully assessed yet, however it is likely that the items will have no significant impact on the amounts to be reported in the Council's financial statements.

37. Critical Judgements in Applying Accounting Policies

The following disclosure sets out critical judgements applied to the Accounting Policies of the Council that have a significant impact on the presentation of the financial statements. Critical estimation uncertainties are described in the note.

Accounting for Schools – Balance Sheet Recognition of Schools

The Council recognises the land and buildings used by schools in line with the provisions of the Code of Practice. It states that property used by Local Authority maintained schools should be recognised in accordance with the asset recognition tests relevant to the arrangements that prevail for the property. The Council recognises school land and buildings on its Balance Sheet where it directly owns the assets or where the school or school Governing Body own the assets or where rights to use the assets have been transferred from another entity.

Where the land and building assets used by the school are owned by an entity other than the Council, school or school Governing Body then it is not included on the Council's Balance Sheet. The exception is where the entity has transferred the rights of use of the asset to the Council, school or school Governing Body.

The Council has completed a school-by-school assessment across the different types of schools it controls within the Borough. Judgements have been made to determine the arrangements in place and the accounting treatment of the land and building assets. The types of schools that have been assessed are shown below:

Type of School	No. of Primary Schools	No. of Secondary Schools	No. of Special Schools	Total
Community	21	-	1	**22**
Voluntary Controlled (VC)	2	-	-	**2**
Voluntary Aided (VA)	15	-	-	**15**
Foundation/Foundation Trust	4	-	-	**4**
Maintained Schools	**42**	**-**	**1**	**43**
Academies	44	14	6	**64**
Total	**86**	**14**	**7**	**107**

All Community schools are owned by the Council and the land and buildings used by the schools are included on the Council's Balance Sheet.

The Council has entered into Private Finance Initiative (PFI) agreements to build and operate three schools in the Borough. One is a Foundation Trust school and the remaining two schools are Academies. Whilst the land which the buildings are sited on has been transferred to the respective Trust and Academy, the ownership of the buildings is determined by who holds the balance of control in line with accounting standards. The Council considers the buildings associated with these schools should be included on its Balance Sheet because:

- The reversion clause within the PFI agreement results in the Council having a residual interest in the buildings at the end of the agreement

- The services provided and the use of the building is controlled by the Council through the PFI agreement
- The PFI agreement is between the PFI contractor and the Council

Legal ownership of VC school land and buildings usually rests with a charity, normally a religious body. The VC schools land and buildings are owned by the Council and included on the Balance Sheet.

Legal ownership of the VA school land and buildings rests with the relevant Diocese. The Diocese has granted a licence to the school to use the land and buildings. Under this licence arrangement, the rights of use of the land and buildings have not transferred to the school and thus are not included on the Council's Balance Sheet.

Foundation and Foundation Trust schools were created to give greater freedom to the Governing Body responsible for school staff appointments and who also set the admission criteria. There is one Foundation school in the Borough. For one school, the Governing Body has legal ownership of the land and buildings and thus these are included on the Council's Balance Sheet. For the remaining Foundation Trust schools, a separate Trust owns the land and buildings so these assets are not included on the Council's Balance Sheet.

Academies are not considered to be maintained schools in the Council's control. The land and building assets are not owned by the Council and are therefore not included on the Council's Balance Sheet.

Group Boundaries

The Council carries out a complex range of activities, often in conjunction with external organisations. Where those organisations are in partnership with or under the ultimate control of the Council a judgement is made by management as to whether they are within the Council's group boundary. This judgement is made in line with the provisions set out in the Code and relevant accounting standards.

Those entities which fall within the boundary and are considered to be material are included in the Council's group accounts. Profit and loss, net worth, and the value of assets and liabilities are considered individually for each organisation against a materiality limit set by the Council. An entity could be material but still not consolidated if all of its business is with the Council and eliminated on consolidation – i.e., the consolidation would mean that the group accounts are not materially different to the single entity accounts. The assessment of materiality also considers qualitative factors such as whether the Council depends significantly on these entities for the continued provision of its statutory services or where there is concern about the level to which the Council is exposed to commercial risk.

The Council has assessed its group boundary for 2025/26. The Council has identified one subsidiary who are considered to be material and will be consolidated into its group accounts. The subsidiary included is MioCare Group Community Interest Company (CIC). Further details can be found in the group accounts in Section 5 of the Council's accounts.

Investment Properties

Investment properties have been assessed using the identifiable criteria under the International Accounting Standards and are being held for rental income or for capital appreciation. 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.

Equity Investments

The Council has equity investments in Manchester Airport Group, Meridian Developments and Community 1st Oldham (Chadderton) Ltd. Following a review of the Council's equity investments under the accounting standard IFRS 9 Financial Instruments, the default valuation method of the Council's equity holdings would be Fair Value through Profit and Loss. However, these equity investments are strategic investments and not held for trading, therefore the Council has designated the investment as fair value through Other Comprehensive Income. The decision to designate to fair value through Other Comprehensive Income is irrevocable and it is the Council view that this is a reasonable and reliable accounting policy for these investments.

Lender Option Borrower Option (LOBO) Loans

The Council has £75.5m of outstanding LOBO loans in its debt portfolio which have long overall loan lengths (c 50 years). The Loans have option date frequencies of between 5 years and 6 months. At each option date the lender can choose to vary the interest rate payable on the loans and the Council can choose to repay the loan in full or accept the new interest rate. In the financial instruments note the Council has assumed that none of the options will be called and the Council repay the debt and included the total LOBO balances in Long Term Borrowing.

38. Assumptions Made About the Future and Other Sources of Estimation Uncertainty

Pension Liability

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 is engaged to provide the Council with expert advice about the assumptions to be applied.

During 2025/26 the Council's actuaries advised that the net pension liability had reduced by £20.929m to a surplus position of £409.512m. In line with the Code of Practice where there is a surplus position, the Council requested an Asset Ceiling calculation from the actuary, this resulted in a movement totalling £409.512m and a final pension liability of £23.523m recognised on the balance sheet.

The effect of changes in the individual assumptions can be measured. For instance, a 0.1% decrease in the real discount rate assumption would result in an increase in the pension liability of £15.269m. A 0.1% increase in the assumed salary increase rate would result in a £0.533m increase in the pension liability and an increase of 0.1% in the assumed pension increase rate would increase the pension liability by £14.721m.

Property Valuations

The valuation of the Council's Property, Plant and Equipment (PPE) is a significant area of estimation uncertainty. This includes Council Dwellings, Other Land and Buildings and Surplus Assets. The Council's valuer uses a combination of methodologies to value these operational assets, including Depreciated Replacement Cost (DRC), Existing Use Value (EUV and Social Housing EUV) and market/comparable methods.

Additionally, from 1 April 2025, the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requirements changed in respect of revaluations of property, plant and equipment. Property, Plant, and Equipment assets must now be revalued every five years with annual indexation applied to assets during the four intervening years. Where appropriate indices cannot be obtained without undue cost or effort, authorities can revalue those assets using a quinquennial revaluation with a desktop revaluation in year three.

The revaluation programme was carried out throughout the year, and the effective date of each revaluation is the date that the valuation was carried out. Assets that were not valued in year were subject to indexation at 31 March 2026.

In the instances where our professional valuers have been unable to provide an appropriate basis of indexation reasons for this have been provided and the values involved are not material.

These methods can cause estimation uncertainty due to the indices and inputs that must be used to applying valuations. If the actual values differ from the assumptions used to value PPE, there is a risk of material adjustment to the carrying value of PPE within the next financial year. A reduction in estimated valuation would result in a reduction to the Revaluation Reserve and/or a loss recorded in the Comprehensive Income and Expenditure Statement. An increase in estimation valuation would result in an increase in the Revaluation Reserve and/or gain recorded in the Comprehensive Income and Expenditure Statement. As an example, the impact of a 1% change in the valuation of the Council's property would be £7.271m. Note 17, Property, Plant and Equipment, to the accounts sets out the Council's approach to valuation of its PPE.

39. Events after the Reporting Period

The Statement of Accounts was authorised for issue by the Director of Finance on 29 May 2026. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2026, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

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4.1 Housing Revenue Account (HRA)

Housing Revenue Account Income and Expenditure Statement

HRA Income and Expenditure Statement	2024/25 £000	2025/26 £000
Expenditure		
Repairs and Maintenance	4,862	5,121
Supervision and Management	6,190	6,518
Rent, rates, taxes and other charges	3,363	8,371
Depreciation, impairment and revaluation losses of non-current assets	30,658	11,048
Transfer to Earmarked Reserve	0	(4,726)
Total Expenditure	**45,073**	**26,332**
Income		
Dwellings rents	(11,281)	(10,623)
Non-dwelling rents	(29)	(36)
Charges for services and facilities	(1,273)	(1,510)
Contributions towards expenditure	(59)	(74)
PFI Credits receivable	(18,799)	(18,799)
Total Income	**(31,441)**	**(31,042)**
Net Surplus relating to HRA Services as included in the Comprehensive Income and Expenditure Statement	**13,632**	**(4,710)**
HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:		
Gain on sale of HRA non-current assets	(25)	(798)
Adjustment to the loss allowance	132	79
Interest payable and similar charges	9,657	9,495
HRA Interest and investment income	(375)	(350)
Deficit/(Surplus) for the year on HRA Services	**23,021**	**3,716**

Statement of Movement in the Housing Revenue Account

Movement on the HRA Statement	Prior Year £000	Current Year £000
Opening Balance	(21,105)	(24,447)
Deficit for the year on the HRA Income and Expenditure Statement	23,021	3,716
Adjustments between accounting basis and funding basis under statute	(26,363)	(5,777)
(Increase)/Decrease in the HRA Balance	(3,342)	(2,061)
Closing Balance	**(24,447)**	**(26,508)**

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Note to Movement on the HRA Statement	Prior Year £000	Current Year £000
Analysis of adjustments between accounting basis and funding basis under statute		
Difference ~ any other in accordance with SORP	(30,658)	(11,699)
Minimum Revenue Provision	4,148	4,338
Gain or loss on sale of HRA fixed assets	25	1,450
Capital Expenditure funded by the HRA	1	0
Transfer to Major Repairs Reserve	121	134
Net Adjustment	**(26,363)**	**(5,777)**

The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and Government grants. Authorities charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the HRA Statement.

Note on the Preparation of the Housing Revenue Account

The Council has followed the guidance in the CIPFA Code of Practice on Local Authority Accounting 2025/26 for the production of its 2025/26 Statement of Accounts. However, there is one area where, in order to achieve a true and fair view, the Council has departed from the guidance which is explained below.

From 2017/18 the transitional arrangements which allowed for the reversal of the depreciation charge from the Housing Revenue Account (HRA) came to an end. The new Item 8 Determination issued by the Ministry of Housing, Communities and Local Government (MHCLG, formerly the Department for Communities and Local Government) on 24 January 2017 confirmed that depreciation should be charged to the HRA in accordance with proper accounting practices. Therefore from 2017/18 a charge equal to depreciation should have been made to the HRA and passed to the Major Repairs Reserve (MRR) for the purpose of future repairs and maintenance.

However, as the majority of the Council HRA dwellings are covered by Private Finance Initiative (PFI) contracts (until 2036), any future repairs and maintenance costs are already included within the unitary charge the Council pays on PFI schemes. The Council will therefore have no need to build up the MRR and the HRA would, in effect, be charged twice for repairs and maintenance of dwellings. If the Council began to charge the HRA with deprecation (without reversal) the HRA would quickly fall into deficit and build up a significant MRR that would not be required.

Previously, the MHCLG has confirmed that depreciation need not be charged to the HRA in respect of Oldham's PFI housing stock. Therefore, the Council will continue with the accounting treatment previously permitted under the transitional arrangements and has reversed the depreciation charge from the HRA to the Capital Adjustment Account.

The financial impact of the accounting treatment prescribed by CIPFA is shown in the table below.

	Current 2025/26 Balance £000	Adjustment for the Item 8 Determination £000	Adjusted 2025/26 Balance £000
Housing Revenue Account	(21,782)	6,639	(15,143)
HRA PFI MRP Reserve	(4,726)	0	(4,726)
Major Repairs Reserve	(1,478)	(6,639)	(8,117)

The HRA financial statements present a true and fair view of the Council's HRA financial position, financial performance and cash flows, the Council has complied with the CIPFA Code of Practice in all areas except that which is described above.

4.1.1 Explanatory Notes to the Housing Revenue Account

H1. Housing Stock – Numbers

As of 31 March 2026, the Council had a total housing stock of 2,076 dwellings. This was comprised of 1,212 Houses and Bungalows, and 864 Flats and Maisonettes.

The balance sheet value of HRA assets was as follows:

	31-Mar-25 £000	31-Mar-26 £000
Dwellings	85,591	90,216
Other Operational Property	1,835	1,977
Plant and Machinery	770	681
Total	**88,196**	**92,874**

The Vacant Possession Dwellings valuation is £237.052m as of 31 March 2026. The difference between the vacant possession value and the Balance Sheet value of dwellings within the HRA shows the cost of providing Council housing at less than open market rents.

H2. Depreciation and Impairment of Assets

Depreciation and impairment of Property, Plant and Equipment is shown below.

Depreciation	Operational Assets £000
Balance at 1 April 2025	6,744
Depreciation written off during the year	(6,155)
Depreciation during the year – Dwellings	6,639
Depreciation during the year - Other land and Buildings/Plant & Machinery	88
Balance at 31 March 2026	**7,317**

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Impairment and Revaluation Loss	Operational Assets £000
Balance at 1 April 2025	29,057
Impairment written off during the year	4,272
Previous year impairment reversed	0
Revaluation loss during the year	(714)
Revaluation gain to reverse previous year loss	0
Balance at 31 March 2026	**32,615**

The HRA assets are subject to an annual revaluation programme, as a result any impairments or revaluation losses are written off against the revised revaluation and reflected in the gross value.

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4.2 Collection Fund

Collection Fund Statement

2024/25 Total £000		2025/26 Council Tax £000	2025/26 Business Rates £000	2025/26 Total £000	Note
	Income				
(141,505)	Council Tax Payers	(150,205)		(150,205)	C2
(55,484)	Income from Business Ratepayers		(59,946)	(59,946)	C3
(196,989)		**(150,205)**	**(59,946)**	**(210,151)**	
	Expenditure				
	Precepts:				
116,510	- Oldham Council	122,581	-	122,581	
15,219	- Greater Manchester Mayoral Police and Crime Commissioner Precept	16,083	-	16,083	
6,707	- Greater Manchester Mayoral General Precept (including Fire Services)	7,673	-	7,673	
	Allocation of previous year's Estimated Collection Fund Surplus				
-	- Oldham Council	-	-	-	
-	- Greater Manchester Mayoral Police and Crime Commissioner Precept	-	-	-	
-	- Greater Manchester Mayoral General Precept (including Fire Services)	-	-	-	
	Contribution Towards Previous Year's Estimated Collection Fund Deficit				
(279)	- Oldham Council	(1,000)	-	(1,000)	
(36)	- Greater Manchester Mayoral Police and Crime Commissioner Precept	(131)	-	(131)	
(16)	- Greater Manchester Mayoral General Precept (including Fire Services)	(58)	-	(58)	
-	**Business Rates:**			-	
56,282	- Payments to Oldham Council	-	58,579	58,579	
569	- Greater Manchester Mayoral General Precept (including Fire Services)	-	592	592	
	Allocation of previous year's Estimated Collection Fund Surplus				
1,029	- Payments from Oldham Council	-	-	-	
10	- Greater Manchester Mayoral General Precept (including Fire Services)	-	-	-	
293	Cost of Collection	-	295	295	
(985)	Transitional Protection Payments Due for the Year	-	(162)	(162)	
4,900	Change in Allowance for Non Collection	4,634	1,597	6,231	
-	Write-offs charged to Collection Fund	-	-	-	
(618)	Change in provision for alteration of lists and appeals	-	1,910	1,910	
199,585		**149,782**	**62,811**	**212,592**	
2,596	**Deficit/(Surplus) for the year**	**(423)**	**2,864**	**2,441**	
	Collection Fund Balance				
(950)	Balance brought forward at 1 April	874	773	1,645	
2,595	Deficit/(Surplus) for the year	(423)	2,864	2,441	
1,645	**Balance carried forward at 31 March**	**451**	**3,637**	**4,088**	
	Allocated to:				
1,500	- Oldham Council	377	3,601	3,978	
96	- Greater Manchester Police and Crime Commissioner	50	-	50	
49	- Greater Manchester Mayoral General Precept (including Fire Services)	24	36	61	
1,645		**451**	**3,637**	**4,088**	

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C1. General

The Council is required to maintain a separate agency Collection Fund account. The Collection Fund account includes all transactions relating to collection of Business Rates and Council Tax income from taxpayers and their distribution to Local Government bodies. The Collection Fund is accounted for separately from the General Fund.

Any Collection Fund surpluses or deficits declared by Oldham Council (the Billing Authority) in relation to Council Tax are apportioned to the relevant precepting bodies in the subsequent financial year. For Oldham, the Council Tax precepting body is the Greater Manchester Combined Authority (GMCA) for both the Mayoral Police and Crime Commissioner Precept and the Mayoral General Precept (including Fire and Rescue Services).

Business Rates surpluses or deficits are distributed in accordance with the relevant proportions set out in the localised Business Rate regulations. The Council continues to be part of the Greater Manchester 100% Business Rates Retention scheme which has been extended for a ten-year period from 1 April 2024, therefore for 2025/26 the Oldham Council share is 99% with the remainder paid to the GMCA for the Mayoral General Precept (including Fire Service).

C2. Council Tax

Council Tax derives from charges raised according to the value of residential properties, which have been classified into nine valuation bands (A to H) for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by the Council for the forthcoming year and dividing this by the Council Tax base (i.e. the equivalent numbers of Band D dwellings).

The Council Tax base for 2025/26 was 59,501 (59,380 in 2024/25) and was approved at the Cabinet meeting on 16 December 2024, the Tax Base was calculated as follows:

Band	Chargeable Dwellings	Proportion of Band D Tax	Equivalent Band D Dwellings
A Reduced	197	5/9	103.6
A	49,487	6/9	29,616.0
B	17,375	7/9	12,408.5
C	16,287	8/9	13,493.8
D	7,129	9/9	6,736.8
E	3,450	11/9	4,024.5
F	1,600	13/9	2,215.8
G	917	15/9	1,458.8
H	63	18/9	123.0
Net effect of premiums and discounts			(8,681)
Tax Base before adjustment for collection rate			61,499.5
Estimated collection rate			96.75%
Tax Base for the Calculation of Council Tax			**59,501**

Dwellings for residents entitled to 'disabled relief reduction' are reduced to the next lowest band for the calculation of Council Tax. As band 'A' is the lowest band, 'A reduced' has been introduced to give effect to this reduction for those who reside in Band A properties. Income received from Council Tax taxpayers in 2025/26 was £150.205m (£141.505m 2024/25).

C3. Business Rates

The Council collects Business Rates for its area based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by a uniform business rate set nationally by Central Government.

For 2025/26, the total non-domestic rateable value at the end of the financial year is £165.747m (£166.657m in 2024/25).

The introduction of the Non-Domestic Rating Act 2023 gave central government the power to set the small and standard business rating multipliers separately from one another. Until 2023/24 these two multipliers had to be increased by the same percentage.

As was the case for 2024/25, in 2025/26 the Government decided to maintain the freeze on the business rate multiplier for qualifying small businesses at 49.9p, and apply an increase to the standard multiplier, which has been uplifted to 55.5p (54.6p in 2024/25) for all other businesses.

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5.0 Group Accounts

Introduction

The Council is a complex organisation and undertakes a broad range of activities, often in conjunction with external organisations. In some cases the Council has an interest in these organisations demonstrated through ownership or control/significant influence.

The CIPFA Code of Practice requires that where an Authority has material financial interests and a significant level of control over one or more entities, it should prepare group accounts. The aim of these statements is to give an overall picture of the Council's financial activities and the resources employed in carrying out those activities.

As a subsidiary entity, MioCare Group CIC (MioCare), has been consolidated on a line by line basis with all intra-group transactions and balances removed.

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5.1 Group Comprehensive Income and Expenditure Statement

2024/25 Gross Expenditure £000	2024/25 Gross Income £000	2024/25 Net Expenditure £000		2025/26 Gross Expenditure £000	2025/26 Gross Income £000	2025/26 Net Expenditure £000
157,832	(61,180)	96,652	Adult Social Care	159,048	(62,069)	96,978
360,117	(247,590)	112,527	Children's Services	345,518	(215,552)	129,966
37,624	(3,254)	34,370	Public Health	38,190	(3,791)	34,400
127,697	(45,200)	82,497	Place	234,643	(48,341)	186,302
70,964	(58,868)	12,096	Resources	62,194	(49,453)	12,740
22,818	(3,333)	19,485	Capital, Treasury and Technical Accounting	12,037	(4,358)	7,681
45,034	(31,441)	13,593	Housing Revenue Account	26,297	(31,042)	(4,746)
822,086	**(450,865)**	**371,221**	**Cost of Services**	**877,927**	**(414,606)**	**463,321**
			Other Operating Expenditure			
		354	Parish Council precepts			380
		246	Payments to Housing capital receipts to government pool			-
		35,069	Levies			36,108
		9,577	(Gains)/losses on the disposal of non-current assets			47,284
		45,245	**Total Other Operating Expenditure**			**83,772**
		18,867	Financing and Investment Income and Expenditure			10,011
		(344,787)	Taxation and Non-Specific Grant Income			(381,453)
		90,547	**(Surplus) or Deficit on Provision of Services**			**175,651**
		-	Tax expense of Subsidiaries			**-**
		90,547	**Group (Surplus)/Deficit**			**175,651**
			Other Comprehensive Income and Expenditure			
		(52,913)	Revaluation (gains)/losses non-current assets			(70,068)
		13	Impairment losses on non-current assets			(78)
		2,615	(Surplus) or deficit on revaluation of available for sale financial assets			6,410
		4,100	Remeasurement of net defined benefit liability			(10,961)
		(46,185)	**Total Other Comprehensive Income and Expenditure**			**(74,697)**
		44,362	**Total Comprehensive Income and Expenditure**			**100,954**

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5.2 Group Movement in Reserves Statement

This statement shows the movement in the year of the different reserves held by the Group, analysed into usable reserves (i.e. those that can be applied to fund expenditure) and other resources. The ‘Surplus or Deficit on the Provision of Services’ line shows the true economic cost of providing the Group’s services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund and Housing Revenue Account for Council Tax setting and dwelling rent setting purposes.

Movement in reserves during 2025/26	General Fund Balance	Earmarked General Fund Reserves	Total General Fund Balance	HRA	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Council Reserves	Councils Share of Group reserves*	Total Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2025	(18,865)	(44,930)	**(63,795)**	(24,447)	-	(1,343)	(45,652)	**(135,237)** -	(521,495)	**(656,732)**	(717)	**(657,450)**
Total Comprehensive Income and Expenditure	152,311	-	**152,311**	3,715	-	-	-	**156,026**	(72,894)	**83,131**	17,823	**100,954**
Adjustments Between Accounting Basis and Funding Basis under regulations	(176,797)	-	**(176,797)**	(5,777)	-	(134)	(8,914)	**(191,623)**	191,623	**-**	-	**-**
Adjustments Between Group Accounts and Authority Accounts	19,744	-	**19,744**		-	-	-	**19,744**	-	**19,744**	(19,744)	**-**
Net (Increase)/Decrease before transfers to Earmarked Reserves	**(4,743)**	**-**	**(4,743)**	**(2,061)**	**-**	**(134)**	**(8,914)**	**(15,854)**	**118,729**	**102,875**	(1,921)	**100,954**
Transfers To/(From) Earmarked Reserves	4,743	(9,470)	**(4,727)**	4,726	-	-	-	**-**	-	**-**	-	**-**
(Increase)/Decrease in year	**0**	**(9,470)**	**(9,469)**	**2,665**	**-**	**(134)**	**(8,914)**	**(15,854)**	**118,729**	**102,875**	**(1,921)**	**100,954**
Balance at 31 March 2026	**(18,865)**	**(54,399)**	**(73,264)**	**(21,782)**	**-**	**(1,477)**	**(54,567)**	**(151,091)**	**(402,766)**	**(553,857)**	**(2,638)**	**(556,494)**

Movement in reserves during 2024/25	General Fund Balance	Earmarked General Fund Reserves	Total General Fund Balance	HRA	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Council Reserves	Councils Share of Group reserves*	Total Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2024	(18,865)	(72,540)	**(91,405)**	(21,106)	-	(1,222)	(28,306)	**(142,039)**	(549,590)	**(691,629)**	(10,181)	**(701,811)**
Total Comprehensive Income and Expenditure	47,697	-	**47,697**	23,022	-	-	-	**70,719**	(56,144)	**14,574**	29,787	**44,361**
Adjustments Between Accounting Basis and Funding Basis under regulations	(40,409)	-	**(40,409)**	(26,363)	-	(121)	(17,346)	**(84,239)**	84,239	**-**	-	**-**
Adjustments Between Group Accounts and Authority Accounts	20,323	-	**20,323**	-	-	-	-	**20,323**	-	**20,323**	(20,323)	**-**
Net (Increase)/Decrease before transfers to Earmarked Reserves	**27,610**	**-**	**27,610**	**(3,341)**	**-**	**(121)**	**(17,346)**	**6,802**	**28,095**	**34,897**	9,464	**44,361**
Transfers To/(From) Earmarked Reserves	(27,610)	27,610	**-**	-	-	-	-	**-**	-	**-**	-	**-**
(Increase)/Decrease in year	**-**	**27,610**	**27,610**	**(3,341)**	**-**	**(121)**	**(17,346)**	**6,802**	**28,095**	**34,897**	**9,464**	**44,361**
Balance at 31 March 2025	**(18,865)**	**(44,930)**	**(63,795)**	**(24,447)**	**-**	**(1,343)**	**(45,652)**	**(135,237)**	**(521,495)**	**(656,732)**	**(717)**	**(657,449)**

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5.3 Group Balance Sheet

31 March 2025 £000		31 March 2026 £000
832,993	Property Plant and Equipment	727,124
170,874	Infrastructure Assets	171,319
21,141	Heritage Assets	21,141
20,487	Investment Property	20,929
4,894	Intangible Assets	2,712
68,066	Long Term Investments	61,648
45,074	Long Term Debtors	44,798
-	Pension Asset	1,563
1,163,529	**Long Term Assets**	**1,051,234**
-	Short Term Investments	-
708	Inventories	699
67,459	Short Term Debtors	69,116
37,910	Cash and Cash Equivalents	44,844
782	Assets Held For Sale (Less than one year)	13,074
3	Deferred Tax	(482)
106,862	**Current Assets**	**127,251**
(27,468)	Short Term Borrowing	(32,668)
(109,558)	Short Term Creditors	(107,632)
(7,057)	Short Term Provisions	(9,159)
	Short Term Liabilities	
(12,557)	- Private Finance Initiatives	(12,507)
(765)	- Finance Leases	(613)
(6)	- Transferred Debt	(6)
(157,411)	**Current Liabilities**	**(162,585)**
(7,642)	Long Term Provisions	(7,149)
(210,291)	Long Term Borrowing	(230,272)
	Other Long Term Liabilities	
(32,685)	- Pension Liabilities	(23,523)
(201,293)	- Private Finance Initiatives	(196,143)
(3,164)	- Finance Leases	(2,059)
(22)	- Transferred Debt	(16)
(16)	- Deferred Credits	(16)
(418)	Capital Grants Receipts In Advance	(228)
(455,531)	**Long Term Liabilities**	**(459,406)**
657,449	**Net Assets**	**556,494**
(135,954)	Usable Reserves	(153,728)
(521,495)	Unusable Reserves	(402,766)
(657,449)	**Total Reserves**	**(556,494)**

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5.4 Group Cash Flow Statement

	Notes	2024/25 £000	2025/26 £000
Net deficit on the provision of services		(90,547)	(175,652)
Adjustment to surplus or deficit on the provision of services for non-cash movements		138,369	238,108
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	32	(49,788)	(60,652)
Net cash flows from operating activities		**(1,966)**	**1,804**
Net Cash flows from Investing Activities	33	(10,049)	(4,240)
Net Cash flows from Financing Activities	34	41,159	9,370
Net increase or (decrease) in cash and cash equivalents		**29,144**	**6,934**
Cash and cash equivalents at the beginning of the reporting period		8,766	37,910
Cash and cash equivalents at the end of the reporting period		**37,910**	**44,844**

5.5 Explanatory Notes to the Group Accounts

Where figures in the group accounts differ materially from the Council's single entity accounts, the relevant explanatory notes have been prepared on a consolidated basis. The notes below give information on the areas that have materially changed on consolidation of the group entities into the Council's accounts.

G1. Group Accounting Policies

The Accounting Policies of the Council's subsidiary companies have been aligned with the Council's Accounting Policies contained in Note 35. Any statutory adjustments between accounting basis and funding basis do not apply to the subsidiary companies.

Inclusion within the Group Accounts

The Council has business relationships with a number of entities over which it has varying degrees of control or influence. These are classified into the categories of subsidiaries, associates and joint ventures. The meaning of these terms are outlined below:

Subsidiary - "A subsidiary is an entity including an unincorporated entity such as a partnership that is controlled by another entity (the Council), known as the parent." MioCare Group CIC is classified as a subsidiary of Oldham Council and has therefore been consolidated. More detail regarding this organisation can be found in note G3.

Associate - "An associate is an entity over which an investor (the Council) has significant influence."

Joint Venture - "A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement"

The Council does not currently have any material associate or joint venture arrangements with any other entities.

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A number of entities have not been included in the group accounts on the grounds of materiality, details of the Council's relationship with each of them can be found in note G2.

Consolidation of Subsidiaries

As a subsidiary entity, MioCare Group CIC (MioCare) has been consolidated on a line by line basis with all intra-group transactions and balances removed.

G2. Bodies Not Consolidated

The following have not been consolidated into Group Accounts.

Entity	Reason
Oldham Economic Development Association Limited	Subsidiary although not material.
Southlink Developments Limited	Subsidiary although not material.
Meridian Group	Subsidiary although not material.
Northern Roots (Oldham Ltd.)	Subsidiary although not material.
Oldham Total Care Ltd.	Subsidiary although not material.
Foxdenton LLP	Joint venture although not material.
Community 1st Oldham (Chadderton) Ltd.	Joint venture although not material.

Further details can be found in Note 12 Related Parties.

G3. Bodies Consolidated

The Council has consolidated one Subsidiary in the 2025/26 Group Accounts, MioCare Group Community Interest Company (MioCare).

MioCare is a care and support provider and is fully owned by Oldham Council. It delivers services through two subsidiaries: Oldham Care and Support Ltd (OCS) and MioCare Services Ltd.

The draft accounts for the year to 31 March 2026 for MioCare have been summarised below, with comparator figures for the previous reporting period.

MioCare Group CIC	31 March 2025 £000	31 March 2026 £000
Net Assets	716	3,023
Surplus/(Deficit) - before tax	495	502
Surplus/(Deficit) - after tax	495	502

G4. Group Defined Benefit Pension Schemes

Transactions Relating to Post-employment Benefits

The following transactions have been made in the Group Comprehensive Income and Expenditure Statement and the General Fund Balance through the Group Movement in Reserves Statement during the year: Further details relating to the Council's pension schemes can be found in Note 30 and Note 31.

	2024/25 £000	2025/26 £000
Service Cost		
Current service cost	(19,744)	(13,642)
Past service cost (including curtailments)	(3,711)	(2,531)
Effect of Settlements	(409)	(6,004)
Total service cost	**(23,864)**	**(22,177)**
Financing and Investment Income and Expenditure		
Interest income on scheme assets	71,135	86,131
Interest cost on defined benefit obligation	(57,905)	(59,326)
Interest on the effect of the asset ceiling	(14,601)	(28,800)
Total net interest	**(1,371)**	**(1,995)**
Total Post Employment Benefits Charged to the Deficit on the Provision of Services	**(25,253)**	**(24,172)**
Remeasurements of the Net Defined Liability Comprising:		
Return on plan assets excluding amounts included in net interest	(13,873)	62,997
Change in demographic assumptions	2,106	(1,127)
Actuarial gains/(losses) arising from changes in financial assumptions	175,277	18,415
Other Experience and actuarial adjustments	13,628	(151,209)
Changes in the effect of the asset ceiling	(181,238)	81,885
Asset Ceiling Adjustment	(496,899)	(443,814)
Total remeasurements recognised in other comprehensive income	**(500,999)**	**(432,853)**
Total Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement	**(526,234)**	**(457,025)**
Movement in Reserves Statement		
Reversal of net charges made to the deficit on the provision of services	25,235	24,172
Employers' Contributions Payable to the Scheme	**(25,571)**	**(23,936)**

Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Group's obligation in respect of its defined benefit scheme is as follows:

	2024/25 £000	2025/26 £000
Fair value of plan assets	1,514,841	1,524,207
Present value of funded liabilities	(1,026,383)	(1,078,830)
Present value of unfunded liabilities	(24,244)	(409,512)
Asset Ceiling Adjustment	(49,689)	(57,825)
Net Liability Arising From Defined Benefit Obligation	**(32,685)**	**(21,960)**
MioCare Net Asset	-	1,563
Council Net Liability	-	(23,523)

Reconciliation of the Movements in Fair Value of Scheme Assets

	2024/25 £000	2025/26 £000
Opening fair value of scheme assets	1,478,218	1,514,841
Effect of Settlements	(4,737)	(19,699)
Effect of Business Combinations and Disposals	-	-
Interest Income	71,135	86,131
Remeasurement loss		
Return on plan assets excluding amounts included in net interest	(13,873)	62,997
Other	-	(98,936)
Contributions from employer	22,837	21,262
Contributions from employees into the scheme	7,296	7,027
Benefits paid	(46,035)	(49,416)
Closing Fair Value of Scheme Assets	**1,514,841**	**1,524,207**

Reconciliation of Present Value of Scheme Liabilities (Defined Benefit Obligation)

	2024/25 £000	2025/26 £000
Opening fair value of scheme liabilities	1,206,079	1,050,627
Current service cost	19,744	13,642
Interest cost	57,905	59,326
Effect of Settlements	(4,328)	(13,695)
Effect of Business Combinations and Disposals	-	-
Contributions from scheme participants	7,296	7,027
Remeasurement gain		
Actuarial losses arising from changes in financial assumptions	(175,277)	(18,415)
Change to demographic assumptions	(2,106)	1,127
Other experience and actuarial adjustments	(13,628)	52,273
Past service cost	3,711	2,531
Benefits paid	(48,769)	(52,090)
Closing Fair Value of Scheme Liabilities	**1,050,627**	**1,102,353**

Pension Scheme Assets

	31 March 2025 £000	31 March 2026 £000
Equities	707,776	744,430
Debt Instruments	324,633	314,115
Property	439,291	425,130
Cash	45,499	48,249
Derivatives	(2,360)	(7,718)
Total	**1,514,839**	**1,524,206**

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Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. Both the Council and MioCare have engaged Hymans Robertson LLP, an independent firm of actuaries to assess their respective pension schemes, estimates being based on the latest full valuation of the scheme as at 31 March 2026 for MioCare and Oldham Council.

The significant assumptions used by the actuary have been:

MioCare Services CIC	2024/25	2025/26
Mortality assumptions:		
Longevity at 65 for current pensioners:		
men	18.9	19.1
women	22.6	23.3
Longevity at 65 for future pensioners:		
men	19.7	20.1
women	24.1	24.6
Rate of increase in salaries	3.55%	4.50%
Rate of increase in pensions (CPI)	2.75%	3.00%
Rate for discounting scheme liabilities	5.80%	6.20%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below is based on possible changes to the assumptions occurring at the end of the reporting period and assumes for each assumption change all other assumptions remain constant.

The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit cost method.

MioCare Group CIC Change in Assumptions at 31 March 2026	Approximate % Increase to Employee Liability	Approximate Monetary Amount £000
0.1% decrease in real discount rate	2%	662
1 year increase in member life expectancy	4%	1,658
0.1% increase in the salary increase rate	0%	50
0.1% increase in the pension increase rate	1%	611

The significant assumptions used to assess the Council's Pension scheme assets and liabilities can be found in Note 31, along with an associated sensitivity analysis.

G5. Fees Payable to the Group External Auditor

The Group has incurred the following costs in relation to the Group audit fees for the external audit of the Council's Statement of Accounts by Forvis Mazars LLP and the audit of the accounts of MioCare Group CIC by Saffery LLP.

The fee payable to Forvis Mazars LLP for the 2024/25 audit increased to £434k due to additional fee notifications in relation to the 2024/25 audit received in the 2025/26 financial year, bringing the total Audit Fees payable by the group to £477k.

	2024/25 £000	2025/26 £000
Fees payable to Mazars LLP with regard to external audit services carried out by the appointed auditor for the year for Oldham Council	396	396
Fees payable to Saffery LLP with regard to external audit services carried out by the appointed auditor for the year for MioCare Services CIC.	43	43
Total	**439**	**441**

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6.0 Glossary of Terms

Accruals Basis
The accruals principle is that income is recorded when it is earned rather than when it is received, and expenses are recorded when goods or services are received rather than when the payment is made.

Actuarial Gains and Losses
For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses) or the actuarial assumptions have changed.

Agency Services/Agencies
These are services that are performed by or for another Authority or public body, where the principal (the Authority responsible for the service) reimburses the agent (the Authority carrying out the work) for the costs of the work.

Amortisation
A charge to the comprehensive income and expenditure statement which spreads the cost of an intangible asset over a number of years in line with the Council's accounting policies.

Appointed Auditors
The appointment of External Auditors to Local Authorities is undertaken by the Public Sector Audit Appointments Limited (PSAA), an independent company limited by guarantee and incorporated by the Local Government Association in August 2014. Forvis Mazars LLP is the Council's appointed auditor.

Asset
Items of worth that are measurable in terms of value. Current assets may change daily, but the Council is expected to yield the benefit within the one financial year (e.g. short-term debtors). Non-current assets yield benefit to the Council for a period of more than one year (e.g. land).

Associate Companies
An associate is an entity over which the Council has significant influence.

Association of Greater Manchester Authorities (AGMA)
AGMA represents the ten local authorities in Greater Manchester and works in partnership with Central Government, regional bodies and other Greater Manchester public sector bodies.

Balances
The balances of the Authority represent the accumulated surplus of income over expenditure on any of the Funds.

Better Care Fund (BCF)
The BCF was announced by Government in the June 2013 spending round to ensure a transformation in health and social care.

Capital Adjustment Account
The Account accumulates (on the debit side) the write-down of the historical cost of non-current 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 by capital under statute). The balance on the account thus represents timing differences between the amount of the historical cost of non-current

assets that has been consumed and the amount that has been financed in accordance with statutory requirements.

Capital Expenditure
This is expenditure on the acquisition of a non-current asset, or expenditure, which adds to, and not merely maintains, the value of an existing non-current asset.

Capital Financing Charges
This is the annual charge to the revenue account in respect of interest and principal repayments and payments of borrowed money.

