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AUDIT COMMITTEE
Agenda

Date	Wednesday 9th September 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 details relating to this meeting are 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 12.0 noon on Friday, 4th September 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 (Indepenedent Member and Chair)
Mr S Green (independent Member and Vice Chair)
Councillors Arnott, Arstan, Chauhan, Chowhan, Jabbar, Kenyon, Quigg, Robinson and Shah

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 3 - 20)

The Minutes of the meeting of the Audit Committee, held on 22nd July 2026, are attached for approval and the Actions List is attached for information..

6 Annual Statement of Accounts 2025/26 (Pages 21 - 24)

Report of the external auditors - Forvis Mazars

7 External Audit Progress Report (Pages 25 - 40)

Report of the external auditors, Forvis Mazars

8 Treasury Management Report - Quarter 1 (April - June) 2026/27 (Pages 41 - 58)

Director of Finance's report is attached

AUDIT COMMITTEE
22/07/2026 at 6.00 pm

Oldham Council

Present: Mr G. Page (Chair and Independent Member)
Councillors Quigg, Kenyon, Jabbar, Shah, Taylor (Substitute for Cllr Chauhan) and Robinson

Also in Attendance:
One member of the press

Daniel Watson	Forvis Mazars
Alex Bougatef	Director of Legal/Monitoring Officer
John Miller	Head of Audit and Counter Fraud
James Postle	Senior Finance Manager
Lee Walsh	Director of Finance
Vickie Lambert	Finance Manager
Mike Barker	Executive Director Health and Care (Deputy Chief Executive)
Julie Daniels	Executive Director of Children's Services
Eleanor Devlin	Assistant Director - Human Resources
Heather Moore	Assistant Director of Governance
Jack Bailey	Constitutional Services
Adam Parsey	Revenues and Benefits Service
David Nuttall	Internal Audit
Tom Pyne	Interim Head of Procurement
Tony Decrop	Director of Children's Services
Katie Charlton	Assistant Director of Education
Nick Whitbread	Assistant Director of Children's Services
Matt Gratton	Director of Digital
Peter Thompson	Constitutional Services

1 **APOLOGIES FOR ABSENCE**

Apologies for absence were received from the independent vice chair, Mr. Stuart Green and Councillor Chauhan.

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 for this meeting of the Audit Committee to consider.

5 **MINUTES**

Resolved:
That the Minutes of the meeting of the Audit Committee, held 26th March 2026, be approved as a correct and the

accompanying Actions Log of decisions made by the Committee, be noted.

6 **MEMBERS' ALLOWANCES UPDATE**

The Audit Committee considered a report of the Assistant Director of Governance which provided Members with assurance that processes and strengthened oversight were in place for the effective management of member allowances. The report also provided an update, as previously 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 had identified historic discrepancies.

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

The review found that these issues had arisen 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 rested entirely with officers, because once full Council had approved the Members’ Allowance Scheme, Members had no further involvement in its operation or implementation. 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.

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.

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. Two former members impacted by this issue had sadly passed away before the review was concluded.

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 officers 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 officers have asked Group Leaders for their assistance in contacting these members.

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.

A series of actions had since been implemented to strengthen governance and to reduce the risk of recurrence. These included 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.

Resolved:

1. That the Audit Committee notes the report and the progress being made to strengthen internal controls, together with the position related to underpayments and overpayments for Members' and Former Members'.
2. That a further update report, on this matter, be presented to the Committee in approximately six months.

7 **AUDIT STRATEGY MEMORANDUM**

The Committee received a report from the Council's external auditors, Forvis Mazars LLP, which presented the Audit Strategy Memorandum ("ASM") for Oldham Metropolitan Borough Council for the year ending 31st March 2026.

The report provides an overview of the planned scope and timing of their audit, including the significant and enhanced audit risks that have been identified. In addition, as it is a fundamental requirement that the external auditors are, and are seen to be, independent of Oldham Metropolitan Borough Council, the submitted report also summarised their considerations and conclusions on their independence. The report added that two-way communication with the Council, via the Audit Committee, was key to a successful audit and was 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.
• 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.

The report had been prepared following their initial planning discussions with the Council's management, which, in turn, facilitates a discussion with the Committee on their audit approach.

The external auditors advised that providing a high-quality service was regarded as being very important, and Forvis Mazars strived to provide technical excellence with the highest level of service quality, together with continuous improvement to, wherever possible, exceed expectations.

It was noted that this matter would be considered in greater detail at the additional meeting of the Audit Committee on 9th September 2026.

The Chair thanked the Director of Finance and his team for their work in publishing the draft accounts in line with statutory requirements.

Resolved:
That the report be noted.

8 **DRAFT 2025/26 ANNUAL STATEMENT OF ACCOUNTS**

The Committee received a report of the Director of Finance, which presented the draft Statement of Accounts for 2025/26 for consideration. 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.

The draft Statement 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.

A particular priority, of the Director of Finance, during 2025/26, was to strengthen relationships with neighbouring local authorities and Central Government, ensuring that Oldham would be well positioned, influential, and engaged in decision making that affected the Borough's communities. These relationships were viewed as being increasingly important as expectations on local government continued to grow. The operating environment remained challenging. Central Government and the public were demanding more from local authorities at a time when financial resources are constrained, demand led services continued to rise, and technology was also rapidly reshaping the ways of working.

While this transformation brought opportunities for greater transparency, efficiency and service improvement, it also introduced new risks. Responding effectively to the pace of change was a key test of the Council's resilience and capability. Against this backdrop, the Council's financial outturn for 2025/26 was an overspend of £3.845m. This represented a significantly improved position compared to earlier projections, reflecting active financial management throughout the year. The main drivers of this variance were 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 was 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 had been directed towards priority areas including adult and children's social care, youth services, local infrastructure and improving health and wellbeing. Importantly, this was the second consecutive year that the budget had been balanced without the use of reserves, allowing progress to be made in rebuilding those reserves and strengthening the Council's financial position. The draft financial statements provided 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 demonstrated both the challenges faced and the progress being made in securing a sustainable financial future for the Borough of Oldham.

Resolved:
That the Council's draft Statement of Accounts for 2025/26, be noted.

9 **2025/26 HEAD OF AUDIT ANNUAL REPORT AND OPINION TO AUDIT COMMITTEE**

The Committee considered a report of the Head of Audit and Counter Fraud, the purpose of which was to provide Members with the Annual Report and Opinion for 2025/26 on the Systems of Governance and Internal Control for the year ended 31st March 2026.

The report summarised the work of Internal Audit and Counter Fraud Team carried out for the financial year 2025/26, which informed the Annual Report and Opinion of the Head of Audit and Counter Fraud on the System of Internal Control for the year ended 31st March 2026.

The Annual Report for 2025/26 had 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 31st 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.

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 aimed 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.

This work allowed 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.

The opinion also considered any advisory work undertaken during the year. High-priority findings from such reviews contributed to the overall opinion that is reported. 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.

The report also sets out the framework that was used to arrive at the Annual Opinion on the Systems of Governance and Internal Control, and key audit findings for the year.

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 Annual Governance Statement.

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

However, some of these improvements and progress had been realised towards the latter part of the 2025/26 financial year, and some remained ongoing into 2026/27. The 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 was 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 were 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 was that the Council's systems of governance and internal control during 2025/26 continued to provide Limited assurance. However, the Committee was advised, that there was a clear implementation plan in place and a positive trajectory of improvement and, should the current momentum be sustained throughout 2026/27, there was an expectation that assurance levels would improve in coming years.

There were no impairments to the independence or objectivity of the Head of Internal Audit in arriving at this opinion.

It was noted that the Council's Corporate Risk Register had not been presented to the Audit Committee during 2025/26. The effective management of risk was considered to be a fundamental pillar of good governance. Therefore, it was agreed that this should be added to the Committee's 2026/27 Work Programme.

Resolved:

1. That the Audit Committee notes the Members are requested to note the Annual Report on the System of Internal Control presented by the Head of Audit and Counter Fraud.
2. That the Audit Committee commends the continued developments in overall internal control and financial administration across the Counci, whilst aknowledging that some services have considerable work to do.
3. That items relating to the Council's Corporate Risk Register and the Contracts Register, be added to the Committee's Work Programme for 2026/27.

10 **TREASURY MANAGEMENT REVIEW 2025/26**

The Audit Committee considered a report of the Director of Finance which advised Members on the performance of the Treasury Management function of the Council for 2025/26 and which also provided a comparison of performance against the 2025/26 Treasury Management Strategy and Prudential Indicators.

