

## ***AUDIT COMMITTEE Regulatory Committee Agenda***

Date Wednesday 23 July 2025

Time 6.00 pm

Venue Lees Suite, Civic Centre, Oldham, West Street, Oldham, OL1 1NL

- 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. CONTACT OFFICER for this agenda is Constitutional Services Tel. 0161 770 5151 or email [constitutional.services@oldham.gov.uk](mailto: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 noon, Friday, 18 July 2025.
  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.

Recording and reporting the Council's meetings is subject to the law including the law of defamation, the Human Rights Act, the Data Protection Act and the law on public order offences.

Please also note the Public attendance Protocol on the Council's Website

[https://www.oldham.gov.uk/homepage/1449/attending\\_council\\_meetings](https://www.oldham.gov.uk/homepage/1449/attending_council_meetings)

### MEMBERSHIP OF THE AUDIT COMMITTEE

Councillors Al-Hamdani, Aslam, Chauhan, Chowhan, Ghafoor, Lancaster, Malik, Rustidge and Sykes

Independent Members: Grenville Page

- 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 of Previous Meeting (Pages 5 - 10)  
The Minutes of the meeting held on 27<sup>th</sup> March 2025 are attached for approval.
- 6 Exclusion of the Press and Public  
To consider that the press and public be excluded from the meeting for the following 1 item of business, pursuant to Section 100A(4) of the Local Government Act 1972 on the grounds that discussions may involve the likely disclosure of exempt information, under paragraph(s) 3 as defined in the provisions of Part 1 of Schedule 12A of the Act, to the Local Government Act 1972 and public interest would not be served in publishing the information.
- 7 Weak and Inadequate / Limited assurance audit reports (Pages 11 - 260)
- 8 Inclusion of the Press and Public  
The Committee formally resolves to readmit any members of the public and press present, back into the meeting.
- 9 Treasury Management 2024/25 Annual Report  
Report to follow
- 10 External Audit Update and Audit Strategy Memorandum (Pages 261 - 312)
- 11 2024/25 Draft Financial Statements (Pages 313 - 496)
- 12 2024/25 Head of Audit Annual Report and Opinion to Audit Committee (Pages 497 - 532)
- 13 2024/25 Audit Committee Self-Assessment and Annual Report to Council (Pages 533 - 560)
- 14 Q4 2024/25 & Q1 2025/26 Audit Update (Pages 561 - 572)

- 15        2025/26 Committee Work Programme (Pages 573 - 578)
- 16        Enquiries of Management, Internal Audit and Those Charged with Governance  
Report to follow

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**AUDIT COMMITTEE**  
**27/03/2025 at 6.00 pm**

**Present:** Councillors Al-Hamdani, Davis, Rustidge and Wilkinson

Independent Chair- Grenville Page

Also in Attendance:

Steve Hughes- Assistant Director of Strategy and Performance

John Miller-Head of Audit and Counter Fraud

James Postle- Finance Manager

Victoria Lambert-Finance Manager

Lee Walsh- Assistant Director of Finance

Wendy Jackson- Assistant Director of HR & Organisational Development

Yogita Das-Patel Mazars LLP -External Auditors

Durga Paul- Constitutional Services

**1 APOLOGIES FOR ABSENCE**

Apologies for absence were received from Cllrs Aslam, Chowhan, Hussain and Sykes.

**2 URGENT BUSINESS**

The Committee received an update from the Assistant Director of Strategy and Performance on the recruitment of a second independent member to the Audit Committee. The Officer confirmed that there has been an expression of interest for the role further updates will be provided in due course. In addition to this, the Independent Remuneration Panel are set to meet on 24<sup>th</sup> April 2025. They make recommendations on member allowances, and have been asked to pay particular attention to independent members allowance as Oldham's allowance is lower than other GM authorities

The Committee also received an update from the Chair on the GM Wide network that was raised in the Committee's meeting with External Auditors. The Chair raised at the notion of wider networking with other GM audit committee members to the GMCA and this was welcomed. GMCA are happy to provide any administrative support required and External Auditors Mazars have confirmed they are available to provide support. Finance Director, Steve Wilson, is to write out on behalf of chair to all authorities to gauge interest

**RESOLVED** that, the updates are noted by the Committee.

**3 DECLARATIONS OF INTEREST**

There were no declarations of interest received.

**4 PUBLIC QUESTION TIME**

There were no Public Questions for this meeting to consider.

5                   **MINUTES OF PREVIOUS MEETING**

**RESOLVED** that, the minutes of the meetings held on 30th January 2025 and 26th February 2025, be approved as a correct record

6                   **EXTERNAL AUDIT PROGRESS REPORT**

External Auditors confirmed that the accounts have now been completed for 2023/24 and certificate had been issued on confirmation of that. The 2024/25 timetable is set out in report. External Auditors confirmed that the Audit strategy memorandum will be issued in July 2025 and accounts work is due to begin on 7<sup>th</sup> July 2025.

**RESOLVED** that, the External Audit Progress Report is noted by the Committee.

7                   **PAYROLL PROGRESS REPORT**

The Committee received the Payroll progress report from the Assistant Director of HR & Organisational Development. The Council's Payroll Service received an audit opinion of 'Inadequate' in each of the 3 years from 2018/19 to 2020/21. During 2021/22 the Service implemented the iTrent Payroll system which addressed a number of system weaknesses and the audit opinion in that year was upgraded to 'Adequate'.

Following this improved opinion the Service experienced significant turnover in staff in key roles leading to a weakening in control and a subsequent downgrading of the audit opinion in 2022/23 back to 'Inadequate', which remained in place for both 2023/24 and 2024/25 reviews. The Committee received a report which sets out the agreed actions for the Payroll Service to take forward to address the recommendations made in the latest 2024/25 FFS Audit Report.