Capital Receipts
Income received from the sale of land or other capital assets, a proportion of which may be used to finance new capital expenditure, subject to the provisions contained within the Local Government Act 2003.

Carrying Amount
The Balance Sheet value recorded of either an asset or a liability.

Central Support Services
Central Support Services which are recharged to frontline services as overheads to measure total cost.

Chartered Institute of Public Finance and Accountancy (CIPFA)
CIPFA is the leading professional accountancy body for public services.

CIPFA LASAAC Local Authority Code Board
This board is responsible for preparing, maintaining, developing and issuing the Code of Practice on Local Authority Accounting for the United Kingdom (the Code). The board is a partnership between CIPFA (England, Northern Ireland and Wales) and the Local Authority (Scotland) Accounts Advisory Committee (LASAAC).

Collection Fund
The Council as a billing authority has a statutory obligation to maintain a separate Collection Fund. This shows the transactions relating to the collection of Council Tax and Business Rates and its distribution to Local Government bodies.

Community Assets
These are non-current assets that the Council intends to hold in perpetuity which have no determinable finite useful life and, in addition, may have restrictions on their disposal. Examples include parks and historical buildings not used for operational purposes.

Contingent Liabilities or Assets
These are amounts potentially due to or from individuals or organisations which may arise in the future but which at this time cannot be determined accurately, and for which provision has not been made in the Council's accounts.

Contract Procedure Rules
The Council's Contract Procedure Rules form part of the Council's Constitution. They are in place to ensure that any procurement processes for goods and services achieve best value and are transparent, open and fair making it possible for all decisions to be audited satisfactorily.

Co-operative Council
This is the ethos of the Council embodied by the desire that citizens, partners and staff work together to improve the borough and create a confident and ambitious place.

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Corporate Resources
This is 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.

Council Tax Requirement
This is the estimated revenue expenditure on General Fund services that will be financed from the Council Tax after deducting income from fees and charges, General Fund Balances, specific grants and any funding from reserves.

Creditors
Amounts owed by the Council for work done, goods received, or services rendered, for which payment has not been made at the date of the balance sheet.

Current Service Cost
Current Service Cost is the increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period, i.e. the ultimate pension benefits "earned" by employees in the current year's employment.

Current Value
The current value of an asset reflects the economic environment prevailing for the service or function the asset is supporting at the reporting date.

Curtailment
Curtailments will show the cost of the early payment of pension benefits if any employee has been made redundant in the previous financial year.

Debtors
These are sums of money due to the Council that have not been received at the date of the Balance Sheet.

Dedicated Schools Grant (DSG)
The DSG is a ringfenced grant payable to Local Authorities for the funding of both academies and maintained schools. It can only be used to finance expenditure that is included in the school's budget, as defined in the School Finance and Early Years (England) Regulations 2024. The schools budget includes elements for a range of educational services provided on an Authority-wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each academy and Council maintained school.

Deferred Capital Receipts
These represent capital income still to be received after disposals have taken place and wholly consists of principal outstanding from the sale of Council assets.

Defined Benefit Scheme
This is a pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

Defined Contribution Scheme
A Defined Contribution Scheme is a pension or other retirement benefit scheme into which an employer pays regular contributions as an amount or as 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.

Department for Education (DfE)
The Department for Education is a Central Government department responsible for children's services and education, including early years, schools, higher and further education policy, apprenticeships and wider skills in England.

Depreciation
This is the measure of the wearing out, consumption, or other reduction in the useful economic life of property, plant and equipment assets.

Depreciated Replacement Cost (DRC)
A method of valuation that provides a proxy for the market value of specialist assets.

Derecognition
Financial assets and liabilities will need to be removed from the Balance Sheet once performance under the contract is complete or the contract is terminated.

Discounts
Discounts represent the outstanding discount received on the premature repayment of Public Works Loan Board loans. In line with the requirements of the Code, gains arising from the repurchase or early settlement of borrowing have been written back to revenue. However, where the repurchase or borrowing was coupled with a refinancing or restructuring of borrowing with substantially the same overall economic effect when viewed as a whole, gains have been recognised over the life of the replacement loan.

Earmarked Reserves
The Council holds a number of reserves earmarked to be used to meet specific, known or predicted future expenditure.

Education & Skills Funding Agency (ESFA)
The ESFA brings together the former responsibilities of the Education Funding Agency (EFA) and Skills Funding Agency (SFA) to create a single agency accountable for funding education and skills for children, young people and adults.

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 Authority has made proper arrangements to secure value for money in its use of resources.

Fair Value
Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fees and Charges
Income arising from the provision of services e.g. the use of trade waste services

Finance Lease
A finance lease is a lease that transfers substantially all of the risks and rewards of ownership of a non-current asset to the lessee.

Financial Instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. 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 Management Code
Published by CIPFA it provides guidance for good and sustainable financial management in local authorities. By complying with the principles and standards within the code authorities will be able to demonstrate their financial sustainability.

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 Council (FRC)
The Financial Reporting Council (FRC) promotes transparency and integrity in business. It regulates auditors, accountants and actuaries, and sets the UK's Corporate Governance and Stewardship Codes.

Generally Accepted Accounting Principles (GAAP)
Generally accepted accounting principles, or GAAP, are standards that encompass the details, complexities, and legalities of accounting. The Financial Accounting Standards Board (FASB) uses GAAP as the foundation for its comprehensive set of approved accounting methods and practices.

General Fund
This is the main revenue fund of the Authority and includes the net cost of all services financed by local taxpayers and Government grants.

Greater Manchester Combined Authority (GMCA)
Created by the Local Government, Economic Development and Construction Act, the Greater Manchester Combined Authority (GMCA) assumed its powers and duties on 1 April 2011. It took over the functions previously the responsibility of the Greater Manchester Integrated Transport Authority (GMITA), which it replaced. It also took over responsibility for transport planning, traffic control and wide loads, assumed responsibility for the transportation resources allocated to the Greater Manchester region and regional economic development functions. From 1 April 2018 it took over responsibilities for activities previously undertaken by the Greater Manchester Waste Disposal Authority, the Greater Manchester Fire and Rescue Service, and the Greater Manchester Police and Crime Commissioner.

Greater Manchester Integrated Care Partnership
The Greater Manchester Integrated Care Partnership (Greater Manchester ICP) brings together all health and social care partners across Greater Manchester and wider public sector and community organisations to improve the health and wellbeing of the 2.8 million people who live in Greater Manchester.

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 receiving little or no income to meet, in whole or 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.

Housing Revenue Account (HRA)
Local Authorities are required to maintain a separate account - the Housing Revenue Account - which sets out the expenditure and income arising from the provision of social housing. Other services are charged to the General Fund.

Impairment
A reduction in the value of assets below its value brought forward in the Balance Sheet. Examples of factors which may cause such a reduction in value include general price decreases, a significant decline in a non-current asset's market value and evidence of obsolescence or physical damage to the asset.

Infrastructure Assets
Non-current 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 Assets
These are assets that do not have physical substance but are identifiable and controlled by the Council. Examples include software, licenses and patents.

Interest Cost (Pensions)
For a defined benefit scheme, the expected increase during the period on the present value of the scheme liabilities which arises from the passage of time.

International Financial Reporting Standard (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.

Inventories
Amounts of unused or unconsumed stocks held in expectation of future use. Inventories are comprised of the following categories:

- Goods or other assets purchased for resale
- Consumable stores
- Raw materials and components
- Products and services in intermediate stages of completion
- Finished goods

Investment Properties
Property, which can be land or a building or part of a building or both, that is held solely to earn rentals or for capital appreciation or both, rather than for operational purposes.

Joint Venture
A joint venture is a joint arrangement whereby the parties who have joint control of the arrangement have rights to the net assets of the arrangement.

Leasing Costs
This is where a rental is paid for the use of an asset for a specified period of time. Two forms of lease exist: finance leases and operating leases.

Lender Option Borrower Option (LOBO)
A LOBO is a type of loan instrument. The borrower borrows a principal sum for the duration of the loan period (typically 20 to 50 years), initially at a fixed interest rate. Periodically (typically every six months to 3 years), the lender has the ability to alter the interest rate. Should the

lender make this offer, the borrower then has the option to continue with the instrument at the new rate or alternatively to terminate the agreement and pay back the principal sum without penalty.

Lessor and Lessee
The **lessor** is the legal owner of the asset or property, and he gives the **lessee** the right to use or occupy the asset or property for a specific period. Although the **lessor** retains ownership of the asset, they have reduced rights to the asset during the course of the agreement.

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.

Local Government Information Unit (LGiU)
The Local Government information Unit (LGiU) is a Local Government membership body, thinktank and registered charity. Established in 1983 as a membership organisation for UK local authorities, the LGiU aims to strengthen local democracy and put citizens in control of their own lives, communities and services.

Loss Allowance
The allowance for expected credit losses on financial assets, such as debtors.

Materiality
Information is material if omitting it or misstating it could influence the decisions that users make on the basis of financial information about the Council.

Medium-Term Financial Strategy (MTFS)
This is a financial planning document that sets out the future years' financial forecasts for the Council. It considers local and national policy influences and projects their impact on the general fund revenue budget, Capital Programme and HRA. In Oldham it usually covers a three to five year timeframe.

Minimum Revenue Provision (MRP)
MRP is the minimum amount which must be charged to an Authority's revenue account each year and set aside as provision for credit liabilities, as required by the Local Government and Housing Act 1989.

Ministry for Housing, Communities and Local Government (MHCLG)
MHCLG is a Central Government department with the overriding responsibility for determining the allocation of general resources to Local Authorities.

Movement in Reserves Statement (MiRS)
The MiRS shows the movement during the year on the different reserves held by the Council, analysed into usable reserves (those that can be applied to fund expenditure or reduce taxation) and other unusable reserves.

Non Domestic Rates (NDR) (also known as Business Rates)
NDR is the levy on business property, based on a national rate in the pound applied to the 'rateable value' of the property. The Government determines national rate poundage each year which is applicable to all Local Authorities.

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

Net Debt
Net debt is the Council's borrowings less cash and liquid resources.

NHS Greater Manchester Integrated Care ('NHS GM')
This new organisation is the statutory body in charge of NHS money and is responsible for making sure services are in place to put plans into action in regard to health provision in Greater Manchester including Oldham.

Ofsted
Ofsted is the Office for Standards in Education, Children's Services and Skills. Ofsted inspects services providing education and skills for learners of all ages and regulates services that care for children and young people.

Outturn
Actual expenditure and income compared to the budget.

Pension Asset Ceiling Adjustment
The pension asset ceiling adjustment is made to ensure sure that the Council's balance sheet properly reflects how the value of any defined benefit deficit or surplus is affected by the pensions scheme's rules and funding requirements.

Pooled Aligned Budget
A pooled fund, arising from a Section 75 Agreement between Oldham Council and Oldham CCG (to 30/06/2022) and subsequently with the Oldham Integrated Care Partnership (ICP), but the partners' respective financial contributions to such a fund are held in their own bank accounts.

Pooled Budget
A pooled fund, arising from a Section 75 Agreement between Oldham Council and Oldham ICP, comprising financial contributions from both partners hosted by one of the partners in its bank account.

Pooled Fund
This can be either a Pooled Budget or a Pooled Aligned Budget.

Precept
The amount collected by the Council on behalf of other bodies. For 2025/26 the major precepts were payable in relation to the GM Mayor as Police and Crime Commissioner and the Mayoral General Precept (including Fire Services).

Premiums
These are discounts that have arisen following the early redemption of long-term debt, which are written down over the lifetime of replacement loans where applicable.

Prior Period Adjustments
These are material adjustments which are applicable to an earlier period arising from changes in accounting policies or for the correction of fundamental errors.

Private Finance Initiative (PFI)
A Central Government initiative which aims to increase the level of funding available for public services by attracting private sources of finance. The PFI is supported by a number of incentives to encourage Authorities' participation.

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Property, Plant and Equipment (PPE)
PPE are tangible assets (i.e. assets that have physical substance) that are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes, and are expected to be used during more than one year.

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 are uncertain.

Public Sector Audit Appointments (PSAA)
Public Sector Audit Appointments Limited (PSAA) is a company established in 2014 by the LGA which secures efficient and effective arrangements for the independent appointment of auditors and audit services for opted-in Local Government bodies.

Public Works Loan Board (PWLB)
An arm of Central Government which is the major provider of loans to finance long-term funding requirements for Local Authorities.

Related Parties
Related parties are Central Government, other Local Authorities, precepting and levying bodies, subsidiary and associated companies, Elected Members, and all Senior Officers. For individuals identified as related parties, the following are also presumed to be related parties:

- members of the close family, or the same household; and
- partnerships, companies, trusts or other entities in which the individual, or member of their close family or the same household, has a controlling interest.

Remeasurement of the Net Defined Benefit Liability
Remeasurement of the Net Defined Benefit Liability (asset) comprises:

a) actuarial gains and losses
b) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset), and
c) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

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

Reserves
Amounts set aside to help manage future risks, to provide working balances or that are earmarked for specific future expenditure priorities.

Revaluation Reserve
The Reserve records the accumulated gains on the non-current assets held by the Authority arising from increases in value as a result of inflation or other factors (to the extent that these gains have not been consumed by subsequent downward movements in value).

Revenue Contributions
The method of financing capital expenditure directly from revenue.

Revenue Expenditure Funded from Capital Under Statute (REFCUS)
Expenditure incurred during the year that may be capitalised under statutory provision but that does not result in the creation of a non-current asset that has been charged as expenditure to the Comprehensive Income and Expenditure Statement.

Section 75 (S.75) Agreement
An agreement made between a Local Authority and an NHS body under the powers of the National Health Service Act 2006 which facilitates the pooling of resources to improve the delivery of health and social care. Locally the agreement is between Oldham Council and Oldham ICP.

Subsidiary
A subsidiary is an entity, including an unincorporated entity such as a partnership, which is controlled by the Council.

Treasury Management
This is the process by which the Authority controls its cash flow and its borrowing and lending activities.

Treasury Management Strategy (TMS)
A strategy prepared with regard to legislative and CIPFA requirements setting out the framework for treasury management activity for the Council.

Trust Funds
These are funds administered by the Council on behalf of charitable organisations and/or specific organisations.

Unsupported (Prudential) Borrowing
This is borrowing for which no financial support is provided by Central Government. The borrowing costs are to be met from current revenue budgets.

Unusable Reserves
In addition to useable reserves, the Council also details unusable reserves within the financial statements. These reserves hold costs that the Council has accrued but not yet financed and they cannot be spent on Council services.

Oldham Council

Report to Audit Committee

2025/26 Head of Audit Annual Report and Opinion to Audit Committee

Portfolio Holder: To be confirmed

Officer Contact: John Miller – Head of Audit and Counter Fraud

Report Author: John Miller – Head of Audit and Counter Fraud

Contact: john.miller@oldham.gov.uk

30 June 2026

Reason for Decision

The Audit Committee's Terms of Reference state that:

4.4.2 The Audit Committee shall, having regard to the CIPFA 'audit committee' guidance:–
(i) approve the performance criteria for the Internal Audit Service;
(iv) consider the annual report from the Chief Internal Auditor;
(vi) review the effectiveness of the system of Internal Audit on an annual basis as per statutory requirements and the outcome of the review of compliance with the Global Internal Audit Standards.

The purpose of this report is to provide Members with the Annual Report and Opinion for 2025/26 on the Systems of Governance and Internal Control for the year ended 31 March 2026 presented by the Head of Audit and Counter Fraud, and report to the Audit Committee on the matters required for the Committee charged with Governance by International Auditing Standards, and the 2024 Global Internal Audit Standards (GIAS) and Local Government Application Note (LGAN) 2024.

Executive Summary

The report summarises the work of Internal Audit and Counter Fraud Team carried out for the financial year 2025/26 which informs the Annual Report and Opinion of the Head of Audit and Counter Fraud on the System of Internal Control for the year ended 31 March 2026.

The Annual Report for 2025/26 has the following sections:

- **Appendix 1:** Annual Report and Opinion of the Head of Audit and Counter Fraud on the System of Internal Control for the year ended 31 March 2026, to assist the Committee's review of the 2025/26 Annual Governance Statement (AGS) and to assist with the review of the Statement of Accounts.

- **Appendix 2:** Counter Fraud Service comparative data 2021/22 to 2025/26.

Recommendations

Members are requested to note the Annual Report on the System of Internal Control presented by the Head of Audit and Counter Fraud and the continued developments in overall internal control and financial administration across the Council.

Audit Committee **30 June 2026**

2025/26 Annual Report to the Audit Committee

1. **Background**

1.1 This report summarises the work of Internal Audit and Counter Fraud Team carried out in respect of the financial year 2025/26 informing the Annual Report and Opinion of the Head of Audit and Counter Fraud on the System of Internal Control for the year ended 31 March 2026.

2. **Audit Opinion and Work Undertaken in 2025/26**

2.1 In accordance with the Global Internal Audit Standards (GIAS), the Head of Internal Audit and Counter Fraud provides an Annual Report and Opinion to support the production of the Council's Annual Governance Statement (AGS).

2.2 The overall opinion of the Head of Audit and Counter fraud for 2025/26 and its professional framework is set out at **Appendix 1.**

2.3 **Appendix 2** summarises the outcomes from the Counter Fraud Service for 2021/22 to 2025/26.

3. **Options/Alternatives**

3.1 The Audit Committee can either choose to accept and note the Annual Report on the Systems of Governance and Internal Control, or not to accept the report.

4. **Preferred Option**

4.1 The preferred option is that the Audit Committee accepts and notes the Annual Report on the Systems of Governance and Internal Control

5. **Consultation**

5.1 N/A.

6. **Financial Implications**

6.1 N/A.

7. **Legal Services Comments**

7.1 N/A.

8. **Cooperative Agenda**

8.1 N/A.

9. **Human Resources Comments**

9.1 N/A.

10. **Risk Assessments**

10.1 The production of an Annual Report on the Systems of Governance and Internal Control by the Head of Audit and Counter Fraud will enable this Committee to demonstrate it is raising any concerns with the Council in a structured manner.

11. **IT Implications**

11.1 N/A.

12. **Property Implications**

12.1 N/A.

13. **Procurement Implications**

13.1 N/A.

14. **Environmental and Health & Safety Implications**

14.1 N/A.

15. **Equity, Community Cohesion and Crime Implication**

15.1 N/A.

16. **Equality Impact Assessment Completed**

16.1 No.

17. **Forward Plan Reference**

17.1 N/A.

18. **Key Decision**

18.1 No.

19. **Background Papers**

19.1 The following is a list of 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 the Act:

File Ref: Background papers are included as Appendices 1 and 2
Officer Name: John Miller
Contact: john.miller@oldham.gov.uk

20. **Appendices**

20.1 The following Appendices are available to support this Report:

- **Appendix 1:** Annual Report and Opinion of the Head of Audit and Counter Fraud on the System of Internal Control for the year ended 31 March 2026; to assist the Audit Committee's review of the 2025/26 Annual Governance Statement.

- **Appendix 2:** Counter Fraud Service comparative data 2021/22 to 2025/26.

Appendix 1

Audit and Counter Fraud Team

Annual Report of the Head of Audit and Counter Fraud and Opinion on the Systems of Governance and Internal Control for the year from 1 April 2025 to 31 March 2026

30 June 2026

Annual Report of the Head of Audit and Counter Fraud and Opinion on the Systems of Governance and Internal Control for the year 1 April 2025 to 31 March 2026.

1. Introduction

1.1 Background

1.1.1 The Internal Audit and Counter Fraud Plan for 2025/26 was developed based on an assessment of risks to the Council including those contained in the Corporate Risk Register. The Annual Audit Plan aims to provide assurance to the Chief Executive and other senior officers of the Council, including key Statutory Officers (Section 151 and Monitoring Officers), on the systems and controls in place that assist the Council in meeting its objectives.

1.1.2 This work allows the Head of Internal Audit and Counter Fraud at Oldham Council to form an overall opinion on the Governance and Internal Control arrangements within the Council, and the effectiveness of those systems.

1.1.3 The opinion also considers any advisory work undertaken during the year. High priority findings from such reviews contribute to the overall opinion that is reported.

1.1.4 This opinion is then used to support the production of the Council's Annual Governance Statement (AGS) within the Statement of Final Accounts for the Financial Year 2025/26.

1.1.5 This report sets out the framework used to arrive at the Annual Opinion on the Systems of Governance and Internal Control, and key audit findings for the year.

1.2 Global Internal Audit Standards

1.2.1 The Public Sector Internal Audit Standards (PSIAS) came into effect on 1 April 2013. These Standards replaced the 2006 Code of Practice applicable to the work of Internal Audit. From 2013/14 to 2024/25, the Head of Internal Audit and Counter Fraud has provided an annual report in accordance with the PSIAS to support the production of the Council's Annual Governance Statement (AGS).

1.2.2 From 1st April 2025 the work of Internal Audit at Oldham Council is governed by the **Global Internal Audit Standards (GIAS) 2024 and UK Local Government Application Note (LGAN) 2024**. These replace the PSIAS and LGAN. This update to the standards is discussed further in Section 14 of this report.

1.2.3 The Standards note that a professional, independent, and objective Internal Audit service is one of the key elements of good governance, as recognised throughout the UK public sector. The role of the Head of Internal Audit (HIA), in accordance with the GIAS, is to provide an Annual Opinion on the System of Internal Control, based upon the work performed, on the overall adequacy and effectiveness of the organisation's governance, risk management, and control processes, i.e., the organisation's system of internal control. This is achieved through a risk-based plan of work, agreed with management, and approved by the Council's Audit Committee.

1.2.4 The Chartered Institute of Public Finance and Accountancy (CIPFA) Statement on the role of the Head of Internal Audit (HIA) in Local Government was issued on 9 April 2019. This Statement also included updated guidance for internal audit in the public sector to contend with "restricted resources and growing levels of financial risk.".

1.2.5 This guidance calls on the public sector to provide the required support and recognition for the HIA and Internal Audit Teams, and includes best practice guidance for Internal Auditors, leadership teams and Audit Committees to support Internal Audit effectiveness.

1.2.6 The publication "The role of the Head of Internal Audit' sets out key principles aligned with the Global Internal Audit Standards (GIAS) and also sets out individual and organisational responsibilities. The guidance refers to:

- Heads of Internal Audit in the public sector working in increasingly high-pressure environments, contending with restricted resources and growing levels of financial risk, and they require the tools they need to provide quality assurance to their organisations;
- Public sector bodies ensuring that the HIA is "professionally qualified and suitably experienced" so they can lead and direct Internal Audit services which are well resourced and fit for purpose; and,
- The HIA being a senior manager, with regular and open engagement across the organisation, particularly with the leadership team and Audit Committee.

1.2.7 The guidance also sets out the following:

- The assurance provided by the HIA must be evidence based, in order to provide proper comfort to those who ask for it, and to improve governance arrangements. This means that Internal Audit planning must be well focused and in accordance with professional standards;
- The HIA may obtain assurance from partners and other agencies, and the HIA must understand the basis for the assurance and its adequacy, and therefore whether the HIA needs to carry out any additional review work; and,
- A summary of assurances given and relied upon should be included in the HIA's annual report.

1.2.8 CIPFA also states that one of the HIA's key relationships must be with the External Auditor. Whilst the roles of Internal and External Audit are different, and they must be independent of each other, both are concerned with the organisation's control environment and both use an objective, risk-based approach in coming to their conclusions. External Auditors should have regular discussions with the HIA on audit findings, risks, and future developments. Oldham Council's HIA meets with the External Auditor on a regular basis.

1.3 Roles and Responsibilities

Reviewing the System of Internal Audit

1.3.1 The Council is responsible for maintaining a sound system of internal control which is reviewed by the Internal Audit team. To review the System of Internal Audit, the Audit Committee receives an annual internal review of the Internal Audit function which discharges its responsibility for putting in place arrangements for gaining assurance on the effectiveness of the Internal Audit function, or commissions an independent external review.

1.3.2 The Global Internal Audit Standards (GIAS) state that an external reviewer must undertake a full assessment, or validate the Internal Audit Service's own self-assessment, at least once in a five-year period. This independent External Quality Assessment (EQA) of Oldham's Internal Audit Service has most recently been undertaken in 2023 by CIPFA.

1.3.3 The three possible outcomes of the last assessment were that the Service either "Generally Conforms", "Partially Conforms", or "Does Not Conform" with the requirements of the PSIAS and Local Government Application Note (LGAN), being the standards applicable at that time.

1.3.4 The outcome of the 2023 external assessment is that Oldham's Internal Audit and Counter Fraud Function "Generally Conforms" across all areas then assessed. The outcomes of the most recent EQA review, and progress against CIPFA's single low priority recommendation and eight further "advisory points" are detailed at Section 14 of this report.

1.3.5 Self-assessment of the Internal Audit Service against the new GIAS 2024 and LGAN 2024 has also taken place.

1.3.6 Progress against the actions identified from the 2024/25 and 2025/6 internal review to maintain the Internal Audit Service in full conformance with the updated GIAS Standards is discussed further at Section 14 of this report. The outcome of the latest 2025/26 annual self-assessment is that the Internal Audit Service remained fully in conformance with the requirements of the GIAS during 2025/26.

The Annual Governance Statement (AGS)

1.3.7 The Council is required by law to review its governance arrangements at least annually. Preparation and publication of the Annual Governance Statement (AGS) is done in accordance with the CIPFA/SOLACE 'Delivering Good Governance in Local Government' Framework and 2025 Addendum.

1.3.8 The AGS is a key corporate document which is intended to provide an accurate representation of the corporate governance arrangements in place which have supported the delivery of organisational objectives during the year.

1.3.9 The Authority is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and provides value for money. The Authority also has a duty under the Local Government Act 1999 to plan to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency, and effectiveness.

1.3.10 In discharging this overall responsibility, the Authority must put in place proper arrangements for the governance of its affairs, which include arrangements for the management of risk, whilst facilitating the effective exercise of its functions.

1.3.11 The Authority has established governance arrangements which are consistent with the seven principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government', and it has adopted a Local Code of Corporate Governance (LCCG).

1.3.12 The AGS sets out how the Authority has complied with the Code of Corporate Governance and meets the requirements of the Accounts and Audit Regulations 2015 which require all relevant bodies to prepare an Annual Governance Statement.

1.3.13 The Council's whole framework of assurance is used to bring together the evidence required to support the AGS.

1.3.14 The Annual Opinion of the Head of Internal Audit is one component of the framework of assurance which the Council considers in compiling the AGS.

1.3.15 The Head of Internal Audit's Annual Opinion does not imply that the Internal Audit and Counter Fraud service has reviewed all risks relating to the Council. The purpose of the opinion is to contribute to the assurances available to the Council which underpin the Council's own assessment of the effectiveness of the organisation's governance arrangements and system of internal control.

2. Head of Internal Audit Annual Audit Opinion

2.1 2025/26 Opinion

2.1.1 The financial year 2025/26 has been another challenging year for Local Government as a whole, with a number of Council's experiencing well publicised financial challenges. Inevitably some front-line services have been under continued pressure and, in certain cases, improvements in financial administration fell short of what was planned.

2.1.2 Having undertaken all necessary work and in accordance with all Codes of Practice and guidance, the overall opinion of Oldham Council's Head of Internal Audit is that the systems of Internal Control in Oldham Council for the year ending 31 March 2026 continued to provide **Limited** assurance. There have been no impairments to the independence or objectivity of the Head of Internal Audit in arriving at this opinion. A fuller discussion of the conclusion and Annual Opinion is included at Section 12 of this report.

2.1.3 The audit opinions taken into account in arriving at this opinion are set out in brief below and discussed in more detail in the sections which follow:

Financial Management

2.1.4 The 2024/25 Annual Opinion Report noted that the Council had made insufficient progress in addressing areas of persistent control weakness in five Fundamental Financial Systems over a number of years. These were Payroll, Direct Payments and Community Homecare, Residential Care Payments, Children's Social Care Payments and Debt Recovery. Payroll and Social Care Payments represent a significant portion of the Council's annual expenditure. Issues identified in Debt Recovery systems span all of the Council's direct income streams. All five of these audit reviews provided Limited assurance on the effectiveness of internal controls in these areas for 2024/25.

2.1.5 During 2025/26 progress has been made in addressing control weaknesses across all of these areas This progress is particularly apparent in respect of Direct Payments and Community Homecare, and Residential care Payment reviews, both of which received **Reasonable** assurance opinion for 2025/26.

2.1.6 In the case of Payroll and Debt Recovery, whilst progress is apparent, some of this progress has taken place towards the end of the 2025/26 financial year, and some actions continue into 2026/27. Therefore the effects of this progress on outcomes in these areas cannot yet be independently tested and verified. In these two areas our opinion must, therefore, remain **Limited** for 2025/26, but with the expectation that improvements in outcomes will be seen going forward.

2.1.7 In the case of Children's Services, whilst progress has been made in some areas, material financial systems and process changes remain subject to further development actions in relation to IT systems. Again, therefore, in this area our opinion must remain **Limited** for 2025/26, but with the expectation that improvements in outcomes will be seen going forward.

2.1.8 In terms of overall financial outcomes against budget for the year 2025/26, the unaudited financial results shows that the Council exceeded its annual budget by £3.845m. (2024/25 c£10m) This overspend was funded from the Council's reserve balances available for this purpose and also a one-off facility available to capitalise capital project interest charges and reduce the 2025/26 in-year overspend position by approximately £11m. In addition, the Council has increased earmarked reserves and revenue grant reserves for the purposes of providing future revenue budget support should this be required. In summary, whilst a call on reserves to fund unplanned revenue budget overspends should be avoided where possible, the Council has taken steps in year, and for future periods, to mitigate future financial risks.

ICT

2.1.9 Secure and reliable ICT is fundamental to both front line operational services and corporate support services throughout the Council. Without functioning and reliable systems in place no modern organisation can operate either effectively, or in some cases at all. Three of the four specialist ICT reviews which reported on arrangements in place during 2025/26 provided Limited assurance over the controls in place in connection with IT Supplier Management, Cloud Service Management and Physical & Environmental Controls.

2.1.10 During 2025/26 Senior Leaders and the Audit Committee have tracked progress against these, and all other reports, specifically referred to as having contributed to the overall Limited assurance opinion for 2024/25. This tracking involved regular self-reporting of progress by services against the action plans in place for improvement. During 2025/26, the Director of Digital reported good progress culminating in a final update to the Audit Committee that all actions are now complete.

2.1.11 Oldham engages Salford Council's Technical Audit Service (STAS) to undertake these specialist ICT reviews. STAS have agreed to also undertake follow-up reviews in these areas over the course of 2026/27 in order to provide independent assessment of the progress reported. Whilst it is anticipated that the outcomes of these follow up reviews will be positive, in the absence of independent confirmation of the implementation of the required actions, we are unable to revise our opinions in this area and our opinions must remain **Limited** until this confirmation is gained.

Procurement

2.1.12 The Council has a duty to seek to obtain Best value in its procurement of goods and services on behalf of its residents. Our work in 2023/24 in connection with the Council's Contract Register arrangements received an "Inadequate" (Limited assurance) opinion. Legislation in this area has recently changed with the introduction of the Procurement Act 2023 (effective 1st April 2025) and our follow up work on progress against our previous recommendations in connection with the Council's Contract register arrangements was partially re-focussed during 2024/25 towards the Council's performance in complying with the requirements of the Procurement Act 2023.

2.1.13 The Procurement Act 2023 places additional requirements on all Local Authorities to publish a forward plan of procurement activity for all contracts in excess of £2m. Our findings from our follow up work in this area are that the Council appears to have met the publication requirements of the Procurement Act 2023 by the required deadline date.

2.1.14 As at the last update report to Audit Committee in March 2026, the Interim Head of Procurement reported progress in the compilation of the Council's own Internal Contracts Register and that work was ongoing in ensuring that this fully reflects the most up to date position. As a result, our opinion in this area remains that the controls in place continued to provide **Limited** assurance in this area during 2025/26. We will continue to monitor developments in liaison with the Interim Head of Procurement and follow-up again on this ongoing work in due course. At which time we anticipate reporting further positive outcomes in this area.

Systems of Governance

2.1.15 Three audit reports were issued in 2024/25 in connection with systems which are fundamental in ensuring good governance across the Council, and where systems and controls examined provided Limited assurance. All three systems are essential components in ensuring openness and accountability in decision making and corporate performance. Progress in these areas is summarised below:

2.1.16 The reports are in connection with:

- Use of the Modern.gov system in Delegated Decision Recording which, in combination with shared access drives with an auditable trail of contributions to each Delegated Decisions Report, has demonstrated good progress and the opinion from our follow up work on this area in 2025/26 is raised to **Reasonable**.
- Progress on the Council's Corporate Performance Management System has been slower in pace and our opinion in this area remains **Limited**.
- The systems and controls in place to both recruit and discipline Council staff in a manner which protects the organisation, its staff and residents from the risk of loss or harm were previously assessed as providing Limited assurance during 2024/25. We have followed up on the disciplinary aspects of this review and found that systems and processes now provide **Reasonable** assurance in this area. We will follow up on the Recruitment aspects of this review in due course.

In addition to the above, the following was noted in the year 2025/26:

- The Council's Corporate Risk Register was not presented to the Audit Committee during 2025/26. Effective management of risk is a fundamental pillar of good governance.
- The Local Code of Corporate Governance was last presented to the Audit Committee in June 2024. The Code assists the Council in the compilation of the Annual Governance Statement and should be reviewed and updated at least every 2 years, or sooner if standards or arrangements have changed.
- Our review of the procedures undertaken in the compilation of the Council's Annual Governance Statement found the procedures and controls in place to compile the statement to be **Reasonable**.
- The last Senior Information Risk Officer (SIRO) report to the Audit Committee was in January 2025.

Partnership Governance

2.1.17 Local Authority Partnership and subsidiary governance arrangements present significant financial and operational risks. Oldham Total Care (a care home) was acquired by Oldham Council in July 2023 when the home, previously known as Chadderton Total Care, went into administration. Around 100 residents, many with complex needs and requiring specialist nursing care, would have been forced to relocate, potentially outside the borough away from families had the facility been forced to close. Action taken to acquire the business demonstrated the Council's ability to ensure business continuity and maintain provision of support to residents. However, our post-acquisition review of governance structures, processes and internal control revealed weaknesses in this area, and resulted in a **Weak** assurance opinion.

2.2 Basis of the Opinion

2.2.1 The basis for forming the Annual Opinion is as follows:

- An assessment of the design and operation of the Local Code of Corporate Governance and underpinning processes.
- An assessment of the risk management arrangements and the financial management framework of assurance.
- An assessment of the range of individual opinions arising from risk-based audit assignments, contained within the Internal Audit risk-based plan that have been reported throughout the year.

2.2.2 This assessment has taken account of the relative materiality of these areas and management's progress in respect of addressing control weaknesses.

2.3 CIPFA/SOLACE Code of Corporate Governance

2.3.1 The Council has established corporate governance arrangements which are consistent with the seven principles of the CIPFA and Society of Local Authority Chief Executives (SOLACE) Framework, "Delivering Good Governance in Local Government" and Addendum 2025. The Council has adopted a Local Code of Corporate Governance which is publicised on the Council's website. As noted at above, the Council's Local Code has not been reviewed and presented to the Audit Committee since June 2024.

2.3.2 The Council's 2025/26 AGS forms part of the Draft Annual Financial Statements report to the Audit Committee, and it sets out how the Authority has complied with the Code and meets with the requirements of the Accounts and Audit Regulations 2015. The Authority meets the requirements of the Accounts and Audit Regulations 2015 in relation to the publication of an AGS.

2.3.3 The 2025/26 AGS identifies the key risk issues for the Council to mitigate during 2026/27.

3. Risk Management

3.1 Service Business Plans, prepared annually, incorporate a Risk Register setting out the risks for each Service.

3.2 The Corporate Risk Register is populated with risks to the achievement of the Council's corporate objectives and all risks are categorised and allocated to a responsible Officer; these are supported by Service Risk Registers included in Business Plans.

3.3 As noted above, the Council's Corporate Risk register has not been presented to the Audit Committee during 2025/26.

4. 2025/26 Audit and Counter Fraud Plan

4.1 The 2025/26 Audit and Counter Fraud Plan was agreed by the Audit Committee at its meeting of 25 March 2025. Updates on progress have been reported to the Audit Committee during the 2025/26 financial year. The Audit Opinions agreed with managers contribute towards the 2025/26 Annual Opinion.

5. Financial Control and Resilience

5.1 Through 2025/26, financial management, administration and governance developments included a number of staffing changes at a senior level.

- The Interim Director of Finance and S151 Officer was appointed to the permanent post of Executive Director of Resources.
- The Council appointed a new Director of Finance (S151)
- The Council appointed permanently to the role of Monitoring Officer.
- The Council recruited substantively a Deputy Chief Executive/Director of Health & Care (previously a seconded individual)
- An Assistant Director of Workforce and Organisational Culture was appointed, and key posts within the HR and Payroll Service have been filled.
- An Assistant Director of Revenues and Benefits was appointed to fill this vacant post.
- A Director of Digital was appointed and other key posts in ICT have been filled.
- An Assistant Director of Transformation has been appointed.
- An Assistant Director of Communication and Strategy has been appointment
- An Interim Head of Procurement has been appointed to this vacant role.

5.2 The Council has, therefore, continued to take steps to appoint permanent staff to a number of key roles during 2025/26.

5.3 During 2025/26 the Director of Finance initially reported directly to the Chief Executive and was a member of the Management Board. On appointment of the Executive Director of Resources, the newly appointed Director of Finance reported to the Executive Director of Resources. The Director of Finance however also has unfettered access and reports directly to the Chief Executive and senior leaders, and to the Leader of the Council, to Cabinet and to other Members.

5.4 A self-assessment against the Financial Management Code was reported to Audit Committee on 5 September 2023 which indicated that in most areas of recommended best practice the financial administration of the Authority is sound.

5.5 The year-end final accounts for 2025/26 were submitted for audit by the statutory deadline. All working papers supporting the financial statements have been subject to a structured, detailed, and independent quality assurance process to ensure compliance with external audit guidelines.

5.6 The 2024/25 AGS identified the Council's financial position and financial resilience at that time as the most significant governance issue facing the Council.

5.7 In terms of overall financial outcomes against budget for the year 2025/26, the unaudited financial results shows that the Council exceeded its annual budget by £3.845m. (2024/25 c£10m) This overspend was funded from the Council's reserve balances available for this purpose and also a one-off facility available to capitalise capital project interest charges and reduce the 2025/26 in-year overspend position by approximately £11m. In addition, the Council has increased earmarked reserves and revenue grant reserves for the purposes of providing future revenue budget support should this be required. In summary, whilst a call on reserves to fund unplanned revenue budget overspends should be avoided where possible, the Council has taken steps in year, and for future periods, to mitigate future financial risks.

5.8 However, should the use of reserves to support revenue expenditure continue, the Council risks the prospect of reduced financial resilience in future periods.

6.1 Fundamental Financial Systems (FFS)

6.1.1 In accordance with the 2025/26 Plan, Internal Audit continued to review material fundamental financial systems.

6.1.2 The table below sets out the Audit Opinions across the Council's main financial systems between 2022/23 and 2025/26.