The Council was required to consider the performance of the Treasury Management function to comply with the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2021). The submitted report provided an update and included the requirement in the 2021 Code, mandatory from 1st April 2023, as a minimum semi-annual and annual report and quarterly reporting of the treasury management prudential indicators.

The submitted report therefore sets out the key Treasury Management issues for Members' information and reviews and outlines:

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

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

Resolved:

1. That the Audit Committee notes and endorses the Treasury Management Outturn report and the Treasury Management activity and projected outturn.
2. That the Audit Committee commends the report to the Cabinet and to Council.

11 **Q4 2025/26 AND Q1 2026/27 INTERNAL AUDIT AND COUNTER FRAUD PROGRESS REPORT**

The Committee considered a report of the Head of Internal Audit and Counter Fraud which provided Members with a high-level progress report on the work of the Internal Audit and Counter Fraud team for Q4 (1st January – 31st March 2026) of the 2025/26 financial year and Q1 (1st April -30th June 2026) of 2026/27. Which, alongside the Head of Audit and Counter Fraud's Annual Report and Opinion for the year 2025/26, assisted the Committee in discharging its responsibilities as set out in the Audit Committee's Terms of Reference, which formed part of the Council's Constitution

The Audit and Counter Fraud Team activity during the two study periods 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.

Resolved:

That the Audit Committee approves and endorses the 2025/26 Quarter 4 an 2026/27 Quarter 1 Audit and Counter Fraud Progress Reports.

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

The Audit Committee considered a report of the Head of Audit and Counter Fraud which 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. The submitted report, in combination with progress reports on Internal Audit progress and the Head of Audit and Counter Fraud's Annual Report and Opinion for the year 2024/25, assisted the Committee in discharging its responsibilities as set out in the Audit Committee's Terms of Reference, which formed part of the Council's Constitution.

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 appendices attached to the report were provided to update Members on progress against the action plans and recommendations arising from these reports. The appendices had been edited to remove the following in line with Data Protection and Confidentiality requirements 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.

The removal of these details did not affect the findings or recommendations contained in the appendices that were attached to the report, and these had been reproduced in full.

The meeting was advised that the IT related appendix, had been 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.

Since the submission of a previous progress report to this committee in March 2026, the Internal Audit Service had completed it follow-up work in a number of areas. Szome of the follow-up work had 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 the Internal Audit Service had concluded that governance and internal control had improved in these areas to a 'reasonable' standard they had been removed from these reports.

Where the Internal Audit Service had re-visited the areas contained in previous update reports and found that assurance remained Limited, the reports on Payroll, Debt Recovery and Children's Services had been reproduced in full, on the agenda.

Regarding those areas that had not yet completed follow up work, namely 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 remained attached.

Of the 42 recommendations contained in the appendices attached to the submitted report, 34 recommendations were self-reported by Management as complete and eight recommendations were self-reported by Management as being in-progress.

Resolved:
That the actions of the Internal Audit Team in respect of the services that had contributed to the 2024/25 Limited Assurance Annual Audit Opinion, be endorsed and approved.

13 **Q4 2024/25 AND Q1 2025/26 - WEAK AND LIMITED ASSURANCE REPORTS**

The Audit Committee considered a report of the Head of Internal Audit and Counter Fraud which provided Members with details of those opinion reports with Weak or Limited assurance opinions issued in Quarter 4 of 2024/25 and Quarter 1 of 2025/26. The submitted report, in combination with, the Quarterly progress report on Internal Audit progress and the Head of Audit and Counter Fraud's Annual Report and Opinion for the year 2025/26, assisted the Committee in discharging its responsibilities as set out in the Audit Committee's Terms of Reference, which formed part of the Council's Constitution.

At the Audit Committee's meeting, held on 23rd March 2025, Members had requested further details of those reports receiving Weak or Limited assurance opinions for further scrutiny by the Committee.

The submitted report reproduced in the appendices attached to the report had 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. The removal of these details did not affect the findings or recommendations contained in the attached reports, and these had been reproduced in full.

The reports attached as appendices were:
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

Resolved:

1. That the Audit Committee approves and endorses the actions undertaken by the Internal Audit Team in relation to those services that had, on 23rd March 2025, been the subject of Weak and Limited assurance reports.
2. That the report and its associated appendices be noted.

14 **PAYROLL AUDIT ACTION PLAN 2025/26 - PROGRESS REPORT**

Members received a report of the Assistant Director of Workforce and Organisational Culture, which updated the Committee on actions that had been included in the Payroll Audit Report 24/25 and the HR & OD Re-Build Recovery Plan, which was launched in September 2025.

The Committee were informed that the Payroll Service at Oldham Council had several, long-standing identified issues, which had led to it being classified as "*Inadequate/Limited Assurance*" by Internal Audit for a number of years. The service provided 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.

Since the last Audit Committee, the 2025/26 Payroll Audit has taken place, therefore this report focused on completion of some actions from 2024/25 and progress against new actions from 2025/26.

In terms of actions against the 2024/25 Action Plan noted that several actions brought forward from 2024/25 were complete but had been completed towards the end of the 224/25 reference period and therefore have remained as live actions in the 2025/26 Action Plan to ensure continued focus and impact. Four recommendations from the 2024/25 Action Plan were not brought forward as appropriate action and evidence was available to evidence completion. Other recommendations had been brought forward to the 2025/26 Audit action plan, as outlined below.

a. 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.)

b. The remaining action is on track for completion as per agreed deadline.

c. There were seven new recommendations. Four are classed as complete following focused work over the past 3 months, some subject to monthly review.
d. The remaining three are underway and reviewed regularly through the internal HR compliance framework.
The Committee was advised that fulfilling action as outlined in the Payroll Audit action plan had commenced at pace. Improvements, it was noted, would take time and consistent focus. It remained one of the highest priorities for the HR and OD service. Several actions would require ongoing oversight and local audit, which was part of the Service's next phase of its 'ReBuild' plan.

Resolved:
1. That the report be noted
2. That the Audit Committee acknowledges the progress being made in the Workforce and Organisational Culture Service to address the problems that had been highlighted in previous reports, presented to the Committee.

15 **2025/26 ANNUAL REPORT OF THE AUDIT COMMITTEE TO COUNCIL**

The Committee considered a report of the Head of Audit and Counter Fraud, drafted on behalf of the Chair, which advised that one of its core functions was to provide an independent review and assurance role to support good governance and sound public financial management. The submitted report therefore had been prepared for a meeting of the full Council to advise that body 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 and for them to make any appropriate recommendations, if necessary.

To discharge its role, the Audit Committee met formally on five separate occasions during the municipal year 2025/26 undertaking the work detailed in the body of the submitted report.

Audit Committee members had 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 was 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 was 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. The submitted report summarised the work undertaken by key programme area for the financial year 2025/26.

This report was presented 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.

Resolved:
That the Committee consider the report, at a later meeting, during 2026/27, after the conclusion of the assessment of the Committee's effectiveness and that the Annual Report then be submitted to the next available Council meeting.

16 **EXTERNAL AUDIT – ENQUIRIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE 2025/26**

The Committee considered a report of the head of Internal Audit and Counter Fraud which informed Members that 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).

In carrying out the annual audit of the Council, Forvis Mazars LLP was required to comply with the International Standards on Auditing (ISA) as adopted by the UK Financial Reporting Council (FRC).

ISA required 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 Appendices 1 – 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.

Resolved:
That Members of the Audit Committee note the responses detailed in the appendices to the report and the Council's responses to the External Auditors, Forvis Mazars LLP.

17 **AUDIT COMMITTEE WORK PROGRAMME 2026/27**

The Audit Committee considered its Work Programme for 2026/27.

Resolved:
That the Audit Committee's Work Programme for 2026/27 be noted and reviewed throughout the 2026/27 Municipal Year.

18 **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 item of business on the grounds that it contains 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.

19 **PROGRESS UPDATE ON AUDIT OPINION REPORTS CONTRIBUTING TO THE 2024/25 LIMITED ASSURANCE ANNUAL AUDIT OPINION**

Consideration was given to the commercially sensitive appendix in relation to agenda item 12: Progress update on Audit Opinion Reports contributing to the 2024/25 Limited Assurance Annual Audit Opinion.

Resolved:
That the information detailed in the confidential appendix, be noted.