Members queried how officers planned to address recommendations as many of them had been flagged previously and never been successfully addressed. Officers explained that they have recruited dedicated resources to tackle issues and full focus, and dedication will be on payroll. In addition to this, a robust approach to monitoring of actions has been introduced at departmental and Management Board level to ensure accountability. The service has also commissioned itrent to do a full review of the system to drive forward the improvement that is needed.

Members noted that several recommendations had an implementation date on June 2025, they requested that an update is brought back to the Audit Committee's next meeting in July 2025.

**RESOLVED** that,

1. the External Audit Progress Report is noted by the Committee.

2. an update on the progress of implementation of the recommendations is to be brought to the next meeting scheduled for 23<sup>rd</sup> July 2025.

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## **2024/25 FINAL ACCOUNTS - PROPOSED ACCOUNTING POLICIES AND CRITICAL JUDGEMENTS**

The report presents the significant accounting policies that will be used in the preparation of the 2024/25 Statement of Accounts. The report also explains the requirement to disclose the critical judgements made by management when producing the Statement of Accounts.

The report was provided with tracked changes so that the Audit Committee could easily identify some of the changes from last year. Officers further explained some of the key changes in the report including the removal of contingent rates and some of the more minor changes.

External Auditors confirmed that the Policies and Critical Judgements reflect the current climate.

**RESOLVED** that, the Committee

1. approves the Council's proposed accounting policies to be adopted in completing the 2024/25 Statement of Accounts.
2. notes the critical judgements made by management when producing the Statement of Accounts.

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## **INTERNAL AUDIT CHARTER 2025/26**

Officers reported on the Internal Audit Charter 2025/26. The work of Internal Audit at Oldham Council has, from 1st April 2013 until the end of March 2025, been governed by the UK Public Sector Internal Audit Standards (PSIAS) (updated March 2017). These Standards will be replaced by the Global Internal Audit Standards (GIAS) 2024 and UK Local Government Application Note 2024, from 1st April 2025. The Standards are mandatory for all Internal Auditors working in the UK public sector. The 2025/26 Internal Audit Charter has been updated in line with the requirements of the updated GIAS standards.

Officers clarified that although the charter looks different, there are no substantive changes to the previous Charter. The wording and layout is different but there is no new content, and nothing has been removed.

**RESOLVED** that, the Internal Audit Charter 2025/26 is approved by the Audit Committee

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## **2025/26 INTERNAL AUDIT AND COUNTER FRAUD PLAN**

The Audit Committee received a report of the Internal Audit and Counter Fraud Plan. They heard a summary of the work planned to be carried out by the team from 1 April 2025 to 31 March 2026. The plan has been compiled based on insight and information from a number of sources including the Council's:

Annual Audit Needs Assessment, Corporate Plan, Strategic Corporate and Service Risk Registers, Fraud and Loss Risk Assessment Information and intelligence from senior officers, including the S151 Officer, has also been utilised in compiling the audit plan for the year ahead.

The plan includes work on the Council's Fundamental Financial Systems (FFS) to support the 2025/26 audit of the financial accounts, and the requirements of the S151 Officer in the discharge of their responsibilities. The plan also focuses audit resources on key themes identified in the Oldham Plan 2024-2030 and the Council's Corporate Plan 2024 – 2027.

In response to Member queries, Officers clarified how Audit days were allocated and how frequently LA maintained Schools were visited. Officers explained that estimates are made on how much time to allocate based on previous Audit's and 6 or 7 schools are audited in a year.

**RESOLVED** That the 2025/26 Internal Audit and Counter Fraud Plan is approved by the Audit Committee.

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**AUDIT COMMITTEE WORK PROGRAMME FOR 2024/25  
AND A PROPOSED PROGRAMME FOR THE FUTURE  
FINANCIAL YEAR - 2025/26**

The Audit Committee considered its Work Programme for 2024/25. Members were invited to make suggestions of other items to add to the work programme for 2024/25 and the proposed programme for 2025/26.

A Payroll Progress update will be added to the work plan for July 2025.

In response to Member queries, Officers confirmed that the Effectiveness Review papers would be circulated in July for review and comment by the Committee. At Members request, the review would include an opportunity to also receive Officer feedback.

**RESOLVED** that,

1. the Work Programme for the remainder of 2024/25 and for 2025/26 is noted by the Committee.
2. a Payroll Progress update for July 2025 will be added to the work plan.

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**EXCLUSION OF THE PRESS AND PUBLIC**

**RESOLVED** that, in accordance with Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following two items of business on the grounds that they contain exempt information, as defined under Page 6 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 report.

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**UPDATE ON THE CORPORATE RISK REGISTER**

Officers presented a report to update Members of the Audit Committee on the Corporate Risk Register as at the end of December 2024. As the Committee charged with governance it is part of the role of the Audit Committee to scrutinise the Corporate Risk Register.

In terms of changes since the last risk update to Audit Committee in November 2024 there have been no risks removed or added to the Corporate Risk Register. There are still 15 risks on the Corporate Risk Register. Following the discussions at the last audit committee the mitigations have been updated on several risks.

The Committee received a summary of the risks identified and details of the accountable party.

**RESOLVED** that, the update on the Corporate Risk Register is noted by the Audit Committee.

The meeting started at 6.00pm and ended at 7.19pm

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# Audit Strategy Memorandum

## Oldham Metropolitan Borough Council – Year ending 31 March 2025

July 2025

Audit Committee  
Oldham Metropolitan Borough Council  
Spindles Shopping Centre  
Oldham  
OL1 1HD  
23 July 2025

Forvis Mazars  
One St Peter's Square  
Manchester  
M2 3DE

Dear Audit Committee Members,

## **Audit Strategy Memorandum – Year ending 31 March 2025**

We are pleased to present our Audit Strategy Memorandum for Oldham Metropolitan Borough Council for the year ending 31 March 2025.