6.1.3 Until March 2025 the four audit opinion levels used by the Internal Audit Service were **Good, Adequate, Inadequate,** and **Weak.** As of April 2025 the service has replaced these with the standard opinion levels and definitions in CIPFA's published guidance on: **Internal Audit Engagement Opinions: Setting common definitions.** This guidance recommends the following 4 opinion levels when issuing an audit opinion on individual audit reviews.

- **Substantial Assurance** "A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited."
- **Reasonable Assurance** "There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited."
- **Limited Assurance** "Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited."
- **Weak/No Assurance** "Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited."

6.1.4 The previous audit opinion levels in use at Oldham of Good, Adequate, Inadequate, and Weak utilised broadly similar definitions to the above. The four opinion levels are, therefore, directly comparable across years.

Fundamental Financial Systems Audit Opinions 2022/23 to 2025/26

Financial System	2022/23	2023/24	2024/25	2025/26
Accounts Payable	Adequate	Adequate	Reasonable	Reasonable
Accounts Receivable	Adequate	Adequate	Reasonable	Reasonable
Treasury Management	Good	Good	Reasonable	Reasonable
Bank Reconciliations	Good	Good	Substantial	Reasonable
Council Tax	Adequate	Adequate	Reasonable	Reasonable
Fixed Assets	Adequate	Adequate	Reasonable	Reasonable
NDR (Business Rates)	Adequate	Adequate	Reasonable	Reasonable
Direct Payments & Homecare	Weak	Inadequate	Limited	Reasonable

Residential Care Payments	Inadequate	Inadequate	Limited	Reasonable
ASC Client Finance	N/A	N/A	N/A	Reasonable
Payroll	Inadequate	Inadequate	Limited	Limited
Children's Social Care	Inadequate	Inadequate	Limited	Limited
Debt Recovery	Inadequate	Inadequate	Limited	Limited
Income Control	Good	Adequate	Reasonable	N/A
Council Tax Reduction	Adequate	Adequate	N/A	N/A
Housing Benefits	Adequate	N/A	N/A	N/A
Audit Opinions	2022/23	2023/24	2024/25	2025/26
Good / Substantial Assurance	3	2	1	-
Adequate / Reasonable Assurance	6	7	7	10
Inadequate / Limited Assurance	4	5	5	3
Weak / Weak Assurance	1	-	-	-
N/A	-	1	2	3
Total	15	15	15	16

6.1.5 Overall, the table above highlights an improving control environment in respect of the Council's Fundamental Financial Systems:

6.1.6 However, the three reviews receiving opinions of Limited assurance have done so for a number of successive years. A number of the recommendation made in connection with these reviews have been re-iterated during this period. This lack of progress in addressing recommendations over successive years is a cause for concern. However, as noted above, progress during 2025/26 has been apparent and improved outcomes are anticipated in future periods. We have added an additional review this year, ASC Client Finance, which previously formed part of the other two Adult Social Care reviews, Direct Payments & Homecare and Residential Care Payments. We have re-structured our reporting arrangements in this area to reflect the ongoing re-structure of the management arrangements for the Client Finance function.

6.1.7 For those systems which have been assessed as Adequate / Reasonable for a number of years, managers are encouraged to develop appropriate plans to facilitate the required improvement to Substantial assurance. To support this, Internal Audit will continue to deliver financial systems audits and engage with key colleagues to facilitate this improvement.

6.1.8 In line with the Audit Service's ongoing review of its own effectiveness, we have not undertaken a review of Housing Benefit systems and controls this year. Housing Benefits are reviewed by both of the Authority's external Audit providers, Forvis Mazars as part of their overall work in connection with the Council's Annual Financial Statements, and KPMG as the Council's auditors in respect of the Council's Housing Benefit Subsidy claims. Given the external audit focus on this area, the move over to Universal Credit, and the history of Adequate opinions, we have not reviewed this area in 2025/26. We will however keep this position under review and return to the area should we feel that this is necessary in the future.

6.1.9 Similarly, the Council Tax Reduction review is now undertaken as part of the overall audit review of Council Tax in order to streamline audit work within the service.

6.2 Payroll

6.2.1 The Payroll Service has experienced historic issues in the retention and replacement of key staff over the last three review periods, 2022/23, 2023/24 and 2024/25. During 2025/26 the service has been successful in recruiting to key roles and progress against long standing audit recommendations is underway. Whilst the service has been successful in making progress during 2025/26, work on some audit actions continues into 2026/27.

6.2.2 In light of the above, and despite the Service's continued acceptable performance in ensuring employees are paid, by and large, correctly and on time, the 2025/26 audit opinion is that the systems and controls in connection with the payroll administration continued to provide **Limited** assurance in light of the system's relative materiality and importance.

6.2.3 The Audit and Counter Fraud team will continue to work and liaise closely with the Payroll Team to monitor and report on further developments and performance going forward.

6.3 Adults' Social Care Services – Direct Payments & Homecare, and Residential Care Payments.

6.3.1 The Community Health and Adults' Social Care (CHASC) Service directly manages two of the Council's fundamental financial systems; the systems for payments of Direct Payments and Community Homecare, and the Residential Care Payment system.

6.3.2 Following a number of year's of Limited assurance opinions in both of these areas, the 2025/26 Audit opinions for both Residential Care Payments and Direct Payments and Homecare are assessed as providing **Reasonable** assurance. This improvement in opinion level reflects significant progress against some long-standing recommendations in this area.

6.3.3 The Service has made significant progress in the year in:

- Addressing the increasing numbers of open workflow items year on year, though a number of historic items still require review.
- Maintaining their above GM average performance in completion of statutory annual care reviews, though work is still required on those more than two years overdue.

6.3.4 One of our audit recommendations from previous reviews in these areas was to finalise management and reporting arrangements for the Adult Social Care Client Finance Team. This team has, in the past, been managed at different times within both the Adult Social Care Directorate, and within the Revenues and Benefits Service. Going forward the Service will be managed within the Revenues and Benefits Service and extraction of these elements from the Adult Social care reviews will help to more clearly reflect and allocate responsibility for performance and improvement going forward. The new Adult Social Care (ASC) Client Finance review has also received a **Reasonable** assurance opinion for 2025/26.

6.4 Children's Services

6.4.1 The inaugural review of the systems and controls in connection with Children's Services during 2022/23 found controls in this area to be Inadequate / Limited.

6.4.2 The main findings of the 2022/23 review were that, whilst no instances have been identified where the Service is failing in meeting its objectives, it is not always recording either the inputs or outputs associated with its work in such a way as to allow complete and reliable management information to be produced.

6.4.3 This failure to maintain complete and accurate records presents a dual risk that:

- The management information available to service management is less reliable for the purposes of decision making and performance monitoring.
- Failure to address inaccurate or incomplete records presents an additional risk that service users who are not receiving timely and appropriate care will not be identified.

6.4.4 Despite the results of the 2022/23 review having been well received by the Service, our work in 2023/24 and 2024/25 found limited evidence of progress against the recommendations made in 2022/23. As a result, our opinion in this area remained Limited.

6.4.5 Work by the Service to improve the financial information available within Children's Services Directorate is still underway. There have been delays in the Mosaic upgrade project due to business-as-usual demands on services and essential Mosaic IT upgrades. It is anticipated that the ongoing Mosaic Children's Finance Project Group objectives will assist in providing further assurance in this area going forward.

6.4.6 A number of recommendations agreed for improvement in 2024/25 have been carried forward into 2025/26 and three additional recommendations have been added to our 2025/26 report and action plan**.** As a result, our opinion in this area for 2025/26 remains **Limited**.

6.5 Debt recovery

6.5.1 Work in connection with the FFS reviews of Council Tax, Non-Domestic Rates and Accounts Receivable during 2021/22 highlighted a common theme of substantially increased levels of debt across all of these areas, and this trend has continued into 2025/26 as shown in the table below which, in the case of NNDR and Council Tax, shows the debt outstanding at 31st March each year relating to prior years, i.e. historic debt excluding in-year debt.

	18/19 (£m)	19/20 (£m)	20/21 (£m)	21/22 (£m)	22/23 (£m)	23/24 (£m)	24/25 (£m)	25/26 (£m)
Council Tax	24.53	28.43	32.89	33.56	34.40	38.24	43.12	49.15
NNDR	6.29	7.61	9.24	9.38	8.51	7.80	10.02	12.71
Sundry Debtors	16.17	15.76	18.16	23.57	23.44	27.46	28.67	36.60
Total	**46.99**	**51.80**	**60.29**	**66.51**	**66.35**	**73.50**	**81.81**	**98.46**

6.5.2 The Council has recognised this issue and is pursuing a number of initiatives for the reduction of outstanding debt and improvement of income collection processes. This includes progression from Charging Orders to Orders for Sale on empty properties, bankruptcy and winding up petitions to recover longstanding and material debts.

6.5.3 However, progress on implementation of the Council's plans in connection with both collection of recoverable debt, and write-off of irrecoverable debt, continues into 2026/27. Outcomes from this ongoing work are anticipated going forward. However, for the 2025/26 financial year our opinion in this area continues to be **Limited.**

7. ICT and Information Governance

7.1 Secure and reliable ICT is critical in providing assurance over good governance, internal control, client safety and client financial security across all areas of Council activity. Weaknesses in this area should be addressed as a matter of priority to provide assurance that the Council can continue to provide vital public services, in addition to safeguarding assets, data and resources.

7.2 The business-critical risks associated with cyber-attack are well publicised. During 2025/26 the responsibility for Information Management and Governance rested with the Council's Executive Director of Resources as the Senior Information Risk Officer (SIRO). In response to this risk the Council:

- Issues reminders to all employees and Members requesting completion of the Council's interactive Mandatory Cyber Security training course.
- Publishes cyber awareness guidance on the Council intranet.
- Has a policy on password complexity in alignment with the recommendations of the National Cyber Security Centre (NCSC).

7.3 Specialist IT audit work undertaken on the Council's behalf by Salford Council's Technical Audit Service (STAS) in respect of 2024/25 resulted in the following:

- National Cyber Security Centre Cyber Assessment Framework – **Reasonable** Assurance
- IT Supplier Management – **Limited** Assurance
- Cloud Service Management – **Limited** Assurance
- Physical Security & Environmental Controls – **Limited** Assurance

7.4 We have an agreed programme of follow up work in place with STAS during 2026/27 to verify progress on the recommendations in these reports which the Service self-reports as being complete in all areas. However, in the absence of independent verification of progress our opinions on these areas must, for the time being, remain that they continued to provide **Limited** assurance 2025/26.

7.5 ICT Audit review work in 2026/27 included:

- Security Incident Management and Response – **Reasonable** Assurance
- Payment Card Industry Data Security Standards (PCI-DSS) – **Limited** Assurance

We will follow up on progress on actions flowing from these reviews going forward

8. Procurement

8.1 The Council has a procurement team to assist in ensuring that all legal and regulatory requirements are adhered to when procuring goods and services. The separation of this independent function from the procuring departments provides additional segregation and oversight controls across the Council's procurement activity.

8.2 During our review of the Council's Contracts Register in 2023/24, the departure of the Head of Procurement in that year had a significant impact on the evidence available to provide the assurance that the Council's Procurement Service was operating in a co-ordinated way to address the Council's ongoing procurement needs.

8.3 Also noted were inconsistent record keeping practices across the Service in respect of important contractual documentation and communications. It was often a difficult and lengthy process to access the records required for our work.

8.4 The Council took steps to address these issues and:

- The Procurement Service now sits within the remit of the Executive Director of Resources.
- A new Interim Head of Procurement is now in place since January 2026.
- An independent review of the Council's Procurement Function was undertaken by STAR Procurement during 2024/25.

8.5 The wide-ranging independent review of the Council's Procurement Function undertaken by STAR Procurement during 2024/25 contained, among a range of other findings, the following:

"A number of [internal] *audits have taken place which have been linked to procurement with similar themes and outcomes emerging. There is little collective ownership in responding and dealing with issues/actions raised. More proactive action required, working with Audit colleagues on a planned audit plan to identify areas for improvement and concern to deliver improvement."*

8.6 The requirements of the Procurement Act 2023 came into force on 1st April 2025. The Act makes mandatory the publication of certain information in respect of upcoming Council contracts over £2m over an 18 month forward timeline.

8.7 In light of this, in following up our previous review of the Council's Contract Register which received an Inadequate / Limited assurance opinion in 2022/23, we conducted a high-level review of the Council's compliance with the Procurement Act 2023 during 2024/25. This found that the Council had met the mandatory publication requirements of the Act insofar as all upcoming contracts over £2m which the Procurement Service have been made aware of by procuring Services of have been published as required by the Act.

8.9 However, work in connection with the Council's own internal Contracts Register, and to record the pipeline of upcoming contracts below the mandatory publication threshold, remained ongoing throughout 2025/26. The Interim Head of Procurement reports that an Internal Contracts Register is now in place and full population of the register is ongoing

8.10 As a result we have not yet followed up on our 2022/23 work in this area during 2025/26, and our opinion in respect of the Council's Contracts Register arrangements remains that they provide **Limited** assurance that the Council is ensuring it obtains best value in procurement.

8.11 We will continue to liaise with the Interim Head of Procurement to schedule a follow up review in this area as soon as is practicable during 2026/27.

9. The Council's Delegated Decision Recording System

9.1 Under Section 101 of the Local Government Act 1972, non-executive functions of the Council may be delegated to Officers by the Council, Committees and Sub-Committees.

9.2 The Scheme of Delegation sets out who is responsible for various "levels" of decision in Part 3 of the Council's Constitution, "Responsibility for Functions". Decisions made under delegated powers are the subject of a Delegated Decision Report outlining the background, options and reason for the decision being taken.

9.3 When reaching the decision outlined in the delegated report, officers are required to consult with Members and other Officers as appropriate. This must include the Director of Legal Services (Monitoring Officer) and Director of Finance (S151 Officer).

9.4 The Council's decision recording system, Modern.Gov, holds records on all the meetings held as part of Council business, alongside any decisions reached. The decisions should also include a delegated report and any background papers, with items restricted as appropriate.

9.5 Findings from our previous review resulted in a Limited assurance opinion for 2024/25. We have completed our follow-up work in this area during 2025/26 and, having found the majority of audit recommendations to have been satisfactorily implemented, and we are pleased to report that our opinion has been revised to **Reasonable** Assurance.

10. The Council's Corporate Performance Management System

10.1 The Local Government Act 1999 requires that Council services are: 'responsive to the needs of citizens, of high quality and cost-effective, and fair and accessible to all who need them'. Statutory guidance on the Council's 'best value duty' places Authorities under a general duty to: *'make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency, and effectiveness'.*

10.2 The Council's Corporate Plan 2024-2027 sets out the Council's priorities for the Borough in connection with improving the outcomes for Oldham's citizens and businesses. Oldham, in line with many other Local Authorities is faced with a range of challenges in achieving its corporate objectives and in delivering key services. Effective performance management and measurement helps to ensure success in meeting these challenges and to identify areas of underperformance.

10.3 Up to December 2023, the Council's corporate performance management system was CorVu, purchased in 2008 and implemented in 2010, with a requirement for a rolling 3-year maintenance licence. The last licence renewal expired in December 2023, with the product being discontinued after this period. The CorVu system provided automated reports from data within the system; and performance management modules to monitor corporate measures, projects, actions, and risks.

10.4 As CorVu reached the end of its life in December 2023, the Council conducted research into viable alternatives. The research concluded that there was no viable product available to replace CorVu. The Council intended on utilising Power BI as a method of bridging the gap until a suitable alternative is found.

10.5 From our work in this area during 2024/25 we found that Corporate Performance Reports (CPR) were being presented via PowerPoint in an effort to provide more nuance to each service's performance data. These reports also included comments from the portfolio holder. For some services with quantifiable KPIs, PowerBI dashboards were also being utilised.

10.6 Findings from the Internal Audit review included:

- KPIs being submitted without supporting documentation. The process is considered to be collaborative and challenge is limited.
- Instances of incomplete KPI records for certain services.
- The KPIs reported were those agreed upon by service managers, potentially leading to an incomplete or skewed view of service performance.

- Some instances of services failing to submit complete and timely business plans were reported during the course of the review.

10.7 These findings reflected a risk that the Council may not be able to measure performance in a way which is open, accountable, comparable, or in line with the Council's corporate and service objectives and identified risks. As a result of our findings, our opinion in 2024/25 was that controls in connection with Council's Corporate Performance Management procedures provided Limited assurance in connection with the applicability, robustness and accuracy of the Council's performance management reporting processes.

10.8 Work has taken place during 2025/26 and continues into 2026/27, and a replacement system for CorVu is in development with an anticipated completion date of December 2026. We have not, therefore, followed up on our work in this area during 2025/26 and, whilst progress against our previous recommendations is evident, our opinion in respect of 2025/26 remains **Limited**.

11. The Council's Recruitment and Disciplinary Procedures

11.1 Human Resources, a part of Corporate Resources, plays a critical role in providing a fully integrated strategic, advisory, and support function to service managers. Its purpose is to enable effective people management across the council, aligning with the objectives of the Council and supporting the delivery of corporate priorities and goals.

11.2 Findings from the Internal Audit review of arrangements in place to support recruitment vetting and disciplinary procedures in order to prevent and detect fraud, theft and financial and other misconduct by Council staff during 2024/25 identified:

- No centrally held records of employment references were held in connection with staff employed in maintained schools.
- Failure to follow up on unsatisfactory employment references was found.
- Disclosure and Barring Service (DBS) check outcomes are unavailable to recruiting managers during the initial selection process up to and including final candidate selection and making a firm offer of employment.
- A lack of training for disciplinary hearing Chairpersons presents a risk to the consistency, fairness, and legal compliance of disciplinary processes.
- Half of all cases of Gross Misconduct cases examined which were found to be proven at a formal disciplinary hearing did not result in dismissal.
- In respect the cases which did not result in dismissal the other sanctions imposed were either a final written warning, a letter of concern or a management instruction. The distinction between these sanctions was unclear.
- Over 80% of Gross Misconduct cases examined involving fraud or theft by employees had received no referral to the Counter Fraud Service.

11.3 These findings reflected a risk that the Council was failing to adequately protect itself, its staff and residents from the risk presented by employing, or retaining, staff who have demonstrated challenges in adhering to acceptable standards of behaviour in either previous employments (by way of references and DBS checks), or have been proven to have conducted themselves in a manner considered to be classifiable as Gross Misconduct in the course of their duties for the Council. As a result of our findings as set out above, our opinion for 2024/25 was that controls in connection with the Council's Recruitment and Disciplinary Procedures provided Limited assurance in connection with the effectiveness and consistency of these systems.

11.4 We have followed up on our recommendations in connection with the Disciplinary aspects of our 2024/25 review and are pleased to report that significant progress is evident in this area with the majority of our recommendations already implemented and the balance in train. As a result we have raised our opinion level in this area in 2025/26 to **Reasonable**. We will continue our follow up work in respect of recruitment during 2026/27 and report on our findings in due course.

12. Conclusions and 2025/26 Annual Audit Opinion

12.1 Following on from the Limited assurance opinion received by the Council for 2024/25, senior leaders implemented a robust system of senior level management and oversight of progress against the issues raised in the Head of Audit's Annual Report and Opinion for that year. This involved detailed, regular progress reporting to the Council's Chief Executive and Executive Directors, to the Leader of the Council and Portfolio Holder, and to the Council's Audit Committee.

12.2 Self-reporting of progress by Services has been at a granular level, on a recommendation-by-recommendation basis, with reasons for programme slippage required where this has been the case.

12.3 The Chief Executive, Executive Directors, Leader, Portfolio Holder and other responsible Officers have regularly attended the Council's Audit Committee throughout 2025/26 to provide written and verbal updates to Members and answer Member questions on progress. Progress against the areas and recommendations outstanding from 2024/25, and findings in connection with additional areas of Risk Management and Partnership Governance are provided below.

Financial Control and Resilience

12.4 In 2024/25, internal control arrangements in connection with five of the Council's Fundamental Financial Systems received Limited assurance opinions and had done for successive years. Three of these systems, in connection with Adult's and Children's Social care services support areas of delivery which provide the bulk of the expenditure budget challenges for the Council for 2025/26 and prior years.

12.5 During 2025/26 there has been progress in addressing audit recommendations across all of these areas, and our opinions in respect of both of our Adult Social care reviews have improved to **Reasonable** assurance. In other areas implementation has either come later in 2025/26 or continues into 2026/27, in a number of cases improvements are pending further ICT development actions to support improvements. Our opinions in respect of our work in Children's Social care, Payroll and Debt Recovery, therefore, remain **Limited**. Improved outcomes from work completed and ongoing are expected to arise throughout 2026/27 and the direction of travel is positive.

12.6 In terms of overall financial outcomes against budget for the year 2025/26, the unaudited financial results shows that the Council exceeded its annual budget by £3.845m. (2024/25 c£10m) This overspend was funded from the Council's reserve balances available for this purpose and also a one-off facility available to capitalise capital project interest charges and reduce the 2025/26 in-year overspend position by approximately £11m. In addition, the Council has increased earmarked reserves and revenue grant reserves for the purposes of providing future revenue budget support should this be required. In summary, whilst a call on reserves to fund unplanned revenue budget overspends should be avoided where possible, the Council has taken steps in year, and for future periods, to mitigate future financial risks.

ICT

12.7 Three of the four specialist ICT reviews which reported during 2024/25 provided Limited assurance over the controls in place in connection with IT Supplier Management, Cloud Service Management and Physical Security & Environmental Controls. Secure and reliable ICT is fundamental to both front line operational services and corporate support services throughout the Council. Without functioning and reliable systems in place no modern organisation can operate either effectively, or in some cases at all.

12.8 The Service has reported steady progress against the recommendations in these audit reports over the course of 2025/26 and, as at the date of the last report to the Audit Committee in March 2026, reported that all recommendations were now complete. ICT audit is a specialist audit area, and the Council engages Salford Technical Audit Service (STAS) to conduct these reviews on our behalf. A programme of follow up work to provide independent confirmation of the progress reported has been agreed and will take place over the course of 2026/27. However, in the absence of this independent confirmation, we cannot yet revise our **Limited** opinion in these areas for 2025/26.

12.9 We are pleased to note that that in connection with their review of the Council's arrangements for Security Incident Detection and Response in 2025/26, STAS found the control environment to provide **Reasonable** assurance.

Procurement

12.10 Work in connection with the compilation of the Council's own internal Contracts Register continued into 2025/26, having initially been raised as an area for improvement in previous years.

12.11 At their last progress update to the Audit Committee in March 2026, the Service reported mixed progress against the outstanding audit recommendations. However, as noted in other areas above, much of the progress reported in this area was either commenced or completed later in 2025/26, with outcomes expected to arise during 2026/27. We have not yet revisited this area to independently verify the reported progress and will liaise with the Service to conduct further testing at the earliest appropriate opportunity. Therefore, our opinion in this area remains that the controls in place for 2025/26 provided **Limited** assurance.

Decision Making

12.12 Findings from our review of the Council's Delegated Decision Recording System in 2024/25 reflected a risk that the Council was not ensuring openness and accountability in its decision making and recording processes; that sensitive information may be shared inadvertently, and in some cases, decisions may be progressed in the absence of complete and accurate information.

12.13 We have completed our follow up testing in this area and are pleased to report that the results show that the majority of the audit recommendations have now been implemented during 2025/26, with no significant issues identified in the Delegated Decision Reports sampled at follow up stage. As a result, our opinion is that controls in connection with the Council's Delegated Decision Recording System provide **Reasonable** assurance on the transparency and accountability of the Council's decision making processes and records. Further work remains to fully implement the ModernGov system to provide a full audit trial within the system, and we will monitor this going forward.

Corporate Performance Management

12.14 Findings from our review of the Council's Corporate Performance Management Systems in 2024/25 reflected a risk that the Council may not be able to measure performance in a way which is open, accountable, comparable, or in line with the Council's corporate and service objectives and identified risks. The Service reports progress against our previous recommendations in this area which continues into 2026/27. As a result, our opinion is that controls in connection with Council's Corporate Performance Management continued to provide **Limited** assurance during 2025/26.

Recruitment and discipline

12.15 Our findings during 2024/25 in connection with the Council's controls in connection with both recruitment and discipline reflect a risk that the Council is failing to adequately protect itself, its staff and residents from the risk presented by employing, or retaining, staff who have demonstrated challenges in adhering to acceptable standards of behaviour in either previous employments, or have been proven to have conducted themselves in a manner considered to be Gross Misconduct in the course of their duties for the Council. Our opinion is that controls in connection with the Council's Recruitment and Disciplinary Procedures provided Limited assurance in connection with the effectiveness and consistency of these systems during 2024/25.

12.16 We have followed up on our recommendations in connection with the Disciplinary aspects of our 2024/25 review and are pleased to report that significant progress is evident in this area with the majority of our recommendations already implemented and the balance in train. As a result we have raised our opinion level in this area to **Reasonable**. We will continue our follow up work in respect of recruitment during 2026/27 and report on our findings in due course.

Corporate Risk Management

12.17 The most recent update to the Council's Audit Committee on the Corporate Risk Register was reported in March 2025. There has been oversight by the Executive Team and Management Board, as risk management is a key component of effective governance within any organisation. The Council will look to strengthen its approach by reintroducing regular monitoring and oversight of corporate-level risks to the appropriate committee, alongside timely action to manage and mitigate these where appropriate.

Partnership Governance

12.18 Oldham Total Care was acquired by Oldham Council following the previous provider, formerly known as Chadderton Total Care, entering administration. This created a significant risk to continuity of care and putting approximately 100 residents, many with complex needs, at risk, as well as engendering uncertainty for around 200 staff.

12.19 Our review of the governance and financial administration arrangements at Oldham Total Care identified a number of areas where structures, systems and processes would benefit from further strengthening to fully support the effective governance of the organisation. While this work is still ongoing since the Council acquired the business, the current level of assurance is assessed as **Weak**, with improvements required across a number of the areas identified. However, these findings also provide a clear basis for continued development and enhancement of governance arrangements going forward which will be required to be addressed.

Conclusion and Annual Audit Opinion

12.20 Following on from the Limited assurance opinion received by the Council for the financial year 2024/25, senior leaders and Members have focussed substantial management and oversight resources to ensure that progress against the areas highlighted in the 2024/25 AGS.

12.21 Significant progress has been reported by Services across the majority of areas highlighted in the Head of Internal Audit's Annual Report and Opinion for 2024/25. Which reflects the clear organisational commitment to strengthening governance, risk management and internal control arrangements.

However:

- Some of these improvements and progress has been realised towards the latter part of the 2025/26 financial year, and some remains ongoing into 2026/27. Benefits of these improvements in terms of outcomes are expected to become fully embedded and evident during 2026/27 and future years.
- Independent validation of service reported progress has been undertaken where possible. In some areas full assurance is still being established, mainly as a result of the timing of the implementation of the audit recommendations during the latter part of the year.
- A number of services are continuing to develop with further progress linked to enabling improvements, including those associated with further work in connection with the development of ICT.

12.22 As a result, the overall conclusion and Annual Audit Opinion is that the Council's systems of governance and internal control during 2025/26 continued to provide **Limited** assurance. However, there is a clear implementation plan in place and a positive trajectory of improvement and, should the current momentum be sustained throughout 2026/27, there is an expectation that assurance levels will improve in coming years.

12.23 There have been no impairments to the independence or objectivity of the Head of Internal Audit in arriving at this opinion.

13. Corporate Counter Fraud and Investigations

13.1 Corporate counter fraud work continued to contribute significant financial returns in excess of the costs of undertaking this work during 2025/26.

13.2 The tables below set out the key outcomes; with comparative data year on year data shown in Appendix 2:

Corporate Counter Fraud Results

Performance Indicator/Output Measure	2025/26
Corporate Cases - Positive Results	128
CTR cases amended as a result of an investigation	95
Fraud & Error Overpayments identified as part of Corporate Cases	£88,638
HB Fraud & Error Overpayments identified via CTR investigation	£45,615
CTR Fraud & Error Overpayments identified	£141,825
Total Financial Outcomes from Counter Fraud	**£276,078**

13.3 The table below shows the breakdown by category of the corporate counter fraud cases which yielded positive results during the year, with the actual number of investigations undertaken to achieve these results being higher. In some categories below case numbers are shown as “Less than 5” in order to mitigate against Data Protection concerns that an individual could be identified where the number of cases is small.

Corporate Cases	No. of cases	£
NFI - Single Person Discount	50	£19,931.61
Fraudulent Credit Card Payments - Council Tax	Less than 5	£700.00
NFI - Blue Badge	52	£0.00
NFI - Duplicate Payments	14	£43,329.62
Direct Payment Misuse	Less than 5	£210.00
Staff - Abuse of Position	Less than 5	£5,466.63
NFI - Residential Nursing Homes	Less than 5	£18,999.90
Schools Admission	Less than 5	£0.00
Total	**128**	**£88,637.76**

13.4 The Council’s Counter Fraud Service continues to support the Internal Audit Service and, in addition to the reactive counter fraud investigation work summarised above, has also undertaken a proactive fraud focussed review of Disciplinary Procedures, and of Expenses and Travel and Subsistence, and provided support to the Council’s Monitoring Officer in benchmarking Standards Complaints across GM.

14 Internal Audit and Counter Fraud Service effectiveness

14.1 Between 1st April 2013 and 31st March 2025 Internal Audit and Counter Fraud performance was self-assessed annually in line with the requirements of the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN).

14.2 The PSIAS also required an independent External Quality Assessment (EQA) of compliance against the standards every 5 years. Oldham's second, and latest, review was conducted in 2023 by CIPFA. From 1st April 2025 the work of Internal Audit at Oldham Council is governed by the **Global Internal Audit Standards (GIAS) 2024 and UK Local Government Application Note (LGAN) 2024**. These replace the PSIAS and LGAN, and an independent EQA against the updated GIAS standards is also required every 5 years.

14.3 Under our latest PSIAS assessment in 2023, three overall opinions were available to the assessor. That the Service either:

- Generally Conforms to the Standard.
- Partially Conforms to the Standard.
- Does not Conform to the Standard.

14.4 The overall opinion of the latest external assessment of the Internal Audit Service at Oldham, by CIPFA, is reproduced below:

It is our opinion that the self-assessment for Oldham Metropolitan Borough Council's Internal Audit Service is accurate, and we therefore conclude that the Internal Audit Service GENERALLY CONFORMS to the requirements of the Public Sector Internal Audit Standards and the CIPFA Local Government Application Note.

14.5 In addition, the assessor also provided an opinion of the level of conformance with the PSIAS and LGAN in each of the areas assessed. The table below shows the Internal Audit Service's level of conformance to the individual standards as assessed during this most recent external quality assessment:

Standard / Area Assessed	Level of Conformance
Mission Statement	Generally Conforms
Core principles	Generally Conforms
Code of ethics	Generally Conforms
Attribute standard 1000 – Purpose, Authority and Responsibility	Generally Conforms
Attribute standard 1100 – Independence and Objectivity	Generally Conforms
Attribute standard 1200 – Proficiency and Due Professional Care	Generally Conforms
Attribute standard 1300 – Quality Assurance and Improvement Programmes	Generally Conforms
Performance standard 2000 – Managing the Internal Audit Activity	Generally Conforms

Standard / Area Assessed	Level of Conformance
Performance standard 2100 – Nature of Work	**Generally Conforms**
Performance standard 2200 – Engagement Planning	**Generally Conforms**
Performance standard 2300 – Performing the Engagement	**Generally Conforms**
Performance standard 2400 – Communicating Results	**Generally Conforms**
Performance standard 2500 – Monitoring Progress	**Generally Conforms**
Performance standard 2600 – Communicating the Acceptance of Risk	**Generally Conforms**

14.6 The assessor went on to say that there are no areas where Oldham's Audit Service partially conforms with the standard, and no areas where the Audit Service does not conform with the standard.

14.7 In addition, progress against CIPFA's single low priority recommendation and eight further "advisory points" contained in their latest report is shown below:

Recommendation	Agreed Action
All audits in the audit plan should be aligned to the Council's objectives. (Low Priority) The Service publishes a risk-based operational audit plan that is designed to provide the Council with relevant assurance on their governance, risk management and control frameworks. Each audit in the published audit plan is categorised and prioritised, but they are not mapped or aligned to the Council's priorities or corporate objectives, or the strategic risks, although this exercise has been carried out by the Service as part of their annual planning process. Cross referencing the audits in the published plan to the priorities and strategic risks would enhance transparency and demonstrate how Internal Audit fits into the Council's governance framework.	**COMPLETE** Cross referencing of the published Annual Audit Plan to Corporate Objectives and Strategic Risks included the 2025/26 annual audit plan taken to the Audit Committee March 2025.
Advisory Points	**Agreed Action**

Add a statement on impairments to the annual report and opinion (Advisory)	**COMPLETE** The following sentence has been added to the Head of Internal Audit's Annual Opinion Report and presented to the Audit Committee on 22nd July 2026. "There have been no impairments to the independence or objectivity of the HIA in arriving at this opinion."
Consider obtaining and using a specialist data analytics software application (Advisory)	**COMPLETE** The Service already uses a variety of data analysis and reporting tools. These include MS Excel and also the inbuilt functionality available in the systems used by the Council, e.g. Mosaic, Agresso and iTrent. Whole population testing is undertaken using both Mosaic (e.g. workflow analysis) and Agresso (e.g. user access control testing). Data matching is undertaken regularly as part of the National Fraud Initiative and also as part of routine audit work, e.g. duplicate creditors and duplicate creditor payments. The Service accepts the principle of the advisory point and will continue to review the packages available to enhance capabilities in this area.
Consider using the MS Power BI application for data analytics and reporting (Advisory)	**COMPLETE** The Service already uses a variety of data analysis and reporting tools. These include MS Excel and also the inbuilt functionality available in the systems used by the Council, e.g. Mosaic, Agresso and iTrent. Whole population testing is undertaken using both Mosaic (e.g. workflow analysis) and Agresso (e.g. user access control testing). Data matching is undertaken regularly as part of the National Fraud Initiative and also as part of routine audit work, e.g. duplicate creditors and duplicate creditor payments. The Service accepts the principle of the advisory point and will continue to review the potential uses of MS Power BI to enhance the audit process.
Use of benchmarking data when scoping audits (Advisory)	**COMPLETE**

	Benchmarking data continues to be utilised across all audit review areas where available to inform planning and provide audit evidence, e.g. percentage of annual Adult Social Care reviews undertaken across Greater Manchester.
Adopt a consistent approach to using Pentana that is aligned to the Service's audit methodologies (Advisory)	**COMPLETE** The Audit Team has established a consistent approach to the filing of documentation within Pentana.
Enhancements to the audit reports (Advisory)	**COMPLETE** The following two statements are included in all Audit reports produced from April 2025: "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." "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."
Consultation on the International Professional Practice Framework (IPPF) (Advisory)	**COMPLETE** From 1st April 2025 the work of Internal Audit at Oldham Council is governed by the **Global Internal Audit Standards 2024 and UK Local Government Application Note 2024**. These replace the 2013 Public Sector Internal Audit Standards (Revised 2017) and Local Government Application Note.
Frequency of meetings for the Audit Committee (Advisory)	**COMPLETE**

	The number of planned meetings of the Audit Committee was 4 for 2025/26, with an additional meeting convened to consider the Council's Draft Financial Statements.

2025/26 Self-Assessment of the Effectiveness of the system of Internal Audit

14.8 From 1st April 2025 the work of Internal Audit at Oldham Council is governed by the **Global Internal Audit Standards 2024 and UK Local Government Application Note 2024**. These replace the 2013 Public Sector Internal Audit Standards (Revised 2017) and Local Government Application Note.

14.9 The Global Internal Audit Standards 2024 comprise a definition of the purpose of Internal Audit and a set of required Standards. The Standards are organised into five domains:

- Domain I: Purpose of Internal Auditing.
- Domain II: Ethics and Professionalism.
- Domain III: Governing the Internal Audit Function.
- Domain IV: Managing the Internal Audit Function.
- Domain V: Performing Internal Audit Services.

14.10 The Standards cover all aspects of best practice in Internal Audit in **governing, planning, performing, monitoring and reporting**, and are mandatory for all internal auditors working in the UK public sector. Conformance with the Standards is conformance with best practice in Internal Audit.

14.11 In preparation for the introduction of the new Standards in April 2025, a self-assessment of the Internal Audit Service against the new GIAS 2024 Standards took place during 2024/25, and again in 2025/26 following their introduction.

14.12 The outcome of this most recent self-assessment is that the Service has continued to fully conform to the Requirements of the GIAS and LGAN during 2025/26.

14.13 The actions identified during the 2024/25 assessment which were required to maintain the Internal Audit Service in full conformance with the updated Standards are shown in the Supporting Initiatives Section below and, by way of the three supporting actions identified as a result of self-assessment during 2024/25 i.e.; updating the Internal Audit Strategy (set out here below and reported to Audit Committee in March 2025); updating the declarations of conformance on all Audit Reports from April 2025 onwards, and; inclusion of the GIAS 2024 Skills Competency Framework assessment for all Internal Audit staff as part of the Council's own ongoing annual performance appraisal process. All actions required are either complete (Audit Strategy and Declaration of Conformance) or ongoing (Skills Competency Framework as part of annual "Let's Talk" discussions).

<u>Internal Audit Strategy</u>

Vision

14.14 The Vision for the Internal Audit Service is to continue to strengthen Oldham Council's ability to create, protect, and sustain value by providing the Audit Committee and management with independent, risk-based, and objective assurance, advice, insight, and foresight. The internal audit function will continue to work to enhance Oldham Council's:

- Successful achievement of its objectives.

- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

Strategic Objectives

14.15 We will achieve this by:

- Continuing to plan our work in line with corporate objectives, corporate and departmental risks, issues identified in the Council's Annual Governance Statement, and senior officer requirements.
- Annually assessing and reporting on our conformance with the GAIS and LGAN 2024, and continuing our ongoing Quality Assurance and Improvement Plan (QAIP) process to address any non-conformance identified.
- By undertaking independent external assessment every 5 years to provide independent assurance on the effectiveness of the Internal Audit function in line with both the Council and Internal Audit Service objectives. The next independent assessment will be undertaken in 2028, and the results reported to senior management and the Audit Committee.

Supporting Initiatives (QAIP)

14.16 To aid in the achievement of these objectives we will:

- Update the Audit Charter and Strategy in line with updated requirements of the GIAS and LGAN 2024 (Completed March 2025).
- Update Internal Audit Report declarations of conformance with the GAIS and LGAN 2024 (Completed April 2025).
- Include the GIAS 2024 Skills Competency Framework assessment for all Internal Audit staff as part of the Council's own ongoing annual performance appraisal process, the "Let's Talk" discussion; identify staff training and development requirements against the framework, and develop action plans to address any areas of deficiency identified (ongoing from March 2025, updated Professional Ethics training conducted June 2025 with all staff in line with updated GIAS requirements).