The meeting started at 6.00pm and ended at 8.05pm

Audit Committee Actions List
(after 22nd July 2026 meeting)

Issue	Action	Responsible Officer(s)	Timescale	Outcome
Payroll Audit Progress – 22/07/26 Minute 14	The Audit Committee received an update report regarding progress being made in relation to the Improvement Plan for the Council's Payroll	Eleanor Devlin	Ongoing	A further update report to be provided in March 2027
Q4\; 2025/26 and Q1 2026/27: Audit Opinion Reports with Weak or Limited Assurance Opinions 22/07/26 Minute 13	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	The Committee endorsed the work that has been undertaken and noted that further reports will be presented later in the 2026/27 Municipal Year
Progress update on Audit Opinion reports contributing to the 2024/25 limited annual assurance audit opinion. 22/07/26 Minute 12	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	The Committee resolved that the actions of the Internal Audit Team in respect of the services that had contributed to the 2024/25 Limited Assurance Annual Audit Opinion, be endorsed and approved.

Establishment of a Scrutiny Study Group 22/10/25 Minute 5	The establishment of a member's study group that was being convened to assess the effectiveness of the Council's overview and scrutiny function.	Constitutional Services	The group is meeting but is currently on hold, 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	Ongoing
Audit Committee – Work Programme 2025/26 22/07/26 Minute 17	The Committee noted its Work Programme for 2026/27	John Miller	Throughout the 2026/27 meetings cycle	Next update will be presented to the committee in November 2026
2025/26 Q4 and 2026/27 Q1 Internal Audit and Counter Fraud Reports 22/7/26 Minute 11	The Committee approved the report but requested Officers maintain vigilance for potential future issues	John Miller	Ongoing – regular reports to reflect quarterly activities	Resolved: That the Audit Committee approves and endorses the 2025/26 Quarter 4 and 2026/27 Quarter 1 Audit and Counter Fraud Progress Reports.
2025/26 Head of Audit Annual Report and Opinion to the Audit Committee Minute 9 22/7/26	Committee considered a report of the Head of Audit and Counter Fraud, the purpose of which was to provide Members with the Annual Report and Opinion for 2025/26 on the Systems of Governance and Internal Control for the year ended 31st March 2026.	John Miller	Ongoing	The Committee resolved: 1. That the Audit Committee notes the Members are requested to note the Annual Report on the System of Internal Control presented by the Head of Audit and Counter Fraud. 2. That the Audit Committee

				commends the continued developments in overall internal control and financial administration across the Counci, whilst aknowledging that some services have considerable work to do. 3. That items relating to the Council's Corporate Risk Register and the Contracts Register, be added to the Committee's Work Programme for 2026/27.
Members Allowance Scheme Minute 7 22/07/2026	The Committee received a report updating on the Members allowance scheme (overpayments and underpayments), further to the meeting held on 22nd October 2025	Heather Moore	ongoing	The Committee noted the report and the progress being made to strengthen internal controls, together with the position related to underpayments and overpayments for Members' and Former Members'. Requesting that a further update report, on this matter, be presented to the Committee in approximately six months.
Treasury Management	The Committee received a report reviewing the	James Postle	The Committee endorsed the recommendations	Completed

Review 2025/26 Minute 10 22/7/26	Council’s Treasury Management performance in 2025/26		commended the report for consideration by Council	
Audit Committee Annual Report Minute 15 22/7/26	The Committee received its Annual Report, for the 2025/26 Municipal Year, prior to its presentation at Council	John Miller	Ongoing	The Committee requested that further consideration of the report be given at a later meeting, during 2026/27, after the conclusion of the assessment of the Committee’s effectiveness and that the Annual Report then be submitted to the next available Council meeting.

Oldham Council

Report to Audit Committee

Draft 2025/26 Annual Statement of Accounts Update

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

Report Author: James Postle, Senior Finance Manager
Vickie Lambert – Finance Manager

Contact: vickie.lambert@oldham.gov.uk

09 September 2026

Purpose of the Report

The Audit Committee is charged with scrutiny and approval of the Statement of Accounts. This report presents an update on the progress of the auditing and approval of the 2025/26 Draft Statement of Accounts.

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 and were presented to Audit Committee at its meeting of 22 July 2026.

External Audit started its audit of the draft accounts in June 2026 with work progressing over the summer. At this time, the audit of the accounts is partially complete with some sampling to be finalised alongside work on valuations. It is expected that this work will be completed over the coming weeks and therefore, approval is sort to delegate the formal approval of the Accounts to the Chair of the Audit Committee in conjunction with the Director of Finance and the External Auditor.

The External Auditor, in a report elsewhere on the agenda, provides a further update on the progress of the audit.

A list of the current amendments to the draft Statement of Accounts in included in Appendix1.

A further update report will be presented at the next Audit Committee meeting, and Members will be notified when the Statement of Accounts for 2025/26 have been fully signed off.

Recommendation

It is recommended that the Audit Committee:

a) Note the contents of the report.
b) Note the list of amendments to the Draft Statement of Accounts at Appendix 1
c) Delegate the approval of the Council's 2025/26 Statement of Accounts to the Chair of the Audit Committee after consultation with the Director of Finance and on receipt of advice from the External Auditor.

Appendix 1 – List of Adjustments to Statement of Accounts

	Section of Accounts	Page	Nature of Amedment
1	Explanatory Forward	9	Clearer organogram inserted
2	Annual Governance Statement	27	Bullet point inserted
3	Annual Governance Statement	28	Bullet point removed
4	Annual Governance Statement	34	Correction of typo
5	Balance Sheet	60	Deletion of "less than 1 year" in relation to Assets Held For Sale
6	Balance Sheet	60	Finance Leases amended to Leases in Current Assets
7	Note 2 - Expenditure and income analysis	70	Number format change
8	Note 9 - Officers remuneration	77	Additional text re Cost of Chief Executive secondment
9	Note 9 - Officers remuneration	77	Additional info re Interim Director of Finance
10	Note 10 - External Audit Costs	70	Revision of Auditor to Forvis Mazars from Mazars
11	Note 13 - Leases	83/4	Minor Typo adjustments
12	Note 16 - Unusable reserves	91	Removal of line from table 16 b (zero value)
13	Note 16 - Unusable reserves	92	Removal of line from table 16 c (zero value)
14	Note 16 - Unusable reserves	94	Minor Typo adjustment
15	Note 22- Financial Instruments	105	Removal of reference to pooled bond and equity funds
16	Note 22- Financial Instruments	115	Correction of year in table
17	Note 22- Financial Instruments	116	Removal of references to instruments not currently held by the Council
18	Note 22- Financial Instruments	117	Correction of loss from £1.080m to £1.080k in text
19	Note 29 - PFI and Similar Contracts	125	Adjustment to table heading to remove "opening"
20	Note 31 - Defined Benefit Pension Schemes	132	Correction of latest valuation date to March 25
21	Note 34a - Liabilities arising from financing activities	135	PFI Movement moved from Acquisition to Other non-cash changes column
22	Note 35 - Accounting Policies	137	Clarifications around indexation and revaluations
23	Note 35 - Accounting Policies	146	Insertion of bullet point
24	Note 35 - Accounting Policies	147	Insertion of description on interest on the asset ceiling
25	Note 35 - Accounting Policies	150	Clarification of where Corporate and Democratic Core appear in the CIES
26	Note 35 - Accounting Policies	152	Clarification of lease measurement policy
27	Note 35 - Accounting Policies	153	Clarification of lease accounting exemptions
28	Note 37 - Critical Judgements	156	Clarification of treatment of VC Schools
29	Housing Revenue Account	159	Merger of lines on Income and Expenditure Statement
30	Statement of Movement on HRA	160	Inclusion of Transfer to Earmarked Reserves line
31	Statement of Movement on HRA	106	SORP reference corrected to Code

32	H1 - Housing Stock Numbers	161	Correction of split between Houses and Flats
33	G2 - Bodies not Consolidated	173	Inclusion of Unity Partnership
34	G4 - Defined Benefit Pension Schemes	174	Correction of amount between lines on statement

Audit Progress Report

Oldham Metropolitan Borough Council –Year ending 31 March 2026

September 2026

Contents

1. Audit approach and progress
2. National publications

01

Audit approach and progress

Audit approach and progress

2025/26 Audit

The following timeline was reported in our ASM, we are still on track to be able to complete the audit in October.

Planning and risk assessment February 2026	Interim February 2026	Fieldwork July 2026	Communication September 2026	Completion October 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	• 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.	• 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	• Communicating progress and any issues arising • Clearance meeting(s) • Communication of identified significant weaknesses as appropriate throughout the audit	• 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

Audit progress

2025/26 Audit

Our work on the statement of accounts audit is progressing well and there are no significant issues we need to highlight at this stage. We have summarised the outstanding information below:

Journals

Information has been received and is currently being reviewed by the audit team.