This report summarises our audit approach, including the significant audit risks and areas of key judgement we have identified, and provides details of our audit team. In addition, as it is a fundamental requirement that an auditor is, and is seen to be, independent of an audited entity, the section of the report titled '*Confirmation of our Independence*' summarises our considerations and conclusions on our independence as auditors.

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

- Reaching a mutual understanding of the scope of the audit and our respective responsibilities;
- Sharing information to assist each of us to fulfil our respective responsibilities;
- Providing you with constructive observations arising during the audit process; and
- Ensuring that we, as external auditors, gain an understanding of your attitude and views in respect of the internal and external operational, financial, compliance, and other risks facing Oldham Metropolitan Borough Council which may affect the audit, including the likelihood of those risks materialising and how they are monitored and managed.

With that in mind, this report, which has been prepared following our initial planning discussions with management, facilitates a discussion with you on our audit approach. We welcome any questions, concerns, or input you may have on our approach or role as auditor.

This report also contains appendices that outline our key communications with you during the audit, and forthcoming accounting issues and other issues that may be of interest to you.

Providing a high-quality service is extremely important to us and we strive to provide technical excellence with the highest level of service quality, together with continuous improvement to exceed your expectations. If you have any concerns or comments about this report or our audit approach, please contact me on 0161 238 9349.

This report was prepared solely for the use and benefit of, the Audit Committee and to the fullest extent permitted by law Forvis Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification. Accordingly, any reliance placed on the report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk.

Yours faithfully



Daniel Watson

**Forvis Mazars**

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08	Confirmation of our independence
	Appendix A – Key communication points
	Appendix B – Current year updates, forthcoming accounting and other issues

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

## Engagement and responsibilities summary

# Engagement and responsibilities summary

We are appointed to perform the external audit of Oldham Metropolitan Borough Council (the Council) for the year to 31 March 2025. The scope of our engagement is set out in the Statement of Responsibilities of Auditors and Audited Bodies, issued by Public Sector Audit Appointments Ltd (PSAA) available from the PSAA website: [Statement of responsibilities of auditors and audited bodies from 2023/24](#). Our responsibilities are principally derived from the Local Audit and Accountability Act 2014 (the 2014 Act) and the Code of Audit Practice issued by the National Audit Office (NAO), as outlined below.

## Audit opinion

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

Our audit does not relieve management or Those Charged With Governance, as those charged with governance, of their responsibilities.

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

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

## Internal control

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

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

## Whole of Government Accounts

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

## Fraud

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

As part of our audit procedures in relation to fraud, we are required to inquire of those charged with governance, on their knowledge of instances of fraud, and their views on the risks of fraud and on internal controls that mitigate those risks. In accordance with International Standards on Auditing (UK), we plan and perform our audit to obtain reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether due to fraud or error. However, our audit should not be relied upon to identify all such misstatements.



# Engagement and responsibilities summary continued

## Value for money

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

## Wider reporting and electors’ rights

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

Your audit team

Your audit team



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# 03

Audit scope, approach, and timeline

Audit scope, approach, and timeline

Risk-based Approach



# Audit scope, approach, and timeline

## Audit scope

Our audit approach is designed to provide an audit that complies with all professional requirements.

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

## Audit approach

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

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

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

The diagram on the next page outlines the procedures we perform at the different stages of our audit.

# Audit scope, approach, and timeline

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Planning and risk assessment March 2025	Interim March 2025	Fieldwork September-October 2025	Completion November 2025
<ul style="list-style-type: none"><li>• Planning our visit and developing our understanding of the Council</li><li>• Documenting systems and control and performing walkthroughs</li><li>• Risk identification and assessment</li><li>• Initial opinion and value for money risk assessments</li><li>• Considering proposed accounting policies and accounting treatments</li><li>• Developing our audit strategy and planning the audit work to be performed</li><li>• Agreeing timetable and deadlines</li><li>• Preliminary analytical review</li><li>• Determination of materiality</li></ul>	<ul style="list-style-type: none"><li>• Documenting systems and controls</li><li>• Performing walkthroughs</li><li>• IT general controls testing</li><li>• IT application controls testing</li><li>• Reassessment of our audit strategy (and revising if necessary)</li></ul>	<ul style="list-style-type: none"><li>• Executing our strategy, starting with significant risks and other higher-risk areas</li><li>• Detailed work to examine and assess arrangements in relation to any significant risks relating to the value for money conclusion</li><li>• Use of data analytics</li><li>• Receiving and reviewing the draft financial statements</li><li>• Communicating progress and any issues arising</li><li>• Clearance meeting(s)</li></ul>	<ul style="list-style-type: none"><li>• Final review of financial statements, and disclosure checklist</li><li>• Final partner review</li><li>• Agreeing the content of the letter of representation</li><li>• Preparing our auditor’s report</li><li>• Reporting to Those Charged With Governance</li><li>• Subsequent events procedures</li><li>• Signing our auditor’s report</li></ul>

# Audit scope, approach, and timeline

## Group audit approach

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

The nature and extent of audit work we plan to perform on the consolidated components is set out below.

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

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# Audit scope, approach, and timeline

## Follow up on significant deficiencies in internal control continued

Set out below are the significant deficiencies in internal control that we identified during our prior period audit. During the course of the audit, we will request that you and management provide us with evidence of the progress made to address these deficiencies. We will report an update on the progress made for each significant deficiencies in internal control detailed below in our Audit Completion Report.