Summary of Internal Audit and Counter Fraud Performance

14.17 In summary, during 2025/26.

- Twenty-eight audit reports were issued during the year, including two specialist IT Audit reports completed by Salford Computer Audit Service. One grant assurance review was also undertaken.
- The 2025/26 FFS reviews were again completed to support the year end assurance process.
- Customer feedback obtained for 2025/26, whilst limited, indicates that the team is well regarded and provides a professional service.
- Continued liaison between the Internal Audit and the Counter Fraud teams to capture process and control improvements required to improve internal control and minimise fraud; and further development of the annual audit plan for 2025/26 included pro-active fraud focussed reviews in addition to the traditional reactive/investigatory approach.

- As part of 2025/26 developments, further staff training in a range of governance and technical areas took place. This commenced in June 2025 with the entire Internal Audit and Counter Fraud Teams participating in a training event provided by CIPFA covering professional ethics in response to the updated definitions contained in the GIAS 2024.

15 2024/25 Audit and Counter Fraud Performance Targets

15.1 In 2024/25, Internal Audit continued to work with the Council's External Auditors and senior managers to maintain and further develop its quality of service by delivering the agreed performance targets as shown in the table below:

2024/25 Performance Target	Outcome
Completion of the annual FFS reviews identified through the audit needs assessment in support of the S151 Officer and the timely delivery of the Council's annual financial statements.	**Complete.** See summary of FFS review outcomes at Section 6.1 in this report.
Undertaking risk-based audit reviews across the Authority in line with areas highlighted by the Council's risk management processes, the AGS, Corporate and Recovery plans, upcoming developments/horizon scanning and liaison with Senior Officers.	**Complete.** See summary of work completed and ongoing as reported in the regular Internal Audit Progress Reports to the Audit Committee. The Annual Audit Plan 2025/26 highlights clear linkages between the work of the Service and the Council's Corporate Objectives, and the plan is constructed following liaison with Senior Officers as detailed below. The linkages between audit work, audit opinions and the Council's Annual Governance Statement are also discussed elsewhere in this report.
The development of the new Audit Management System in order to ensure reviews are carried out efficiently and properly recorded.	**Complete.** Pentana Audit Management system provides a single point of storage and Quality Assurance functionality for the service.
Reviewing organisational risks and priorities with the Director of Finance and senior managers within Directorates.	**Complete** Planning meetings for 2026/27 planning cycle were held with: • Chief Executive • Deputy Chief Executive (People).

	- Deputy Chief Executive (Place) - Executive Director of Resources. - Director of Legal Services. - MioCare - Associate Director Quality, Performance and Compliance.
Implementing further improvements in the process to capture customer service feedback through the new Audit Management System.	**Ongoing** Issuing of customer feedback questionnaires has continued. Responses are positive but remain limited in number. Actions to take forward to 2026/27: - Undertake further awareness raising and promotion among senior officers. - Add to the agenda items to cover in close out meetings with clients. - Review style and content of feedback form.
Further staff development and training in areas beyond fundamental systems reviews.	**Complete.** Audit staff have undertaken a variety of training courses during 2025/26, including an introduction to Internal Audit and report writing courses. One member of staff has commenced an AAT Apprenticeship, and we are currently hosting a graduate CIPFA trainee within the team. Further training for all staff included a session provided by CIPFA on Professional Ethics.
Continued close liaison with the Counter Fraud team to improve internal control around, and minimise, fraud.	**Complete.** The Counter Fraud team continues to support the work of the Internal Audit Team where required. The Fighting Fraud and Corruption Locally (FFCL) checklist and subsequent Action Plan reported to the Audit Committee in October 2025 identified areas for further pro-active audit review work with an anti-fraud and corruption focus.
Provide Internal Control and Counter Fraud training as required to staff across the Council.	**Complete/Ongoing.** The Internal Audit and Counter Fraud team continues to provide advice, guidance and training as required in all areas examined.

	Audit recommendations and guidance are issued in all audit reports as required, and both Audit and Counter Fraud staff have, and continue to be, active in providing advice and guidance in respect of emerging requirements and proposed system changes. The Fighting Fraud and Corruption Locally (FFCL) checklist and subsequent Action Plan reported to the Audit Committee in October 2025 identified improvements to Council wide communications on anti-fraud and corruption policies, guidance, and training. Counter Fraud awareness training was provided during 2025/26 to HR and Payroll staff in connection with communication and recording of cases of internal staff fraud following our report on Recruitment and Discipline issued in 2024/25.

15.2 Given that the above performance targets remain relevant, and linked to the requirements of the Global Internal Audit Standards the targets will be rolled forward into 2026/27. Performance targets will be re-assessed each year to ensure they remain relevant to the both the work of the Service, and to the needs of the Council as a whole.

Appendix 2

Counter Fraud Team
Comparative Performance Data 2021/22 to 2025/26

Output Measure	Outcome				
	2021/22	2022/23	2023/24	2024/25	2025/26
Corporate Cases - Positive Results	114	114	99	165	128
CTR cases amended as a result of an investigation	74	62	88	99	95
Fraud & Error Overpayments identified as part of Corporate Cases (£)	£78,052	£153,096	£30,235	£105,524	£88,638
HB Fraud & Error Overpayments identified as part of a CTR investigation (£)	£210,978	£95,016	£135,175	£156,181	£45,615
CTR Fraud & Error Overpayments identified (£)	£119,448	£63,948	£132,309	£187,081	£141,825
Total Financial Outcomes from Counter Fraud	**£408,478**	**£312,060**	**£297,720**	**£448,786**	**£276,078**

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Report to Audit Committee

Q4 2025/26 & Q1 2026/27 Internal Audit and Counter Fraud Progress Report

Portfolio Holder: To be confirmed

Officer Contact: John Miller – Head of Audit & Counter Fraud

Report Author: John Miller – Head of Audit & Counter Fraud

22 July 2026

~~Reason for Decision~~

The Audit Committee's Terms of Reference state that:

4.4.2 The Audit Committee shall:
a) be responsible for oversight of the Council's Internal Audit arrangements and will;
(ii) review summary findings and the main issues arising from internal audit reports and seek assurance that management action has been taken where necessary;

This report provides Members with a high-level progress report on the work of the Internal Audit and Counter Fraud team for Q4 of the 2025/26 financial year and Q1 of 2026/27. Which, alongside the Head of Audit and Counter Fraud's Annual Report and Opinion for the year 2025/26, assists the Committee in discharging its responsibilities as set out in the Audit Committee's Terms of Reference, which form part of the Council's Constitution.

Executive Summary

Audit and Counter Fraud Team activity during Q4 2025/26 and Q1 2026/27 included:

- Twenty-four audit opinion reports and one advisory note were issued during Q4 2025/26 and Q1 2026/27.
- Corporate Counter Fraud activities have identified £313,328.90 of fraud, errors and overpayments in Q4 2025/26 and Q1 2026/27.

Recommendation

Members are requested to consider the 2025/26 Q4 & 20256/27 Q1 Audit and Counter Fraud Progress Report.

2025/26 Q4 & 2026/27 Q1 Internal Audit and Counter Fraud Progress Report

1. **Background**

1.1 This report summarises the work of the Audit and Counter Fraud Team between 1 January 2026 and 14 July 2026.

1.2 The main content of the report is structured as follows:

- Section 2: Q4 2025/26 and Q1 2026/27 Audit and Counter Fraud Service: Progress Update.
- Section 3: Corporate Counter Fraud.

2. 2025/26 Audit and Counter Fraud Service: Progress Update

2.1 Priorities for the 2025/26 and 2026/27 Audit and Counter Fraud Plans include:

- Fundamental Financial Systems (FFS) reviews to provide assurance in support of the Authority's Annual Financial Statements.
- Audits which are considered high priority and included in the Annual Internal Audit Plan.
- Counter Fraud work to prevent and detect fraud, theft and corruption.
- Investigations of both internal and external fraud.
- Support in connection with postal votes for local, regional, and parliamentary elections.

Progress against these priorities is summarised below:

2025/26 Fundamental Financial Systems (FFS) reports

2.2 The outcomes of the 2025/26 FFS reviews are shown in Appendix 1 and discussed in further depth in the 2025/26 Annual Audit Opinion Report elsewhere on this agenda.

Other work completed

2.3 Eleven further opinion reports were issued during Q4 2025/26 and Q1 2026/27:

- Home to School Transport – Follow up
- Security Incident Detection and Response
- Oldham Total Care
- Fostering Service
- Delegated Decision Recording - follow up
- Disciplinary Procedures – Follow up
- Expenses Travel and Subsistence
- Candidate Nomination Process Review
- Postal Vote Signature Verification Process
- 2025/26 – Miocare Financial Systems
- Annual Governance Statement Compilation

The outcomes of all reports issued are shown at Appendix 1.

Other Work Undertaken

2.4 The team has also supported both the Director of Finance and other colleagues within the Finance Service, and in other service areas, with ad hoc requests for support and assistance throughout the period as required.

2.5 The Head of Audit and Counter Fraud continues to support the Committee, with a number of reports produced for review and consideration at this meeting.

3 Corporate Counter Fraud

3.1 The Corporate Counter Fraud Team continues to perform well. Appendix 2 sets out the key outcomes from the work conducted.

3.2 Highlights include the identification of the following outcomes:

Performance Indicator/Output Measure	2025/26 (Q4)	2026/27 (Q1)
No. of Corporate Cases - Positive Results	28	31
No. of CTR cases amended as a result of an investigation	32	24
Corporate cases Fraud, Error & Overpayments	£26,355.43	£15,040.79
HB Fraud, Error &Overpayments from CTR investigations	£31,058.71	£111,146.99
CTR Fraud, Error & Overpayments identified	£35,567.34	£94,159.64
Total Financial Outcomes from Counter Fraud	**£92,981.48**	**£220,347.42**

3.3 The latest bi-annual National Fraud Initiative (NFI) commenced in Quarter 3 of 2024/25. The Counter Fraud team co-ordinated the collation and submission of multiple datasets to the Cabinet Office, carrying out all necessary data quality checks in preparation for nationwide data matching.

3.4 Results from this NFI cycle are included in the outcomes reported at Appendix 2 Further outcomes from the exercise will be monitored and reported to Members through future committee updates.

4 Options/Alternatives

4.1 The Audit Committee can either:

a) choose to accept and note the progress achieved and performance by the Audit and Counter Fraud Team; or,

b) decline to accept and note the progress achieved and performance by the Audit and Counter Fraud Team and suggest an alternative approach.

5 Preferred Option

5.1 The preferred option is that the Audit Committee accepts and notes the progress achieved and performance by the Audit and Counter Fraud Team.

6 Consultation

6.1 N/A.

7 Financial Implications

7.1 N/A.

8 **Legal Services Comments**

8.1 N/A.

9 **Co-operative Agenda**

9.1 N/A.

10 **Human Resources Comments**

10.1 N/A.

11 **Risk Assessments**

11.1 The 2025/26 Audit and Counter Fraud Plan was prepared, reviewed, and updated using a risk-based approach. The Terms of Reference for each agreed project are also determined using a risk-based methodology. (John Miller)

12 **IT Implications**

12.1 N/A.

13 **Property Implications**

13.1 N/A.

14 **Procurement Implications**

14.1 N/A.

15 **Environmental and Health & Safety Implications**

15.1 N/A.

16 **Equity, Community Cohesion and Crime Implication**

16.1 N/A.

17 **Equality Impact Assessment Completed**

17.1 No.

18 **Forward Plan Reference**

18.1 N/A.

19 **Key Decision**

19.1 No.

20 **Background Papers**

20.1 The following is a list of 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 the Act

File Ref: Background papers are included as Appendices 1 & 2
Officer Name: John Miller
Contact: john.miller@oldham.gov.uk

21 Appendices

21.1 The following Appendices are available to support this Report:

- **Appendix 1:** Summary of Audit Reports & Outcomes – 1 April 2025 to 14 July 2026
- **Appendix 2:** Counter Fraud Results – 1 April 2025 to 30 June 2026

Appendix 1

Audit and Counter Fraud 2025/26 and Q1 2026/27 - Summary of Audit Reports/Outcomes - 1 April 2025 to 14 July 2026

Report Ref	Directorate	Audit Review/Counter Fraud Report	Output	Quarter	Opinion
	2025/26				
1	Corporate Resources	2024/25 FFS – Accounts Receivable	Report	Q1	Reasonable
2	Corporate Resources	2024/25 FFS – Accounts Payable	Report	Q1	Reasonable
3	People	2024/25 FFS – Direct Payments	Report	Q1	Limited
4	People	2024/25 FFS – Residential Care	Report	Q1	Limited
5	Corporate Resources	2024/25 FFS – Debt Recovery	Report	Q1	Limited
6	Place	Housing Options	Report	Q1	Reasonable
7	People	St. Agnes C of E Primary School	Report	Q1	Reasonable
8	Corporate Resources	IT Supplier Management	Report	Q1	Limited
9	Corporate Resources	Cloud Service Management	Report	Q1	Limited
10	Corporate Resources	2024/25 FFS – Fixed Assets	Report	Q1	Reasonable
11	Corporate Resources	2024/25 FFS – Treasury Management	Report	Q1	Reasonable
12	People	Corporate Performance Management,	Report	Q1	Limited
13	Corporate Resources	Overtime Review	Report	Q1	Limited
14	People	Children's to Adults Social Care Transitions	Report	Q1	Limited
15	Corporate Resources	Procurement Act 2023	Report	Q1	Reasonable
16	Corporate Resources	2024/25 FFS – Income Control	Report	Q1	Reasonable
17	People	Whitegate End Primary School	Report	Q1	Reasonable
18	Corporate Resources	IT Physical Security & Environmental Controls	Report	Q1	Limited
19	Place	Housing Options Service	Report	Q2	Reasonable
20	People	SEND Mainstream Placements	Report	Q2	Reasonable
21	Place	Street Lighting – Follow up	Report	Q2	Reasonable
22	Place	Energy Management – Follow up	Report	Q2	Reasonable
23	People	St Theresa's RC Primary School – Follow up	Report	Q2	Reasonable
24	People	Children's Services Complaints	Report	Q2	Limited

25	Corporate Resources	Payment Card Industry Data Security Standards	Report	Q2	Limited
26	People	Arts Council Grant - Northmoor Library	Grant Assurance	Q3	Assurance
27	People	Supported Living	Report	Q3	Limited
28	People	Home to School Transport – Follow up	Report	Q4	Limited
29	Corporate Resources	Security Incident Detection and Response	Report	Q4	Reasonable
	2026/27				
1	People	Oldham Total Care	Report	Q1	Weak
2	Corporate Resources	2025/26 FFS – NNDR	Report	Q1	Reasonable
3	Corporate Resources	2025/26 FFS - Council Tax	Report	Q1	Reasonable
4	People	Fostering	Report	Q1	Limited
5	Corporate Resources	2025/26 FFS - Debt Recovery	Report	Q1	Limited
6	Corporate Resources	2025/26 FFS – Treasury	Report	Q1	Reasonable
7	Corporate Resources	2025/26 FFS - Bank Reconciliations	Report	Q1	Reasonable
8	Corporate Resources	2025/26 FFS – Accounts Receivable	Report	Q1	Reasonable
9	Corporate Resources	2025/26 FFS – Accounts Payable	Report	Q1	Reasonable
10	Corporate Resources	Delegated Decision Recording - follow up	Report	Q1	Reasonable
11	People	2025/26 FFS - Residential Home Payments	Report	Q1	Reasonable
12	People	2025/26 FFS - Direct Payments & Homecare	Report	Q1	Reasonable
13	Corporate Resources	2025/26 FFS - ASC Client Finance	Report	Q1	Reasonable
14	Corporate Resources	Standards Advisory Note	Report	Q1	Advisory
15	Corporate Resources	Disciplinary Procedures – Follow up	Report	Q1	Reasonable
16	Corporate Resources	Expenses, Travel and Subsistence	Report	Q1	Limited
17	Corporate Resources	Candidate Nomination Process Review	Report	Q1	Reasonable
18	Corporate Resources	Postal Vote Signature Verification Process	Report	Q1	Reasonable
19	Corporate Resources	2025/26 FFS – Payroll	Report	Q1	Limited
20	People	2025/26 FFS - Children's Services	Report	Q1	Limited
21	People	2025/26 – Miocare Financial Systems	Report	Q1	Reasonable
22	Corporate Resources	Annual Governance Statement Compilation	Report	Q1	Reasonable
23	Corporate Resources	2025/26 FFS - Fixed Assets	Report	Q1	Reasonable

Key:

Opinion	Description
Advisory	The work in this area is either not audit work in nature, such as provision of advice and consultancy, and/or is undertaken on behalf of third parties.
Assurance	The work in this area has been undertaken in order to provide assurance that, e.g. funding has been spent as intended and/or procedures and controls have operated effectively
Weak/No assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited
Inadequate/Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited
Adequate/Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Good/Substantial	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

Appendix 2

Audit and Counter Fraud Q4 2025/26 & Q1 2026/27

Counter Fraud Results 1 April 2025 to 30 June 2026

Counter Fraud Team 2025/2026	25/26 Quarter 1	25/26 Quarter 2	25/26 Quarter 3	25/26 Quarter 4	25/26 Total	26/27 Quarter 1
Corporate Cases - Positive Results	65	14	21	28	**128**	31
Fraud and Error Overpayments identified as part of Corporate Cases (£)	£7,296.39	£43,329.62	£11,656.32	£26,355.43	**£88,637.76**	£15,040.79
CTR cases amended as a result of an investigation	18	22	23	32	**95**	24
HB Fraud and Error Overpayments identified as part of a CTR investigation (£)	£117.26	£8,369.70	£6,069.80	£31,058.71	**£45,615.47**	£111,146.99
CTR Fraud and Error Overpayments identified (£)	£25,883.94	£42,885.96	£37,487.64	£35,567.34	**£141,824.88**	£94,159.64
Financial Outcomes	**£33,297.59**	**£94,585.28**	**£55,213.76**	**£92,981.48**	**£276,078.11**	**£220,347.42**

Report to Audit Committee

Progress update on Audit Opinion Reports contributing to the 2024/25 Limited Assurance Annual Audit Opinion

Portfolio Holder: To be confirmed

Officer Contact: John Miller – Head of Audit & Counter Fraud

Report Author: John Miller – Head of Audit & Counter Fraud

22 July 2026

Reason for Decision

The Audit Committee's Terms of Reference state that:

4.4.2 The Audit Committee shall:
a) be responsible for oversight of the Council's Internal Audit arrangements and will;
(ii) review summary findings and the main issues arising from internal audit reports and seek assurance that management action has been taken where necessary;

This report provides Members with an update on progress against the action plans and recommendations contained within those audit opinion reports contributing towards the 2024/25 annual audit opinion of Limited Assurance. This report, in combination with:

- Progress reports on Internal Audit progress.
- The Head of Audit and Counter Fraud's Annual Report and Opinion for the year 2024/25.

Assists the Committee in discharging its responsibilities as set out in the Audit Committee's Terms of Reference, which form part of the Council's Constitution.

Executive Summary

At the Audit Committee meeting of 23rd July 2025, Members were presented with the Head of Audit and Counter Fraud's Annual Report and Opinion for 2024/25. This report made reference to a number of individual audit reports for that year which, in combination, contributed towards the overall Annual Audit Opinion that the systems of Governance and Internal Control in place during 2024/25 provided Limited Assurance to the Council that they were effective in assisting the Authority to achieve its organisational goals and objectives.

The attached appendices are provided to update Members on progress against the action plans and recommendations arising from these reports. The appendices have been edited to remove the following in line with Data Protection and Confidentiality requirements in order to protect the Council, it's staff, partners, contractors and clients from potential harm.

- Personal details of staff graded below Head of Service level.
- Personal details of clients and service users which may be used to identify them in contravention of the requirements of the Data Protection Act.
- Details relating to contractual arrangements with the Council's partners and providers.

Removal of these details does not affect the findings or recommendations contained in the attached appendices, and these are reproduced in full.

The IT related appendix is included in the private part of the agenda due to the risk presented by dissemination of the information in connection with the weaknesses in internal control identified within these reports which could be used to enable more effective fraud, theft, or other forms of harm or disruption to the Council, its staff, its partners, contractors or service users.

The attached as appendices are:

Appendix 1a - Summary of progress on audit report recommendations
Appendix 1b (RESTRICTED) – Summary of progress on IT audit report recommendations

Since our previous progress report to this committee in March 2026, the Internal Audit Service has completed follow up work in a number of areas. Some of our follow up work has resulted in improved (Reasonable) audit opinions in connection with Adult Social Care Residential and Home care reports, Delegated Decision Reporting, and the Disciplinary aspects of the Recruitment and Discipline review. Where we have concluded that governance and internal control has improved in these areas to a Reasonable standard, we have removed these reports from the attached updates.

Where we have re-visited the areas contained in our previous update and found that assurance remains Limited, these reports on Payroll, Debt Recovery and Children's Services are reproduced in full elsewhere on this agenda.

Where we have not yet conducted our follow up work on Corporate Performance management, the Council's Contracts Register and the Recruitment aspects of our

Recruitment and Discipline review, and IT related reviews, progress reports by the Services concerned remain attached.

Of the 42 recommendations contained in the attached appendices:

- 34 recommendations are self-reported by Management as complete.
- 8 recommendations are self-reported by Management as in progress.

Recommendation

Members are requested to consider the action plans reproduced in the attached appendices.

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Appendix 1a
Summary of progress on audit report recommendations

Resources Directorate

Resources - Contracts Register Review					
No.	Recommendation	Priority	Original Implementation Date	Revised Implementation Date	Progress update July 2026
1	Contract Management Policy A Contract Management Policy and associated standards and guidance toolkit should be developed to ensure that all contracts are managed in a consistent and compliant manner. This should be available to all contract managers.	High	30 April 2024 March 2026 June 2026	October 2026	A new Head of Procurement took up position towards the end of January 2026. In addition to picking up day-to-day BAU responsibilities he has picked up momentum with regards to reviewing the target operating model of the service, updating of processes post implementation of the Procurement Act and improving the links and working relationships with all Departmental stakeholders. An equally high priority to date and moving forward has been the seeking out of evidence against the reported position of previous audit recommendations. With regards contract management, it is understood that the drafting of Contract Management Policy and procedures commenced in 2025. These require a status review, if they are in existence, followed by completion, sign-off and roll out. It should be noted that the Procurement function is not responsible for contract management following contract mobilisation. It must however take responsibility for providing contract managers with the tools and guidance in advance of contractual go-live dates. The Procurement function in addition, as per recommendation 3 should take responsibility for inducting / training Departmental “contract managers” either directly or via a

Appendix 1a
Summary of progress on audit report recommendations

Resources - Contracts Register Review					
No.	Recommendation	Priority	Original Implementation Date	Revised Implementation Date	Progress update July 2026
					combination of both direct training and a third party. The third party may include a software element to support contract management KPI tracking and activity / reporting. The role of Head of Procurement is now Assistant Director, Procurement, Contract Management and Social Value. The post holder will commence mapping for contract management across the Council prior to further actions related contract management in this audit report
2	ProContract- Delegated Decisions and Approvals It is recommended that a review of the ProContract monitoring facility is conducted to ensure that each contract that requires a delegated decision or approval has the necessary report added to the attachments.	High	30 April 2024	Complete	Complete The original 'Pre-Procurement Approval Form (PPAF)' has been replaced by the 'non-complex procurement sourcing strategy' document for procurements >£30k.
3	Contract Management Training The Procurement Team, in conjunction with Organisational Development should source, either via eLearning or in-house, comprehensive training courses developed for all contract managers to provide assurance of competence in contract management roles.	Medium	30 April 2024 March 2026 June 2026	November 2026	See Recommendation 1

Appendix 1a
Summary of progress on audit report recommendations

Resources - Contracts Register Review					
No.	Recommendation	Priority	Original Implementation Date	Revised Implementation Date	Progress update July 2026
4	Measuring Performance It is recommended that the Procurement Team review the utility of ProContract with a view to implementing robust contract management processes. These processes will enable the team to consistently measure performance and value for money in line with the Council's objectives and savings targets.	Medium	30 April 2024 March 2026 Junes 2026	October 2026	Partially complete (Pro-Contract functionality option was reviewed and considered to be unsuitable) Alternative contract management software options are to be explored and implemented by October 2026 as described above in Recommendation 1
5	Customer Feedback Customer Feedback from suppliers, key stakeholders and colleagues should be recorded in order to help assess the financial and operational performance of contracts.	Medium	30 April 2024 March 2026	June 2026	This will be picked up as part of Recommendation 1.
6	Contracts missing from the Register A data matching exercise should be conducted between the contracts register and data held by legal and directorates to ensure that all contracts are recorded on the register.	High	30 April 2024	March 2026	Complete
7	Resource Planning	Medium	30 April 2024	Complete	Complete

Appendix 1a
Summary of progress on audit report recommendations

Resources - Contracts Register Review					
No.	Recommendation	Priority	Original Implementation Date	Revised Implementation Date	Progress update July 2026
	The Procurement Team should place less reliance on a master spreadsheet during the resource planning process and explore other, more robust, means of recording workflows, e.g., Pipeline.				
8	Contract Register Values The contracts register should be reviewed to ensure all data and relevant fields have been populated including contract value.	Medium	30 April 2024	March 2026	Complete
9	Data Management – Sharepoint Arrangements for the retention and storage of procurement documentation on SharePoint should be reviewed to ensure a standardised approach is adopted.	Medium	30 April 2024	March 2026	SharePoint site established, four procurement categories opened: • Adults and Children • Construction and Highways • Corporate and Environmental • ICT Data population required

Appendix 1a
Summary of progress on audit report recommendations

Resources - Recruitment					
No	Recommendation	Priority	Original Implementation Date	Revised Implementation Date	Progress update July 2026
1	The Payroll and HR Service should consult with the Head of Education Support Services and HR colleagues to agree a procedure for the collection and storage of a central record of statutory pre-employment checks, including DBS checks. (The recommendation has been duplicated in the 2024/25 Fundamental Financial Systems – Payroll Review)	High	June 2025	Complete	Complete. A new process has commenced from January 2026 where schools will send evidence of mandatory pre employment checks along with new starter forms. In addition all LAE schools have been asked to send in evidence of Single Central Record for audit. This is saved to electronic personal files to evidence compliance.
2	Strengthen the employee vetting process by ensuring that incomplete or ambiguous reference checks, such as "no comment" responses, are thoroughly reviewed and escalated for further investigation before proceeding with hiring decisions.	High	February 2025	Complete	This was discussed and addressed at the time of the audit.
3	Implement stricter protocols for reviewing DBS checks to ensure that all relevant information, including any criminal history, is made available to the recruiting Manager during the recruitment process. A formalised checklist should be created for vetting purposes with evidence provided to the recruiter prior to recruitment interviews.	High	March 2025	Complete	Complete but subject to continual review For roles requiring a DBS this information is on the application form and available to recruiting managers. DBS's are processed through CBS and if concerns are raised these are first raised with the individual and then with the manager.

Appendix 1a
Summary of progress on audit report recommendations

Resources - Corporate Performance Management					
No	Recommendation	Priority	Original Implementation Date	Revised Implementation Date	Progress update July 2026
1	Verification of KPI Data Submission of KPIs should be alongside supporting Data, or on a formal template providing assurance that data is accurate and complete, and confirming that the figures provided and reported to Scrutiny Boards are reliable. Services should retain a record of the information and sources utilised in compiling their KPIs. A statement should be included within the submission form for the service manager to confirm that data is true and accurate.	High	As of Q1 reporting of 2025/26 cycle	Complete	Update as at 23 June 2026 A rolling programme of engagement with Departmental Management Teams is now in place as an opportunity for services to scrutinise the data and confirm that the data is reliable. A comments section is available for service managers to confirm their data and provide any supporting narrative.
2	Business Plans A policy should be drafted to implement a formal monitoring process to ensure all services submit	High	Late 2025.	December 2026	Update as at 23 June 2026 Work is progressing in relation to the development of a corporate assurance portal so

Appendix 1a
Summary of progress on audit report recommendations

Resources - Corporate Performance Management					
No	Recommendation	Priority	Original Implementation Date	Revised Implementation Date	Progress update July 2026
	their business plans in line with established guidance and timelines. Non-compliance should be addressed through specific measures to support consistent performance management.				that services can submit business plans. This will mean that we can quickly identify where business are in place and where they may still be required, so that Executive Directors and Directors can take appropriate management action.
3	KPI Reporting A clear process of selecting which KPIs are reported to the Overview and Scrutiny Board should be drafted, ensuring that the narrative for KPIs is consistent and provides a clear picture of service performance that aligns with the Corporate Plan.	High	September 2025	December 2026	Update as at 23 June 2026 Work is progressing in relation to the development of a corporate assurance portal so that services can submit their performance information. Regular engagement sessions now take place with Directorates to keep the selection of KPIs under review.
4	Performance Reporting System A CorVu replacement should be sought out and implemented as soon as possible, to ensure that oversight of the Council's performance management function is robust and meets organisational needs.	High	September 2025	December 2026	Update as at 23 June 2026 Work is progressing in relation to the development of a corporate assurance portal so that services can submit their performance information. Engagement with Directorates is taking place with a showcase of the proposed

Appendix 1a
Summary of progress on audit report recommendations

Resources - Corporate Performance Management					
No	Recommendation	Priority	Original Implementation Date	Revised Implementation Date	Progress update July 2026
					system, so that feedback can be incorporated to meet organisational needs.
5	Performance Reporting Policy A policy should be drafted and communicated to managers in order to support services submitting KPIs in their service area.	High	September 2025	Complete	Update as at 23 June 2026 The current Corporate Performance Reporting guidance has been widely shared and communicated to managers.
6	Completeness of KPI Records All KPI data should be collated and reported ensuring that they are reported to scrutiny board. Unreported KPIs by the service should be escalated to senior management.	High	September 2025	Complete	Update as at 23 June 2026 The Performance Improvement Team has a regular cycle of engagement meetings with Directorates so that any unreported KPIs can be addressed by the Executive Director. This approach ensures greater compliance with performance reporting.

Report to Audit Committee

Q4 2024/25 & Q1 2025/26 Audit Opinion Reports with Weak and Limited assurance opinions

Portfolio Holder: To be confirmed

Officer Contact: John Miller – Head of Audit & Counter Fraud

Report Author: John Miller – Head of Audit & Counter Fraud

22 July 2026

Reason for Decision

The Audit Committee's Terms of Reference state that:

4.4.2 The Audit Committee shall:
a) be responsible for oversight of the Council's Internal Audit arrangements and will;
(ii) review summary findings and the main issues arising from internal audit reports and seek assurance that management action has been taken where necessary;

This report provides Members with details of those opinion reports with Weak or Limited assurance opinions issued in Q4 2024/25 and Q1 2025/26. This report, in combination with:

- Quarterly progress report on Internal Audit progress.
- The Head of Audit and Counter Fraud's Annual Report and Opinion for the year 2025/26.

Assists the Committee in discharging its responsibilities as set out in the Audit Committee's Terms of Reference, which form part of the Council's Constitution.

Executive Summary

At the Audit Committee meeting of 23rd March 2025, Members requested further details of those reports receiving Weak or Limited assurance opinions for further scrutiny by the Committee.

The reports reproduced in the attached appendices have been edited to remove the following in line with Data Protection and Confidentiality requirements in order to protect the Council, it's staff, partners, contractors and clients from potential harm.

- Personal details of staff graded below Head of Service level.
- Personal details of clients and service users which may be used to identify them in contravention of the requirements of the Data Protection Act.
- Details relating to contractual arrangements with the Council's partners and providers.

With the exception of the removal of personal details of staff graded below Head of Service, the details removed relate to examples cited in the body of the reports intended to illustrate and support the recommendations made to Service Departments.

Removal of these details does not affect the findings or recommendations contained in the attached reports, and these are reproduced in full.

The reports attached as appendices are:

Appendix 1 – Home to School Transport Review
Appendix 2 – Fostering Service Review
Appendix 3 – Oldham Total Care
Appendix 4 – Expenses, Travel and Subsistence Allowance Review
Appendix 5 - 2025/26 Debt Recovery FFS Review
Appendix 6 - 2025/26 Payroll FFS Review
Appendix 7 - 2025/26 Children's Social Care FFS Review

Recommendation

Members are requested to consider the Audit Reports reproduced in the attached appendices.

Appendix 1

Oldham Council
Internal Audit Function

Home to School Transport Service (SEND)

Audit Report

5th December 2025

Prepared by:

	Senior Auditor – Internal Audit

Reviewed by:

John Miller	Head of Internal Audit and Counter Fraud Manager

Issued to:

Julie Daniels	Strategic Director of Children's Services
Matt Bulmer	Director of Education, Skills and Early Years
Fiona Greenway	Executive Director of Corporate Resources
Lee Walsh	Director of Finance (S151)
Paula Green	Head of SEND and Inclusion

Home to School Transport Service

1 Background

1.1 Section 508A of the Education Act (1996) stipulates that local authorities must promote the use of sustainable travel and transport for all eligible children and young people of compulsory school age who travel to receive education in the local authority's area. There are five main elements to the duty which local authorities must undertake:

- an assessment of the travel and transport needs of children and young people within the authority's area;
- an audit of the sustainable travel and transport infrastructure within the authority's area that may be used when travelling to and from, or between schools / institutions;
- a strategy to develop the sustainable travel and transport infrastructure within the authority so that the travel and transport needs of children and young people are best catered for;
- the promotion of sustainable travel and transport modes on the journey to, from, and between schools and other institutions; and,
- the publication of Sustainable Modes of Travel Strategy.

1.2 The local authority must also make transport arrangements for all children who cannot reasonably be expected to walk to school because of their mobility problems or because of associated health and safety reasons related to their special education needs (SEN) or disability. Eligibility in these cases should be assessed on an individual basis to identify their particular transport requirements.

1.3 Free public transport should also be provided where pupils are entitled to free school meals, or their parents are in receipt of maximum Working Tax Credit.

2 Objectives and Scope

2.1 The objective of this audit was to review progress against the recommendations that were raised in the previous audit review, to test the operation of the system, including controls, and to ensure that appropriate procedures and controls have been implemented and are operating effectively.

2.2 Key control objectives reviewed included ensuring the following:

- the transition to online Home to School applications is progressing.
- the process for Stage Two appeals is effective, with appeal's held within statutory timelines.
- adequate safeguarding training is rolled out to all appliable parties, including drivers and travel assistants.
- mandatory health and safety training courses are rolled out to passenger assistants.
- a current Home to School travel policy is completed and agreed.
- there is a Sustainable Travel Policy.
- the TRANSYS System is supported and fit for purpose.
- that the budgetary control of the service is effective.

- there is regular monitoring and benchmarking of the service against other local Authorities.

3 Summary of Findings

3.1 Home to School Transport Applications

In order to apply for Home to School transport, applicants can either fill in a form online and email the form through to the service, or apply by sending the application by post.

Once the forms are received, they are recorded on a spreadsheet and sent to the Presentation Panel who will decide what transport, if any, should be provided.

At the time of the review the service was undergoing a procurement exercise in order to update their systems, part of which will ensure that it is possible to submit online applications directly to the service.

Please refer to Recommendation 1 in the Action Plan below.

3.2 Application Spreadsheet

The Council's policy is that all appeals made when applications have been unsuccessful must be processed within 20 working days.

A review of the spreadsheet used in order to record and process Home to School applications was formulated to show the actual number of days between appeals being received and actioned.

A sample was selected of those appeal applications where the 20 working days had been exceeded by the greatest number of days.

A number of these appeals showed long delays in the respective days of processing, The Service stated that some of these are typing errors, but were unsure of the reasons for delay in some other cases.

The remaining cases were due to appeals being received too early.

Please refer to Recommendation 2 in the Action Plan below.

3.3 Training

Government guidelines state that Local Authorities should ensure that drivers and passenger assistants working on dedicated school transport have undertaken appropriate training and that this is kept up to date.

As a minimum training should include:

- safeguarding
- the handling of emergency situations such as a medical emergency
- equality, for example recognising, supporting and communicating with children with disabilities
- training required to meet the specific needs of the children travelling.

Whilst training has been rolled out to all passenger assistants, no training has been provided to dedicated drivers.

Please refer to Recommendation 3 in the Action Plan below.

3.4 Sustainable Travel Policy

There is a duty on all Local Authorities to promote the use of sustainable travel in relation to travel to and from:

- schools
- further education institutions
- 16 to 19 Academies

Local Authorities must publish a sustainable modes of transport strategy for each academic year. The strategy should:

- set out the local authority's vision, objectives and work programme for improving the infrastructure for sustainable travel and promoting sustainable travel to places of education
- aim to provide health benefits to children and their families through active journeys, and environmental improvements through reduced congestion and improved air quality

Local authorities must:

- publish their strategy on their website
- make paper copies available on request
- include information about their strategy in their composite prospectus for school admissions

No Sustainable Travel Policy has been drafted and agreed by the service.

Please refer to Recommendation 4 in the Action Plan below.

3.5 TRANSYS System

The system used by the service for plotting the shortest travel routes etc. is called the TRANSYS System. At the time of our initial review the TRANSYS System was being phased out and would no longer be supported from July 2023.

The company which provides the TRANSYS System have their own alternative 'Flexiroute' system, and it was presumed this system will be rolled out when the TRANSYS System is no longer supported.

At the time of the follow up review the TRANSYS System was still in use, and the procurement exercise for a replacement system is being linked with the procurement exercise being undertaken in order to set up online applications.

Please refer to Recommendation 5 in the Action Plan below.

3.6 Finance

The Home to School Transport budget has been overspent for the last four financial years, and at the time of this review it was anticipated there would be a budget overspend for the 2025/26 financial year of around £69k.

The transport service is demand led and demand for this service remains high. Within this period the cost of fuel has increased, and this has had a knock-on effect on service costs. Replacing the TRANSYS System may provide savings with more efficient route planning and absences may be better tracked within the new system. The service budget and expenditure should continue to be monitored to ensure the service is delivered as cost effectively as possible.

In our previous report we recommended that the Service should benchmark their performance both locally and nationally to identify areas for further improvement. The Service has provided some high-level benchmarking information which indicates that they are performing well in comparison to other Authorities. However, this information was not collated by the Service themselves, and the Service does not have details of the comparator Authorities used in these comparisons.

We would recommend that, for all benchmarking exercises, the Service should retain details of those Authorities it is benchmarking against to help ensure that comparisons made, and conclusions drawn from this data, are appropriate. Should any areas of underperformance be identified, the comparator Authorities can then be contacted to help understand the reasons for any underperformance identified.

Please refer to Recommendations 6 and 7 in the Action Plan below.

4 Audit Opinion

4.1 The Home to School Service provide a good service in many areas of its core business, and a comprehensive Home to School Policy has now been agreed and the effective process in place for hearing appeals showing only three outstanding appeals at the time of the review.

4.2 Seven of the fourteen recommendations made in the initial report remain incomplete, including four which are high priority as follows:

- the lack of comprehensive training for drivers.
- the lack of a Sustainable Travel Policy.
- the continued budget overspend.
- the unsupported use of important IT Systems.

As a result, the Audit Opinion remains Limited.