Pensions

We are awaiting information from the auditors of the pension fund, together with a breakdown of pensionable pay to support our audit testing.

PPE valuations

We have ongoing queries with the valuer and have also raised an enquiry with the Council regarding the non-application of indexation to all un-revalued assets during the year, as required under the updated Code. We are currently awaiting a response and an assessment of the potential impact to determine whether any issues arise as a result of this matter. The other property revaluations work has been completed is currently going through our quality review processes other than the work on .

Spindles

We are waiting for information from the Council's valuer.

Omitted Bank accounts

We have outstanding queries relating to omitted bank accounts testing.

Manchester Airport Group

The audit team is currently reviewing the information provided and considering the findings of the expert.

Leases

The audit team is currently reviewing the information provided and considering the findings of the expert.

Income and expenditure

We are progressing our testing of sample evidence, including cut-off procedures.

Loans

We are verifying the classification of balances between long-term and short-term liabilities.

Audit progress

Creditors

We are reviewing the information provided by the Council.

REFCUS

We are reviewing the information provided by the Council.

Related parties

We are awaiting supporting evidence from the client in relation to the related party disclosures note.

Group consolidation

We are in the process of compiling our workings in relation to the group consolidation

Quality control

Our quality control and review procedures of work performed in key areas of the audit are ongoing.

Completion procedures

Procedures such as our qualitative review of the final financial statements, ongoing consideration of any post balance sheet events, and management representations are ongoing, and will remain as such, through to the date of issuing the auditor's report. We are on track to finalise our completion procedures in October, as per our timetable set out in the ASM (included on page 4 of this report).

Value for money arrangements

The NAO Code of Audit Practice requires auditors to issue their draft auditor's annual report to Those Charged with Governance by 30 November each year.

We have requested and received management's self assessment against the criteria set out in the NAO guidance, we are working through the information provided and complying with our internal consistency processes.

We will continue to keep Audit Committee updated as the audit progresses and will report our commentary and findings on the Council's value for money arrangements by 30 November 2026, in line with the national deadline. We have not identified any further risks of significant weakness at this stage.

Audit progress

Other deficiencies in internal control

A deficiency in internal control exists if:

- A control is designed, implemented, or operated in such a way that it is unable to prevent, detect, and/ or correct potential misstatements in the financial statements; or
- A control that is necessary to prevent, detect, and/ or correct misstatements in the financial statements on a timely basis is missing.

The purpose of our audit was to express an opinion on the financial statements. As part of our audit, we have considered the Trust's internal controls relevant to the preparation of the financial statements to design audit procedures to allow us to express an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal controls or to identify any significant deficiencies in their design or operation.

The matters reported in Appendix A are limited to those deficiencies and other control recommendations that we have identified during our normal audit procedures and which we consider to be of sufficient importance to merit being reported. If we had performed more extensive procedures on internal control, we might have identified more deficiencies to report or concluded that some of the reported deficiencies need not in fact have been reported. Our comments in Appendix A should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

This Appendix sets out the internal control observations that we have identified as at the date of this report. These control observations are not, in our view, significant control deficiencies but will be reported to management directly and are included in this report for your information. In our view, there is a need to address the deficiencies in internal control set out in this section to strengthen internal control or enhance business efficiency. Our recommendations should be actioned by management in the near future.

Audit progress

Other deficiencies in internal control

None noted at present.

02

National Publications

National publications

	Publication/update	Key points
National Audit Office (NAO)		
1	NAO Report: Using data analytics to tackle fraud and error	The NAO has published its report which examines how well-placed government is to seize the opportunity offered by old and new data analytics technologies to tackle fraud and error. **For information only.**
2	NAO report: Improving local areas through developer funding	The NAO has published its report Improving local areas through developer funding which is a return to this topic since its 2019 report now that the current government has chosen not to implement a previously proposed mandatory infrastructure levy which would have largely replaced the current system. **For information only.**
3	Publication of Local Audit Reset and Recovery Implementation Guidance (LARRIG) 06	The C&AG has approved and published the Local Audit Reset and Recovery Implementation Guidance (LARRIG) 06. **For information only.**
4	NAO report: Home to school transport	The NAO has published its report 'Home to school transport' which looks at spending on, and delivery of, home to school transport by local authorities in England. **For information only.**
5	NAO Good practice Guide – Financial management in government: reporting for decision making	The NAO has produced this good practice guide for finance leaders in government departments and other public bodies. **For information only.**
6	NAO report: Managing children's residential care	The NAO has published its report Managing children's residential care which assesses the Department for Education's (DfE) response to challenges faced by local authorities in placing looked-after children in cost-effective, high-quality residential care in England. **For information only.**
7	NAO publication: Implementation of climate-related reporting in central government annual reports	The NAO has published its report 'Implementation of climate-related reporting in central government annual reports' which examined the progress central government has made implementing Task Force on Climate-related Financial Disclosures (TCFD) reporting. **For information only.**
8	NAO Audit insights: Good practice in annual reporting	The NAO has published its report Good practice in annual reporting which showcases leading examples of good practice for annual reporting from different sectors. **For information only.**
9	NAO report: Unlocking land for housing	The NAO has published its report Unlocking land for housing which assesses whether the Ministry for Housing, Communities & Local Government's (MHCLG) programmes to increase the supply of suitable land for housing development are effectively supporting the government's ambitions to build the right homes in the right places. **For information only.**

National publications

NAO

1. NAO Report: Governance and decision-making on mega-projects

The NAO has published a report which examines how well-placed government is to seize the opportunity offered by old and new data analytics technologies to tackle fraud and error. The report sets out:

- case studies of how the private sector and government are already using data analytics to tackle fraud and error; and
- lessons from these case studies, and the NAO's discussions with those involved in implementing them, about the strategic challenges

Link: https://www.nao.org.uk/reports/using-data-analytics-to-tackle-fraud-and-error/

2. NAO report: Improving local areas through developer funding

The NAO has published its report Improving local areas through developer funding which is a return to this topic since its 2019 report now that the current government has chosen not to implement a previously proposed mandatory infrastructure levy which would have largely replaced the current system.

This report assesses whether the MHCLG is overseeing an effective and efficient system of developer contributions that delivers the intended benefits.

The report is made up of the following parts:

- Part One sets out how the system works and MHCLG's oversight of it;
- Part Two examines challenges within the system; and
- Part Three assesses MHCLG's actions to make the system more effective at delivering the intended benefits.

Link: Improving local areas through developer funding - NAO report

National publications and technical updates

3. Publication of Local Audit Reset and Recovery Implementation Guidance (LARRIG) 06: Special considerations for rebuilding assurance for specified balances following backstop-related disclaimed audit opinions

The C&AG has approved and published Local Audit Reset and Recovery Implementation Guidance (LARRIG) 06.

This LARRIG, endorsed by the FRC, sets out guidance to auditors where the auditor's opinion on the prior year financial statements has been disclaimed because of backstop arrangements included in the Accounts and Audit (Amendment) Regulations 2024. Its purpose is to assist auditors in the process of rebuilding assurance for specific classes of transactions, account balances and disclosures which warrant special consideration beyond the general principles set out in LARRIG 05.

Link: LARRIG 06

4. NAO report: Home to school transport

The NAO has published its report 'Home to school transport' which looks at spending on, and delivery of, home to school transport by local authorities in England. The report builds on the NAO's 2024 report 'Support for children and young people with special educational needs' and the 2025 report 'Local government financial sustainability' which noted the increase in home to school transport costs. In 2023-24, local authorities spent £2.32 billion transporting an estimated 520,000 children and young people to school or college.

The report concludes that for the children and young people who rely on it to get them to school and college each day, local-authority-provided transport is an invaluable service. Without it, many may struggle to access or continue with their education. When first introduced, it was predominantly a service for children in rural areas. Following changes in legislation, the number of children and young people assessed as having special educational needs increased, with implications for home to school transport.

Link: Home to school transport - NAO report

5. NAO Good practice Guide – Financial management in government: reporting for decision making

The NAO has produced this good practice guide for finance leaders in government departments and other public bodies. It sets out insights and good practice on how information can be reported to make better financial management decisions.

Link: Financial management in government: reporting for decision-making - NAO insight

National publications and technical updates

6. NAO report: Managing children's residential care

The NAO has published its report Managing children's residential care which assesses the Department for Education's (DfE) response to challenges faced by local authorities in placing looked-after children in cost-effective, high-quality residential care in England. The report:

• describes the characteristics of looked-after children, and how the current residential care system works in terms of costs and outcomes;

• examines the underlying reasons behind increasing residential care costs; and

• assesses DfE's understanding, approach and response to supporting local authorities to meet their statutory duty to house looked-after children.