Description of Risk	Potential Effect
Our testing of the fixed asset register to the valuation program reconciliation identified discrepancies between the figures in the asset register and the Valuation listing. Furthermore, a reconciliation between the asset register, Valuation program, and Gross Valuation note 17 revealed a misstatement, indicating that no reconciliations were performed between the three and that the asset register was not updated.	Errors in brought forward figures are undetected, the PPE figures may be inaccurate, due to there being no checks on the accuracy of the information.
Our testing for Cash and cash equivalents identified that the client has bank accounts that have not been in operation for a number of years, that are still open and have very low or nil balances. One example of such an account is related to a school that was academised in 2017.	Errors in brought forward figures are undetected, the PPE figures may be inaccurate, due to there being no checks on the accuracy of the information.
Our testing of Journals identified that the list of approved personnel to process journals included several individuals who have left the organisation. These former employees had not yet been removed from the approved list despite their departure.	This poses several risks, including unauthorized access to sensitive financial data and the potential for fraudulent activities.
Our journal testing Identified that the Council currently has no facility in Agresso to approve journals, and they are posted to the ledger once input. The control measures in place are detective measures. They should implement preventative measures to reduce the risk associated with control risk.	Errors may fail to be detected and corrected in a timely manner.
Our testing of the Collection fund identified that the Council was not performing timely reconciliations for total non-domestic rateable values. Our review revealed that the last reconciliation for the year 2023/24 was completed on 04/02/2024. Consequently, the VOA report dated 28/03/2024 was not reconciled.	Errors may fail to be rectified and corrected in a timely manner
Our testing of the collection fund identified that the Council's rateable value disclosed in Note 3 of the Collection Fund Statement was verified against the (Valuation Office Agency) VOA report. However, we were unable to trace this value back to the Council's system, Academy or any other supporting documents, suggesting that sufficient records were not maintained.	The rateable value and number of business properties in the Council's system are inconsistent with the VOA records

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## Materiality and misstatements

# Materiality and misstatements

## Definitions

Materiality is an expression of the relative significance or importance of a particular matter in the context of the financial statements as a whole.

Misstatements in the financial statements are considered to be material if they could, individually or in aggregate, reasonably be expected to influence the economic decisions of users based on the financial statements.

## Materiality

We determine materiality for the financial statements as a whole (overall materiality) using a benchmark that, in our professional judgement, is most appropriate to entity. We also determine an amount less than materiality (performance materiality), which is applied when we carry out our audit procedures and is designed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Further, we set a threshold above which all misstatements we identify during our audit (adjusted and unadjusted) will be reported to Those Charged With Governance.

Judgements on materiality are made in light of surrounding circumstances and are affected by the size and nature of a misstatement, or a combination of both. Judgements about materiality are based on a consideration of the common financial information needs of users as a group and not on specific individual users.

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

- Have a reasonable knowledge of business, economic activities, and accounts;

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

We consider overall materiality and performance materiality while planning and performing our audit based on quantitative and qualitative factors.

When planning our audit, we make judgements about the size of misstatements we consider to be material. This provides a basis for our risk assessment procedures, including identifying and assessing the risks of material misstatement, and determining the nature, timing and extent of our responses to those risks.

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

We revise materiality as our audit progresses should we become aware of information that would have caused us to determine a different amount had we been aware of that information at the planning stage.

# Materiality and misstatements

## Materiality (continued)

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

We expect to set a materiality of 2% of gross revenue expenditure at surplus/deficit level for the group financial statements, and a materiality of 2% of gross revenue expenditure at surplus/deficit level for the single entity.

As set out in the tables alongside, based on the 2023/24 financial statements we anticipate group overall materiality for the year ended 31 March 2025 to be in the region of £15.85m (£15.85m in the prior year), and performance materiality to be in the region of £11.90m (£11.90m in the prior year).

For the single entity financial statements, we anticipate overall materiality for the year ended 31 March 2025 to be in the region of £15.80m (£15.80m in the prior year), and performance materiality to be in the region of £11.80m (£11.80m in the prior year).

We will continue to monitor materiality throughout our audit to ensure it is set at an appropriate level.

## Group financial statements

	2024-25 £'000s	2023-24 £'000s
Overall materiality	£15,850	£15,850
Performance materiality	£11,900	£11,900
Clearly trivial	£476	£476

## Council's single entity financial statements

	2024-25 £'000s	2023-24 £'000s
Overall materiality	£15,800	£15,800
Performance materiality	£11,800	£11,800
Clearly trivial	£475	£475
Specific materiality – Senior Officer Remuneration	£5	£5

# Materiality and misstatements

## Misstatements

We will accumulate misstatements identified during our audit that are above our determined clearly trivial threshold.

We have set a clearly trivial threshold for individual misstatements we identify (a reporting threshold) for reporting to Those Charged With Governance and management that is consistent with a threshold where misstatements below that amount would not need to be accumulated because we expect that the accumulation of such amounts would not have a material effect on the financial statements.

Based on our preliminary assessment of overall materiality, our proposed clearly trivial threshold is £475k, based on 3% of overall materiality. If you have any queries about this, please raise these with Daniel Watson.

Each misstatement above the reporting threshold that we identify will be classified as:

- **Adjusted:** Those misstatements that we identify and are corrected by management.
- **Unadjusted:** Those misstatements that we identify that are not corrected by management.

We will report all misstatements above the reporting threshold to management and request that they are corrected. If they are not corrected, we will report each misstatement Those Charged With Governance as unadjusted misstatements and, if they remain uncorrected, we will communicate the effect that they may have individually, or in aggregate, on the financial statements and on our audit opinion.

Misstatements also cover qualitative misstatements and include quantitative and qualitative misstatements and omissions relating to the notes of the financial statements.

## Reporting

In summary, we will categorise and report misstatements above the reporting threshold to Those Charged With Governance as follows:

- Adjusted misstatements;
- Unadjusted misstatements; and
- Disclosure misstatements (adjusted and unadjusted).

## Significant risks and other key judgement areas

# Significant risks and other key judgement areas

Following the risk assessment approach set out in the ‘*Audit scope, approach, and timeline*’ section, we have identified the risks of material misstatement in the financial statements. These risks are categorised as significant, enhanced, or standard. The definitions of these risk ratings are set out below.

## Significant risk

A risk that is assessed as being at or close to the upper end of the spectrum of inherent risk, based on a combination of the likelihood of a misstatement occurring and the magnitude of any potential misstatement. As required by auditing standards, a fraud risk is always assessed as a significant risk.