4.3 An Action Plan to address these areas is included in Section 6 of this report, with the Action Plan for the initial review in March 2023 included as Appendix 1.

5 Acknowledgement

5.1 Internal Audit would like to thank officers in Service for their help in this review. In the meantime, once the report has been finalised, Internal Audit would be grateful if you would complete the Customer Service Questionnaire so that Internal Audit can continuously review its service delivery.

5.2 This review will be 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.

6 Action Plan

The table below shows the recommendations for the findings arising from our 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	Management Comments	Responsibility	When
1	**Online Applications:** The process by which applications are submitted to the Council should continue to be progressed with a view to ensuring applications for Home to School transport can be made directly online.	Low	Agreed. Not had the support or systems from IT previously, although this has been requested. Will pursue.	Head of SEND and Inclusion	Spring Term 2026
2	**Application Spreadsheet:** The spreadsheet used to record applications for Home to School transport should include a column detailing the time it is taking to process appeals. This should be monitored on a frequent basis, and action taken where required.	Low	Agreed.	Head of SEND and Inclusion	Spring Term 2026
3	**Training:** The safeguarding training should be rolled out to include drivers in addition to contracted travel assistants.	High	Agreed. All PA's have been trained and all drivers will be by start of new academic year 2026/27.	Head of SEND and Inclusion	By September 2026
4	**Sustainable Travel Policy:**	High	Agreed.	Head of SEND and Inclusion	By September 2026

No	Recommendation	Priority	Management Comments	Responsibility	When
	A Sustainable Travel Policy should be drafted, agreed, with it being displayed on the Councils website and paper copies made.				
5	**TRANSYS System:** Measures should be put in place to ensure adequate support is in place if needed in respect of the TRANSYS System, with consideration given to getting a replacement system as soon as possible.	High	Agreed. This is currently going through procurement and DMT process currently.	Head of SEND and Inclusion	Spring Term 2026
6	**Finance:** The budget and expenditure for the service should be monitored on an ongoing basis to ensure the service is delivered as efficiently as possible.	High	Agreed. Finance meetings now ongoing, forecasts in place and budget monitoring robust.	Head of SEND and Inclusion	Completed and ongoing
7	**Benchmarking:** The service should be benchmarked both nationally and against other Greater Manchester authorities to ensure it is providing good value to all stakeholders. The Authorities against which this benchmarking is conducted should be identified to ensure comparisons are appropriate.	High	Agreed. If data is available. Source would need to be found.	Head of Send and Inclusion	TBC

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Appendix 2

Oldham Council
Internal Audit Function

Fostering Service

Audit Report

27th May 2026

Prepared by:

	Senior Auditor

Reviewed by:

John Miller	Head of Internal Audit and Counter Fraud

Issued to:

Fiona Greenway	Executive Director of Resources
Julie Daniels	Strategic Director of Children's Services
Nick Whitbread	Assistant Director of Corporate Parenting
Lisa Oates	Head of Adoption and Fostering
	Finance Manager

Oldham Council

Fostering Service

1 Background

1.1 Being a foster parent means caring for a child as part of the family. To be a foster carer you must:

- have the right to work in the UK
- be able to take care of a child or young person often on a full-time basis
- they should also be at least 18, although most service providers would require them to be at least 21

1.2 There are various types of foster care available for people wishing to foster a child:

- long Term
- short Term
- family, friends and kinship
- emergency
- remand
- fostering for adoption
- specialist therapeutic

1.3 If a person becomes a foster parent, they will need to take on the following responsibility:

- care for the child as part of a team – this could include a local authority, schools, health professionals and the child's birth family
- keep records and write reports about the foster child
- attend meetings and advocate for the child
- help the child manage their behaviour and feelings
- attend training.

2 Objectives and Scope

2.1 The objective of the audit is to review and test the operation of the system, including controls, to ensure that appropriate procedures and controls are in place and operating effectively in the administration of the fostering service.

- Reviewing payments made to foster parents / panel members to ensure they are correctly made and authorised.
- Ensuring the Fostering Services Manager's annual report is received and actioned by the panel.
- Monitoring the quarterly meetings between the Chair (and vice chair) and the Fostering Services Manager to review the Panel's functioning and report on the quality of work.
- Ensuring all panel members and potential applicants are subject to satisfactory DBS checks before taking up their appointments, with these being updated every three years. Three references should also be received for each applicant.
- Ensure all panel members have signed an agreement with the Fostering Service in relation to their panel membership, and be notified of their own personal objectives.
- Agenda's being prepared for each panel meeting, and potential conflicts of interest recorded.
- Ensuring there are regular reviews of Foster Carers at least annually.

3 Summary of Findings

3.1 Foster Carer Reviews

Approval of all foster carers must be reviewed within a year of approval, and thereafter whenever it is felt necessary, but at intervals of no more than twelve months.

The review must consider whether the foster carer and their household continue to be suitable. The fostering service must make whatever enquiries it considers necessary to inform this judgement. Specifically, it must take into account the views of the foster carer, the child, and the responsible authority for the child who has been in placement during the previous year.

For the year 2024/25 a total of 83 annual reviews were undertaken. A total of 58% were completed within the agreed timescales. This was an improvement from 2023/24 where 50% of annual reviews were completed within the timescales.

Of the 42% falling outside the timescales, 2% were less than a month out of date, 14% less than two months out of date, 4% less than three months, and 22% were over three months.

A spreadsheet was maintained detailing the foster carer reviews. It listed a total of 200 foster carers where reviews were scheduled. Of these, one review was still outstanding from 01/10/2023, whilst another was outstanding from 01/07/2024. Thirty-five cases were shown as still being outstanding from 2025, and twenty-four cases were due as at 01/01/2026, none of which appeared to have been actioned.

At the time of the review the service stated that the backlog of outstanding reviews was reducing and stood at 86% where reviews had been completed.

The IT service has been approached to facilitate an upgrade of the MOSAIC System which should enable the service to monitor the review process more accurately, and at the time of the review this was ongoing.

Please refer to Recommendation 1 in the Action Plan below.

3.2 Home Visits

Government national minimum standards stipulate that each approved foster carer is supervised by a named, appropriately qualified social worker who has meetings with the foster carer, including at least one unannounced visit a year.

The service attempts to exceed these minimum standards by making two visits a year, and the service monitors this by what they describe as ‘Dip Sampling’.

A comprehensive spreadsheet was maintained detailing the individual carers, when the previous visit had been undertaken and when the next one was due. A total of eight carers were shown to be outstanding from 2025, with the oldest one being outstanding since 27/10/2025.

In total the spreadsheet detailed 190 carers where home visits were being monitored, but the spreadsheet maintained detailing foster carer reviews listed 200 carers being monitored.

As noted above, discussions are taking place between the Service and IT in respect of upgrading the MOSAIC System which will enable the tracking of visits to carers and aid the follow up of identified improvement areas.

Please refer to Recommendation 2, 6 & 7 in the Action Plan below.

3.3 Payments Authorisations

Sundry payments made to Foster Carers were made via the Mosaic System. The process for validating any claim was that documentation relating to the claim (receipts, invoices etc) were sent through to the managers supporting each carer, who would then forward to the Business Support Officer for payment to be facilitated.

It was not possible to ascertain where the levels of delegated authority had been agreed allowing the carer's managers to approve payments. The approvals appeared to fall outside the Scheme of Delegation outlined in the Councils Constitution, and no bespoke Scheme of Delegation had been formally agreed.

As of September 2025, with immediate effect, it was agreed that the spend controls already in place (in Agresso) would be enhanced further with all requisitions being approved by a director (or Executive Director where an AD reports directly).

It was not possible to obtain the relevant authorisations for nine payments made after September 2025 under the new spending control.

Please refer to Recommendation 3 & 4 in the Action Plan below.

3.4 Adaptations and Extensions Policy

At the time of the review no Adaptions and Extensions Policy had been drafted and formalised. This issue was initially raised in a briefing note in 2022.

Please refer to Recommendation 5 in the Action Plan below.

3.5 Carer Allowances

Various payments were made to carers involved in the Mockingbird scheme who had enhance responsibilities and as such were paid higher rates than other carers. The rates paid to these carers were above those agreed for other carers and agreed retrospectively in November 2025.

Please refer to Recommendation 8 in the Action Plan below.

3.6 Sundry Payments Postings

Fifteen sundry payments made from the Mosaic System were reviewed to verify the integrity of those purchases. One payment selected related a clothing allowance for £150.00, but there was no record in the Mosaic System of any client for this payment.

Please refer to Recommendation 9 in the Action Plan below.

4 Audit Opinion

4.1 The Fostering Service provide an adequate service in many areas of its core business, and a comprehensive Annual Report was written giving updates as to progress within the service.

There were several internal control issues which require strengthening. These were around the payment of sundry expenses and the lack of a comprehensive Scheme of Delegation in respect of the amounts of payments and the authorisation of payments.

In addition, the monitoring of visits to carer homes and the subsequent follow up of areas identified for improvement needed closer monitoring.

As a result, the Audit Opinion is **Limited**.

4.2 An Action Plan to address these areas is included in Section 6 of this report.

5 Acknowledgement

5.1 Internal Audit would like to thank officers in Service for their help in this review. In the meantime, once the report has been finalised, Internal Audit would be grateful if you would complete the Customer Service Questionnaire so that Internal Audit can continuously review its service delivery.

5.2 This review will be 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.

6 Action Plan

The table below shows the recommendations for the findings arising from our 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	Management Comments	Responsibility	When
1	**Foster Carer Reviews** All reviews of Foster Carers should be undertaken within one year and reviewed by Panel. A comprehensive database should be maintained detailing dates of reviews for all carers and the respective dates completed.	High	**Agreed:** Timeliness of Foster Carer reviews are consistently high and the cases identified in the report had returned to Panel. Work has been completed with Panel chair and BS to record clearly that households had continuing registration whilst interim issues resolved. It is acknowledge the need for a comprehensive database, and this need is recognised and part of the ongoing changes required in Mosaic. We are working with Mosaic and BI to improve the system and strengthen reporting, accepting this will not be resolved quickly. As an interim measure an additional monitoring field is added to the Foster Carer Register and reviewed weekly by team managers. Progress will be	Head of Adoption and Fostering	**30 June 2026**

No	Recommendation	Priority	Management Comments	Responsibility	When
			reported to senior management at the monthly Performance meeting.		
2	**Home Visits** Home visits should be monitored, those carers where visits are due should be followed up.	High	**Agreed:** Home visits (Supervision visits) are monitored by Team Managers and reported on weekly through Power BI reports. In addition, discussed in supervision with SSW's and reviewed by Senior Managers in monthly performance meetings. In Oldham good practice is that 2 unannounced visits are undertaken in addition to the regular visits. We acknowledge a report from Mosaic is required, work is ongoing with Mosaic to be able to report on this and fostering needs should be prioritised but is a substantial piece of work. For assurance unannounced visits are recorded as part of the Annual Review documentation These reports are quality assured by team managers and discussed by Panel as part of the review and further checks by by ADM	Head of Adoption and Fostering	Work on Mosaic reporting is ongoing, and reports will be requested as a priority **31 Dec 2026**

No	Recommendation	Priority	Management Comments	Responsibility	When
3	**Payment Authorisations** Evidence for agreeing approval levels for all staff given responsibility for authorising payments should be maintained. An agreed Scheme of Delegation should be formalised detailing authorised approval levels for all staff members. This should be reflected in the Mosaic system.	High	**Agreed:** The service agrees that approval arrangements on Mosaic require review and stepping forward and Mockingbird elements are in the process of being formalised. Work is underway with the request for changes to the Mosaic payment system and HOS with AD will review the overall delegation scheme of delegation on Mosaic. Once agreed, this will be communicated to all relevant staff and embedded within Mosaic approval workflows.	Head of Adoption and Fostering	**31 July 2026**
4	**Sundry Payments** All payments made after September 2025 should be approved and evidenced as being approved in both the Agresso and Mosaic Systems by a director or where applicable by an Executive Director.	High	**Agreed:** The service will implement this recommendation in line with the Mosaic changes and update the scheme of delegation.	Head of Adoption and Fostering	**30 September 2026**
5	**Adaptations and Extension Guidance** Clear guidance and processes should be agreed for all adaptions and extensions undertaken with foster carers.	High	**Agreed:** The service accepts this recommendation. Draft guidance covering adaptations and extensions is being developed This will include approval routes, funding limits, repayment arrangements, and circumstances where legal charges may be required. The guidance will be presented for approval and then	Head of Adoption and Fostering	**30 September 2026**

No	Recommendation	Priority	Management Comments	Responsibility	When
			shared with staff and carers to ensure clarity and consistency.		
6	**MOSIAC** Liaison with IT should continue to ensure upgrades in respect of Foster Parent reviews and Home Visits should be completed.	High	**Agreed:** The service is in support of Fostering upgrades and reports being prioritised by Mosaic and BI. Management confirms that monthly engagement with Mosaic and BI continues regarding Mosaic system upgrades. The enhancements will improve tracking, reporting and compliance monitoring for foster carer reviews and unannounced visits. Interim manual controls remain in place until system changes are fully implemented.	Head of Adoption and Fostering	**31 Dec 2026**
7	**Carer Monitoring** A reconciliation should be undertaken between the respective spreadsheets maintained for monitoring carer reviews and home visits to ensure they are in line with each other, and are fully reflected in Mosaic.	Medium	**Agreed:** There is an acknowledgement that the data from the fostering register spreadsheet and report from power BI will indicate discrepancies this is because Foster Carer reviews are recorded on a spreadsheet and at a point in the month are updated following ADM decisions.	Head of Adoption and Fostering	**31Dec 2026**

No	Recommendation	Priority	Management Comments	Responsibility	When
			Visits are reviewed at least weekly by reports. There will always be a discrepancy through the different reporting mechanisms due to the timings of the reports with one being generated and one manually updated following ADM		
8	**Carer Payments** All payments to carers should be formally agreed prior to payment on an annual basis.	High	**Agreed:** This is in place and evidenced in the payment guide	Head of Adoption and Fostering	**Completed** **May 2026**
9	**Sundry Payment Postings** All payments made should be recorded in the Mosaic System. A review should be undertaken as to how a payment is made from the Mosaic System when there is no corresponding client registered in the system. Adequate controls should be put in place to ensure this cannot happen.	High	**Agreed:** There are no identified issues, the example given by internal audit related to one case which was evidenced on Mosaic.	Head of Adoption and Fostering	**Completed** **May 2026**

Appendix 3

Oldham Council
Internal Audit Function

Oldham Total Care

Fundamental Financial Systems

Audit Report

30 January 2026

Prepared by:

	Senior Auditor

Reviewed by:

John Miller	Head of Internal Audit and Counter Fraud

Issued to:

Jayne Ratcliffe	Director of Adults Social Care (DASS)
Claire Hooley	Assistant Director of Commissioning and Market Management
Lee Walsh	Director of Finance (S151 Officer)
	Senior Finance Manager

Oldham Total Care

Fundamental Financial Systems (FFS) Review

1 Background

1.1 Oldham Total Care provides care and accommodation for adults with short, medium and long-term nursing needs.

1.2 Oldham Total Care was acquired by Oldham Council in July 2023 when the home, previously known as Chadderton Total Care, went into administration, putting 200 staff at risk. Around 100 residents, many with complex needs and requiring specialist nursing care, would have been forced to be relocated, potentially outside the borough away from families.

1.3 The council considered that this would have a negative impact on the wellbeing and health of the residents, as well as resulting in a loss of local jobs, and so the Council stepped in to keep the care home open, protecting both staff and residents.

1.4 Purchase orders for goods and services are raised on the Council's Agresso system. Sales invoices were raised on a separate system called "Coldharbour" up to September 2024. After this point the sales invoices have been raised on Agresso. However, the Residents Personal Accounts are still managed on Coldharbour, with the transactions transferred into Agresso by manual journal transfer. Payroll calculations are carried out on Sage Payroll, with the payment transactions made and balances outstanding transferred to Agresso via manual input.

1.5 The initial financial period for Oldham Total Care was extended to the 18 months to 31 December 2024. The inaugural financial statements were due to be filed with Companies House by 11 April 2025.

1.6 The Audit for Oldham Total Care focused on a review of company transactions and business processes.

2 Objectives and Scope

2.1 The objective of the audit is to review and test the operation of the systems, including controls, to ensure that appropriate procedures and controls are in place and operating effectively.

2.2 This review has been conducted in accordance with the Global Internal Audit Standards 2024, and the Chartered Institute of Public Finance (CIPFA) Local Government Application Note 2024.

2.3 Key systems examined include:

- Governance arrangements.
- Bank reconciliations.
- Accounts Payable.
- Accounts Receivable.
- HR & payroll.

- Statutory Returns.
- Recharges from Oldham Council.

3 Findings

3.1 Filing of statutory accounts

The company's financial statements were filed late with Companies House on 4th September 2025. The filing date for the period ending 31 December 2024 was 11th April 2025.

A late filing penalty will automatically be incurred when the financial statements are received and accepted late at Companies House. The value of the penalty increases with the length of delay in filing the accounts.

Please refer to Recommendation 1 in Section 6 below.

3.2 Financial Sustainability

Oldham Total Care had net current liabilities of £40k as at 31 December 2024, owed £4.228m in creditors falling due after more than one year, and had negative net worth of £1.623m.

Please refer to Recommendation 2 in Section 6 below.

3.3 OTC Board Membership

The OTC Board currently consists of two Company Directors, the Council's Director of Adult Social Care and the Council's Cabinet Member for Adults, Health and Wellbeing.

CIPFA have issued guidance on the composition of wholly owned company board membership in their publication "Local authority owned companies: a good practice guide (2022), as follows:

"The size of the board will depend on the company's specific circumstances, but good practice suggests that the optimum size is between five and ten directors."

This guidance also contains recommendations on the composition of the board in respect of executive and non-executive directors, responsibilities of directors, and on addressing conflicts of interest which may arise on appointment of Officers or Members of the Council.

Please refer to Recommendation 3 in Section 6 below.

3.4 Risk Register

Oldham Total Care company risk register should be updated, with the columns for "Target Dates" and "Review Dates" populated.

Please refer to Recommendation 4 in Section 6 below.

3.5 Service Level Agreement

Oldham Total Care has been operating under the ownership of Oldham Council since July 2023. To date there is no Service Level Agreement between the company and the Council. This should be addressed in order that all organisations within this business relationship know the specific requirements and responsibilities they need to uphold as part of the working relationship.

Please refer to Recommendation 5 in Section 6 below.

3.6 Payroll Issues

A. Holiday Pay Calculations
Holiday Pay is not being calculated with consideration for the average overtime worked over the previous 52 weeks. This is causing staff to be underpaid, especially those who have a small number of contractual hours and have worked large amounts of overtime.

B. SSP/SMP calculated manually – off system
The Payroll Officer is manually calculating the statutory sick pay rather than using the Sage Payroll system. These manual adjustments are not being included each month in the amounts paid to HMRC.

C. PAYE Online
The Payroll Officer does not have access to PAYE Online.

D. Apprenticeship Levy
The Apprenticeship Levy is not being included every month as part of the payments to HMRC.

E. Timely payments of the correct PAYE to HMRC
As a result of the concerns above it would appear that PAYE is not being paid correctly and on time. In May 2025 a provision for £20k was accrued in the management accounts for interest on late payment of PAYE to HMRC. PAYE should be paid on time so that late payment fees are not incurred.

F. Standard / Emergency PAYE codes.
Staff are currently being allocated a standard rate tax code, rather than the emergency tax code received from HMRC, so that they are not overcharged tax. HMRC have issued emergency tax codes as they believe staff currently have two jobs, one with Chadderton Total Care and a second role with Oldham Total Care.

Please refer to Recommendation 6 in Section 6 below.

3.7 Accounting systems / Sales ledger

The decision, made previously, to move away from Coldharbour sales ledger has left the organisation in a position where the replacement system (Agresso) is not found to be as useful in managing client finances or splitting the clients' fees between multiple funding sources such as the family, the ICB, and the Local Authority.

Currently statements showing client invoices and payment history are unable to be produced using Coldharbour or Agresso. Neither system has a complete history of the customers fees or payments.

The sales ledger is maintained within Excel spreadsheets, therefore when a customer statement is required the Management Accountant must use this information to produce a statement in Coldharbour to provide a user-friendly format for presentation purposes.

Please refer to Recommendation 7 in Section 6 below.

3.8 Debt Management

Automatic customer statements are not being produced and issued on a regular basis. This could lead to ineffective debt management, reduced cashflow and an increase in the amount of debt written off. As at 31 December 2024 total outstanding debt stood at £624k.

Please refer to Recommendation 8 in Section 6 below.

3.9 Purchase Order Approvals

One example was found in a sample of five Purchase Orders where the same officer initiated and approved a purchase order on the Agresso system. Controls should be established within the finance system to segregate the duties of initiator and approver, so that the same Officers cannot approve an order which they initiated.

Please refer to Recommendation 9 in Section 6 below.

3.10 Scheme of delegation

There is currently no upper limit set on the values that can be approved by the "Approvers" of purchase orders on the Agresso system. The board should consider what levels of expenditure can be authorised by the Management Accountant and Senior Finance Manager.

Please refer to Recommendation 10 in Section 6 below.

3.11 Chart of accounts

Two additional account codes should be set up for 'Insurance' and 'Loan Interest' within the general ledger. These costs should be shown separately within the management accounts and not contained within sundry expenses or professional fees.

Please refer to Recommendation 11 in Section 6 below.

3.12 Regular Board Meetings

The Board did not meet for a meeting for a period of six months between January and July 2025. The Board should meet regularly to discuss performance and operational issues on a quarterly basis.

Please refer to Recommendation 12 in Section 6 below.

4 Overall Opinion

4.1 The audit assessment is that the systems and controls examined are considered to provide **Weak** Assurance.

4.2 We have twelve recommendations related to the findings above. These are set out in the action plan below, in section 6.

5 Way Forward

5.1 An Action Plan is included in Section 6 of this report. Progress against the agreed recommendations will be reviewed as part of an agreed timetable.

5.2 Internal Audit would like to thank officers at Oldham Total Care and colleagues in the Agresso Team for their help in this review. Please 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 2024, and the Chartered Institute of Public Finance (CIPFA) Local Government Application Note 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. Action Plan

The table below shows the recommendations for the finding shown in Section 3 of this report. 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	Management Comments	Who	When
1.	**Filing of Statutory Accounts** The financial statements should be filed at Companies House on time.	High	Agreed- complete Accounts filed for year ending 31/12/2025 next companies House deadline 30/9/26	Senior Finance Manager	Complete
2.	**Going Concern** The Council should consider actions to address the future financial sustainability of the company.	High	The organisation was expected to make a loss in the first two years of ownership by the Council. This was provided for when the company was acquired. The focus has been on service improvement, with a key driver being training of staff, quality of care and service improvement. To address future financial sustainability a working group; the OTC Project Group (OTCPG), has been formed with one of its objective to further develop the business plan for OTC, considering the Adult Social Care (ASC) market position statement and the complex needs of Oldham residents. The focus is upon specialist complex care and support.	OTC Management Board	Complete

No	Recommendation	Priority	Management Comments	Who	When
			The care home is currently operating an average of 126 capacity.		
3.	**OTC Board Membership** The number of board members for OTC should be reviewed in line with CIPFA guidance in order to ensure appropriate skills, knowledge and experience are available, that directors are aware of their responsibilities, and that potential conflicts of interest are addressed.	High	Agreed. As above at 2, the OTCPG will be reviewing and making recommendations regarding appropriate governance, the membership of the board and the means of reporting into the Council	Council Management Board/ Execs	Complete
4.	**Risk Register** Management of OTC to update the risk register with target dates and review dates. This should be discussed regularly by the OTC board.	High	Complete The current version of the risk register is/ will be a standing agenda item at the current/ reconfigured Board meetings	OTC Board of Directors	Complete
5.	**Service Level Agreement.** A Service Level Agreement should be agreed for all the various services purchased by Oldham Total Care from the Council.	High	Agreed. Services used; MBC Waste and Pest Control, contracts in place. Finance support to be formalized once OMBC finance restructure has been completed alongside the Local Authority Trading Care Organisation (LATCO) review being undertaken in respect of Miocare, and	OTC Board of Directors	30th Sept 2026

No	Recommendation	Priority	Management Comments	Who	When
			again links into the work of the newly formed OTCPG Legal advice is ad hoc and restricted to the extent that support can be provided, SLA therefore may not be appropriate.		
6.	**Payroll Corrections and Training** The Amounts paid to staff and HMRC in respect of payroll should be reviewed in detail. Any Staff Training requirements should be identified and addressed. Average overtime over the year should be used to calculate Holiday Pay.	High	Discussions with HMRC on are ongoing to negotiate the fees charged. Going forwards efforts will be made to ensure that no further fees are charged 2 Staff enrolled on AAT course. Basis of overtime calculation referred to OMBC payroll, OTC will act upon the recommendation received. Average annual overtime used as basis of calculation where employees are working consistently above contracted hours, in these instances the first remedy is to align contractual hours to actual hours worked, OTC fluctuations are ad hoc so criteria do not apply and contract alignment is being prioritized, complying with standard NHS practice.	Senior Finance Manager	Complete Complete Complete

No	Recommendation	Priority	Management Comments	Who	When
	SSP should be calculated by the system. It should not be necessary to calculated SSP manually.		SSP cannot currently be calculated by the system due to OTC processing/ cut off dates being mid-month, system calculated SSP would be wrong dates as default calculation works to month end. Re-configuration of existing payroll system to enable this referred to Sage (slow to engage).		30 Sept 2026
	Late Payment of PAYE				
	Management should ensure that PAYE is paid on time so to avoid late payment fees. The Apprenticeship Levy and SSP/SMP should be included in each month's payment to HMRC and not deferred until later months.		For the avoidance of doubt, the core payment to HMRC i.e. income tax and NI is always made on time and in full. SSP/ SMP returns are up to date.		Complete
			We will clarify the current situation in respect of the Apprenticeship Levy; expected to be resolved for June payroll/ deductions submission		Complete
	Staff Payroll Calculations				
	The issue with staff tax codes should be resolved with HMRC urgently. This will ensure that staff are not considered to have two jobs, potentially losing Universal Credit income and subject to emergency tax codes.		Longstanding issue created by the fact that the old CTC HMRC account was renamed OTC and remained linked to SAGE payroll and used to pay OTC employees. SAGE payroll advised on the remedy was to close and migrate to a new unique OTC reference, this has not been successful. Consistent		Complete

No	Recommendation	Priority	Management Comments	Who	When
			conflicting advice from HMRC has been the main contributing factor to the issues.		
7.	**Financial Systems** Management to explore options and cost benefits of transferring the sales ledger away from Excel spreadsheets.	High	OTC is established as a separate 'company' (as per MioCare) within the Council's Agresso General Ledger. Payments are operationally linked to Accounts Payable, work in relation to the integration of the sales ledger is ongoing, as below 2 potential options were explored, option 1 being the preferred solution: 1. Reinstating the Coldharbour / SAGE accounting system as a means of allocating income. 2. Continuing to raise invoices on Coldharbour, importing an invoices	Senior Finance Manager	Complete

No	Recommendation	Priority	Management Comments	Who	When
			file into Agresso and matching income in Agresso each month. For the preferred option work is ongoing- Sage (nominal ledger) Civica (Cold Harbour sales ledger) and (CTM (OTC IT support) all engaged November 2025. Several unsuccessful attempts to auto integrate. IT migration is scheduled to be run again in June if successful it will require manual matching of invoices and payments, staff time allocated to prioritise. The restructuring of finance will ensure the work is finalised.		30th Sept 2026
8.	**Customer Debt Management** Customer statements should be produced regularly without manual intervention. Outstanding Debt should be actively managed with regular communication to those responsible for fee payment.	High	See above re sales ledger implementation, the preferred solution will, as a prerequisite, be required to automatically generate customer statements. See above re Sales Ledger Debt collection protocol/policy to be established, implemented and adherence monitored by the proposed deadline.	Senior Finance Manager	30th Sept 2026 Complete
9.	**Purchase Order Approvals** Controls should be put in place on the Agresso system to segregate the duties of Order Initiator and Order Approver. Officers should not be able to approve a Purchase Order which they initiated.	High	Assurance has been sought from Agresso team that any loopholes in the OTC workflow have now been addressed, and this action can no longer be undertaken.	Senior Finance Manager	Complete

No	Recommendation	Priority	Management Comments	Who	When
10.	**Scheme of delegation** Management should decide on an upper limit at which Managers should seek approval of the Board of Directors before expenditure is approved.	High	The scheme of delegation has been reviewed. Links to terms of reference of the newly formed working group has been referenced throughout this work.	OTC Board of Directors	Complete
11.	**Additional Account Codes** Account codes for 'Loan interest' and 'Insurance' should be set up separately so that they feature specifically in the profit and loss account. They should not be contained within "Sundry Expenses" or "Professional Fees".	Medium	Agreed These two additional account codes will be created in the chart of accounts on Agresso.	Senior Finance Manager	Complete
12.	**Regular Board Meetings** The board of directors should meet to review the performance of the organisation on a quarterly basis as a minimum.	High	OTC Board meetings are scheduled monthly.	OTC Board of Directors	Complete

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Oldham Council
Audit and Counter Fraud Team

Expenses, Travel and Subsistence Allowance Review

Audit Report

5 June 2026

Prepared by:
Assistant Manager – Counter Fraud

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)
Eleanor Devlin — AD of Workforce and Organisational Culture
Payroll and Pensions Lead
HR Employment Services Lead

1. Background

1.1 Expenses, Travel, and Subsistence claims represent a key component of employee remuneration. These allowances are intended to fairly compensate employees for reasonable and legitimate expenses incurred while undertaking work-related travel and activities. However, due to the nature of these allowances, they carry inherent risks. These include non-compliance with established policies, submission of erroneous claims, and the potential for fraudulent activity.

1.2 Such risks, if not appropriately mitigated, can lead to significant consequences including financial loss, reputational harm, and a loss of public confidence in the integrity and governance of the Local Authority. In this context, effective controls and oversight are essential to ensure compliance, accuracy, and transparency in the administration of travel and subsistence claims.

1.3 This audit contributes to the council's self-assessment under the Fighting Fraud and Corruption Locally (FFCL) 2020–2025 framework. It supports the Authority's commitment to best practices in fraud prevention and aligns with national expectations for robust anti-fraud and corruption measures.

2. Objective and Scope

2.1 The objective of this audit is to review and evaluate the effectiveness of the council's systems, procedures, and internal controls for the management of travel and subsistence allowances. The audit aims to assess whether these arrangements are:

- Clearly defined and well-communicated.
- Operating in compliance with internal policies and external regulations; and
- Sufficiently robust to deter and detect non-compliance or fraud.

The audit also seeks to provide assurance that both management and employees are consistently applying the relevant policies and procedures.

2.2 The scope of this audit encompassed the following key areas:

- Review of the policies governing travel and subsistence allowances, including the frequency and effectiveness of policy updates and dissemination to staff.
- Assessment of internal controls designed to prevent and detect policy non-compliance and fraudulent activity.
- Sample testing of submitted travel and subsistence claims to verify the accuracy of claim submissions and the consistent application of policies and procedures.
- Identification of any weaknesses, control gaps, or areas requiring improvement.

3. Main Findings

3.1 <u>Mileage Expenses</u>

Mileage expenditure significantly increased, as expected, following the pandemic related low of 2020/2021, from £8,919.45 in 2020/2021 to a peak of £222,019.35 in 2025/2026.

However, both the number and value of claims has also risen in comparison with pre-pandemic levels during 2019/2020. This despite the significant increase in the use of online meeting, training and conferencing facilities now in day-to-day use.

Financial Year	Number of Claims	Expenditure (£)
2019/2020	392	£132,654.21
2020/2021	94	£8,919.45
2021/2022	471	£150,045.30
2022/2023	619	£193,615.81
2023/2024	638	£222,019.35
2024/2025	578	£175,882.64
2025/2026	612	£221,108.49
Total	**3404**	**£1,104,245.25**

It is unclear as to the reason for increased levels of business travel in comparison with pre-pandemic levels.

There is a lack of regular monitoring of staff with high mileage claims or unusual travel patterns, as mileage spending is not routinely reported and trends over time are not reviewed.

No value-for-money review of mileage expenditure against comparable costs of public transport has been conducted, and costs are not benchmarked against comparable authorities, limiting assurance over efficiency and compliance.

We would recommend that mileage by service area is examined in light of post covid working practices, including home working and remote meeting technology.

See Recommendation 1 in section 7 of this report.

3.2 Travel and Subsistence Policies.

Travel policies have not been updated to reflect post-COVID working practices, including guidance on when travel is essential versus when remote meeting or conferencing is appropriate.

See Recommendation 2 in Section 7 of this report

3.2 Expenses (Non-Mileage)

Following an expected post pandemic increase in non-travel related expense claims from £6,814.89 in 2020/2021 to a peak of £107,573.73 in 2022/2023, expenditure has since fallen back to below pre-pandemic levels. The apparent recent fall in claims in 20205/26 would appear consistent with the post pandemic trend in working practices in connection with remote working and meeting activity.

Financial Year	Number of Claims	Expenditure (£)
2019/2020	698	£87,234.23
2020/2021	55	£6,814.89
2021/2022	482	£41,997.92
2022/2023	913	£107,573.73
2023/2024	978	£77,946.15
2024/2025	907	£72,860.04
2025/2026	618	£63,602.23
Total	**4651**	**£458,029.19**

There is limited monitoring and reporting of staff expense claims. Quarterly reporting should be introduced with analysis by type of spend, department, and claimant, and results should be compared to other similar authorities.

Examination of expense claims within Children's Services suggest that staff are submitting claims for client travel and subsistence alongside staff travel and subsistence for re-imbursement via payroll each month. The Authority should consider whether this client related expenditure should be accounted for elsewhere and purchased via purchase card, as opposed to being funded by, and re-imbursed to, employees.

The staff expenses policy has not been updated to reflect post-pandemic working practices, and high-value individual claimants are not routinely reviewed.

See Recommendation 3, 4 & 5 in Section 7 of this report

3.3 Click Travel Expenses

The Council utilises the Click Travel system to book business related travel and accommodation. The system is used by a number of officers around the Council and is accessible to many. The system has no built in segregation or authorisation controls and relies on offline authorisation and audit trail for transactions.

Total Click Travel related expenditure over the five-year period was £2,397,123.27, including hotels, services, trains, flights, travel card, and vehicle costs. Hotel expenditure accounted for £2,085,561.60 of this total.

Financial Year	Hotel	Service	Train	Flight	Travel Card	Vehicle
2019/2020	£306,658.78	£299.00	£26,496.80	£2,205.07	£587.10	£0.00
2020/2021	£74,189.29	£188.60	£7,801.30	£0.00	£147.00	£0.00
2021/2022	£125,786.18	£243.50	£23,451.95	£6,495.41	£419.20	£0.00
2022/2023	£199,495.30	£437.85	£38,564.30	£15,614.55	£901.40	£125.66
2023/2024	£353,995.18	£898.98	£39,960.05	£7,531.30	£1,002.50	£59.38
2024/2025	£854,829.76	£1,478.70	£50,353.70	£8,810.52	£747.80	£154.82
2025/2026	£170,607.11	£856.99	£54,521.85	£20,321.97	£755.40	£129.02
Total	**£2,085,561.60**	**£4,403.62**	**£241,149.95**	**£60,978.82**	**£4,560.40**	**£468.88**

Hotel costs experienced the most substantial variations, and increase, over the period 2019/20 to 2024/25. This growth is largely attributable to the increased use of hotel bookings via Click Travel for social care temporary accommodation costs, which rose significantly year on year. Temporary social care accommodation costs are now coded elsewhere, and these costs have since dropped back below pre-pandemic levels in 2025/2026. Again, this would appear consistent with the trend towards online meeting and conferencing activities post pandemic.

Train and flight costs however have risen in comparison to pre-pandemic levels. As with mileage expenditure, the reason for increases in business related train and air travel are unclear.

Expenditure on flights is of particular interest. Whilst it may, in some instances, prove more economical to fly than travel by other modes of transport, this type of expenditure should be utilised by exception and following a clear demonstration as to the economy and business need to be met.

See Recommendation 6, 7 & 8 in Section 7 of this report

4. Summary

4.1 The review confirmed that while HR and Payroll processes exist to ensure manager authorisation controls of staff travel and expenses claimed via Payroll, authorisation weaknesses exist within the Click Travel booking system which limit the Council's ability to provide full assurance that costs are authorised, reasonable and justified.

4.2 Travel and Subsistence policies require updating in light of post pandemic working practices. Monitoring and oversight arrangements require strengthening to enable examination of ongoing trends. As a result, value-for-money assurance is limited in this area. Addressing these issues will reduce exposure to financial, operational, and reputational risks.

4.3 We have addressed our recommendations to the Assistant Director of Workforce and Organisational Culture. As noted at 4.1, this does not reflect a weakness in processes or controls in relation to HR or Payroll systems or payments. Rather that the Assistant Director of Workforce and Organisational Culture is best placed to address the recommendations on behalf of, and across, the Council as a whole.

5. Overall Opinion

5.1 Based on the findings of this review, **Limited Assurance** can be provided over the effectiveness of the current control framework governing Expenses, Travel and Subsistence Allowance claims. Particularly in relation to the unexplained rise in post pandemic business travel costs.

5.2 These weaknesses increase the potential for fraud, error, and mismanagement, and may expose the organisation to reputational harm if not addressed. Strengthening controls, particularly high level review and oversight, and enforcing compliance with policy requirements will help to mitigate these risks.

6. Way Forward

6.1 We would like to thank all staff involved 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.

6.2 <u>Disclaimer</u>

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. This review has been be 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.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.