The report concludes that the cost of supporting looked-after children in residential care almost doubled between 2019-20 and 2023-24, to £3.1 billion. And, with these vulnerable children not always receiving the support they need, the residential care system is not delivering value for money. A shortage of places for some looked-after children, particularly those with more complex needs, has driven cost increases.

The demand for places, along with a largely private provider-led market has led to local authorities competing for places and providers charging higher fees. The estimated annual spend per child in a children's home has increased from an average of £239,800 in 2019-20 to £318,400 in 2023-24 in real terms – and more children are living in residential care settings that are not best suited to their needs.

DfE recognises the scale of the challenge and has started to respond. Alongside investing in preventative care and fostering to reduce residential care demand, it is progressing legislation to improve financial oversight of private providers and encouraging local authorities to collectively commission places. These measures are taking time to implement with, for example, draft legislation introduced in December 2024.

To ensure these changes deliver a residential care system that works, DfE needs to improve its understanding of the system, set out what it wants the market to look like and support local authorities to make effective decisions.

[Managing-childrens-residential-care]

7. NAO publication: Implementation of climate-related reporting in central government annual reports

The NAO has published its report 'Implementation of climate-related reporting in central government annual reports' which examined the progress central government has made implementing Task Force on Climate-related Financial Disclosures (TCFD) reporting. The scope of the review includes an early look at the potential value it might have, and risks to its efficiency and effectiveness. This report draws out learning from the early phases of implementation, with a view to informing the phases to come. This report sets out:

• climate-related reporting in the UK

• progress so far implementing TCFD-aligned reporting in central government

• the experience of central government bodies preparing TCFD-aligned reporting.

[Implementation-of-climate-related-reporting-in-central-government-annual-reports]

National publications and technical updates

8. NAO Audit insights: Good practice in annual reporting

The NAO has published its report Good practice in annual reporting which showcases leading examples of good practice for annual reporting from different sectors.

In addition, organisations in the public sector may find the guide that the NAO shares with bodies it audits helpful which sets out how reporting and auditing requirements have changed over recent years, and practical actions that organisations can take to support transparent, timely, and clear annual reporting.

[Good practice in annual reporting]

9. NAO report: Unlocking land for housing

The NAO has published its report Unlocking land for housing which assesses whether the Ministry for Housing, Communities & Local Government's (MHCLG) programmes to increase the supply of suitable land for housing development are effectively supporting the government's ambitions to build the right homes in the right places. These programmes include activities such as capacity support, funding for infrastructure, land assembly, or viability gap funding; they are aimed at 'unlocking' sites. The report examines whether MHCLG:

- has unlocked land to deliver the right homes in the right places
- is learning and innovating to improve the productivity of its land unlocking programmes
- alongside Homes England, is putting in place an approach to unlock the right land in the right places to support future housing target

The report concludes that since 2016-17, MHCLG has allocated £10.5 billion of funding to unlock land for housing, through a variety of programmes that utilise different funding types, including grants, loans and equity investments. MHCLG expects that this funding will have been spent on unlocking land by March 2034. This land will provide the capacity for building 713,000 homes, with homes expected to be built on this land for decades to come.

MHCLG monitors the status of unlocking land activity for the projects it helps fund, it also knows how many homes have been built by housing developers on the land it has helped to unlock across the majority of its funds. However, it did not set out to track how many homes have been built on land unlocked by the Home Building Funds and the Brownfield, Infrastructure and Land Fund but is now working with Homes England to do so on these funds.

To be able to fully demonstrate value for money on these programmes, MHCLG needs to continue to monitor housebuilding over the long term and should consider what further measures it can take to embed monitoring of housebuilding across all its programmes.

MHCLG and Homes England have ongoing evaluations and have drawn on an understanding of what works in their existing programmes to evolve their intervention strategies. Efforts include implementing ongoing engagement instead of set bidding periods, maintaining continuous pipelines of projects, and offering a more flexible mix of funding options. It has also revised its assessment criteria to better account for non-monetisable benefits to facilitate more investment in areas of lower land values.

MHCLG aims to establish the new National Housing Delivery Fund to bring together all the funding for unlocking land and set up a housing bank, as a subsidiary of Homes England, from 1 April 2026. To be able to demonstrate value for money and be successful, MHCLG will need to swiftly build on the work it has started and set out its long-term ambitions, provide clarity about its investment priorities to the market and decision-makers in local authorities, and to have a clear articulation and management of risk.

[Unlocking land for housing]

Contact

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Oldham Council

Report to Audit Committee

Treasury Management Quarter One Report 2026/27

Officer Contact: Lee Walsh – (Director of Finance & Section 151 Officer)

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

9th September

Reason for Decision

In April 2023 the Authority adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code) which requires the Authority to approve, as a minimum, treasury management semi-annual and annual outturn reports.

This quarterly report advises the Audit Committee of the performance of the Treasury Management function of the Council for the first quarter of 2026/27 and provides a comparison of performance against the 2026/27 Treasury Management Strategy and the Treasury Management Prudential Indicators.

Executive Summary

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

- An economic update for the first quarter of 2025/26 (External Context)
- Net Borrowing and Investments (Local Context)
- A review and update of the Council's current treasury management position;
- Council Borrowing;
- Treasury Investment Activity;
- Treasury Performance for the Quarter;
- Treasury Performance for the Quarter;
- Compliance
- Treasury Management Prudential Indicators;

The report is presented to the Audit Committee to enable it to have the opportunity to review and scrutinise the Quarter One Treasury Management report.

Recommendation

That the Audit Committee considers and comments upon the Treasury Management Quarter One report and the Treasury Management activity and projected outturn.

1 Background

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

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

1.3 As a consequence, treasury management is defined as:

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

2 Current Position

2.1 Requirements of the Treasury Management Code of Practice

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

2.1.2 This report provides an additional update to that previously received by Members to reflect the` new requirement in the 2021 Code of quarterly reporting on treasury management prudential indicators. The treasury and prudential indicators are also incorporated at Appendix 1 to this report.

2.1.3 The Authority's treasury management strategy for 2026/27 was approved at the budget Council meeting on 4 March 2026. The Authority has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Authority's treasury management strategy.

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

- An economic update for the first quarter of 2026/27 (External Context)
- Net Borrowing and Investments (Local Context)
- A review and update of the Council's current treasury management position;
- Council Borrowing;
- Treasury Investment Activity;
- Treasury Performance for the Quarter;
- Compliance
- Treasury Management Prudential Indicators;

2.2 **External Environment Quarter One 2026/27**

Economic background

2.2.1 The main story for the quarter was the continuation of the Middle East conflict, started on 28 February 2026 with strikes by Israel and the US on Iran. The conflict led to the closure of the Hormuz Strait, a waterway through which around 20% of the world's oil and liquified natural gas flows, resulting in sharp rises in energy and other commodity prices. Towards the end of the quarter, the US and Iran came to an agreement to negotiate a peace settlement, which prompted a reduction in energy commodity prices, albeit remaining higher than pre-war

2.2.2 Coming close on the heels of the last energy price shock in 2022 following Russia's invasion of Ukraine, central bank policymakers and financial markets reacted quickly to reflect the new reality for monetary policy. In the UK, the headline consumer price inflation (CPI) rate was widely expected to fall back to 2% in April, with changes to government energy policy announced in the budget reducing energy bills and therefore headline inflation rates. Instead, the sharp rise in petrol prices occurring from the war maintained the CPI rate well above target at 2.8%.

2.2.3 Having been expected to cut Bank Rate from 3.75%, the Bank of England's Monetary Policy Committee (MPC) instead held Bank Rate steady throughout the quarter. Despite sending hawkish signals with each monetary policy decision, and the voting split changing from a 9-0 hold in March to a 7-2 hold in June, the majority of committee members appear to believe the UK economy and labour market were soft enough to absorb the price shock without producing the persistent inflationary conditions seen in 2022, which led to Bank Rate rising to 5.25%. This appears to be backed up by business surveys towards the end of the quarter suggesting that business pricing pressures, while elevated, are abating.

2.2.4 Against expectations, UK headline CPI decreased over the quarter, from an annual rate of 3.3% in March to 2.8% in May, but still well above the Bank of England's 2% target. The core measure of CPI inflation also decreased, from 3.1% to 2.6% over the same period. Upside pressure in inflation generally reflected fuel prices, but many other categories experienced disinflation, providing some evidence that higher energy prices were not immediately feeding into a wider subset of products.