## Enhanced risk

An area with an elevated risk of material misstatement at the assertion level, other than a significant risk, based on factors/ information inherent to that area. Enhanced risks require additional consideration but do not rise to the level of a significant risk. These include but are not limited to:

- Key areas of management judgement and estimation uncertainty, including accounting estimates related to material classes of transaction, account balances, and disclosures but which are not considered to give rise to a significant risk of material misstatement; and
- Risks relating to other assertions and arising from significant events or transactions that occurred during the period.

## Standard risk

A risk related to assertions over classes of transaction, account balances, and disclosures that are relatively routine, non-complex, tend to be subject to systematic processing, and require little or no management judgement/ estimation. Although it is considered that there is a risk of material misstatement, there are no elevated or special factors related to the nature of the financial statement area, the likely magnitude of potential misstatements, or the likelihood of a risk occurring.

# Significant risks and other key judgement areas

## Audit risks and planned responses

In this section, we have set out the risks that we deem to be significant and enhanced, and our planned response. An audit is a dynamic process, and should we change our view of risk and/ or our approach to address those risks during our audit, we will report this to Those Charged With Governance.

## Significant risks

	Description	Fraud	Error	Judgement	Expected key audit matter	Planned response
1	<p><b>Management override of controls</b></p> <p>This is a mandatory significant risk on all audits due to the unpredictable way in which such override could occur.</p> <p>Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits.</p>	●	●	●	●	We plan to address the management override of controls risk through performing audit work over accounting estimates, journal entries and significant transactions outside the normal course of business or otherwise unusual.



# Significant risks and other key judgement areas

## Significant risks (continued)

	Description	Fraud	Error	Judge ment	Expected key audit matter	Planned response
2	<p><b>Valuation of property, plant and equipment (Council) £833m (2023/24 £791m)</b></p> <p>The CIPFA Code requires that where assets are subject to revaluation, their year-end carrying value should reflect the current value at that date. The Council has adopted a rolling revaluation model which sees all such property, plant &amp; equipment revalued in a five-year cycle.</p> <p>The valuation of property, plant &amp; equipment involves the use of a management expert (the valuer) and incorporates assumptions and estimates which impact materially on the reported value. There are risks relating to the valuation process.</p> <p>The Council employs a valuation expert to provide valuations, however there remains a high degree of estimation uncertainty associated with the valuations of property, plant and equipment due to the significant judgements and number of variables involved.</p> <p>As a result of the rolling programme of revaluations, there is a risk that individual assets which have not been revalued for up to four years are not valued at the current value at the balance sheet date. In addition, as the valuations are undertaken through the year there is a risk that the current value of the assets could be materially different at the year end.</p>	●	●	●	●	<p>Our audit procedures will include:</p> <ul style="list-style-type: none"><li>• Obtaining an understanding of the skills, experience and qualifications of the valuer, and considering the appropriateness of the Council's instructions to the valuer.</li><li>• Obtaining an understanding of the basis of valuation applied by the valuer in the year.</li><li>• Obtaining an understanding of the Council's approach to ensure that assets not subject to revaluation in 2024/25 are materially fairly stated.</li><li>• Obtaining an understanding of the Council's approach to ensure that assets revalued through 2024/25 are materially fairly stated at the year end.</li><li>• Sample testing the completeness and accuracy of underlying data provided by the Council and used by the valuer as part of their valuations.</li><li>• Using relevant market and cost data to assess the reasonableness of the valuation as at 31 March 2025.</li><li>• Testing the accuracy of how valuation movements were presented and disclosed in the financial statements</li></ul>

Significant risks, key audit matters and other key judgement areas

Significant risks (continued)

	Description	Fraud	Error	Judge ment	Expected key audit matter	Planned response
3	<p><b>Valuation of Council’s and the Group’s defined benefit pension liability (Council and Group)</b> <b>£32.30m (2023/24 £38.39m asset)</b></p> <p>The net pension liability represents a material element of the Council and the Group balance sheet. The Council and its consolidated subsidiaries are admitted bodies of Greater Manchester Pension Fund, which had its last triennial valuation completed as at 31 March 2022. The valuation of the Local Government Pension Scheme relies on a number of assumptions, most notably around the actuarial assumptions, and actuarial methodology which results in the Council’s and the subsidiaries’ overall valuations. There are financial assumptions and demographic assumptions used in the calculation of the valuation, such as the discount rate, inflation rates and mortality rates. The assumptions should also reflect the profile of the Council’s and the subsidiaries’ employees and should be based on appropriate data. The basis of the assumptions is derived on a consistent basis year to year or updated to reflect any changes.</p>	●	●	●	●	<p>Our audit procedures will include:</p> <ul style="list-style-type: none"><li>• Obtaining an understanding of the skills, experience and qualifications of the actuary, and considering the appropriateness of the instructions to the actuary from the Council and the Group.</li><li>• Obtaining confirmation from the auditor of the Greater Manchester Pension Fund that the Pension Fund has designed and implemented controls to prevent and detect material misstatement.</li><li>• Reviewing a summary of the work performed by the Pension Fund auditor on the Pension Fund investment assets,</li><li>• Reviewing the actuarial allocation of Pension Fund assets to the Council and Group by the actuary, including comparing the Council’s and the Group’s share of the assets to other corroborative information.</li></ul>

Significant risks, key audit matters and other key judgement areas

Significant risks (continued)