7 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	Management Response	Responsibility	Implementation Date
1	Implement regular monitoring and reporting of mileage claims by staff and department; track trends over time.	Medium	Agreed, we will work to set up a monitoring and reporting on a bi-annual basis (every 6 months) at DMTs and Management Board	AD of Workforce and Organisational Culture	March 2027
2	Update the Mileage Policy to reflect post-COVID working practices, including guidance on essential travel.	Medium	The organisation does not have a mileage policy but this will be updated in the Expenses and Car Allowance Policies	AD of Workforce and Organisational Culture	March 2027
3	Introduce regular monitoring and quarterly reporting of non-mileage expenses by claimant, department, and type.	Medium	Agreed, we will work to set up a monitoring and reporting on a bi-annual basis (every 6 months) at DMTs and Management Board.	AD of Workforce and Organisational Culture	March 2027
4	Update the staff Expenses Policy to reflect post-pandemic working practices.	Medium	Agreed	AD of Workforce and Organisational Culture	March 2027
5	The AD Workforce and Organisational Culture to raise the issue of non-payroll expenses being re-imbursed via payroll with the S151 Officer and other relevant Officers.	Medium	Agreed	AD of Workforce and Organisational Culture	March 2027
6	Implement regular monitoring of travel and accommodation expenses by type, claimant, and department.	Medium	Agreed, we will work to set up a monitoring and reporting on a bi-annual basis (every 6 months) at DMTs and Management Board.	AD of Workforce and Organisational Culture	March 2027

No.	Recommendation	Priority	Management Response	Responsibility	Implementation Date
7	Extend thresholds as outlined in the Expenses Policy to Click Travel	Medium	Agreed but this is likely to first need a review of the thresholds in the Expenses Policy to ensure these are adjusted for inflation.	AD of Workforce and Organisational Culture	March 2027
8	Update the Click Travel and Expenses policy to reflect post-pandemic working practices and cost-efficiency expectations.	Medium	The organisation does not have a Click Travel and Expenses policy but this will be updated in the Expenses and Car Allowance Policies	AD of Workforce and Organisational Culture	March 2027

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Appendix 6

Oldham Council
Audit and Counter Fraud Team

2025/26 Fundamental Financial Systems

Payroll

Audit Report

19 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)
Eleanor Devlin	Assistant Director of Workforce & Organisational Culture
Andy Collinge	Head of Education Support Services
	Finance Manager (Financial Systems)
	Head of Operational HR
	HR Employment Services Manager
	Payroll and Pensions Lead

2025/26 Fundamental Financial Systems
Payroll

1. Background

1.1 In line with the Annual Audit Plan a review of the Council's Payroll systems has taken place. 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 In September 2025, a HR & OD Rebuild Plan was drafted to address the long-term change required to ensure the HR & OD service is providing an adequate service to clients. This forward plan is intended to, over time, assist in strengthening internal controls and address a number of the recommendations highlighted in previous audit reports and in Section 6 of this report.

2 Objectives and Scope

2.1 The objective of the audit is 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 Key areas examined include:

- starters, leavers and variations to pay;
- amendments to global data (pay awards, NI & tax rates, pension contributions, etc.);
- error reports and warnings;
- adherence to established payroll processes and controls;
- appropriate segregation of duties;
- payroll to general ledger reconciliations (including gross pay, net pay, deductions employer contributions and balance sheet codes);
- payment of employer and employee pension contributions and provision of data to GMPF.
- bank reconciliations.
- review of members allowances

2.3 Our approach involved:

- Walkthrough testing to ensure that the processes and controls are operating as expected.
- Compliance testing of key controls

3 2025/26 Audit Opinion

3.1 Progress has been made over the last six months to address the actions set out in the Service's improvement plan (including staff development and training), and previous audit recommendations, and staff have now been recruited to key posts within the service.

3.2 The report for 2024/25 contained eleven recommendations: six high, four medium and one low priority. This report contains thirteen recommendations, five high and eight medium priority. Seven of the eleven recommendations made in our 2024/25 payroll report are re-iterated in this report. Six new recommendations have been added.

3.3 Whilst recent progress has been made and some improvements seen during 2025/26, in some areas the changes made will take time to translate into improved outcomes. We anticipate that, provided the service continues in pursuit of its Rebuild Plan, that these improvements will become apparent going forward into our next review in 2026/27.

3.4 However, from the outcomes of our most recent work our opinion remains that for 2025/26 Limited Assurance can be obtained, primarily in the back-office areas of record keeping and demonstration of management oversight controls. Areas identified during the review for 2025/26 where improvements can be made are discussed in the sections below.

4 Findings

4.1 Error Suspense Account

Payroll account errors are held in a suspense account. Management should review the current procedures in relation to the suspense account and ensure that these are updated to include the following:

- A process for investigating long term un-allocated balances.
- Escalation arrangements.
- An audit trail to support all work undertaken in respect of suspense account payments and transfers.

Management should also review and update the current arrangements to ensure that these include additional checks to verify the accuracy of the accounts to which transfers are made.

Insufficient explanations for unreconciled items at the time of transactions, means it is not possible to understand what actions have been taken and/or if items have been reconciled. The absence of a standardised method for addressing unreconciled items complicates issues, resulting in unresolved discrepancies. It was noted at the end of the audit process this issue was being addressed.

Please refer to Recommendation 1 in section 5 below.

4.2 Exception Reporting - Variation Report

Exception reports are run monthly both after the “dummy” payroll run and before the “live” payroll run, which detail all variations in payments that have been made since the last month. Exception reports (net to net) are consistently being produced, and monthly checks are being conducted. However, it is recommended that management document that variation checks have been carried out, and that no issues have been noted. This will provide further assurance in the exception reporting process. It has been agreed that a confirmation note will be recorded each time this task has been completed.

Please refer to Recommendation 2 in section 5 below.

4.3 Authorised Signatory List

Our review indicated that there is no up-to-date authorised signatory list of officers authorised to approve BACS payments. It is advised that a list is drawn up and stored in the appropriate Payroll BACS folders.

The failure to have an up-to-date list of authorised signatories in place may result in payroll transactions being approved by officers without the appropriate authority.

Please refer to Recommendation 3 in section 5 below.

4.5 Pre-employment and Right to Work Checklist - Schools

Five Schools starters' personnel files were sampled. One did not have evidence of pre-employment and right to work checks and/or a complete personnel file.

It is acknowledged that responsibility for conducting pre-employment checks lies with School Governing Bodies. However, in the case of maintained schools, the Council remains the employer of school staff, not the Governing Body. In addition to the child protection concerns which these checks are intended to mitigate, the Council also continues to bear a significant risk as the employer should harm occur following failure to complete appropriate checks.

We recommend that a fully completed starters form is retained for all Council employees, including employees in maintained schools.

Please refer to Recommendation 4 in section 5 below.

4.6 Pay Policies and Procedures

Having detailed, up to date and regularly reviewed procedures helps to ensure that consistent and up to date procedures are being followed by all staff.

Whilst we confirmed the availability of My HR procedures for the processing of Payroll transaction our review indicated a lack of local formally documented payroll procedures specifically for the use of staff within the Payroll Team.

Please refer to Recommendation 5 in section 5 below.

4.7 Employee Personnel Files

During the review it was noted that for one decision to approve a staff Honorarium the supporting documentation was looked for in the HR file, however these are filed in a separate approved Workforce Approvals Form folder and was provided to us from there.

In accordance with the Payroll Rebuild Plan, management previously commenced an employee personnel file audit which highlighted any gaps in record keeping, this audit was completed. The Service also started standardising some filing within the Payroll and HR R: Drive. However, the standardised filing is not yet complete.

The review requires progressing in order to ensure all supporting documents are maintained for all council employees in the agreed standardised filing system.

Please refer to Recommendation 6 in section 5 below.

4.8 CHAPS Payments Review

CHAPS payments are raised in instances of payroll processing delays, late notification and errors A sample of five payments were reviewed. We were unable to locate supporting documentation in the filing location expected for one payment at the time of our review; however, the documentation was later located by the Payroll Team after completing our review. One other payment had an incomplete CHAPS form with no management sign off in the file reviewed. This CHAPS form was also later located.

The Payroll Service introduced a KPI tracker in October 2025 to identify keys areas of service improvement. The introduction of the tracker provides additional management information on why CHAPS payments are being made and how the service can seek to minimise the payments.

The testing period for this FFS Payroll Audit was from April 2025 to December 2025. As such there is limited KPI data available to understand the root cause of pay anomalies with the aim to reduce the number of CHAPS payments made. The recommendation, therefore, remains in place as this is relatively new process, it will be reviewed again once it has been in place long enough to evaluate its effectiveness.

Please refer to Recommendation 7 in section 5 below.

4.10 Exceptional Payment Agreements

Testing identified one exceptional payment.

The authority to override established system controls and calculation should be signed off by appropriate management and retained on file for transparency and audit purposes.

Please refer to Recommendation 8 in section 5 below

4.11 Salary Overpayment

Salary overpayments may occur for several reasons including late notification to payroll of a leaver/change of contract; excess annual leave being taken; an employee not returning from maternity leave; payroll error etc. It was identified through the leavers testing that overpayments are not being consistently recovered as per the policy. The policy states that, in the event of a single pay period overpayment, any overpayment will be recovered, in full, from the next pay period. For example, if the overpayment is identified in May but it is too late to correct, the employee will be notified, and the payment recovered in June.

It is recommended that:

- Data in respect of the number and value of the overpayments is reported to senior management as part of the monthly performance reporting process (including ex-employees/historic debt)
- The Payroll Team liaise with the Debt Recovery Team to consider producing a monthly report to management on the status of outstanding overpayments from current and ex-employees.
- All relevant supporting documentation in relation to payroll transactions are properly retained in the employee file including overpayment agreements.

Please refer to Recommendation 9 in section 5 below.

4.12 Overpayments - Communications to Managers

During the testing of leavers four of the fifteen leavers sampled had been overpaid due to a late leavers form being submitted by service management. This creates additional administrative work for the Payroll section. Furthermore, there is a risk the overpayments may not be recovered.

Regular communications should continue to be sent out to all managers about the importance of submitting starters, leavers and sickness dates in a timely manner to prevent overpayments being created, and additional workflows added to the payroll service when items are not actioned in time

The Payroll Service introduced a KPI tracker in October 2025 to identify keys areas of service improvement. The introduction of the tracker will provide additional management information on performance going forward. The testing period for the FFS Payroll Audit is April 2025 to December 2025. As a result, there is currently limited data available to demonstrate improvement. The recommendation, therefore, remains in place as this is relatively new process and be reviewed again once it has been in place long enough to demonstrate the service is doing all it can to communicate these messages to managers.

Please refer to Recommendation 10 in section 5 below

4.13 Employee Contracts

A sample of 20 new Starters from Schools and Directorates was selected. One employee contract could not be located in the employee's personnel file. Although in place for most files checked the service needs to ensure that signed contracts and other communications are retained within employees' files. Failure to provide employees with a written statement of the terms of employment means the Council may be at risk should there be any contractual disputes.

Please refer to Recommendation 11 in section 5 below

4.14 Members Allowances

The Local Authorities (Members' Allowances) (England) Regulations 2003 Part 3, Regulation 13 provides that a person may forgo all or part of any allowances to which they are entitled and must do so in writing. Five Councillors were sampled, of which one opted for a reduced rate on their members allowance. However, there was no evidence of a request for a reduced rate retained in their personnel file. It is recommended that Payroll and Constitutional Services both retain evidence of Councillors who forgo all or part of their member's allowance.

It is important that all documentation relating to allowances and special responsibilities is maintained in Councillor's personnel file to support payroll payments and amendments.

Please refer to Recommendation 12 in section 5 below

4.15 BACS Card Resilience

Currently there are two officers who have the facility to make payments via the BACS run. However, it is recommended that a senior officer should also have the access and authority to submit the payroll payments in emergency situations.

Please refer to Recommendation 13 in section 5 below

5 Way Forward

5.1 An Action Plan for recommendations arising from the audit is included in **Section 6** of this report. Progress against the agreed recommendations will be reviewed as part of an agreed timetable.

5.2 We would like to thank officers within the Service 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.

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6. Action Plan 2025/26.

The table below shows the recommendations for the findings arising from our interim 2023/24 reviews. 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	Management Comments	Responsibility	Implementation Date	Progress update June 2026
1	Error/Suspense Account It is recommended that Payroll in conjunction with Finance Colleagues implement a standardised process for promptly addressing and resolving discrepancies between GL and control and suspense account balances. This should include clear guidelines for identifying, documenting, and	**High**	Finance Manager - Financial Systems: Previous imbalances of the payroll interfaces have been investigated and the payroll element causing the issue has been identified, corrected and since December 2025, all files have been in balance. There will inherently be some items that end up in suspense due to incorrect cost centre, account code or payroll numbers being used and these are corrected as per the comments below. Finance Managers - Directorates and Schools: Following on from the above, any items that end up in suspense through the use of incorrect cost centres or payroll numbers are reviewed on a regular basis and re-allocated to the correct service areas.	Finance Manager (Systems) HR Employment Services Manager	Complete	Complete

	resolving discrepancies. This should be cleared as soon as possible. **New Recommendation for 2025/26**					
2	<u>Exception Reporting</u> Management should consider documenting the review around payments in the net to net exception report to provide further quality assurance in the exception reporting process. **New Recommendation for 2025/26**	**Medium**	This is considered in the net-to-net reports that are carried out each month. Any high percentage variation between the current and previous month are escalated and looked at. Net-to-net reports are located in cross payroll folders for each month. As standard these split between team members to ensure each pay record is fully checked. From April 26 these are filed in a separate folder so they should be easily identifiable. This will be evidence and signed off by a manager each time this is completed.	HR Employment Services Manager	Complete	Complete
3	<u>Authorised Signatory List</u> Management should consider creating an authorised signatory list to include all officers	**Medium**	Agreed This document will be drafted for disaster recovery. Risk level to be looked at and communicated to the relevant managers in events of emergency processing.	HR Employment Services Manager	30 June 2026	Complete

	with the authority to approve payroll transactions . The list should be retained in an accessible folder for all relevant Payroll staff. **New Recommendation for 2025/26**					
4	<u>Pre-employment and Right to Work Checklist- Schools</u> The Payroll Service should liaise with the Head of Education Support Services and HR colleagues to agree a procedure for the collection and storage of a central record of statutory pre-employment and DBS checks. The review has noted that this action has not progressed as expected and steps need to be taken around storage of	**High**	Agreed – The new process started January 2026 so will see improvement in next Audit.	Head of Schools HR Employment Services Manager	Complete	Monthly audits ongoing to check progress

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	supporting information around pre-employment checks. The Council will continue to carry out pre-employment checks for all council employees. New Starter forms sent by maintained school's should also include the line from the Single Central Record (SCR) the includes the new starter details to demonstrate all pre-employment checks are completed. **Brought forward from 2024/25**					
5	<u>Policies and Procedures</u> Management should ensure the following: 1. That the documentation of payroll	**High**	Agreed - this action was delayed due to changes in personnel but is now underway with an estimated time of completion of September, so we anticipate this being completed by next Audit. Pay policy for 2026 was approved and is up to date.	HR Employment Services Manager	31 October 2026	Standard Operating Procedure project is on track for completion for 31 October 2026

	procedures for the use of staff within the Payroll Team is expedited. Once complete, they should be circulated to all relevant staff within the Team and training provided if necessary. 2. All policies and procedures including the Pay Policy and Procedures documentation should be regularly updated so that they remain relevant and refer to current systems. 3. Set out formally (in writing) the roles and responsibilities of staff within the Payroll Team. **Brought forward from 2025/26**					

6	<u>Employee Personnel Files</u> It is recommended that the exercise to cleanse and reorganise Payroll records is continued and a standardised approach is agreed as to which documentation should be retained in the Employee files and HR Advisory Files. **New Recommendation for 2025/26**	**Medium**	Agreed A project will be ongoing in order to ensure all personal files are stored and maintained adequately to ensure all key documentations are available.	HR Employment Services Manager	ongoing	Work is ongoing to maintain file discipline which is monitored through service audits
7	<u>CHAPS Payments – Review of Errors</u> KPI data should continue to be collected to analyse and identify any common system or process issues, which can be addressed and rectified to reduce the number of CHAPS requests.	**Medium**	Agreed CHAPS payments are approved by AD and under/overpayments are now kept as part of KPI report and reported through to Corporate Performance report. Pay anomalies and payroll accuracy have also been added onto Corporate Performance reporting, and the service have been reporting on this data from Q3 25/26.	HR Employment Services Manager	Complete	Complete

	All requests for CHAPS payments should be retained on file and signed off in accordance with the scheme of delegation. **Brought forward from 2025/26**					
8	<u>Exceptional Payment Agreements</u> Where exceptional payments are authorised by Services, Payroll Services should ensure that any decisions made outside the pay policy is authorised by the relevant Service Director. All supporting documentation should be retained on file for audit and transparency purposes.	**Medium**	Agreed Also Filing discipline – working with the team. Need to be clear where filing these. Payments only processed with full approval and any changes away from formal procedure should be also fully documented. This will fall under discipline and file mapping.	HR Employment Services Manager	31 October 2026	Complete
9	<u>Overpayments - Communications to Managers</u>	**Medium**	Agreed	HR Employment Services Manager	Complete – due to audit review timeframe	Complete

	Communication should continue to be sent to all Managers responsible for staff to reiterate the importance of submitting leavers forms in a timely manner to prevent overpayments. Good practice to continue to be re-enforced with the support of KPI performance data. This could be achieved through training / awareness campaign and/or targeted communications in cases of non-compliance. **Brought forward from 2024/25**		Specific teams have been contacted where learning is needed for example we did this with the customer team due to several late payments in one month. This will be documented and followed up if same service areas continue to delay processing information Payroll services. We are introducing new overpayment procedures, and overpayments policy being reviewed.			
10	<u>Salary Overpayment Repayment Plans</u> Relevant supporting documentation in relation to payroll	**Medium**	Agreed We are clear that Payroll are following policy but there is a review needed overall on overpayments and recovery.	HR Employment Services Manager	31 October 2026	Debt Recovery Group still in place and is working through a more robust progress for recording and tracking overpayments

	transactions are properly retained including overpayment agreements. It is advised that regular meetings with Debt Recovery are conducted as part of the performance reporting process. **This is a new recommendation for 2025/26**		There is now a working group focused on overpayments and debt recovery, which will strengthen overall recovery process..			
11	Employee Contracts Employees should be issued with employment contracts in a timely manner. In the absence of an employment contract outlining terms and conditions of employment there is a risk that disputes may arise, and claims may be brought against the Authority.	**Medium**	Agreed One employment contract was missing from the sample. Root cause has been identified and addressed.	HR Employment Services Manager	31 July 2026	Monthly internal audit in place on contracts and variation letters

	Brought forward from 2024/25					
12	Councillors Allowance A review of all Members who wish to forgo their allowance should be conducted for 2025/26. Declaration forms should be completed and retained in their personnel files for completeness and continuity purposes. Robust communications should continue to be maintained between Constitutional Services and Payroll. **New Recommendation for 2025/26**	**High**	Agreed A more robust process will be followed between Constitutional Services and Payroll.	HR Employment Services Manager	31 October 2026	This is subject to ongoing conversations with constitutional services
13	BACS Card Resilience An additional member of staff within the Payroll	**Medium**	Agreed – underway currently.	HR Employment Services Manager	31 October 2026	Complete

	and HR service should have the facility to process the payroll payment by accessing their own BACS Card. **New Recommendation for 2025/26**					

Appendix 7

Oldham Council Audit and Counter Fraud Team

2025/26 Fundamental Financial Systems

Children's Social Care

6 July 2026

Audit Report

Prepared by:

	Senior Auditor

Reviewed by:

John Miller	Head of Audit and Counter Fraud

Issued to:

Anthony Decrop	Director Children's Social Care and Early Help
Julie Daniels	Strategic Director of Children's Social Services
Sheila Garara	Assistant Director Children's Services Integration
Nick Whitbread	Assistant Director of Corporate Parenting
Jude Brown	Assistant Director of Safeguarding
	Head of Children's Commissioning
	Head of Data and Insight
	Finance Manager
	Business Service Manager

2025/26 Fundamental Financial Systems

Children' Social Care

1 Background

1.1 As part of our annual review of the Council's Fundamental Financial Systems, a review of the systems and controls around Children's Social Care has been undertaken.

1.2 The total budget and overspend forecast for month 11 are shown below:

2025/26	Budget £m	Forecast £m	Variance £m
Children's Social Care	88,569	94,272	5,526

1.3 The budgetary pressures facing the Directorate have remained the focus of senior management attention during the year and an action plan to address the challenges in this area is already in place.

1.4 The limited integration of Children's Social Care finance records into Mosaic has meant that reporting is complex, and it is difficult to align financial and case management data without manual intervention. For the Children with Disabilities and Short Breaks service, spreadsheets are being used to track child-level financial information, which again adds to the complexity of reporting and risk of error. To improve the ease and accuracy of performance reporting and financial forecasting, particularly around Transitions cases, Children's Services have initiated a project to include the remaining areas of finance functionality still managed within the Council's Agresso system into Mosaic

2 Objectives and Scope

2.1 The objective of the audit is 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 2024.

2.2 The key system controls examined include:

- Client needs assessments are in line with statutory requirements.
- Accurate and timely invoices are raised for jointly funded care.
- Data held on Mosaic is adequately controlled to ensure its accuracy and completeness.
- Payments to care providers are appropriately approved and correctly recorded in Agresso.
- Income and expenditure are correctly reconciled between Mosaic and Agresso.

2.3 Our approach involved:

- Validation of system flowcharts to ensure that the system is adequately recorded.
- Walkthrough testing to ensure that the processes and controls are operating as expected.

- Compliance testing of key control incorporating the CIPFA System Based Control Matrices.

3 2025/26 Audit Opinion

3.1 From the audit work carried out for 2025/26 we have issued an opinion of **Limited** assurance. The reasons for this opinion are discussed below.

3.2 Since our 2024/25 audit report, work by the Mosaic Children's Finance Board to improve the financial control environment within Children's Services Directorate is still underway. There have been delays in the Mosaic upgrade project due to business-as-usual demands on services and essential Mosaic IT upgrades. It is anticipated that the ongoing Mosaic Children's Finance Project Group objectives will assist in providing further assurance in this area going forward.

3.3 Of the eight recommendations agreed for improvement in 2024/25 six have been carried forward and three additional recommendations have been added to the Action Plan in **Section 6.** The issues identified are discussed in the sections 4 below.

4 Findings

4.1 Financial Procedures and Guidance

It is recommended financial procedures and guidance are formalised to include the document owner and review dates to ensure all users are aware of current guidance. A Financial Framework should be devised, (for example a flow chart), to identify the required journey of invoices for payment. The Framework should ensure appropriate approvals are sought in line with the scheme of delegation and a robust method of evidencing this should be introduced. The procedures and guidance will need to be prepared in line with the new integrated Mosaic system.

Please refer to Recommendation 1 in Section 6 below.

This recommendation remains outstanding pending the implementation of the Mosaic Children's Finance Project as per management updates provided in 2025/26.

4.2 Purchase Order Methodology

The Mosaic system is "one solution, one platform", and therefore, potentially provides a fully integrated solution for Children's operational and financial case management on a single platform.

Mosaic has been designed to address needs in four areas:

- Improving decision making.
- Detailing the client's history.
- Saving time for practitioners.
- Supporting collaboration with families and other agencies.

It was noted during the audit that although some costs originate with a purchase order initiated in the Mosaic system, not all cost types follow this same process. Specifically, Independent Foster Agency costs, Out of Borough placements and purchase orders for short breaks are initiated in the Agresso system. This results in costs not being captured in the Mosaic system. Any subsequent input into the Mosaic system is, therefore, a duplication of effort. Management should consider if this two-tier process should continue.

Please refer to Recommendation 2 in Section 6 below.

This recommendation remains outstanding pending the implementation of the Mosaic Children's Finance Project, as per management updates provided in 2025/26.

4.3 Financial System Reconciliation

Budget monitoring is conducted consistently each month, however, monthly reconciliations between Agresso and Mosaic result in a duplication of effort. The implementation of the operational and financial case management platform on Mosaic will help provide a resolution to this recommendation.

Please refer to Recommendation 3 in Section 6 below.

This recommendation remains outstanding pending the implementation of the Mosaic Children's Finance Project, as per management updates provided in 2025/26.

4.4 Periodic Supplier Payments (PSP)

PSPs are processed via Agresso as opposed to Mosaic. The current approval process for care plan costs is only recorded via panel decision which is off system. Under the current process it is not possible to determine which individual officer originally input or made the changes to a PSP on Agresso.

This risk was further highlighted by the Mosaic Children's Finance Board. Members of the board had identified significant delays in Children's Finance Officers completing PSP's, requesting recharges from health and education partners and setting up new packages.

If these payments were processed via Mosaic, the process would be automated and there would be no requirement for manual intervention.

Please refer to Recommendations 4 in Section 6 below.

This recommendation remains outstanding pending the implementation of the Mosaic Children's Finance Project, as per management updates provided in 2025/26.

4.5 Direct Payments for Short Breaks Plans

The audit testing highlighted that five out of the eight Short Breaks Plans sampled were out of date at the time of testing. The Council's internal guidance documentation states that direct payments should be monitored once every 12 months by the Direct Payment Audit Team to ensure that surplus balances are recovered from the accounts where funds have accumulated and that any indication that the provision is no longer required or suitable. In the case of Short Breaks if the plans are not up to date and reviewed regularly there is a continued risk that the surplus funds will continue to mount up in the clients account. It also makes it difficult to forecast future expenditure when plans are not updated in line with Policy.

Management have establish a formal reporting process with Strategy and Performance to highlight service users who are overdue a review and continue to monitor All Short Breaks Plans should be completed in a timely manner.

Please refer to Recommendation 5 in Section 6 below.

4.6 Direct Payments- Transitions

As per policy, all young people who meet the eligibility criteria and who are expected to require support after the age of 18, should be subject to a Transition Workflow before their 18th Birthday to ascertain their ongoing needs.

In a sample of 10 children's Direct Payments (DPs) reviewed, two clients had turned 18 this financial year, delays were identified and their transition to Adult Services has not yet taken place.

From an audit risk perspective, there are also the issues of disruption to provider's cashflow if the transition does not take place in line with policy. This could contribute to provider financial difficulties, if they experience a significant gap in their income stream for an extended period. It also makes it difficult to forecast future expenditure when costs are omitted for a period and then a large back dated adjustment appears unexpectedly.

A quality assurance check should be conducted in a timely manner to ensure that all children who transition into Adult Service have completed the correct documentation and retained on Mosaic prior to transfer; this should also be supported by an up-to-date Support Plan with management sign off.

Please refer to Recommendation 6 in Section 6 below.

4.7 Direct Payments – Pre-Paid Cards

In one case examined funds were transferred into a personal bank account to pay for care needs after reporting issues with a Prepaid Card. The transfer of funds was made from a prepaid card to a personal bank account without a full audit trial.

The bank account was set up through the Purchasing Team as a new supplier; however, it was identified that the client had already previously been set up as a supplier. There is no evidence that a statement was requested identifying the account holder and bank details. It is recommended that supporting evidence, i.e. 3 months' worth of bank statements are requested to ensure the account is solely set up to receive Direct Payment monies. Unless a new bank account is opened for the DP.

The approval should have been authorised at AD level, given the amount and the circumstances, in addition to the Head of Service at the time of requesting the supplier change.

There is a risk that if Direct Payments are managed through client's personal accounts the funds may be mismanaged and/or at risk of fraud. Furthermore, if the client fails to manage their finances correctly these may be insufficient funds to meet the client's care needs.

Please refer to Recommendation 7 in Section 6 below.

4.8 Direct Payments Policy – Allowance for Agreed Contingencies

The Children's Direct Payments and Managed Budgets Policy does not refer to contingency arrangements to support flexibility in direct payment arrangements. It is important to understand the implications of having a contingency left in a service users account to cover employer responsibilities such as holiday pay, emergency payments and national insurance liabilities. It is recommended that an agreed number of weeks' payments are left in the service users account and that the policy is updated to reflect this for clarity.

Please refer to Recommendation 8 in Section 6 below.

4.9 Retention of Documentation

It is important that transparent records are maintained in Mosaic for continuity purposes. Documents such as emails authorising Direct Payment fund transfers should be saved to Mosaic and not stored off-system; relevant staff should have their authorisation levels revised to enable them to complete this action where applicable.

Please refer to Recommendation 9 in Section 6 below.

5 Way Forward

5.1 The Action Plan is included in Section 6 of this report. 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 audit review whilst dealing with other competing priorities. 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 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	Management Comments	Responsibility	Implementation Date
1	Financial Procedures and Guidance System notes / Process Notes should be formalised for the new Mosaic Finance platform to establish robust financial processes and a strong financial framework. This should be circulated to all staff involved, supported by Finance. **This recommendation remains outstanding pending the implementation of the Mosaic Children's Finance Project as per management updates provided in 2025/26**	High	Due to the technical system complexity, IT capacity and delays to the Mosaic upgrade, the changes have taken longer than anticipated to be implemented. Existing Mosaic training guides have been updated and will be revised for purchasing and payment processes through the Mosaic Children's Finance project. Revised implementation dates: The payment process guides will be completed by Oct 2026 following the Mosaic upgrade and workflow developments. Revised implementation dates are dependent on the Mosaic change freeze and completion of the Mosaic upgrade.	Assistant Director Corporate Parenting	October 2026

No	Recommendation	Priority	Management Comments	Responsibility	Implementation Date
2	<u>All costs to be recorded on Mosaic</u> Management to consider using the Mosaic system as the first point of entry for all purchase orders, including: • Short Breaks • Out of Borough placements • Independent Foster Agencies. **This recommendation remains outstanding pending the implementation of the Mosaic Children's Finance Project as per management updates provided in 2025/26**	Medium	Due to the technical system complexity, IT capacity and delays to the Mosaic upgrade, the changes have taken longer than anticipated to be implemented. The capability is in place and the costs are recorded on Mosaic for Out of Borough placements and Independent Foster Agencies. Revised implementation dates: Short breaks Mosaic development is progressing to configure a sustainable solution for payments. Data migration for direct payments packages has been recorded on Mosaic by April 2026 Commissioned short breaks care package costs will be recorded on Mosaic by Oct 2026 following the Mosaic upgrade. Revised implementation dates are dependent on the Mosaic change freeze and completion of the Mosaic upgrade.	Assistant Director Corporate Parenting	Short breaks Direct payments April 2026 Commissioned short breaks pay ments Oct 2026
3	<u>Monthly System Reconciliations</u>	High	Standard Mosaic reports are available and can be used to extract	Assistant Director Corporate Parenting	December 2026

No	Recommendation	Priority	Management Comments	Responsibility	Implementation Date
	The Service should liaise with Finance colleagues to ensure that Mosaic and Agresso are reconciled on a monthly basis. **This recommendation remains outstanding pending the implementation of the Mosaic Children's Finance Project as per management updates provided in 2025/26**		financial data from Mosaic for payments i.e. to Foster Carers. Revised implementation date: Finance colleagues will complete monthly reconciliation once payments are processed through Mosaic from Dec 2026.		
4	<u>Periodic Supplier Payments (PSPs)</u> The Service should consider transferring regular payments currently set up on Agresso for PSPs to the Mosaic system as the first point of entry for all purchase orders. This would capture the Manager's approval as well as the details of the inputting officer as an audit trail. **This recommendation remains outstanding pending the implementation of the Mosaic Children's Finance Project as per management updates provided in 2025/26**	High	Due to the technical system complexity, IT capacity and delays to the Mosaic upgrade, the changes have taken longer than anticipated to be implemented. Data cleansing activities have been completed for current packages. Revised implementation date: Mosaic development for direct payments has been completed. Work is now underway to migrate direct payments on Mosaic, anticipated to be complete by April 2026. Testing of the Accounts Payable interface between Mosaic and Agresso for the direct payments cycle will commence after the Mosaic upgrade in summer for payment cycles to be completed by Dec 2026.	Assistant Director Corporate Parenting	December 2026

No	Recommendation	Priority	Management Comments	Responsibility	Implementation Date
5	<u>Short Breaks Plans</u> Short Breaks Plans reviews should be completed in a timely manner to ensure payments are accurately recorded and in line with the statutory duty. **Brought forward from 2024/25**	Medium	This action is complete and is an ongoing business as usual monitoring action due to a continuous cycle of reviewing new and existing plans. The updated Short Breaks Plan document is live in Mosaic and includes more comprehensive cost information. Performance is monitored through monthly performance mechanisms within the service.	Assistant Director Corporate Parenting	31 December 2026
6	<u>Direct Payments - Transitions</u> A monthly review of all children transitioning to Adults Services should be conducted to ensure that the transition is supported by the appropriate documentation and management oversight. **Brought forward from 2024/25**	High	This action is complete and is an ongoing business as usual monitoring action. The Children's Direct Payments Polic is being utilised by the service. Data and intelligence on children transitioning to Adult Social Care is now available and both Children's and Adults are continually reviewing the performance of the transition's workflows.	Assistant Director Corporate Parenting	31 December 2026
7	<u>Direct Payments - Prepaid Cards</u> Prepaid Cards should be used where practicable. Children's DPs should be paid into a designated DP bank account and supplier set up processes followed.	High	If families do want to manage the budget currently we will advise of the pre payment card and recommend this in the first instance. This will be practice moving forward. We will ensure an expectation is put in place that new bank accounts are set up which	Assistant Director Corporate Parenting	31 December 2026

No	Recommendation	Priority	Management Comments	Responsibility	Implementation Date
	This is a new recommendation for 2025/26		are verified by the bank.		
8	<u>Children's Direct Payments Policy – Contingencies.</u> It is recommended that the Children's Direct Payments and Managed Budgets Policy is updated to include agreed amounts of contingency funds to be left in the Service User Direct Payment account for payments such as Employer Liability and National Insurance contributions. **This is a new recommendation for 2025/26**	Medium	Agree that this will be completed within the implementation date Four weeks PA hours, broker fee, holiday pay, HMRC and insurance costs are left as a contingency.	Assistant Director Corporate Parenting	31 December 2026
9	<u>Document Retention</u> It is important that all documentation is saved to Mosaic and not stored of system for audit and continuity purposes. This is particularly important when authorisation is given to transfer DP funds between bank accounts. **This is a new recommendation for 2025/26**	Medium	The service will review and build upon established systems for recording and retaining documentation within the expected implementation date. Upon the DP payment system being live in Mosaic this will ensure all documentation is in one central place.	Assistant Director Corporate Parenting	31 December 2026

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Oldham Council

Report to Audit Committee

Date: 22 July 2026

Subject:
Payroll Audit Action Plan 25/26 Progress

For Information

Report of:
Eleanor Devlin
Assistant Director of Workforce & Organisational Culture

Sign-off:
Eleanor Devlin
Assistant Director of Workforce & Organisational Culture

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1. Introduction

1.1. This paper gives an update against actions as included in the Payroll Audit Report 24/25 and the HR & OD ReBuild Recovery Plan launched in September 2025.

2. Background

2.1. The Payroll service at Oldham Council has several, long-standing identified issues, which has led to it being classified as "*Inadequate/Limited Assurance*" by Internal Audit for a number of years.

2.2. The service provides a wide ranging and complex service across the borough. It provides a full range of Payroll and Pension service to Oldham Council. It also provides Payroll services to several schools and additional providers in the area, including Miocare Group Limited.

2.3. Since the last Audit Committee, the 25/26 Payroll Audit has taken place, therefore this report focused on completion of some actions from 24/25 and progress against new actions from 25/26

2.4. As reported previously, the HR & OD ReBuild Recovery Plan had been drafted in partnership with the senior HR & OD team. This is a 12-month plan focused on ensuring compliant and resilient services across the HR team. It is acknowledged that improvements will take longer than 12 months to develop and embed, so further plans will need to be developed.

2.5. The Payroll FFS report for 25/26 reported Limited Assurance, as predicted at the last Audit Committee, as the HR & OD ReBuild Plan did not launch until September 2025. However, the report noted "*Progress has been made over the last six months to address the actions set out in the Service's improvement plan (including staff development and training), and previous audit recommendations, and staff have now been recruited to key posts within the service*

3. Progress against 24/25 Action Plan

3.1. Several actions brought forward from 24/25 were complete but had been completed towards the end of the 24/25 reference period and therefore have remained as live actions in the 25/26 Action Plan to ensure continued focus and impact.

3.2. Four recommendations from the 24/25 Action Plan were not brought forward as appropriate action and evidence was available to evidence completion.

3.3. Other recommendations have been brought forward to the 25/26 Audit action plan, as outlined below.

4. Progress against the 25/26 Action Plan

4.1. There were six recommendations brought forward from 2024/25 action plan. Five of these are marked as complete but remain live actions as they were completed towards the end of the 25/26 reference period, or outside it (e.g. January 2026.)

4.2. The remaining action is on track for completion as per agreed deadline.

4.3. There were seven new recommendations. Four are classed as complete following focused work over the past 3 months, some subject to monthly review.

4.4. The remaining three are underway and reviewed regularly through the internal HR compliance framework.

5. Conclusion

5.1. Fulfilling action as outlined in the Payroll Audit action plan has now commenced at pace. Improvement will take time and consistent focus. It remains one of the highest priorities for the HR & OD service.

5.2. Several actions will require ongoing oversight and local audit, which is part of our next phase of our ReBuild plan.

5.3. The Audit Committee is asked to note and acknowledge the above.

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Agenda Item 15

Appendix 1

Report to Council

2025/26 Annual Report of the Audit Committee to Council

Portfolio Holder: To be confirmed

Officer Contact: Lee Walsh, Director of Finance

Report Author: John Miller, Head of Audit and Counter fraud

22 July 2026

~~Reason for Decision~~

CIPFA's Position Statement: Audit Committees in Local Authorities and Police 2022, states that:

To discharge its responsibilities effectively, the committee should:

- ***report annually on how the committee has complied with the position statement, discharged its responsibilities, and include an assessment of its performance. The report should be available to the public.***

The Council's Audit Committee is a key component of this Authority's governance framework. Its function is to provide an independent review and assurance role to support good governance and sound public financial management. This report has been prepared for full Council to advise of the work undertaken by the Committee in the financial year 2025/26, and for Council to note the views of the Committee on internal control.

Executive Summary

To discharge its role, the Audit Committee met formally on five separate occasions during the municipal year 2025/26 undertaking the work detailed in this report.

Members also received training on their role and responsibilities as Members of the Audit Committee from CIPFA on 3rd and 5th November 2025, and on the compilation of the Council's Annual Audit Plan from the Head of Internal Audit and Counter Fraud on 24th March 2026.

The Committee last had a private meeting with the Council’s External Auditors, Forvis Mazars on 10th March 2025. The next meeting is planned for late September 2026 to coincide with the External Auditor’s expectations of having completed the bulk of their work on the 2025/26 financial statements.

The Committee’s annual work programme is built around its responsibilities for corporate governance, internal audit, external audit, risk management, anti-fraud and corruption, treasury management, and the review of the annual Statement of Accounts. This report summarises the work undertaken by key programme area for the financial year 2025/26.

This report is to inform Members of the work of the Audit Committee in the previous financial year and to report on the Committee’s assessment of its own effectiveness against the CIPFA Position Statement and associated guidance.

Recommendation

That Council accepts the Annual Report of the Audit Committee.

Annual Report of the Audit Committee to Council

1 Background

1.1 The Council's Audit Committee is a key component of this Authority's governance framework. Its function is to provide an independent review and assurance role to support good governance and sound public financial management.

1.2 The purpose of the Committee is to provide, to those charged with governance, independent assurance on the adequacy of the internal control environment, governance processes, integrity of financial reporting, and adequacy of the risk and information management framework.

1.3 To discharge its role, the Audit Committee met on eight separate occasions, five of which were formal meetings of the committee, during the municipal year 2025/26, undertaking the work detailed in this report. Member attendance details are shown in the table below.