2.2.5 Inflation will rise from July, however, as the retail energy price cap is increased by 13%. Expectations range from inflation rising to 3.5% to 4.0% and the MPC's resolve to maintain Bank Rate at 3.75% will likely be tested on this point.

2.2.6 Data released during the period showed the UK economy expanded by 0.6% in the first quarter of the calendar year, following three previous quarters of weaker growth. However, monthly GDP data showed a contraction of 0.1% in April as weaker confidence affected spending and investment decisions. Purchasing managers' index (PMI) data indicated that softer growth was also likely in May and June, with the services PMI denoting a small contraction in activity from both months.

2.2.7 Labour market data showed a continued softening in employment conditions, as weaker private sector earnings growth was reported for the period February to April 2026. The unemployment rate for April was 4.9%, PAYE employment was down over the year, and the number of vacancies continued to fall. The more relaxed labour market is supporting the MPC's decision not to tighten monetary policy, with the likelihood of wage growth rising in line with inflation appearing remote.

2.2.8 Arlingclose, the authority's treasury adviser, maintained its central view that Bank Rate remains at 3.75%, and that the Bank of England would focus on the spare capacity in the economy, notably the labour market, rather than the upside risk of persistent inflation. The balance of risks over the near term, however, is deemed to be to the upside as signs of second round inflationary effects will prompt policymakers to raise interest rates. Over the medium term, the balance of risk for Bank Rate shifts to the downside, with tighter monetary policy, higher prices and weaker growth presenting downside risks for inflation.

2.2.9 The US Federal Reserve also held interest rates steady within the period, maintaining the Fed Funds Rate at 3.50%-3.75%. The decision in June was the sixth consecutive month that no changes were made to the main interest rate. US CPI jumped to 4.2% in May on the back of higher gasoline prices, raising the possibility that policy under new Fed Chair Kevin Warsh may lead to higher rather than lower rates.

2.2.10 The European Central Bank (ECB) hiked rates in June, the first rise since September 2023. The ECB noted heightened uncertainty in the near-term from the effects of the war, including higher inflation and potentially weaker growth. The June hike to 2.40% represented an insurance move to maintain inflation around the 2% target.

Financial markets

2.2.11 After the sharp deterioration early in the quarter, sentiment in financial markets showed signs of improvement during the period as hopes for an end to the US/Israel war with Iran increased. However, bond and equity markets remained volatile. Early in the period bond yields rose sharply due to tighter monetary policy expectations but yields steadily declined as it became apparent that central banks, including the Bank of England, were not going to immediately hike policy rates. Equity markets sold off sharply in March but gained back some of the previous declines, particularly in US markets, where AI-related sentiment remained strong.

2.2.12 Political uncertainty in the UK due to poor local election results for the Labour party placed upward pressure on medium and longer-term gilt yields. The eventual resignation of Keir Starmer and appointment of Andy Burnham reduced some uncertainty and prompted a decline in yields.

2.2.13 Over the quarter, the 10-year UK benchmark gilt yield started at 4.86% and ended at 4.75% having hit 5.20% in late April. The 20-year gilt yield was slightly more stable, starting at 5.45% and finishing at 5.40%. The Sterling Overnight Rate (SONIA) averaged 3.73% over the quarter to 30 June.

Credit review

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

2.2.15 During the quarter, Fitch upgraded numerous banks due to a rating methodology change, which placed greater emphasis on resolution regimes, loss-absorbing debt buffers and depositor protection. It also changed the reference obligations used for Issuer Default Ratings and introduced more differentiated notching between deposits, senior preferred, senior unsecured and senior non-preferred debt ratings.

2.2.16 Credit default swap (CDS) prices on UK banks spiked in April following escalation in the Iran war but eased back over the rest of the quarter.

2.2.17 European banks' CDS prices followed a similar pattern, albeit some German banks were modestly higher compared to the previous quarter. Trade tensions between Canada and the US caused Canadian bank CDS prices to rise over the quarter and remain elevated compared to earlier Q1 2026.

2.2.18 Overall, at the end of the period CDS prices for all banks on Arlingclose's counterparty list remained within limits deemed satisfactory for maintaining credit advice at current durations.

2.2.19 Financial market volatility is expected to remain a feature, at least in the near term, and credit default swap levels will be monitored for signs of ongoing credit stress. As ever, the institutions and durations on the Authority's counterparty list recommended by Arlingclose remain under constant review.

2.3 The Oldham Council Treasury Position

2.3.1 On 31 March 2026, the Authority had net borrowing of £211.007m arising from its revenue and capital income and expenditure. This had fallen to £188.482m by the end of Quarter One. This is largely due to increased cashflow in the early part of the year temporarily invested.

2.3.2 The actual and planned level of capital expenditure are the drivers of borrowing for capital purposes. **Appendix 1** shows the actual level of capital expenditure at the end of 2025/26 and includes the Quarter One forecast for 2026/27, 2027/28 and 2028/29. It also shows the financing including the level of prudential borrowing.

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

Table 1 - Balance Sheet Summary

	31/3/2026 Actual £000	31/3/2027 Forecast £000
General Fund CFR	581,037	600,315
Total CFR	**581,037**	**600,315**
Less: *Other debt liabilities PFI/Leases	211,360	205,894
Borrowing CFR	**369,677**	**394,422**
External borrowing	259,957	248,331
Internal borrowing	109,718	112,567
Less: Usable reserves	(151,091)	(146,091)
Less: Working capital	(7,577)	(8,575)
Net Investments	**(48,950)**	**(42,099)**

2.3.4 Table 1 shows the forecast CFR for 2026/27 is £600.315m, an increase of £19.278m compared to £581,037m at the end of 2024/25. The CFR excluding other debt liabilities relating to Private Finance Initiative schemes and leases (Borrowing CFR) is forecast at £394.422m an increase of £24.745m compared to the position at the end of 2025/26.

2.3.5 The table clearly highlights that the Council borrowing is well below the CFR and the Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (CFR) has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. The Council will continue to analyse and assess the market to determine the optimum time to externally borrow.

2.3.6 The treasury management position as at 30 June 2026 and the change over the quarter is shown in Table 2 below.

Table 2 - Treasury Management Summary

Borrowing/Investment	31.3.26 Balance £'000	Movement £'000	30.06.26 Balance £'000	31.06.26 Average Rate %
Long-term borrowing				
- PWLB	114,195	(749)	113,446	4.06%
- LOBOs	75,500	(4,425)	71,075	4.32%
- Other	40,002	-	40,002	5.03%
Short-term borrowing	30,260	(19)	30,279	5.08%
Total borrowing	**259,957**	**(5,156)**	**254,801**	
Long-term investments	13,610	(370)	13,240	4.66%
Short-term investments	-	-	-	-
Cash and cash equivalents	35,340	17,740	53,080	3.76%.
Total investments	**48,950**	**17,370**	**66,320**	
Net borrowing	**211,007**	**(22,525)**	**188,482**	

As can be seen from the table above, borrowing has been reduced by circa £5m in the first three months of the year. However, borrowing will increase during the year in line with planned capital expenditure. Overall, the level of investment was £17.370m higher than at the end of 2025/26, principally due to capital grant funding being received in advance of it being spent and council incomes are generally greatest at the start of a financial year.

2.4 Borrowing

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

2.4.2 Gilt yields have been volatile, reflecting expectations of tighter monetary policy compared to previous expectations due to the war. Long-term gilt yields are very high, with investors lacking confidence in UK fiscal plans amid political uncertainty.

2.4.3 The PWLB certainty rate for 10-year maturity loans was 5.62% at the beginning of the period and 5.65% at the end. Rates for 20-year maturity loans ranged from 6.13% to 6.45% during the period, and 50-year maturity loans from 6.01% to 6.72%.

2.4.4 The cost of short-term borrowing from other local authorities was just above Bank Base Rate during the period at 3.80% to 4.50%.

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

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

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

Loans Portfolio

2.4.8 On 30 June 2026 Oldham Council held £224.523m in long-term loans. There has been no new borrowing undertaken in the first three months of the year. One LOBO loan of £4.000m was called in the period. This, and a proportion of EIP interest on PWLB loan, has resulted in borrowing being lower by £5.155m than on 31 March 2026. Outstanding loans on 30 June (borrowing position) are summarised in Table 3 below.