	Description	Fraud	Error	Judge ment	Expected key audit matter	Planned response
3	<p><b>Valuation of Council’s and the Group’s defined benefit pension liability (Council and Group) £32.30m (2023/24 £38.39m asset) continued</b></p> <p>There is a risk that the assumptions and methodology used in valuing the pension obligations are not reasonable or appropriate to the Council’s or the subsidiaries’ circumstances. This could have a material impact to the Council and Group net pension asset/ liability in 2024/25.</p>	●	●	●	●	<ul style="list-style-type: none"><li>• Reviewing the appropriateness of the Pension Asset and Liability valuation methodology applied by the Pension Fund Actuary, and the key assumptions included within the valuation.</li><li>• Agreeing the data in the IAS 19 valuation report provided by the Pension Fund Actuary for accounting purposes to the pension accounting entries and disclosures in the Council’s and Group’s financial statements.</li><li>• Reviewing the calculation of the asset ceiling adjustments and accounting treatment for net pension assets across the group.</li></ul>

# Significant risks and other key judgement areas

## Other key areas of management judgement that we have determined as enhanced risks

	Description	Fraud	Error	Judgement	Expected key audit matter	Planned response
4	<p><b>Valuation of investment in Manchester Airport Holdings Limited</b> <b>£43.4m (2023/24 £46.3m)</b></p> <p>The Council uses an external valuation expert to determine the value of its investment in Manchester Airport Holdings Limited at 31 March 2025. The valuation is determined according to a methodology and applying assumptions. Council officers challenge the valuation assumptions and reach judgements on the valuation to include in the financial statements.</p> <p>There is a risk that the assumptions and methodology used in valuing the airport holding are not reasonable or appropriate to the Council. This could have a material impact to the Council and Group investment balance in 2024/25.</p>	●	●	●	●	<p>Our approach to auditing the investment in Manchester Airport Holdings Limited includes the involvement of the Mazars in-house valuation team.</p> <p>The Forvis Mazars in-house valuation team will review the methodology and key assumptions used by management's expert, considering the appropriateness of the methodology and the reasonableness of the assumptions used.</p>

# Significant risks and other key judgement areas

## Other key areas of management judgement that we have determined as enhanced risks

	Description	Fraud	Error	Judgement	Expected key audit matter	Planned response
5	<p><b>Implementation of IFRS 16 (Council)</b></p> <p>The implementation of IFRS 16 in 2024/25 has had the impact of £5.1m, which is below our financial statements materiality threshold. This is a complex change in financial reporting which requires management judgement. We have therefore highlighted this as an area of enhanced risk for our 2024/25 audit.</p>	●	●	●	●	<p>Our work will include, but will not be limited to:</p> <ul style="list-style-type: none"><li>• reviewing the process and controls by management for collating information to ensure the completeness and accuracy of the data used in the IFRS 16 calculation and that all relevant leases have been identified;</li><li>• reviewing management's year end journal postings to ensure proper accounting treatment;</li><li>• reviewing any key judgements and estimates that management have made in respect of their IFRS 16 calculation;</li><li>• test a sample of leases in place at the year end and ensure their disclosure is appropriate.</li></ul>

# Significant risks and other key judgement areas

## Other considerations

In consideration of ISA (UK) 260 *Communication with Those Charged with Governance*, we would like to seek your views/ knowledge of the following matters:

- Did you identify any other risks (business, laws & regulation, fraud, going concern etc.) that may result in material misstatements?
- Are you aware of any significant communications between Oldham Metropolitan Borough Council and regulators?
- Are there any matters that you consider warrant particular attention during the course of our audit, and any areas where you would like additional procedures to be undertaken?

We plan to do this by formal letter to Those Charged With Governance which we will obtain prior to completing our audit.

## Significant difficulties encountered during the course of audit

In accordance with ISA (UK) 260 *Communication with Those Charged with Governance*, we are required to communicate certain matters to you which include, but are not limited to, significant difficulties, if any, that are encountered during our audit. Such difficulties may include matters such as:

- Significant delays in management providing information that we require to perform our audit.
- An unnecessarily brief time within which to complete our audit.
- Extensive and unexpected effort to obtain sufficient appropriate audit evidence.
- Unavailability of expected information.

- Restrictions imposed on us by management.
- Unwillingness by management to make or extend their assessment of an entity's ability to continue as a going concern when requested.

We will highlight to you on a timely basis should we encounter any such difficulties (if our audit process is unduly impeded, this could require us to issue a modified auditor's report).

## Internal audit function

Based on our assessment of the extent to which the internal audit function's organisational status and relevant policies and procedures support the objectivity of the internal auditors, the level of competence of the internal audit function, and whether the internal audit function applies a systematic and disciplined approach, including quality control, we do not expect to use the work of the internal audit function for the purpose of our audit.

Nonetheless, we will obtain a copy of the reports issued by internal audit relating to the financial period under audit determine whether any findings will have an impact on our risk assessment and planned audit procedures.

# 06

Value for Money

# Value for money

## The framework for value for money work

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

This will be the first audit year where we are undertaking our value for money (VFM) work under the full 2024 Code of Audit Practice (the Code). Our responsibility remains to be satisfied that the Council has proper arrangements in place, and to report in the auditor's report where we are not satisfied that arrangements are in place. Where we have issued a recommendation in relation to a significant weaknesses this indicates we are not satisfied that arrangements are in place. Separately we provide a commentary on the Council's arrangements in the Auditor's Annual Report.

A key change in the 2024 Code of Audit Practice is the requirement for us to issue our Auditor's Annual Report for the year ending 31st March 2025 to you in draft by the 30th November 2025. This is required whether our audit is complete or not. Should our work not be complete, we will report the status of our work and any findings to up to that point (and since the issue of our previous Auditor's Annual Report). Further information will be provided in Appendix A.

## Specified reporting criteria

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

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

## Our approach

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



Identified risks of significant weaknesses in arrangements

The NAO’s guidance requires us to carry out work at the planning stage to understand the Council’s arrangements and to identify risks that significant weaknesses in arrangements may exist.

Although we have not fully completed our planning and risk assessment work, the table below outlines the risks of significant weaknesses in arrangements that we have identified to date. We will report any further identified risks to the Audit Committee on completion of our planning and risk identification work.