Member	Meetings to attend	Present	Apologies	Absent	Sent Substitute
Grenville Page (Independent Chair)	**5**	**5**	**0**	**0**	
Cllr Al-Hamdani	**5**	**3**	**2**	**0**	**2 (Cllr Kenyon on 14th January 2026 and 26th March 2026)**
Cllr Aslam	**5**	**3**	**2**	**0**	**2 (Cllr Davis on 22nd October 2025, Cllr S. Hussain on 26th November 2025)**
Cllr Chauhan	**5**	**2**	**2**	**1**	**2 (Cllr Cosgrove on 22nd October 2025 and Cllr Harrison on 26th March 2026)**
Cllr Chowhan	**5**	**1**	**3**	**1**	**1 (Cllr Z. Ali on 26th November 2025)**
Cllr Ghafoor	**5**	**2**	**1**	**2**	**1 (Cllr Wahid on 26th November 2025)**
Cllr Malik	**5**	**0**	**2**	**3**	**1 (Cllr Nasheen on 26th March 2026)**
Cllr Quigg*	**3**	**1**	**1**	**1**	
Cllr Rustidge	**5**	**4**	**1**	**0**	

Cllr Sykes	**5**	**2**	**3**	**0**	**3 (Cllr Kenyon on 23rd July 2025, 22nd October 2025 and 26th November 2025)**
Stuart Green (Independent Vice-Chair)	**3**	**1**	**2**	**0**	
Cllr Lancaster*	**1**	**0**	**1**	**0**	
Cllr Woodvine*	**1**	**1**	**0**	**0**	

*For the first meeting of the year, Cllr Hince was a member of the Committee but, due to changes to the political balance of the Council, Cllr Hince was subsequently replaced by Cllr Sykes. Cllr Lancaster was a member of the Committee for the first meeting only, and Cllr Woodvine for the second meeting only. Cllr Quigg was a member of the committee for the final three meetings of the year.

1.4 Independent members assist in broadening the skills and knowledge available to assist Members in discharging their role and responsibilities. In the Audit Committee's previous report to Council for 2024/25, Members raised concerns over the Council not having recruited a second independent Member to the Committee. Following a number of unsuccessful recruitment exercises over the preceding two years, a second independent member of the committee was successfully appointed during 2025/26.

2 Work of the Committee during 2025/26 in accordance with the Committee's Terms of Reference

2.1 The Committee's work programme was built around its responsibilities for corporate governance, internal audit, external audit, risk management, anti-fraud and corruption, Treasury Management, Information Governance, and the review of the annual Statement of Accounts.

2.2 The paragraphs below outline the work undertaken in each of the key areas of responsibility.

Statement of Accounts

2.3 The Council published its draft Statement of Accounts for the financial year 2024/25 for submission to the External Auditor on 30 June 2025. The accounts were considered by the Audit Committee at its meeting on 23 July 2025. Whilst not a statutory requirement for the Audit Committee to review the draft Statement of Accounts, it is considered good practice that appropriate scrutiny occurs at this stage. It provides Members with the opportunity to ask detailed questions and seek assurances before the accounts are finalised.

Audit Completion Report

2.4 At its meeting on 26 November 2025 the Audit Committee considered the Auditor's Annual Report produced by the External Auditor to the Council (Forvis Mazars LLP) which set out the draft findings of the audit of the 2024/25 Statement of Accounts. Overall, the findings of the External Auditor continued to be positive with an unqualified audit opinion, reflecting the good practice adopted by Oldham in preparing its accounts. The External Auditor did however note two significant value for money weaknesses in relation to Financial Sustainability (reliance on reserves to support revenue expenditure), and Governance (Limited annual assurance opinion for the year 2024/25 from the Council's Head of Internal Audit).

2.5 In respect of future financial resilience, the Council has, during 2025/26, increased earmarked reserves and revenue grant reserves for the purposes of providing future revenue budget support should this be required. The Council has, therefore, taken steps in year, and for future periods, to mitigate future financial risks.

2.6 In response to the Head of Audit and Counter Fraud's Limited Assurance opinion for 2024/25, the Council's established a system of detailed, regular progress reporting to the Council's Chief Executive and Executive Directors, to the Leader of the Council and Portfolio Holder, and to the Council's Audit Committee. Self-reporting of progress by Services has been at a granular level, on a recommendation-by-recommendation basis, with reasons for programme slippage reported where this has been the case. The Chief Executive, Executive Directors, Leader, Portfolio Holder and other responsible Officers have regularly attended the Council's Audit Committee throughout 2025/26 to provide written and verbal updates to members and answer Member questions on progress.

2.7 Significant progress has been reported by Services across the majority of areas highlighted in the Head of Internal Audit's Annual Report and Opinion for 2024/25. Which reflects the clear organisational commitment to strengthening governance, risk management and internal control arrangements.

2.8 As a result, whilst the overall conclusion and Annual Audit Opinion is that the Council's systems of governance and internal control during 2025/26 continued to provide Limited assurance, there is a clear implementation plan in place and a positive trajectory of improvement and, should the current momentum be sustained throughout 2026/27, there is an expectation that assurance levels will improve in coming years.

Annual Governance Statement (AGS) and Local Code of Corporate Governance

2.9 The main purpose of the Annual Governance Statement (AGS) is to provide the necessary assurance that a reliable framework is in place for the financial year that aligns to the Statement of Accounts. The Annual Governance Statement for 2024/25 was presented as part of the draft Statement of Accounts at the meeting on 23 July 2025. The Annual Governance Statement complies with the framework set out in the Chartered Institute of Public Finance and Society of Local Authority Chief Executives (CIPFA/SOLACE) guidance.

2.10 The Committee also reviewed the Local Code of Corporate Governance at its meeting on 27 June 2024. It is considered good practice to review the Code as a minimum every two years.

Partnership Governance

2.11 An emerging challenge for all Councils to consider is whether they have appropriate oversight, from a governance perspective, over the partnerships in which they have a financial and operational interest. There have been several matters reported in the public domain which has highlighted that in other public bodies those charged with the provision of this oversight have not fully understood the risk.

2.12 In respect of 2025/26 audit work, the Committee has received the outcomes of audit reports on both Miocare and Oldham Total Care, both subsidiaries of the Council.

Internal Audit and Annual Report of the Chief Internal Auditor

2.13 The Internal Audit service was provided in-house during 2025/26 with specialist support from Salford City Council for computer audit. The Committee received regular quarterly updates on Internal Audit and Counter Fraud progress, and an update to the Audit Charter at its meeting on 26 March 2026.

2.14 At its meeting on 23 July 2025, the Committee reviewed the system of internal audit for the financial year 2024/25 in line with good practice. In accordance with expected professional standards, which requires a review of the Internal Audit Service every five years, CIPFA were commissioned to undertake an External Quality Assurance review which was completed in 2023. This reviewed whether Internal Audit Practices adopted by the Service in Oldham conformed with the requirements of the Public Sector Internal Audit Standard. The outcome was that the Service "Generally Conforms to the Standard". As such the work undertaken by internal audit is in line with best practice as "Generally Conforms to the Standard" is the highest rating. A self-assessment of conformance for the year 2025/26 by the Head of Audit and Counter fraud confirmed that the Service remained in conformance with the required standards in that year.

2.15 At the meeting which considered the draft Statement of Accounts on 23 July 2025, the Audit Committee considered the Annual Report of the Head of Audit for 2024/25. As outlined above, this highlighted that the overall control environment during 2024/25 provided Limited Assurance. Also noted above is the Council's response to this finding and the progress made during 2025/26 to address the control improvements required.

2.16 At the meeting which considered the draft Statement of Accounts on 22 July 2026, the Audit Committee considered the Annual Report of the Head of Audit for 2025/26. The Head of Audit's Annual Opinion for 2025/26 is that the systems of governance and internal control during that year continued to provide Limited Assurance, but that significant progress had been made during 2025/26 and that, should this momentum be maintained, improved assurance opinions are anticipated going forward.

Treasury Management

2.17 Recent corporate failings of other local authorities reported in the public domain have identified the importance of appropriate independent scrutiny of Treasury Management which is therefore a key task of the Audit Committee. In line with recently updated best practice the Audit Committee now receives quarterly, as opposed to half yearly, reports on Treasury Management.

Senior Information Risk Owner (SIRO) / Information Governance

2.18 Another key role in the Governance Framework is the SIRO who considers the Council's risks in relation to information governance and when information is disclosed, often inadvertently, to an individual who has no right to access that data. The last SIRO update report to the Audit Committee was in January 2025.

Risk Management

2.19 The Audit Committee reviews the Council's risk management arrangements. Effective risk management can have a major impact on the successful achievement of the objectives, policies, and strategies of the Authority. The last Corporate Risk Register update report to the Audit Committee was in March 2025.

Anti-Fraud and Corruption

2.20 In addition to the regular anti-fraud and corruption progress reports received by the Committee, the Committee also reviews and approves the Council's suite of Anti-Fraud and Corruption policies, self-assessments and action plans on an annual basis. These were presented to the Committee in October 2025.

3 Audit Committee self-assessment and review of its own effectiveness.

3.1 CIPFA's Position Statement: Audit Committees in Local Authorities and Police 2022, contains two self-assessment questionnaires for the Committee to complete each year to assist the Committee in conducting a self-assessment of the Committee's own effectiveness.

3.2 The completed questionnaires are reproduced as Annexes 1 and 2 to this report. The outcome of the self-assessment is positive, with the Committee able to demonstrate high levels of adherence to best practice (Annex 1) and high levels of effectiveness (Annex 2). Areas where potential improvements have been identified, and associated actions to implement improvements, are noted in the annexes.

3.3 A summary of the actions identified during the 2024/25 review for the Committee to take forward during 2025/26 (actions 1 to 8), and progress against these actions, is shown in the table below. Also shown are two additional actions identified during the 2025/26 review and plans to address these actions (actions 9 and 10):

Audit Committee Effectiveness Review 2025/26 & 2026/27, and Action Plan for 2026/27.

No.	Actions from 2024/25 & 2025/26 Reviews	Progress during 2025/26 and areas to take forward into 2026/27
1	Explore opportunities to liaise across Greater Manchester with other Local Authority Audit Committee Chairs to share knowledge and experience as required.	**Ongoing** Audit Committee Chair is has attended two meetings of the NW Chair's Forum hosted by the LGA and has put forward an item for the upcoming meeting to propose a GM Audit Chair group to focus on sharing good practice in this area.
2	Review protocol for inviting Officers to appear at Audit Committee.	**Complete** Going forward all Limited or Weak Audit Opinion Reports will be brought to the Committee and Service representatives invited to attend to answer Member questions.
3	Committee to receive reports for information on results from other assurance providers, e.g. Ofsted, CQC etc.	**Ongoing** The Committee has not received reports from other assurance providers during 2025/26. Future reports to be distributed to members when available.

4	Committee to meet privately with both Internal and External Auditors during 2025/26.	**<u>Complete/Ongoing</u>** The last meeting took place on 10th March 2025. Members expressed the opinion that they considered the opportunity to meet with the External Auditor privately was beneficial. Next meeting to be scheduled for September 2026 onwards to coincide with the External Auditor's expectations in relation to completion of their work on the draft accounts.
5	Review plain English induction sheet for new Members outlining the role and functions of the Committee based on the Committee's Terms of Reference.	**<u>Complete</u>** Members received comprehensive training from CIPFA on their roles and responsibilities in July 2025. Self-assessment questionnaire issued to members for completion and inclusion in 2025/26 effectiveness review and to be utilised as a basis for further training. Comprehensive CIPFA Guidance materials distributed to new and existing Members 25th June 2025. Self-assessment questionnaire issued to existing Members 9th May 2025, and to new Members 25th June 2025. Responses received indicate that members feel they have either a good or adequate knowledge in most areas pertinent to their role. The Council successfully recruited a second independent member to support the committee in undertaking its role.
6	A self-assessment of Member skills and knowledge based on the Committee's Terms of Reference to be circulated and completed and utilised to identify additional Member training and development needs.	**<u>Complete/Ongoing</u>** Members received comprehensive training from CIPFA on their roles and responsibilities in July 2025. Self-assessment questionnaire issued to members for completion and inclusion in 2025/26 effectiveness review and to be utilised as a basis for further training. Comprehensive CIPFA Guidance materials distributed to issued to new and existing Members 25th June 2025. Self-assessment questionnaire issued to existing Members 9th May 2025, and to new Members 25th June 2025. Responses received indicate that members feel they have either a good or adequate knowledge in most areas pertinent to their role.

		The Council successfully recruited a second independent member to support the committee in undertaking its role.
7	Update the Committee's Terms of Reference to make explicit, rather than implicit, reference to the Committee's role in reviewing the Council's ethical framework as part of its review work in connection with the Council's wider governance arrangements.	**Ongoing** Head of Audit and Counter Fraud liaising with the Assistant Director (Governance) on updating the Committee's Terms of Reference in line with CIPFA's Model Terms of Reference.
8	Seek feedback from the Cabinet Portfolio Holder and Council following presentation of the Committee's annual report to full Council.	**Complete and ongoing** Meeting between the Audit Committee Chair, the Executive Member for Value for Money and Sustainability, the Director of Finance and Head of Audit and Counter Fraud took place on 10th July 2024 to discuss the outcome of the Committee's self-assesment of it's own effectiveness for 2023/24. Good feedback on the work of the Committee was received. Next meeting to be arranged following Audit Committee approval of 2025/26 effectiveness review.
9	The Committee to receive regular update reports on the Corporate Risk register, and from the Senior Information Risk Owner (SIRO).	**Ongoing** The Audit Committee work plan will reflect this requirement going forward.
10	The Committee to meet annually in private with the Council's external Auditor following completion of the External Auditor's work in reviewing the Council's Annual Financial Statements.	**Ongoing** The Audit Committee work plan will reflect this requirement going forward and a meeting will be scheduled for September 2026 onwards.

3.4 Ongoing actions will be taken forward during 2026/27 and their implementation reviewed as part of the Committee's subsequent annual review process.

4 Options

4.1 There are two options as follows:

a) Accept the Annual Report of the Audit Committee.
b) Reject the Annual Report of the Audit Committee and request an alternative style of report.

Preferred Option

Option (a) at 4.1 is the preferred option, that the proposed Annual Report of the Audit Committee is accepted by Council.

5 Consultation

5.1 There has been consultation with the Audit Committee on the preparation of this report.

6 Financial Implications

6.1 There are no specific financial implications arising from this report.

7 Legal Services Comments

7.1 There are no direct legal implications arising from the report.

8 Co-operative Agenda

8.1 The Annual Report of the Audit Committee has been prepared to support the Council in its delivery of the cooperative agenda.

9 Human Resources Comments

9.1 There are no specific human resources implications.

10 Risk Assessments

10.1 The Council is required to prepare an Annual Report on the operation of its Audit Committee. The report does not identify any specific risks to identify to full Council.

11 IT Implications

11.1 There are no specific IT implications.

12 Property Implications

12.1 There are no specific property implications.

13 Procurement Implications

13.1 There are no specific procurement implications.

14 Environmental and Health & Safety Implications

14.1 There are no specific Environmental and Health & Safety Implications.

15 Equality, community cohesion and crime implications

15.1 There is no specific equality, community cohesion and crime implications.

16 Equality Impact Assessment Completed?

16.1 N/A.

17 Key Decision

17.1 No.

18 Key Decision Reference

18.1 N/A

19 Background Papers

19.1 The following is a list of 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 the Act:

Background papers are shown as the Annexes to this report.

Officer Name: Lee Walsh
Contact: lee.walsh@oldham.gov.uk

20 Appendices

Annex 1 - Self-assessment of good practice
Annex 2 - Self -assessment of effectiveness
Annex 3 - Member Knowledge and Skills questionnaire 2025 – aggregated results

Annex 1 - Self-assessment of good practice

This annex provides a high-level review that incorporates the key principles set out in CIPFA's Position Statement. Where an audit committee has a high degree of performance against the good practice principles, it is an indicator that the committee is soundly based and has in place a knowledgeable membership. These are the essential factors in developing an effective audit committee. A regular self-assessment should be used to support the planning of the audit committee work programme and training plans. It will also inform the annual report.

Good practice questions	Does not comply	Partially complies and extent of improvement needed			Fully complies
Scale of improvement required	Major	Signifi-cant	Moder-rate	Minor	None
Scoring of answers	0	1	2	3	5
Audit committee purpose and governance					
1 Does the authority have a dedicated audit committee that is not combined with other functions (e,g. standards, ethics, scrutiny)?					5
2 Does the audit committee report directly to the governing body (PCC and chief constable/full council/full fire authority, etc)?					5
3 Has the committee maintained its advisory role by not taking on any decision-making powers?					5

4 Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's 2022 Position Statement?					5
5 Do all those charged with governance and in leadership roles have a good understanding of the role and purpose of the committee?					5
6 Does the audit committee escalate issues and concerns promptly to those in governance and leadership roles?					5
7 Does the governing body hold the audit committee to account for its performance at least annually?					5
8 Does the committee publish an annual report in accordance with the 2022 guidance, including:					
• compliance with the CIPFA Position Statement 2022.					5
• results of the annual evaluation, development work undertaken and planned improvements					5
• how it has fulfilled its terms of reference and the key issues escalated in the year?					5
Functions of the committee					
9 Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement as follows?					
Governance arrangements					5
Risk management arrangements					5
Internal control arrangements, including: • financial management • value for money • ethics and standards • counter fraud and corruption				3	
Annual governance statement					5
Financial reporting					5
Assurance framework					5
Internal audit					5
External audit					5

10 Over the last year, has adequate consideration been given to all core areas?				3	
11 Over the last year, has the committee only considered agenda items that align with its core functions or selected wider functions, as set out in the 2022 guidance?					5
12 Has the committee met privately with the external auditors and head of internal audit in the last year?				3	
Membership and support					
13 Has the committee been established in accordance with the 2022 guidance as follows?					
• Separation from executive					5
• A size that is not unwieldy and avoids use of substitutes					5
• Inclusion of lay/co-opted independent members in accordance with legislation or CIPFA's recommendation					5
14 Have all committee members been appointed or selected to ensure a committee membership that is knowledgeable and skilled?			2		
15 Has an evaluation of knowledge, skills and the training needs of the chair and committee members been carried out within the last two years?					5
16 Have regular training and support arrangements been put in place covering the areas set out in the 2022 guidance?					5
17 Across the committee membership, is there a satisfactory level of knowledge, as set out in the 2022 guidance?					5

18 Is adequate secretariat and administrative support provided to the committee?					5
19 Does the committee have good working relations with key people and organisations, including external audit, internal audit and the CFO?					5
Effectiveness of the committee					
20 Has the committee obtained positive feedback on its performance from those interacting with the committee or relying on its work?					5
21 Are meetings well chaired, ensuring key agenda items are addressed with a focus on improvement?					5
22 Are meetings effective with a good level of discussion and engagement from all the members?				3	
23 Has the committee maintained a non-political approach to discussions throughout?					5
24 Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?					5
25 Does the committee make recommendations for the improvement of governance, risk and control arrangements?					5
26 Do audit committee recommendations have traction with those in leadership roles?					5
27 Has the committee evaluated whether and how it is adding value to the organisation?					5
28 Does the committee have an action plan to improve any areas of weakness?					5

29 Has this assessment been undertaken collaboratively with the audit committee members?					5
Sub totals	0	0	2	12	175

Total score is 189 out of a maximum of 200, with areas of potential development identified. The proposed actions to address these areas where less than full compliance were identified from the 2024/25 and 2025/26 assessments. Actions taken to date, and development areas to take forward into 2026/27, are shown in the table below:

Question	Level of Compliance 2025/26	Action to reach full compliance
9 Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement as follows? • ethics and standards	3	Action ongoing – Update the Committee's Terms of Reference to make explicit, rather than implicit, reference to the Committee's role in reviewing the Council's ethical framework as part of its review work in connection with the Council's wider governance arrangements.
10 Over the last year, has adequate consideration been given to all core areas?	3	The Committee to receive regular update reports on the Corporate Risk register and from the Senior Information Risk Owner (SIRO)
12 Has the committee met privately with the external auditors and head of internal audit in the last year?	3	The Audit Committee work plan will be updated to reflect this requirement going forward and a meeting scheduled for September 2026 onwards.
14 Have all committee members been appointed or selected to ensure a committee membership that is knowledgeable and skilled?	2	Committee Membership is not based solely on skills and knowledge, political balance of the Committee is a consideration. Action completed – A short, plain English induction sheet outlining the role and functions of the Committee based on the Committee's Terms of Reference has been completed and distributed to Members.

		Action completed – The Council has recruited a second independent member to support the committee in undertaking its role. Action ongoing – see Members Skills and Knowledge Assessment and Training responses below.
15 Has an evaluation of knowledge, skills and the training needs of the chair and committee members been carried out within the last two years?	5	Action completed and ongoing – A self-assessment of Member skills and knowledge based on the Committee's Terms of Reference has been circulated and completed in June 2025 and the exercise will be repeated for new committee membership in 2026.
17 Across the committee membership, is there a satisfactory level of knowledge, as set out in the 2022 guidance?	5	Action ongoing - The self-assessment of Member skills and knowledge based on the Committee's Terms of Reference found Members responded positively and reported either adequate or good knowledge in most areas. Feedback will be utilised to identify further additional Member training and development needs. Action Completed – Members received targeted training on the role of the Committee from CIPFA on 7th and 16th July 2026. Action completed – The Council has recruited a second independent member to support the committee in undertaking its role.
20 Has the committee obtained positive feedback on its performance from those interacting with the committee or relying on its work?	5	Action ongoing – Committee Chair met with Cabinet Portfolio Holder following 2023/24 assessment and feedback from Portfolio Holder was positive. Further meeting to be arranged following Member approval of the 2025/26 assessment.
22 Are meetings effective with a good level of discussion and engagement from all the members?	3	No proposed action – Member comments and questions on all aspects of Committee business are actively sought and welcomed at each meeting and levels of engagement have been good throughout 2025/26. Inevitably some

		Members contribute more frequently than others.

Annex 2 – Self-evaluation of effectiveness

Areas where the audit committee can have impact by supporting improvement	Examples of how the audit committee can demonstrate its impact	Self-evaluation by Oldham Council's Audit Committee as to how the Committee demonstrates its impact	Key indicators of effective arrangements	Self-evaluation by Oldham Council Audit Committee of its strengths, weaknesses and proposed actions
Promoting the principles of good governance and their application to decision making.	• Supporting the development of a local code of governance. • Providing a robust review of the AGS and the assurances underpinning it. • Supporting reviews/audits of governance arrangements. • Participating in self-assessments of governance arrangements. • Working with partner audit committees to review governance arrangements in partnerships.	• The council has a local code of corporate governance presented to the audit committee in June 2024. • The AGS is reported to the Committee each year as part of the Council's draft Financial Statements. • Annual audit plan 2025/26 contained a review of the compilation of the AGS. • Miocare financial systems are audited each year and a review of OTC has been undertaken in 2025/26. • Audit committee chair has attended the NW LGA Chair's Forum.	• Elected members, the leadership team and senior managers all share a good understanding of governance, including the key principles and local arrangements. • Local arrangements for governance have been clearly set out in an up-to-date local code. • The authority's scrutiny arrangements are forward looking and constructive. • Appropriate governance arrangements established for all collaborations and arm's-length arrangements. • The head of internal audit's annual opinion on governance is satisfactory (or similar wording).	• Structures are generally sound. One weakness with audit committees generally is the length of tenure linked to the electoral cycle. • The council has a local code of corporate governance last presented in June 2024. • The council's scrutiny committees have been restructured. • Annual CAE opinion reported in July 2026 is Limited assurance. Committee to monitor progress against agreed actions throughout 2026/27. • Miocare financial systems are audited each year and a review of OTC has been undertaken in 2025/26.
Contributing to the development of an effective control environment.	• Encouraging ownership of the internal control framework by appropriate managers. • Actively monitoring the implementation of recommendations from auditors. • Raising significant	• During 2025/26 Service representatives and Senior Leaders have addressed the Audit Committee during the year in relation to audit review findings. • Recommendation tracker is reported to Committee. • Moving forward into 2026/27 the Committee will continue to receive	• The head of internal audit's annual opinion over internal control is that arrangements are satisfactory. • Assessments against control frameworks such as CIPFA's FM Code have been completed and a high level of compliance identified.	• Annual CAE opinion of Internal Control published in July 2026 is Limited assurance. • Assessment against FM code completed by CFO and presented to Audit Committee January 2022 and September 2023. A high level of compliance was identified. • Control frameworks are in place for key control areas. Where these are not currently in place the Council is working

Areas where the audit committee can have impact by supporting improvement	Examples of how the audit committee can demonstrate its impact	Self-evaluation by Oldham Council's Audit Committee as to how the Committee demonstrates its impact	Key indicators of effective arrangements	Self-evaluation by Oldham Council Audit Committee of its strengths, weaknesses and proposed actions
	concerns over controls with appropriate senior managers.	reports in connection with all audit opinions of Limited assurance or below.	• Control frameworks are in place and operating effectively for key control areas – for example, information security or procurement.	towards addressing these areas. • Moving forward into 2026/27 the Committee will receive reports in connection with all audit opinions of Limited assurance or below. • Committee to monitor progress against agreed actions throughout 2026/27.
Supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risks.	• Reviewing risk management arrangements and their effectiveness, e.g. risk management maturity or benchmarking. • Monitoring improvements to risk management. • Reviewing accountability of risk owners for major/strategic risks.	• The Corporate Business Planning Process supports the production of the Corporate Risk Register. The Corporate Risk Register has not been reported regularly to the Audit Committee during 2025/26.	• A robust process for managing risk is evidenced by independent assurance from internal audit or external review.	• IA Review of Corporate Risk register undertaken during 2024/25 received an Adequate assurance opinion. • The Corporate Risk Register has not been reported regularly to the Audit Committee during 2025/26.
Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively.	• Reviewing the adequacy of the leadership team's assurance framework. • Specifying the committee's assurance needs, identifying gaps or overlaps in assurance. • Seeking to streamline assurance gathering and reporting. • Reviewing the effectiveness of	• During the 2025/26 The Audit Committee has not received reports on the following elements of the Council's assurance framework: the Local Code of Corporate Governance, the Corporate Risk Register or SIRO update reports. • The Committee has identified its own assurance needs and gaps in assurance and requested reports on all audit reports with a Limited opinion or below.	• The authority's leadership team have defined an appropriate framework of assurance, including core arrangements, major service areas and collaborations and external bodies.	• During the 2025/26 The Audit Committee has not received reports on the following elements of the Council's assurance framework: the Local Code of Corporate Governance, the Corporate Risk Register or SIRO update reports. • Going forward into 2025/26 the Committee will receive the above reports.

Areas where the audit committee can have impact by supporting improvement	• Examples of how the audit committee can demonstrate its impact	• Self-evaluation by Oldham Council's Audit Committee as to how the Committee demonstrates its impact	• Key indicators of effective arrangements	• Self-evaluation by Oldham Council Audit Committee of its strengths, weaknesses and proposed actions
	assurance providers, e.g. internal audit, risk management, external audit.	• The Committee receives regular reports from both internal and external audit on progress throughout the year. It also receives the annual report and opinion from the CAE and the external Auditors audit completion report. • FRC Audit Quality and Inspection Report 2022/23 for Mazars LLP found an improvement in the quality rating from the previous year with no audits reviewed requiring significant improvement. • The Committee receives an annual review of the system of Internal Audit. In March 2023 an External Quality Assessment was conducted by CIPFA and the results reported to the Committee.		
Supporting effective external audit, with a focus on high quality and timely audit work.	• Reviewing and supporting external audit arrangements with focus on independence and quality. • Providing good engagement on external audit plans and reports. • Supporting the implementation of audit recommendations.	• FRC Audit Quality and Inspection Report 2022/23 for Mazars LLP found an improvement in the quality rating from the previous year with no audits reviewed requiring significant improvement. • Liaison is good, The Committee met privately with the External Auditor during 2024/25. • External Auditor attends all Audit Committee meetings and provides a regular update and opinion	• The quality of liaison between external audit and the authority is satisfactory. • The auditors deliver in accordance with their audit plan, and any amendments are well explained. • An audit of high quality is delivered.	• Liaison is good, the Committee met privately with the External Auditor during 2024/25 and a further meeting will be arranged post September 2026. • The External Auditor delivered in line with the external audit backstop arrangements in place for Local Audit as at the end of February 2025. • FRC Audit Quality and Inspection Report 2022/23 for Mazars LLP found an improvement in the quality rating from the previous year with no audits reviewed

Areas where the audit committee can have impact by supporting improvement	• Examples of how the audit committee can demonstrate its impact	• Self-evaluation by Oldham Council's Audit Committee as to how the Committee demonstrates its impact	• Key indicators of effective arrangements	• Self-evaluation by Oldham Council Audit Committee of its strengths, weaknesses and proposed actions
		reports to the Committee on their work.		requiring significant improvement.
Supporting the quality of the internal audit activity, in particular underpinning its organisational independence.	• Reviewing the audit charter and functional reporting arrangements. • Assessing the effectiveness of internal audit arrangements, providing constructive challenge and supporting improvements. • Actively supporting the quality assurance and improvement programme of internal audit.	• The Audit Committee reviews the Audit Charter, including reporting arrangements, annually. • The Committee receives an annual review of the system of Internal Audit. In 2023 an External Quality Assessment was conducted by CIPFA which found the service to conform to the PSIAS standards in all areas, including independence and objectivity. Since then the PSIAS and LGAN have been replaced by the GIAS 2024 and LGAN 2024. HIA self-assessment indicates that the service remains in full conformance with the updated standards.	• Internal audit that is in conformance with PSIAS and LGAN (as evidenced by the most recent external assessment and an annual self-assessment). • The head of internal audit and the organisation operate in accordance with the principles of the CIPFA Statement on the Role of the Head of Internal Audit (2019).	• The Committee receives an annual review of the system of Internal Audit. In 2023 an External Quality Assessment was conducted by CIPFA which found the service to conform to the PSIAS standards in all areas, including independence and objectivity. Since then the PSIAS and LGAN have been replaced by the GIAS 2024 and LGAN 2024. HIA self-assessment indicates that the service remains in full conformance with the updated standards. • The organisation and HIA operate in accordance with the CIPFA statement.
Aiding the achievement of the authority's goals and objectives by helping to ensure appropriate governance, risk, control and assurance arrangements.	• Reviewing how the governance arrangements support the achievement of sustainable outcomes. • Reviewing major projects and programmes to ensure that governance and assurance arrangements are in place. • Reviewing the effectiveness of	• During 2024/25 the Audit Committee has received the draft AGS, and The Annual Report and Opinion of the HIA • During the 2025/26 The Audit Committee has not received reports on the following elements of the Council's assurance framework: the Local Code of Corporate Governance, the Corporate Risk Register or SIRO update reports.	• Inspection reports indicate that arrangements are appropriate to support the achievement of service objectives. • The authority's arrangements to review and assess performance are satisfactory.	• During the 2025/26 The Audit Committee has not received reports on the following elements of the Council's assurance framework: the Local Code of Corporate Governance, the Corporate Risk Register or SIRO update reports. • Going forward into 2025/26 the Committee will receive the above reports. • The Committee has monitored progress against agreed audit actions throughout 2025/26.

Areas where the audit committee can have impact by supporting improvement	• Examples of how the audit committee can demonstrate its impact	• Self-evaluation by Oldham Council's Audit Committee as to how the Committee demonstrates its impact	• Key indicators of effective arrangements	• Self-evaluation by Oldham Council Audit Committee of its strengths, weaknesses and proposed actions
	performance management arrangements.			
Supporting the development of robust arrangements for ensuring value for money.	• Ensuring that assurance on value-for-money arrangements is included in the assurances received by the audit committee. • Considering how performance in value for money is evaluated as part of the AGS. • Following up issues raised by external audit in their value-for-money work.	• External Audit reports on VFM assessment to the Audit Committee. • IA Review of the compilation of the AGS reported in Q1 2026/27. • VFM assessments have been as follows from Forvis Mazars: • 2022/23 – "Based on the above considerations we are satisfied there is not a significant weakness in the Council's arrangements in relation to financial sustainability/governance/ improving economy, efficiency and effectiveness. • 2023/24 – "We did not identify any significant weaknesses in the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources." • 2024/25 – Forvis Mazars identified two significant weaknesses in the Council's arrangements to secure value for money in the areas of Financial Sustainability and Governance. During 2025/26 the Council has taken steps to address both of these weaknesses and the	• External audit's assessments of arrangements to support best value are satisfactory.	• VFM assessments have been as follows from Forvis Mazars: • 2022/23 – "Based on the above considerations we are satisfied there is not a significant weakness in the Council's arrangements in relation to financial sustainability/governance/ improving economy, efficiency and effectiveness. • 2023/24 – "We have completed our work in respect of the Council's arrangements for the year ended 31 March 2024 and we have not identified any significant weaknesses in arrangements that have required us to make a recommendation." • 2024/25 – Forvis Mazars identified two significant weaknesses in the Council's arrangements to secure value for money in the areas of Financial Sustainability and Governance. During 2025/26 the Council has taken steps to address both of these weaknesses, and the Audit Committee has received regular reports on the Council's progress in addressing these weaknesses.in governance.

Areas where the audit committee can have impact by supporting improvement	Examples of how the audit committee can demonstrate its impact	Self-evaluation by Oldham Council's Audit Committee as to how the Committee demonstrates its impact	Key indicators of effective arrangements	Self-evaluation by Oldham Council Audit Committee of its strengths, weaknesses and proposed actions
		Audit Committee has received regular reports on the Council's progress in addressing these weaknesses in governance.		
Helping the authority to implement the values of good governance, including effective arrangements for countering fraud and corruption risks.	• Reviewing arrangements against the standards set out in the *Code of Practice on Managing the Risk of Fraud and Corruption* (CIPFA, 2014). • Reviewing fraud risks and the effectiveness of the organisation's strategy to address those risks. • Assessing the effectiveness of ethical governance arrangements for both staff and governors.	• The Council's Counter Fraud, Anti-Bribery Strategy and Counter Fraud Response Plan is presented to the Audit Committee and is written in line with the CIPFA Code. • The Council's Fraud and Loss risk Assessment and the Council's self-assessment of it's performance against the FFCL Checklist are reported to The Audit Committee. The Annual Audit Plan is constructed with the results the FFCL self-assessment in mind. • IA Review of Standards of Conduct reported during 2024/25 with opinion of Adequate. • IA Review of Discipline in 2025/26 with opinion of Reasonable. • IA Review of Delegated Decision Reports in 2025/26 with opinion of Reasonable.	• Good ethical standards are maintained by both elected representatives and officers. This is evidenced by robust assurance over culture, ethics and counter fraud arrangements.	• IA Review of Discipline in 2025/26 with opinion of Reasonable. • IA Review of Delegated Decision Reports in 2025/26 with opinion of Reasonable. • Committee to monitor further progress against agreed actions throughout 2026/27.
Promoting effective public reporting to the authority's stakeholders and local community and measures to improve transparency and	• Working with key members/the PCC and chief constable to improve their understanding of the AGS and their	• All Committee reports to Audit Committee are reviewed by Senior Leaders. The 2025/26 AGS is signed by the CEX. • In respect of improving how the Authority discharges its	• The authority meets the statutory deadlines for financial reporting with accounts for audit of an appropriate quality. • The external auditor completed the audit of the financial	• The External Auditor has completed the audit of the 2024/25 financial statements with an unqualified opinion. • The authority has published its 2024/25 and 2025/26 financial statements and AGS by the statutory deadline.

Areas where the audit committee can have impact by supporting improvement	• Examples of how the audit committee can demonstrate its impact	• Self-evaluation by Oldham Council's Audit Committee as to how the Committee demonstrates its impact	• Key indicators of effective arrangements	• Self-evaluation by Oldham Council Audit Committee of its strengths, weaknesses and proposed actions
accountability.	contribution to it. • Improving how the authority discharges its responsibilities for public reporting – for example, better targeting the audience and use of plain English. • Reviewing whether decision making through partnership organisations remains transparent and publicly accessible and encourages greater transparency. • Publishing an annual report from the committee.	responsibilities for public reporting, Members have, in the past, questioned the need for inclusion of reports in the private part of the Committee's agendas. • The Committee publishes an annual report to full Council on its work for the year.	statements with minimal adjustments and an unqualified opinion. • The authority has published its financial statements and AGS in accordance with statutory guidelines. • The AGS is underpinned by a robust evaluation and is an accurate assessment of the adequacy of governance arrangements.	• An IA review of the compilation of the AGS for 2025/26 returned an opinion of Reasonable.

Annex 3 – Member Knowledge and Skills questionnaire June 2025 – aggregated results

This questionnaire is designed to identify any areas for future training and development needs for Members of the Council's Audit Committee.

It covers the broad areas of responsibility of the Committee, and key areas of understanding which assist Members in discharging their responsibilities in their role.

Members were asked to self-assess their level of knowledge and understanding in the broad areas below as either Weak, Adequate or Good. There was also space for commentary on Members' assessment and/or specific areas where Members' felt they may benefit from greater understanding.

5 responses were received, and the aggregated results are shown in the tables below.

Roles and responsibilities	**Weak**	**Adequate**	**Good**	**Total**
The role of the Audit Committee.			**5**	**5**
The role of Scrutiny Committees.		**2**	**3**	**5**
The role of External Audit		**3**	**2**	**5**
The role of Internal Audit		**1**	**4**	**5**
The role of the S151 Officer	**1**	**1**	**3**	**5**

Governance, risk and control	Weak	Adequate	Good	Total
Corporate Governance and the principles of good governance.		3	2	5
Ethics		2	3	5
Business Planning and Risk Management		3	2	5
Value for Money		3	2	5
Anti-fraud and Corruption		2	3	5

Financial and Governance reporting	Weak	Adequate	Good	Total
The Council's Annual Governance Statement.		4	1	5
The Council's Financial Statements.		3	2	5
Treasury Management		3	2	5

Report to Audit Committee

External Audit – Enquiries of Management and Those Charged with Governance 2025/26

Portfolio Holder: To be confirmed

Officer Contact: Lee Walsh, Director of Finance.

Report Author: John Miller, Head of Audit and Counter Fraud.

22 July 2026

Reason for Decision

The Audit Committee's Terms of Reference state that:

4.4.2 The Audit Committee shall:
a) be responsible for oversight of the Council's relationship with the External Auditor, including consideration of:
(iv) issues arising from the audit of the Annual Statement of Accounts.

To enable the Council's External Auditor, Forvis Mazars LLP, to carry out duties required under the Local Audit and Accountability Act 2014, the Council is required to provide the auditors with the necessary assurances required under International Standards on Auditing (ISA).

Executive Summary

In carrying out the annual audit of the Council, Forvis Mazars LLP must comply with the International Standards on Auditing (ISA) as adopted by the UK Financial Reporting Council (FRC).

ISA require the auditor to make enquiries of Management and Those Charged with Governance (TCWG) to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity.

Forvis Mazars LLP has sent two questionnaires setting out their enquiries. The questionnaires, and the Council's proposed responses, are set out at Appendix 1, 2, 3 and 4 as follows:

Appendix 1 – Forvis Mazars Enquiries of Those Charged with Governance (Audit Committee)

Appendix 2 – Audit Committee response to Forvis Mazars Enquiries of Those Charged with Governance

Appendix 3 – Forvis Mazars Enquiries of Those Charged with Governance (Director of Finance)

Appendix 4 – Director of Finance response to Forvis Mazars Enquiries of Those Charged with Governance

Recommendation

That Members of the Audit Committee are asked to consider the attached responses, suggest any amendments they believe are appropriate and to note the Council's responses to the External Auditors, Forvis Mazars LLP.