Table 3 - Borrowing Position

Borrowing Sources	31/3/2026 Balance £'000	Movement £'000	30.6.25 Balance £'000	30.6.25 Weighted Average Rate %	30.6.25 Weighted Average Maturity (years)
Public Works Loan Board	114,196	(750)	113,446	4.06%	10.52
Banks (LOBO)	75,500	(4,425)	71,075	4.32%	42.43
Banks (fixed term)	40,000	-	40,000	5.03%	44.02
Local Authorities (short term)	30,000	-	30,000	5.08%	0.00
Local Bonds (long-term)	1	1	2	3.76%	0
Local Bonds (short-term)	25	-	25	4.66%	0
Local Charitable Trusts (short-term)	235	19	254	3.76%	1
Total borrowing	**259,956**	**(5,155)**	**254,801**	4.38%	

2.4.9 The Authority's short-term borrowing costs have increased over the course of quarter one. The average rate on the Authority's short-term loans as at 30 June 2026 of £30m is 5.08%, this compares with 4.84% on £30m of loans at 31st March 2026.

LOBO Loans

2.4.10 Oldham Council currently holds £71.075m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate and terms or to repay the loan at no additional cost. This a reduction of £4.425m from the position as at 31 March 2025 due to one of the lenders, Dexia, exercising its option to revise the rate payable on the loan in April. The revised interest rate offered was 6.70% and the Council exercised its option to repay the loan in full, utilising available cash balances.

2.4.11 Currently, Oldham Council has £30m LOBO loans with call dates during the remaining nine months of this financial year. Of this sum, £10m is held with Dexia Finance, £10m is held with KBC Bank NV and the remaining £10m is evenly split between two other providers, Danske Bank and Just Retirement. At the time of writing no call options have been exercised.

2.4.12 There may be opportunities to repay the Council's historical LOBO borrowing. The Council will investigate all opportunities, including consultation with the council's treasury management advisors, Arlingclose, and will ensure any repayments create revenue savings. If required, the Authority will repay the LOBO loans with available cash or by borrowing from other local authorities or the PWLB.

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

2.5 Treasury Investment Activity

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

2.5.2 At 30 June, the Council held £66.305m invested funds, representing income received in advance of expenditure plus balances and reserves held. During the first quarter of 2025/26 the Authority's Money Market Fund Investment balances ranged between £21.310m and £61.420m due to timing differences between income and expenditure. The investment position is shown in Table 4 below.

Table 4 - Treasury Investment Position

	31.3.26 Balance £'000	Movement £'000	30.06.25 Balance £'000	30.06.26 Income Return %	30.6.26 Weighted Average Maturity days
Money Market Funds	35,340	17,740	53,080	3.76%	
- *Property funds*	13,610	(370)	13,240	4.66%	90
Total investments	**48,950**	**17,370**	**66,320**		

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

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

2.5.5 The Council in previous years has invested £15.000m in the Churches, Charities & Local Authorities (CCLA) pooled property fund. As this is a longer-term investment, short term security and liquidity are lesser considerations, and the objectives instead are regular revenue income and long-term price stability. This fund generated an average total return in 2025/26 of £0.626m, and currently 4.66% income return on 30 June 2026. The value is estimated at £13.240 as at 30 June 2026.

Statutory Override

2.5.6 Further to consultations in April 2023 and December 2024 MHCLG wrote to finance directors in England during February 2025 regarding the statutory override on accounting for gains and losses in pooled investment funds. On the assumption that when published regulations follow this policy announcement, the statutory override will be extended until 1 April 2029 for investments already in place before 1 April 2024. The override will not apply to any new investments taken out on or after 1 April 2024.

2.5.7 The Authority had set up a provision of £2.000m to mitigate the impact of the statutory override not being extended. In view of the fact that the override may not be extended past 2029 the authority has decided to maintain this provision.

2.6 Treasury Performance

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

Table 5 – Treasury Performance

	Budgeted Performance Rates/Benchmark SONIA Return %	Benchmark SONIA Return % Plus 5%	30.06.26 Income Return % (Actual)
Budgeted Investment Rates	3.50%		3.78%
Overnight SONIA	3.73%	3.92%	3.78%

2.6.2 The budgeted investment rate of 3.5% above was included within the annual strategy for 2026/27. The actual rate achieved in the first quarter is above this budgeted rate at 3.78%. The total budget for treasury management income for 2026/27 is £1m, to date General Fund income of £0.5m has been achieved.

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

Compliance

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

Table 6 - Investment Limits

Investment Limit	Maximum during Q1 2026/27	30.6.26 Actual	Maximum allowable in 2026/27	Compliance Yes/No
	£000	£000	£000	
Any single organisation, except the UK Government	10,000	-	30,000	Yes
Any group of organisations under the same ownership	10,000	-	20,000	Yes
Any group of pooled funds under the same management	13,343	13,240	15,000	Yes
Unsecured investments with building societies	-	-	20,000	Yes
Money Market Funds	61,420	53,080	80,000	Yes
Strategic pooled funds	13,343	13,240	15,000	Yes

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

Table 7 – Debt and the Authorised Limit and Operational Boundary

	Maximum debt Q1	Debt at 30/6/2026	2026/27 Authorised Limit	2026/27 Operational Boundary	Complied? Yes/No
Borrowing	259,957	254,801	390,000	365,000	Yes
PFI and Finance Leases	211,360	211,360	223,500	225,000	Yes
Total debt	**471,317**	**466,161**	**613,500**	**590,000**	

2.6.6 The Operational Boundary represents the expected maximum borrowing position for the Council for the year and was set at £590.000m

2.6.7 The Authorised Limit is the "affordable borrowing limit" required by Section 3 of the Local Government Act 2003 and for 2026/27 was set at £613.500m Once this has been set, the Council does not have the power to borrow above this level although it can be revised if required.

2.6.8 Since the Operational Boundary is a management tool for in-year monitoring it is not significant if the Operational Boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure. No breaches have occurred, and it is not anticipated that there will be any breaches in 2026/27.

2.7 Treasury Management Prudential Indicators

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

Liability Benchmark

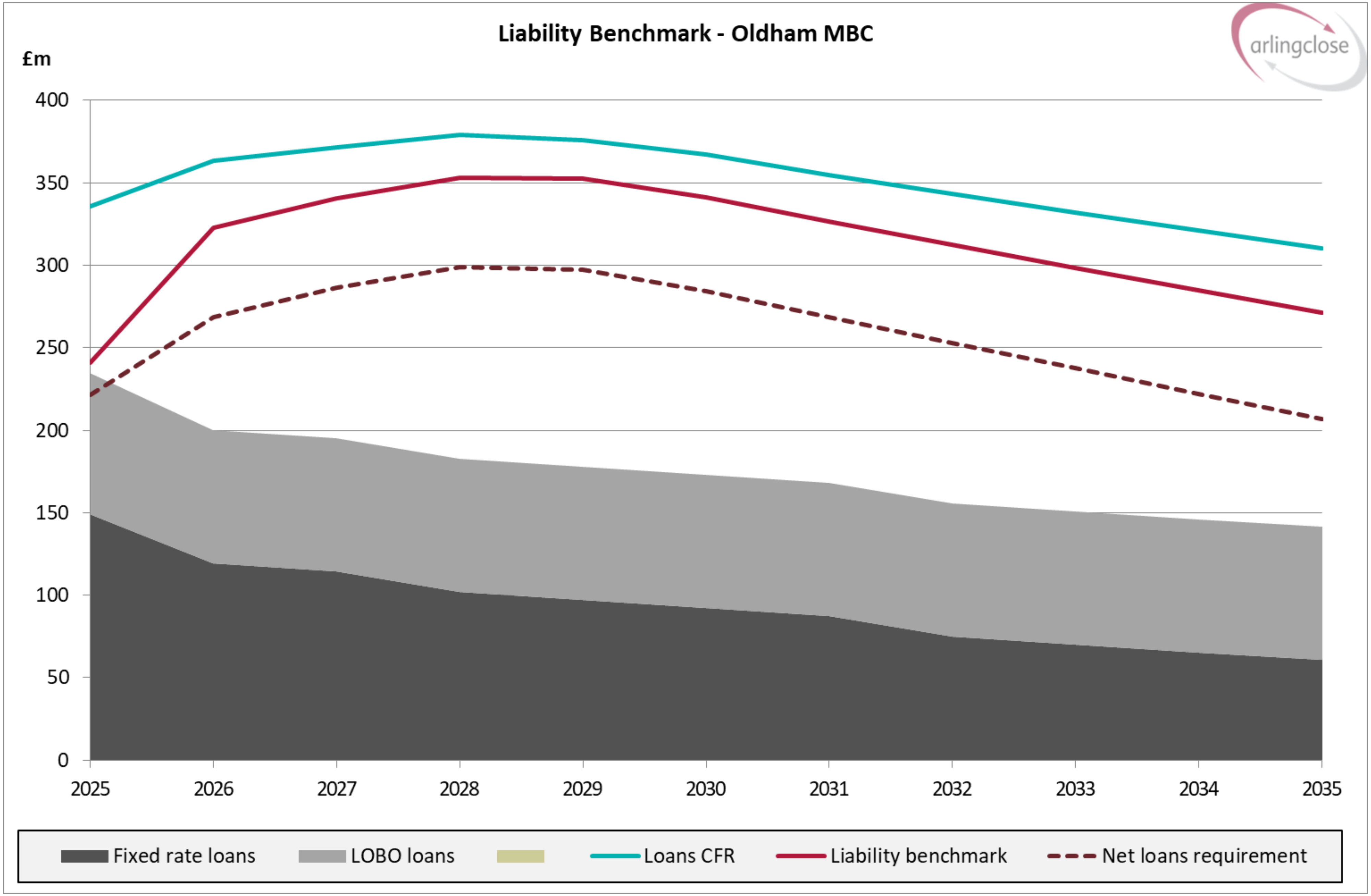
2.7.2 This indicator compares the Authority's actual existing borrowing against a liability benchmark that has been calculated to show the lowest risk level of borrowing. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term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