	Risk of significant weakness in arrangements	Financial sustainability	Governance	Improving the 3Es	Planned procedures
Page 291 1	<b>Financial Sustainability</b> In 2023/24 the Council budgeted £11.5m earmarked reserves to support additional expenditure, by the year end a further £16m was required for unexpected pressures, in 2024/25 a further unbudgeted use of reserves of £10.2m has been required in addition to the £10.8m planed use of reserves. The continued planned and unplanned use of reserves to bridge funding gaps is evidence of an unsustainable reliance on reserves and a lack of action to address the underlying reasons for persistent underspending.	●	○	○	Within our work we will: <ul style="list-style-type: none"><li>• Review the Council's financial budget and monitoring reporting made available to members;</li><li>• review the Council’s final outturn position;</li><li>• consider savings targets set at the beginning of the year and understand any overspends;</li><li>• consider the medium-term financial strategy of the Council; and</li><li>• review the detailed budget setting process to understand the assessment undertaken to consider the affordability of services and understand how these align with the Council’s corporate plan.</li></ul>

Identified risks of significant weaknesses in arrangements

	Risk of significant weakness in arrangements	Financial sustainability	Governance	Improving the 3Es	Planned procedures
	<p><b>Limited Assurance Opinion – Head of Internal Audit (HoIA)</b></p> <p>The council’s HoIA has issued a limited assurance opinion in the AGS (Annual Governance Statement) This covers financial control and resilience, ICT, procurement, decision making, corporate performance, and recruitment and discipline. In our view the failure to take sufficient action on recommendations exposes the Council to avoidable risk.</p>	○	●	●	<p>Within our work we will:</p> <ul style="list-style-type: none"><li>• Review all limited assurance internal audit reports for impact on the VfM assessment.</li><li>• Review the internal control weaknesses to assess the impact on our risk assessment for the financial statements audit.</li><li>• Review how management respond to the findings raised by internal audit.</li><li>• Review how those charged with governance hold management to account for responding to the findings raised by internal audit.</li></ul>

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Audit fees and other services

# Audit fees and other services

## Fees for work as the Council’s appointed auditor

Our fees (exclusive of VAT) as the Council’s appointed for the year ended 31 March 2025 are outlined below. Our fees are designed to reflect the time, professional experience, and expertise required to perform our audit. The fees detailed below are anticipated at the planning stage of the audit. Final fees will be communicated in our Audit Completion Report.

Area of work	2024-25 Proposed Fee	2023-24 Actual Fee
Code Audit Work	£399,966	£359,829
Reduction in fee as Oldham MBC is no longer a Public Interest Entity	-£11,295	-
Implementation of new ISA 315 revised (now baked-in to scale fee)	-	£15,690
Additional fees in respect of work on the net pension asset ceiling	7,500	£7,500
Additional fee for Airport valuation	2,900	£2,900
Additional fees for work on payroll due to delays in receiving information	-	£10,000
Total	£399,071	£395,919

We have not currently been engaged by the Council to complete any non-audit work.

## Confirmation of our independence

# Confirmation of our independence

## Requirements

We comply with the International Code of Ethics for Professional Accountants, including International Independence Standards issued by the International Ethics Standards Board for Accountants together with the ethical requirements that are relevant to our audit of the financial statements in the UK reflected in the ICAEW Code of Ethics and the FRC Revised Ethical Standard.

## Compliance

We are not aware of any relationship between Forvis Mazars and Oldham Metropolitan Borough Council that, in our professional judgement, may reasonably be thought to impair our independence.

We are independent of Oldham Metropolitan Borough Council and have fulfilled our independence and ethical responsibilities in accordance with the requirements applicable to our audit.

## Non-audit and Audit fees

We have set out a summary of the non-audit services provided by Forvis Mazars (with related fees) to Oldham Metropolitan Borough Council together with our audit fees and independence assessment.

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

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

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

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

## Confirmation of our independence

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

Prior to the provision of any non-audit services, I will undertake appropriate procedures to consider and fully assess the impact that providing the service may have on our independence as auditor.

Principal threats to our independence and the associated safeguards we have identified and or put in place are set out in Terms of Appointment issued by PSAA available from the PSAA website: [Terms of Appointment from 1 July 2021 - PSAA](#). Any emerging independence threats and associated identified safeguards will be communicated in our Audit Completion Report.

# Appendices

- A: Key communication points
- B: Current year updates, forthcoming accounting and other issues
- C: Consultations on measures to tackle the local government financial reporting and audit backlog



## Appendix A: Key communication points

We value communication with Those Charged With Governance, as a two-way feedback process is at the heart of our client service commitment. The Code of Audit Practice as well as ISA (UK) 260 *Communication with Those Charged with Governance* and ISA (UK) 265 *Communicating Deficiencies In Internal Control To Those Charged With Governance And Management* specifically require us to communicate a number of matters with you. We meet these requirements, principally, through presenting the following documents to you:

- Our Audit Strategy Memorandum;
- Our Audit Completion Report; and
- Our Auditor's Annual Report.

These documents will be discussed with management prior to being presented to you and their comments will be incorporated as appropriate.

Relevant points that need to be communicated with you at each stage of the audit are outlined below.

### Key communication points at the planning stage as included in this Audit Strategy Memorandum

- Our responsibilities in relation to the audit of the financial statements;
- The planned scope and timing of the audit;
- Significant audit risks and areas of management judgement;
- Our commitment to independence;
- Responsibilities for preventing and detecting errors;
- Materiality and misstatements; and
- Fees for audit and other services.

### Key communication points at the completion stage to be included in our Audit Completion Report

- Significant deficiencies in internal control;
- Significant findings from the audit;
- Significant matters discussed with management;
- Significant difficulties, if any, encountered during the audit;
- Qualitative aspects of the entity's accounting practices, including accounting policies, accounting estimates and financial statement disclosures;
- Our conclusions on the significant audit risks and areas of management judgement;
- Summary of misstatements;
- Management representation letter;
- Our proposed draft audit report; and
- Independence.