Grenville Page
Audit Committee Chair
Oldham Metropolitan Borough Council
130 Rochdale Road
Oldham
OL1 2JA

Email: Yogita.Das-Patel@mazars.co.uk

25th March 2026

Dear Grenville,

External Audit 2025/26 Oldham Metropolitan Borough Council - understanding those charged with governance processes and arrangements

We are required by auditing standards to maintain a good understanding of the Council's management processes and arrangements. This enables us to deliver an efficient audit and reduces the time staff need to spend responding to auditors' queries. As part of this process, I would be grateful if you could provide a response to the following questions:

- How do you exercise oversight of management's processes in relation to:
    - undertaking an **assessment of the risk that the financial statements may be materially misstated due to fraud or error** (including the nature, extent and frequency of these assessments);
    - identifying and responding to risks of fraud in the Council, including any specific **risks of fraud** which management have identified or that have been brought to its attention, or classes of transactions, account balances, or disclosure for which a risk of fraud is likely to exist;
    - **communicating to employees its view on business practice and ethical behaviour** (for example by updating, communicating and monitoring against codes of conduct); and
    - communicating to you the processes for **identifying and responding to fraud or error**.
- How do you **oversee management processes** for identifying and responding to the risk of fraud and possible breaches of internal control? Are you aware of any breaches of internal control during 2025/26? If so, please provide details.
- How do you gain assurance that **all relevant laws and regulations have been complied with**? Are you aware of any instances of non-compliance during 2025/26? If so, please provide details.

Forvis Mazars LLP
Forvis Mazars LLP is the UK firm of Forvis Mazars Global, a leading global professional services network. Forvis Mazars LLP is a limited liability partnership registered in England and Wales with registered number OC308299 and with its registered office at 30 Old Bailey, London, EC4M 7AU. Registered to carry on audit work in the UK by the Institute of Chartered Accountants in England and Wales. Details about our audit registration can be viewed at www.auditregister.org.uk under reference number C001139861. VAT number: GB 839 835673

- Are you aware of any **actual or potential litigation or claims that would affect the financial statements**? If so, please provide details.
- Have you carried out a **preliminary assessment of the going concern assumption** and if so have you identified any events which may cast significant doubt on the Council's ability to continue as a going concern? If so, please provide details.

In addition to the above, which cover processes and controls, **Appendix 1 includes further questions to ascertain your views on fraud.** Your responses will inform our assessment of the risk of fraud and error within the financial statements, which in turn determines the extent of audit work undertaken in 2025/26.

I would be grateful if you could respond by letter or email. In the meantime, please don't hesitate to contact me if you wish to discuss anything in relation to this request.

Yours sincerely

Yogita Das-Patel
Audit Manager

Appendix 1

No.	Questions	Response
1	Are you aware of any instances of actual, suspected or alleged fraud during the period 1 April 2025 – 31 March 2026? (if yes please provide details)	
2	Do you suspect fraud may be occurring within the organisation? • Have you identified any specific fraud risks within the organisation? • Do you have any concerns that there are areas within your organisation that are at risk of fraud? • Are there particular locations within the organisation where fraud is more likely to occur?	
3	Are you satisfied that internal controls, including segregation of duties, exist and work effectively? • If not where are the risk areas? • What other controls are in place to help prevent, deter or detect fraud?	
4	How do you encourage staff to report their concerns about fraud? • What concerns about fraud are staff expected to report?	
5	From a fraud and corruption perspective, what are considered to be high risk posts within your organisation? • How are the risks relating to these posts identified, assessed and managed?	
6	Are you aware of any related party relationships or transactions that could give rise to instances of fraud?	

No.	Questions	Response
	• How do you mitigate the risks associated with fraud related to related party relationships and transactions?	
7	Are you aware of any entries made in the accounting records of the organisation that you believe or suspect are false or intentionally misleading? • Are there particular balances where fraud is more likely to occur? • Are you aware of any assets, liabilities or transactions that you believe were improperly included or omitted from the accounts of the organisation? • Could a false accounting entry escape detection? If so, how? • Are there any external fraud risk factors, which present a high risk of fraud?	
8	Are you aware of any organisational, or management pressure to meet financial or operating targets? • Are you aware of any inappropriate organisational or management pressure being applied, or incentives offered, to you or colleagues to meet financial or operating targets?	
9.	What arrangements has the Council put in place in response to the Bribery Act 2010?	

Question	Audit Committee Response
• How do you exercise oversight of management's processes in relation to:	
○ undertaking an **assessment of the risk that the financial statements may be materially misstated due to fraud or error** (including the nature, extent, and frequency of these assessments);	The Committee can advise that the Director of Finance provides regular updates to the Audit Committee on matters relating to the production of the Statement of Accounts. Arrangements are in place for staff within the Finance Team to attend appropriate training courses so that they have up-to-date technical knowledge and skills. The Council has in place a robust quality assurance system to review the accuracy and quality of its accounts. This includes checks to ensure the financial statements are correct and are supported by detailed records. This is supported by the review of fundamental financial systems (FFS), which are audited by the Internal Audit function. These audits include a follow up of previously agreed actions. The findings arising from the financial audits are reported to the Audit Committee on a regular basis and updates are provided against specific areas and/or systems as requested by the Audit Committee. The detailed audit programme, for each financial system, reflects the risk of fraud and error and the Council's External Auditors review the work completed as appropriate. This review contributes to the assessment of the risk of material misstatement. The Annual Report from the Head of Audit and Counter Fraud gives an opinion on the overall control environment and this includes the conclusions from the audit reviews of the financial systems. Audit Committee Members have received training in their role and responsibilities, including their role in reviewing the Authority's Financial Statements most recently through training provided by CIPFA on 7 and 16 July 2026. Further training, based on Member self-assessment of their own knowledge and skills is planned.
○ identifying and responding to risks of fraud in the Council, including any specific **risks of fraud** which management have identified or that have been brought to its attention, or classes of transactions, account balances, or disclosure	The Audit and Counter Fraud (A&CF) Team identifies and responds to the risk of fraud via the on-going review of the A&CF Plan. This is an annual plan based on strategic audit needs assessment, the Fraud Response Plan, and the Fraud and Loss Risk Assessment. This includes the risk of fraud identified by the National Audit Office (NAO) Fraud Advisory Panel, the CIPFA Fighting Fraud and Corruption Locally guidance and the Cabinet Office in their role as lead for the National Fraud Initiative (NFI).

Question	Audit Committee Response
for which a risk of fraud is likely to exist;	The Head of Audit and Counter Fraud ensures that the risk of fraud is highlighted to the Audit Committee the regular service updates submitted to the Audit Committee.
○ **communicating to employees its view on business practice and ethical behaviour** (for example by updating, communicating, and monitoring against the Council's code of conduct); and	The Staff Code of Conduct and its appendices set out the standards expected around a range of matters, including the Nolan Principles (Standards of Public Life), gifts and hospitality, disclosure of information, relationships. The Code of Conduct is available via the Council's Intranet and is included as part of the Council's induction training. The Members Code of Conduct sets out the standards expected from elected Members. Respective Codes of Conduct are regularly reviewed.
○ communicating to you the processes for **identifying and responding to fraud or error**.	The Audit Committee can advise that fraud risks and issues are reported by the Head of Audit and Counter Fraud in the A&CF Plan, the Fraud and Loss Risk Assessment and via regular specific reporting. A suite of updated Counter Fraud policies was presented to, reviewed by and approved by the Council's Audit Committee in October 2025.
• How do you **oversee management processes** for identifying and responding to the risk of fraud and possible breaches of internal control? Are you aware of any breaches of internal control during 2025/26? If so, please provide details.	The A&CF Plan as reported to the Audit Committee includes reviews of management process and controls. The conclusions and actions arising from the audits in the plan, and any ad hoc reviews, are reported to the Audit Committee regularly as part of the summary of Internal Control Matters in each Directorate/Service area. A&CF agree recommendations with managers to improve internal control, which are routinely subject to follow-up. The 2025/26 Annual Report by the Head of Audit and Counter Fraud sets out his opinion to inform the Audit Committee.
• How do you gain assurance that **all relevant laws and regulations have been complied with**? Are you aware of any instances of non-compliance during 2025/26? If so, please provide details	In accordance with the appropriate financial thresholds/scheme of delegation, all reports to the Council's Committees include formal comments from appropriate statutory officers. Internal Audit reviews whether the Council has adhered to relevant legislation and guidance as part of its ongoing audit arrangements and programmes.
• Are you aware of any **actual or potential litigation or claims that would affect the financial**	All appropriate and significant matters have been incorporated into the production and review of the Council's AGS.

Question	Audit Committee Response
statements? If so, please provide details.	As at 31 March 2026, there is no specific matter which is required to be reported upon in the accounts.
• Have you carried out a **preliminary assessment of the going concern assumption** and if so have you identified any events which may cast significant doubt on the Council's ability to continue as a going concern? If so, please provide details.	By compliance with professional standards, the Director of Finance presents a balanced budget for approval at full Council and prepares the Council's financial statements on the going concern basis of accounting. This confirms the ability of a business to meet its financial obligations when they fall due. The 2025/26 Draft Statement of Accounts sets out that the financial statements are prepared on a going concern basis. Additional reports such as the Reserves Policy are submitted to this Committee to provide additional assurance on the going concern basis. Disclosures are included within the Statement of Accounts based on an assessment of their materiality. A disclosure is considered material if through an omission or a misstatement it would influence the decisions made by users of the accounts. This could be due to the value or the nature of the disclosure. All significant matters affecting the Council are discussed in the Council's AGS and in the Director of Finance' narrative report to the Annual Statement of Accounts. The Committee liaises with the Head of Audit and Counter Fraud and the Director of Finance and can therefore receive specific briefings on the overall financial position of the Council. The Committee can request detailed information on any issues should it have any concerns.

Question	Response
1. Are you aware of any actual, suspected, or alleged instances of fraud during the period 1 April 2025 – 31 March 2026 (*if 'yes', please provide details*)?	During this period of time there has been no significant (i.e., greater than £10k) corporate (in-house) fraud reported to the Committee, by internal staff, which has required investigation.
2. Do you suspect fraud may be occurring within the Council?	As at 31 March 2026, the Committee has been assured that all instances of suspected fraud within the organisation have been investigated. The Council is a complex multidisciplinary organisation. The Audit Committee is aware that there is a risk that Officers are unaware of some fraud occurring that they would otherwise bring to the Committee's attention.

Question	Response
	The routine reports to the Audit Committee by the Head of Audit and Counter Fraud on progress against the Annual Audit Plan set out the position on any fraud uncovered.
3. Have you identified any specific fraud risks within the Council?	Fraud Risks are captured, reported, and monitored by the Audit Committee via the Fraud and Loss Risk Assessment, the Fraud Response Plan, and the FFCL checklist, and fraud risks are routinely assessed for each audit review.
4. Do you have any concerns that there are areas within your organisation that are at risk of fraud?	Fraud Risks are captured, reported, and monitored by the Audit Committee via the Fraud and Loss Risk Assessment, the Fraud Response Plan, and the FFCL checklist, and fraud risks are routinely assessed for each audit review.
5. Are there particular locations within the organisation where fraud is more likely to occur?	Fraud Risks are captured, reported, and monitored by the Audit Committee via the Fraud and Loss Risk Assessment, the Fraud Response Plan, and the FFCL checklist, and fraud risks are routinely assessed for each audit review.
6. Are you satisfied that internal controls, including segregation of duties, exist and work effectively (*if 'yes', please provide details*)?	In all financial systems for 2025/26, Officers have provided assurance that there are agreed processes to review transactions. There are issues identified in the operation of some systems which have been highlighted to the Audit Committee. Where appropriate, extra audit testing is conducted by Internal and External Audit to provide extra assurance around known issues. Detailed Action Plans are in place, subject to regular follow-up. This follow-up includes regular reporting on progress against action plans to Executive Management and the Audit Committee.
7. If not where are the risk areas?	As above, potential risks and issues are reported in the Council's AGS and Corporate Risk Register. Risks are assessed annually and as part of detailed audit planning. The Council continues to experience budgetary challenges. The Council continues to track the potential risks in this area, as this is clearly an area of management focus. Large Capital Programme projects will also provide additional fraud opportunities in areas such as mandate fraud.

Question	Response
8. What other controls are in place to help prevent, deter or detect fraud?	Fraud Risks and mitigations are captured, reported, and monitored by the Audit Committee via the Fraud and Loss Risk Assessment, the Fraud Response Plan, and the FFCL checklist, and fraud risks are routinely assessed for each audit review.
9. How do you encourage staff to report their concerns about fraud?	The Council's Whistleblowing Policy sets out the arrangements for staff to anonymously report potential concerns and it is included in the Council's Staff Code of Conduct. Following a risk assessment process, the A&CF Team will investigate allegations discretely, agree a course of action and agree recommendations. Where significant issues arise, External Audit will be briefed.
10. What concerns about fraud are staff expected to report?	The Whistleblowing Policy includes the reporting by employees of suspected misconduct, illegal acts, or failure to act. The aim of the Policy is to encourage employees and others who have serious concerns about any aspect of the Council's work to come forward and voice those concerns.
11. From a fraud and corruption perspective, what are considered to be high risk posts within your organisation?	We concur with our External Auditor's assessment that, in all entities, management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.
12. How are the risks relating to these posts identified, assessed and managed?	Fraud Risks and mitigations are captured, reported, and monitored by the Audit Committee via the Fraud and Loss Risk Assessment, the Fraud Response Plan, and the FFCL checklist, and fraud risks are routinely assessed for each audit review.
13. Are you aware of any related party relationships or transactions that could give rise to instances of fraud?	None are recorded. Contract Procedure Rules set out the procedures for procurement and this service is subject to regular review by Internal Audit. No significant issues which will impact the financial statements have been reported in 2025/26.
14. How do you mitigate the risks associated with fraud related to related party relationships and transactions?	The Council's Contract Procedure Rules set out the procedures for Procurement and this service is subject to review by Internal Audit. Other policies (and internal controls) to mitigate this risk include: • Members' Code of Conduct. • Members' Register of Interests in line with the 2011 Localism Act.

Question	Response
	• Member's Allowances are disclosed in Notes to the Council's Statement of Accounts. • Officers' Code of Conduct requires staff to record Gifts and Hospitality in accordance with the Code of Conduct. • The Council operates a Standards Committee. • Levying Bodies are subject to a separate external audit process. • 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. These details are included in Note 12 to the Statement of Accounts. In support of this Senior Officers are required to declare interests in companies, organisations, and entities with which the Council may interact in order to ensure transparency.
15. Are you aware of any entries made in the accounting records that you believe or suspect are false or intentionally misleading?	The Committee is not aware of any entries in the accounting records of this nature. The Committee is assured, supported by past External Audit feedback that the Finance Service applies a detailed quality assurance process, which incorporates independent, fresh eye, documented review of the Statement of Accounts by senior management prior to submitting its draft Accounts to the External Auditor.
16. Are there particular balances in the accounts where fraud is more likely to occur?	The balances of Accounts Payable (AP) and Accounts Receivable were reviewed in 2025/26 as part of the yearly FFS programme of audits. The systems for AP are exposed to the potential risk of bank mandate fraud, whereby a "fraudster" contacts the Council to inform them that their bank details have changed, in an attempt to persuade the Council to make the payment to the erroneous account. Staff in the AP service and Procurement team are aware off these risks and apply manual checks to mitigate them.
17. Are you aware of any assets, liabilities, or transactions that you believe have been improperly included or omitted from the accounts of the organisation?	The Committee not aware of any assets, liabilities, or transactions that have been improperly included or omitted from the accounts of the organisation. The Quality Assurance process in the preparation of the draft financial statements by the Finance Team ensures the detailed

Question	Response
	review of the draft accounts prior to the submission to the External Auditors.
18. Could a false accounting entry escape detection? If so, how?	This is considered to be unlikely given the internal and external assurance provided to the Audit Committee of the controls in place for processing transactions. The Council is a complex multidisciplinary organisation so there is a potential risk that management is unaware of some false accounting occurring.
19. Are there any external fraud risk factors, such as collection of revenues?	During 2025/26, the collection of revenue from Sundry Debtors, Council Tax and Business Rates were reviewed by Internal Audit as part of the fundamental financial systems audits. The external frauds in this area have become more sophisticated as fraudsters use information obtained to test the systems of all Authorities.
20. Are you aware of any organisational or management pressure to meet financial or operating targets?	The Committee is not aware of any inappropriate organisational or management pressure being applied, or incentives offered, to meet financial or operating targets. Regular budget monitoring is reported to Cabinet and feedback to the Audit Committee indicates reconciliations of key accounts are conducted monthly, and significant variances are investigated.
21. Are you aware of any inappropriate organisational or management pressure being applied, or incentives offered, to you or colleagues to meet financial or operating targets?	The Committee is not aware of any inappropriate organisational or management pressure being applied, to meet financial or operating targets. The Executive Director of Corporate Resources arranges for monthly budget monitoring to be conducted with service managers and reconciliations of key balances are conducted monthly, and significant variances are investigated.
22. What arrangements has the Council put in place in response to the Bribery Act 2010?	The Council's intranet includes information on the responsibilities around the Bribery Act 2010 in the Fraud Response Plan. The Staff Code of Conduct sets out the responsibilities for staff re: Bribery and Corruption. As part of the regular review of the suite of Counter Fraud policies the "Counter Fraud, Anti-Bribery Strategy and Counter Fraud Response Plan" was reviewed and revised and approved by the Council's Audit Committee in October 2025.

Lee Walsh
Director of Finance
Oldham Metropolitan Borough Council
130 Rochdale Road
Oldham
OL1 2JA

Email: Yogita.Das-Patel@mazars.co.uk

25th March 2026

Dear Lee,

External Audit 2025/26 Oldham Metropolitan Borough Council – understanding management processes and arrangements

We are required by auditing standards to maintain a good understanding of your management processes and arrangements. This enables us to deliver an efficient audit and reduces the time staff needs to spend responding to our queries. As part of this process, I would be grateful if you could provide a response to the following questions:

- What processes are in place at the council to:
  - undertake an **assessment of the risk that the financial statements may be materially misstated due to fraud or error** (including the nature, extent, and frequency of these assessments);
  - identify and respond to **risks of fraud**;
  - **communicate to employees of the Council views on business practice and ethical behaviour** (for example by updating, communicating, and monitoring against relevant codes of conduct); and
  - **communicate to the Audit Committee the processes for identifying and responding to fraud or error**.
- How does management gain assurance that **all relevant laws and regulations have been complied with?** Have there been any instances of non-compliance during 2025/26?
- Are there any **actual or potential litigation or claims that would affect the financial statements**?
- **What controls are in place to: identify, authorise, approve, account for and disclose related party transactions and relationships.** For any new related parties (i.e. any not already disclosed in the previous year's audited financial statements) please provide a list of them, explain their

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nature, and whether there have been any transactions with these related parties during the year to 31 March 2026.

In addition to the above, which cover the Council's processes and controls, **Appendix 1 includes further questions to ascertain your views on fraud.** Your responses will inform our assessment of the risk of fraud and error within the financial statements, which in turn determines the extent of audit work undertaken in 2025/26.

I would be grateful if you could respond by letter or email on behalf of Oldham MBC. In the meantime, please contact me if you wish to discuss anything in relation to this request.

Yours sincerely

Yogita Das-Patel
Audit Manager

Appendix 1

No.	Questions	Response
1	Are you aware of any instances of actual, suspected, or alleged fraud during the period 1 April 2025 – 31 March 2026? (if yes please provide details)	
2	Do you suspect fraud may be occurring within the organisation? • Have you identified any specific fraud risks within the organisation? • Do you have any concerns that there are areas within your organisation that are at risk of fraud? • Are there particular locations within the organisation where fraud is more likely to occur?	
3	Are you satisfied that internal controls, including segregation of duties, exist and work effectively? • If not where are the risk areas? • What other controls are in place to help prevent, deter, or detect fraud?	
4	How do you encourage staff to report their concerns about fraud? • What concerns about fraud are staff expected to report?	
5	From a fraud and corruption perspective, what are considered to be high risk posts within your organisation? • How are the risks relating to these posts identified, assessed, and managed?	
6	Are you aware of any related party relationships or transactions that could give rise to instances of fraud?	

No.	Questions	Response
	• How do you mitigate the risks associated with fraud related to related party relationships and transactions?	
7	Are you aware of any entries made in the accounting records of the organisation that you believe, or suspect are false or intentionally misleading? • Are there particular balances where fraud is more likely to occur? • Are you aware of any assets, liabilities, or transactions that you believe were improperly included or omitted from the accounts of the organisation? • Could a false accounting entry escape detection? If so, how? • Are there any external fraud risk factors, which present a high risk of fraud?	
8	Are you aware of any organisational, or management pressure to meet financial or operating targets? • Are you aware of any inappropriate organisational or management pressure being applied, or incentives offered, to you or colleagues to meet financial or operating targets?	
9.	What arrangements has the Council put in place in response to the Bribery Act 2010?	

Question	Management Response
• What processes are in place at the Council to:	
○ undertake an **assessment of the risk that the financial statements may be materially misstated due to fraud or error** (including the nature, extent, and frequency of these assessments);	Staff within the Finance Team attend appropriate training courses and have up-to-date technical knowledge and skills to enable them to prepare the financial statements. The Council has in place a robust system to review the accuracy and quality of its accounts. This includes checks to ensure the financial statements are correct and are supported by detailed records. There is also management oversight and review of the accounts. This is supported by the review of fundamental financial systems (FFS), which are audited by the Internal Audit function each year. These audits include a follow-up of previously agreed actions. The detailed audit programme for each financial system reflects the risk of fraud and error and are discussed where required with the Council's External Auditors, who also review the work completed where they deem necessary. The Annual Report from the Head of Audit and Counter Fraud gives an opinion on the overall control environment.
○ identify and respond to **risks of fraud**;	The Audit and Counter Fraud (A&CF) Teams identify and respond to the risk of fraud via the on-going review of the A&CF Plan. This is an annual plan based on strategic audit needs assessment, the Fraud Response Plan, and the Fraud and Loss Risk Assessment. This includes the risk of fraud identified by the National Audit Office (NAO) Fraud Advisory Panel, the CIPFA Fighting Fraud and Corruption Locally guidance and the Cabinet Office in their role as lead for the National Fraud Initiative (NFI).
○ **communicate to employees the Council's views on business practice and ethical behaviour** (for example by updating, communicating, and monitoring against the Authority's code of conduct); and	The Staff Code of Conduct and its appendices set out the standards expected around a range of matters, including the Nolan Principles (Standards of Public Life), gifts and hospitality, disclosure of information, and relationships. The Code of Conduct is available via the Council's Intranet and is included as part of the Council's induction training. The Code of Conduct is regularly reviewed. The Council's Contract Procedure Rules also set out the Council's expectations of staff in relation to procurement.
○ **communicate to the Audit Committee the**	Fraud risks and issues are reported by the Head of Audit and Counter Fraud in the A&CF Plan, the Fraud and Loss Risk Assessment and via regular

Question	Management Response
processes for identifying and responding to fraud or error.	specific reporting, e.g., updates on specific risks in the Council's Annual Governance Statement. A suite of refreshed Counter Fraud policies was presented to, reviewed by, and approved by the Council's Audit Committee in October 2025. Ad hoc matters requiring a report to the Audit Committee are also prepared by the Head of Audit and Counter Fraud as required.
• How does management gain assurance that **all relevant laws and regulations have been complied with?** Have there been any instances of non-compliance during 2025/26?	In accordance with the appropriate financial thresholds/scheme of delegation, all reports to the Council's Committees include formal comments from appropriate statutory officers. Internal Audit reviews whether the Council has adhered to relevant legislation and guidance as part of its ongoing audit arrangements and programmes. Specific training is also arranged by relevant teams, e.g. Legal Services.
• Are there any **actual or potential litigation or claims that would affect the financial statements**?	All appropriate matters have been incorporated into the production and review of the Annual Governance Statement. As at 31 March 2026 there is no specific matter which is required to be reported upon in the accounts. Looking forward the perceived risks in the financial year 2026/27 have been considered and appropriately reported to the Audit Committee by inclusion in the AGS.
• **What controls are in place to: identify, authorise, approve, account for, and disclose related party transactions and relationships.** For any new related parties (i.e., any not already disclosed in the previous year's audited financial statements) please provide a list of them, explain their nature, and whether there have been any transactions with these related parties during the year to 31 March 2025.	The controls in place are: • The separate disclosure Note to the Council's Statement of Accounts "Note 12: Related Parties" (which is subject to audit) sets out the key transactions with all related parties. • Members' Code of Conduct. • Members' Register of Interests in line with the 2011 Localism Act. • Members' Allowances are disclosed in Note 8 to the Council's Statement of Accounts. • Officers' Code of Conduct requires staff to record Gifts and Hospitality in accordance with the Code of Conduct. • Officers' Remuneration is disclosed in Note 9 to the Council's Statement of Accounts. • Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 sets out the relevant information to disclose, together with CIPFA Bulletins on Closure of the 2025/26 Financial Statements. • Internal and External Audit monitor compliance. • The Council operates a Standards Committee. • Levy Bodies are subject to a separate external audit process.

Question	Response
1. Are you aware of any **actual, suspected, or alleged instances of fraud** during the period 1 April 2025 – 31 March 2026 (*if 'yes', please provide details*)?	During this period of time (excluding business grants administered by the Council), there has been no significant (i.e., greater than £10k) corporate (in-house) fraud committed by internal staff which has required investigation.
2. Do you suspect fraud may be occurring within the organisation?	As at 31 March 2026 all instances of suspected fraud within the organisation had been investigated. The Council is a complex multidisciplinary organisation so there is a potential risk that management is unaware of some fraud occurring.
3. Do you have any concerns that there are areas within your organisation that are at risk of fraud?	Fraud Risks are captured, reported, and monitored by the Audit Committee via the Fraud and Loss Risk Assessment, the Fraud Response Plan, and the FFCL checklist, and fraud risks are routinely assessed for each audit review.
4. Are there particular locations within the organisation where fraud is more likely to occur?	Fraud Risks are captured, reported, and monitored by the Audit Committee via the Fraud and Loss Risk Assessment, the Fraud Response Plan, and the FFCL checklist, and fraud risks are routinely assessed for each audit review.
5. Have you identified any specific fraud risks within the Council?	Fraud risks are captured, reported, and monitored via the Fraud and Loss Risk Assessment, the Fraud Response Plan and potential fraud risks are assessed for each audit review.
6. Are you satisfied that internal controls, including segregation of duties, exist and work effectively (*if 'yes', please provide details*)?	Yes. In all central financial systems for 2025/26 there are agreed processes to review transactions. The Fundamental Financial Systems reviews support this process. Action Plans are in place to address any control deficiencies identified during the FFS reviews and are subject to regular follow-up. This follow-up includes regular reporting on progress against action plans to Executive Management and the Audit Committee.

Question	Response
7. If not where are the risk areas?	As above, potential risks and issues are reported in the Council's AGS, and updates are reported to the Audit Committee on a regular basis. Risks are assessed annually and as part of detailed audit planning. The Council continues to experience significant challenge in social care and, due to the on-going integration with health partners, it continues to track the potential risk around these service areas as this is clearly an area of management focus. Large Capital Programme projects will also provide additional fraud opportunities in areas such as mandate fraud. The overarching risk area for the Council going forward are the challenges identified in connection with the Medium-Term Financial Strategy.
8. What other controls are in place to help prevent, deter, or detect fraud?	Fraud Risks and mitigations are captured, reported, and monitored by the Audit Committee via the Fraud and Loss Risk Assessment, the Fraud Response Plan, and the FFCL checklist, and fraud risks are routinely assessed for each audit review.
9. How do you encourage staff to report their concerns about fraud?	The Whistleblowing Policy sets out the arrangements for staff to anonymously report potential concerns and it is included in the Staff Code of Conduct. Following a risk assessment process, the Council will investigate allegations discretely, agree a course of action and agree recommendations. Where significant issues arise, External Audit will be briefed.
10. What concerns about fraud are staff expected to report?	The Whistleblowing Policy includes the reporting by employees of suspected misconduct, illegal acts, or failure to act within the Council. The aim of the Policy is to encourage employees and others who have serious concerns about any aspect of the Council's work to come forward and voice those concerns.

Question	Response
11. From a fraud and corruption perspective, what are considered to be high risk posts within your organisation?	We concur with our External Auditor's assessment that, in all entities, management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.
12. How are the risks relating to these posts identified, assessed, and managed?	Fraud Risks and mitigations are captured, reported, and monitored by the Audit Committee via the Fraud and Loss Risk Assessment, the Fraud Response Plan, and the FFCL checklist, and fraud risks are routinely assessed for each audit review.
13. Are you aware of any related party relationships or transactions that could give rise to instances of fraud?	None are recorded. Contract Procedure Rules set out the procedures for procurement and this service is subject to regular review by Internal Audit. No significant issues which will impact the financial statements have been identified in 2025/26.
14. How do you mitigate the risks associated with fraud related to related party relationships and transactions?	As above, the Council's Contract Procedure Rules set out the procedures for Procurement and this service is subject to review by Internal Audit. Other policies (and internal controls) to mitigate this risk include: • Members' Code of Conduct. • Members' Register of Interests in line with the 2011 Localism Act. • Members' Allowances are disclosed in Note 8 to the Council's Statement of Accounts. • Officers' Code of Conduct requires staff to record Gifts and Hospitality in accordance with the Code of Conduct. • The Council operates a Standards Committee. • Levying Bodies are subject to a separate external audit process. • The Council is required to disclose material transactions with related parties, bodies or individuals that have the potential to control

Question	Response
	or influence the Council or to be controlled or influenced by the Council. These details are included in Note 12 to the Annual Financial Statements. In support of this Senior Officers are required to declare interests in companies, organisations, and entities with which the Council may interact in order to ensure transparency.
15. Are you aware of any entries made in the accounting records that you believe, or suspect are false or intentionally misleading?	No, I am not aware of any entries in the accounting records of this nature. The Council applies a detailed quality assurance process which incorporates independent, fresh eye, documented review of the Statement of Accounts by senior management prior to submitting its draft Accounts to the External Auditor.
16. Are there particular balances in the accounts where fraud is more likely to occur?	The balances of Accounts Payable (AP), Accounts Receivable were reviewed in 2025/26 as part of the yearly FFS programme of audits. The systems for AP are exposed to the potential risk of bank mandate fraud, whereby a “fraudster” contacts the Council to inform them that their bank details have changed, in an attempt to persuade the Council to make the payment to the erroneous account. Colleagues in the AP service and Procurement team are aware off these risks and apply manual checks to mitigate them.
17. Are you aware of any assets, liabilities, or transactions that you believe have been improperly included or omitted from the accounts of the organisation?	No, I am not aware of any assets, liabilities, or transactions that I believe have been improperly included or omitted from the accounts of the organisation. The Council’s Quality Assurance process ensures the detailed review of the draft accounts prior to the submission to the External Auditors.
18. Could a false accounting entry escape detection? If so, how?	This is unlikely given the controls in place for processing transactions. The Council is a complex multidisciplinary organisation so there is a potential risk that

Question	Response
	management is unaware of some false accounting occurring.
19. Are there any external fraud risk factors, such as collection of revenues?	During 2025/26, Sundry Debtors, Council Tax and Business Rates transactions were sample reviewed by Internal Audit as part of the Fundamental Financial Systems audit, and as part of the National Fraud Initiative. "Fraud" in areas such as SPD is not uncommon and is addressed annually and minimised via these tools.
20. Are you aware of any organisational or management pressure to meet financial or operating targets?	No, I am not aware of any inappropriate organisational or management pressure being applied, or incentives offered, to myself or to colleagues to meet financial or operating targets. Monthly budget monitoring is conducted with service managers and reconciliations of key balances are conducted monthly, and significant variances are investigated.
21. Are you aware of any inappropriate organisational or management pressure being applied, or incentives offered, to you or colleagues to meet financial or operating targets?	No, as above, I am not aware of any inappropriate organisational or management pressure being applied, or incentives offered, to myself or to colleagues to meet financial or operating targets. Monthly budget monitoring is conducted with service managers and reconciliations of key balances are conducted monthly, and significant variances are investigated.
22. What arrangements has the Council put in place in response to the Bribery Act 2010?	The Council intranet includes information on the responsibilities around the Bribery Act 2010 in the Fraud Response Plan. The Staff Code of Conduct sets out the responsibilities for staff re: Bribery and Corruption. As part of the regular review of the suite of Counter Fraud policies the "Counter Fraud, Anti-Bribery Strategy and Counter Fraud Response Plan" was reviewed and revised and approved by the Council's Audit Committee in October 2025. These policies are regularly reviewed.

Report to Audit Committee

Proposed Audit Committee Work Programme 2026/27

Portfolio Holder: To be confirmed

Officer Contact: John Miller, Head of Internal Audit and Counter Fraud

Report Author: John Miller, Head of Internal Audit and Counter Fraud

22 July 2026

Purpose of Report

Attached to this report is the proposed Audit Committee Work Programme for 2026/27.

Executive Summary

The proposed Audit Committee Work Programme is subject to regular review by the Committee. Attached at Appendix 1 is the suggested programme of work going forward.

The report will be presented by the Head of Internal Audit and Counter Fraud.

Recommendations

That Members of the Audit Committee endorse the proposed Audit Committee Work Programme.

Appendix 1

Meeting Date	Agenda Item	Summary of Report Issue
2026/27		
Wednesday 22 July 2026 at 6.00 pm	External Audit Update	A progress update from the Council's External Auditors Forvis Mazars.
	Internal Audit and Counter Fraud Progress Report Q4 2025/26 & Q1 2026/27.	An update report on the progress made by the Internal Audit Service.
	Weak and Limited Opinion Reports	A report on Weak or Inadequate / Limited Audit Opinions issued for the Committee's consideration.
	Proposed Audit Committee Work Programme	This report detailing the proposed work programme.
	Payroll Progress Report	A report by the Assistant Director of Workforce & Organisational Culture providing Members with an update on developments within the Payroll Service.
	2025/26 Annual Audit and Opinion Report to Audit Committee	This is the Annual Report of the Chief Internal Auditor on the overall Internal Control Environment of the Council for the financial year 2025/26.
	Update on progress on audit reports contributing toward the 2024/25 Limited annual assurance opinion	An Update on progress on audit reports contributing toward the 2024/25 Limited annual assurance opinion.
	Draft 2025/26 Annual Statement of Accounts	This is the report to the Audit Committee on the draft Statement of Accounts which also details the outturn for the financial year 2025/26.
	Treasury Management Review 2025/26	The annual review of Treasury Management for 2025/26 by the Audit Committee.
	Self-Assessment of the work undertaken by the Audit Committee during 2025/26, and Annual Report to Council.	An assessment of the Committee's effectiveness during the year 2025/26 and draft Annual Report to full Council on the work of the Committee for the year including the Committee's action plan for self-development.

Appendix 1

	Forvis Mazars – Enquiries of Management	Draft responses to provide key assurances to support the External Audit Process which are then discussed by the Committee.
	Members Allowances	A report by the Assistant Director of Governance on work undertaken in respect of Member allowances.
Wednesday 9th September 2026, 6.00pm	Update on External Audit Matters and Audit Completion Report 2025/26.	An update produced by the External Auditor of issues to be brought to the attention of this Committee, including presentation of the 2025/26 Audit Completion report
September/October 2026 - Date TBC	Private meeting of the Committee with the Council's External Auditors (Forvis Mazars LLP) and the Head of Audit and Counter Fraud following completion of the External Auditor's review of the Council's 2025/26 Financial Statements.	
Wednesday 25th November 2026, 6.00 pm	Update on External Audit Matters.	An update produced by the External Auditor of issues to be brought to the attention of this Committee.
	Update on progress on audit reports contributing toward the 2024/25 and 2025/26 Limited annual assurance opinion	An update on progress on audit reports contributing toward the 2024/25 and 2025/26 Limited annual assurance opinion.
	Weak and Limited Opinion Reports	A report on Weak or Limited Audit Opinions issued for the Committee's consideration.
	Internal Audit and Counter Fraud Progress Report Q2	An update report on the progress made by the Internal Audit Service.
	Proposed Audit Committee Work Programme	This report detailing the proposed work programme.
	Anti-Fraud and Corruption Policies	Refreshed and updated suite of the Council's Anti-Fraud and Corruption Policies and Procedures.

Appendix 1

	Payroll Progress Report	A report by the Assistant Director of Workforce & Organisational Culture providing Members with an update on developments within the Payroll Service.
	Treasury Management Q1	The planned scrutiny of the Treasury Management Q1 update.
	Update on the Corporate Risk Register	A report on the Corporate Risk Register.
	Impact and Effectiveness of the Council's Overview and Scrutiny functions.	A report on the Impact and Effectiveness of the Council's Overview and Scrutiny functions.
	Local Code of Corporate Governance	This is an update to the previously agreed Local Code of Corporate Governance.
Wednesday 20th January 2027, 6.00pm	External Audit Update	A progress update from the Council's External Auditors Forvis Mazars.
	Treasury Management Strategy Statement 2027/28	This report sets out the proposed Treasury Management Strategy for 2027/28 to support the Corporate Objectives of the Council.
	Q2 Treasury Management Update	A report outlining Treasury Management activity in Quarter 2 of 2026/27.
	Internal Audit Progress Report Q3	This is the routine report on the progress made against the agreed audit and counter fraud plan.
	Weak and Inadequate Opinion Reports	A report on Weak or Inadequate Audit Opinions issued for the Committee's consideration.
	Update on progress on audit reports contributing toward the 2024/25 and 2025/26 Limited annual assurance opinion	An Update on progress on audit reports contributing toward the 2024/25 and 2025/26 Limited annual assurance opinion.
	Updated Audit Committee Work Programme.	A report detailing the proposed work programme.

Appendix 1

	Update on the Corporate Risk Register	A report on the Corporate Risk Register.
Wednesday 24 March 2027, 6.00pm	External Audit Update	A progress update from the Council's External Auditors Forvis Mazars.
	Update on progress on audit reports contributing toward the 2024/25 and 2025/26 Limited annual assurance opinion	An Update on progress on audit reports contributing toward the 2024/25 and 2025/26 Limited annual assurance opinion.
	Final Accounts – Proposed Accounting Policies and Critical Judgements	In line with best practice, approval is sought for the significant accounting policies and critical judgements to be adopted in preparation for the completion of the Statement of Accounts.
	Internal Audit Charter 2027/28	An updated Internal Audit Charter for the financial year 2027/28.
	2027/28 Internal Audit and Counter Fraud Plan	The proposed plan of work for the financial year 2027/28 to enable review by the Committee.
	Audit Committee Work Programme for 2026/27 and a proposed programme for the future financial year.	A report detailing the remainder of the 2026/27 work programme and proposed work programme for 2027/28.
	Update on the Corporate Risk Register	An update on the Corporate Risk Register.
	Delegated Grant Acceptances	A report on grants accepted under delegated authority.

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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