Table 8 - Liability Benchmark

Liability Benchmark Measurement	31 March 2026 Actual £'000	31 March 2027 Forecast £'000	31 March 2028 Forecast £'000	31 March 2029 Forecast £'000
Loans CFR	369,667	394,422	396,859	391,326
Less: Balance sheet resources	151,091	146,091	141,091	136,091
Net loans requirement	**218,576**	**248,331**	**255,768**	**255,235**
Plus: Liquidity allowance	20,000	20,000	20,000	20,000
Liability benchmark	**238,576**	**268,331**	**275,768**	**275,235**
Existing /forecast borrowing	**259,957**	**248,331**	**255,759**	**255,235**

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

2.7.4 Following on from the medium-term forecast above, the long-term liability benchmark assumes capital expenditure funded by borrowing of £35.436 in 2026/27.


Liability Benchmark - Oldham MBC
£m
400
350
300
250
200
150
100
50
0
2025
2026
2027
2028
2029
2030
2031
2032
2033
2034
2035
Fixed rate loans
LOBO loans
Loans CFR
Liability benchmark
Net loans requirement
arlingclose

2.7.5 Table 9 below sets out the maturity structure of borrowing at the end of the first quarter of 2026/27 compared to the upper and lower limits set in the Treasury Management Strategy for 2026/27.

Table 9 - Maturity Structure of Borrowing

Borrowing Timeframe	Upper Limit	Lower Limit	30.6.2026	Complied?
Under 12 months	35%	0%	27.87%	Yes
12 months and within 24 months	35%	0%	8.65%	Yes
24 months and within 5 years	35%	0%	23.33%	Yes
5 years and within 10 years	35%	0%	13.74%	Yes
10 years to 20 years	60%	0%	2.47%	Yes
20 years to 30 years	60%	0%	2.18%	Yes
30 years to 40 years	60%	0%	2.18%	Yes
40 years to 50 years	60%	0%	10.88%	Yes
50 years to 60 years	60%	0%	8.71%	Yes

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

Long-term Treasury Management Investments

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

Table 10- Limit / Actual Investments exceeding one year

Limit/Actual Investments Exceeding One Year	2026/27	2027/28	2028/29	No fixed date
Limit on principal invested beyond year end	£50m	£50m	£50m	£50m
Actual principal invested beyond year end	£15m	0	0	0
Complied?	Yes	N/A	N/A	N/A

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

3 Options/Alternatives

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

4 Preferred Option

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

5 Consultation

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

5.2 The presentation of the Treasury Management Quarter One Report to the Audit Committee for detailed scrutiny on 09 September will be in compliance with the requirements of the CIPFA Code of Practice. The report will then be presented to Cabinet and then subsequently Council for approval.

6 Financial Implications

6.1 All included within the report.

7 Legal Services Comments

7.1 None.

8 Co-operative Agenda

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

9 Human Resources Comments

9.1 None.

10 Risk Assessments

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

11 IT Implications

11.1 None.

12 Property Implications

12.1 None.

13 Procurement Implications

13.1 None.

14 Environmental and Health & Safety Implications

14.1 None.

15 Equality, community cohesion and crime implications

15.1 None.

16 Equality Impact Assessment Completed?

16.1 No.

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

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

20 Appendix 1 - Prudential and Treasury Indicators

Appendix 1 - Prudential and Treasury Indicators

The Council measures and manages its capital expenditure, borrowing with reference to the following indicators. The Council has not taken out any Commercial or Service Investments.

The following tables show a summary of the prudential indicators for Quarter 1 2026/27

Capital Expenditure

Capital Expenditure/Financing	2025/26 Actual £'000	2026/27 Forecast £'000	2027/28 Budget £'000	2028/29 Budget £'000
Expenditure				
General Fund services	71,913	100,586	47,765	15,182
HRA	212	6,189	3,849	0
Total Capital Expenditure	**72,125**	**106,775**	**51,614**	**15,182**
Financing				
Grants & Contributions	(29,875	(64,125)	(35,320)	(6,358)
Prudential Borrowing	(46.961)	(35,436)	(13,394)	(6,223)
Revenue	(28)	(3,050)	(0)	(0)
Capital Receipts	(4,927)	(4,164)	(2,900)	(2,600)
Total Financing	**(81,791)**	**(106,775**	**(51,614)**	**(15,181)**
General Fund Services	**559,839**	**580,398**	**581,431**	**581,509**

Capital Financing Requirement (CFR)

Capital Financing Requirement	31 March 2026 Actual £'000	31 March 2027 Forecast £'000	31 March 2028 Budget £'000	31 March 2029 8Budget £'000
Total CFR	**581,037**	**600,315**	**596,772**	**585,088**

Gross Borrowing and the Capital Financing Requirement

Statutory guidance is that debt should remain below the capital financing requirement except in the short term. The Authority has complied with and expects to comply with this requirement in the medium term as it is shown below

Gross Borrowing /CFR	31 March 2026 Actual £'000	31 March 2027 Forecast £'000	31 March 2028 Budget £'000	31 March 2029 Budget £'000	Debt at 30 June 2026 £'000
Gross Borrowing (incl. PFI & leases)	429,946	454,244	455,681	448,977	454,217
Capital Financing Requirement	581,037	600,315	596,772	585,088	-

Debt and the Authorised Limit and Operational Boundary

The authority is legally obliged to set an affordable borrowing limit (also termed the Authorised Limit for external debt) each year. In line with statutory guidance, a lower 'operational boundary' is also set as a warning level should debt approach this limit

	Maximum debt Q1	Debt at 30/6/2026	2026/27 Authorised Limit	2026/27 Operational Boundary	Complied? Yes/No
Borrowing	259,957	254,801	390,000	365,000	Yes
PFI and Finance Leases	211,360	211,360	223,500	225,000	Yes
Total debt	**471,317**	**466,161**	**613,500**	**590,000**	

Since the operational boundary is a management tool for in-year monitoring it is not significant if the boundary is breached on occasions due to variations in cashflow, and this is not counted as a compliance failure. Total Debt has not exceeded either Authorised or Operational Boundary limits in the period April to June 2026.

Proportion of Financing Costs to Net Revenue Stream

Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP/loans fund repayments are charged to revenue.

The net annual charge is known as financing costs; this is compared to the net revenue stream (i.e. the amount funded from Council Tax, business rates and general government grants).

Financing Cost/Net Revenue Stream	2025/26 Actual £'000	2026/27 Forecast £'000	2027/28 Budget £'000	2028/29 Budget £'000
Financing costs (£m)	27,027	32,141	34,987	35,556
From Proportion of net revenue stream	7.82%	8.73%	8.89%	8,41%

Impact of a 1% increase in interest rate on debt financing costs

This indicator demonstrates the additional revenue interest costs that would be charged if interest rates were 1% above the current assumptions.

Financing Cost/Net Revenue Stream	2026/27 Estimated £'000	2027/28 Estimated £'000	2028/29 Estimated £'000
Additional Revenue costs (£000)	274	735	769

Treasury Management Indicators

These indicators (Liability Benchmark, Maturity Structure of Borrowing, Lont Term Treasury Management investments are included within the main body of the report.