# Appendix A: Key communication points

## Changes introduced by the 2024 Code of Audit Practice

The 2024 Code now requires the auditor to issue the draft Auditor’s Annual Report by 30<sup>th</sup> November following each year end. For the 2024/25 audit, this means that we must issue our draft Auditor’s Annual Report by 30 November 2025, whether our audit is complete or not.

In instances where our audit work is not complete by 30 November for any given year, the 2024 Code requires us to provide a summary of the status of the audit at the time of issuance and should reflect the work completed to date since we issued our previous Auditor’s Annual Report. In such instances, we will issue an Interim Auditor’s Annual Report to meet the 30 November deadline. On completion of any outstanding financial statement audit work or Value for Money arrangements work, we will re-issue the Auditor’s Annual Report which will include an updated commentary on Value for Money arrangements.

# Appendix A: Key communication points

ISA (UK) 260 *Communication with Those Charged with Governance*, ISA (UK) 265 *Communicating Deficiencies In Internal Control To Those Charged With Governance And Management* and other ISAs (UK) specifically require us to communicate the following:

Required communication	Where addressed
Our responsibilities in relation to the financial statement audit and those of management and Those Charged with Governance.	Audit Strategy Memorandum
The planned scope and timing of the audit including any limitations, specifically including with respect to significant risks.	Audit Strategy Memorandum
With respect to misstatements: <ul style="list-style-type: none"><li>• Uncorrected misstatements and their effect on our audit opinion;</li><li>• The effect of uncorrected misstatements related to prior periods;</li><li>• A request that any uncorrected misstatement is corrected; and</li><li>• In writing, corrected misstatements that are significant.</li></ul>	Audit Completion Report
With respect to fraud communications: <ul style="list-style-type: none"><li>• Inquiries with Those Charged With Governance to determine whether you have knowledge of any actual, suspected, or alleged fraud affecting the entity;</li><li>• Any fraud that we have identified or information we have obtained that indicates that fraud may exist; and</li><li>• A discussion of any other matters related to fraud.</li></ul>	Audit Completion Report and discussion at Audit Committee meeting(s), audit planning meeting(s), and audit clearance meeting(s)

# Appendix A: Key communication points

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Required communication	Where addressed
Significant matters arising during the audit in connection with the entity’s related parties including, when applicable: <ul style="list-style-type: none"><li>• Non-disclosure by management;</li><li>• Inappropriate authorisation and approval of transactions;</li><li>• Disagreement over disclosures;</li><li>• Non-compliance with laws and regulations; and</li><li>• Difficulty in identifying the party that ultimately controls the entity.</li></ul>	Audit Completion Report
Significant findings from the audit including: <ul style="list-style-type: none"><li>• Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;</li><li>• Significant difficulties, if any, encountered during the audit;</li><li>• Significant matters, if any, arising from the audit that were discussed with management or were the subject of correspondence with management;</li><li>• Written representations that we are seeking;</li><li>• Expected modifications to the audit report; and</li><li>• Other matters, if any, significant to the oversight of the financial reporting process or otherwise identified in the course of the audit that we believe will be relevant to Council or Those Charged With Governance in the context of fulfilling your responsibilities.</li></ul>	Audit Completion Report

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# Appendix A: Key communication points

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Required communication	Where addressed
<p>Communication regarding our system of quality management, compliant with ISQM (UK) 1, developed to support the consistent performance of quality audit engagements. To address the requirements of ISQM (UK) 1, our firm’s System of Quality Management team completes, as part of an ongoing and iterative process, a number of key steps to assess and conclude on our firm’s System of Quality Management:</p> <ul style="list-style-type: none"> <li>• Ensure there is an appropriate assignment of responsibilities under ISQM (UK) 1 and across Leadership</li> <li>• Establish and review quality objectives each year, ensuring ISQM (UK) 1 objectives align with the firm's strategies and priorities</li> <li>• Identify, review, and update quality risks each quarter, taking into consideration the number of input sources (such as FRC / ICAEW review findings, internal monitoring findings, findings from our firm’s root cause analysis and remediation functions, etc.)</li> </ul> <p>Identify, design, and implement responses as part of the process to strengthen our firm's internal control environment and overall quality</p> <p>Evaluate responses and remediate control gaps or deficiencies</p> <p>We perform an evaluation of our system of quality management on an annual basis. Our first evaluation was performed as of 31 August 2023. Details of that assessment and our conclusion are set out in our 2022/2023 Transparency Report, which is available on our website <a href="#">here</a>.</p> <p>The details of our evaluation of our system of quality management as of 31 August 2024, and our conclusion, set out in our 2023/24 Transparency Report, which is available on our website <a href="#">here</a>.</p>	<p>Audit Strategy Memorandum</p>
<p>An overview of the work to be performed at the components of the group and the nature of our involvement in the work to be performed by component auditors.</p>	<p>Audit Strategy Memorandum and Audit Completion Report</p>
<p>Instances where our review of the work of the component auditor gave rise to a concern about the quality of the component auditor’s work, and how we addressed that concern.</p>	<p>Audit Completion Report</p>

# Appendix A: Key communication points

Required communication	Where addressed
Any limitations on the scope of the group audit, for example, significant matters related to restrictions on access to people or information.	Audit Strategy Memorandum and Audit Completion Report, as necessary
Fraud or suspected fraud involving group management, component management, employees who have significant roles in the group’s system of internal control or others when the fraud resulted in a material misstatement of the group financial statements.	Audit Completion Report and discussion at Audit Committee meeting(s), audit planning meeting(s), and audit clearance meeting(s)

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

## Current and forthcoming accounting issues

### New standards and amendments

#### Effective for accounting periods beginning on or after 1 January 2019

##### *IFRS 16 Leases (Issued January 2016)*

- IFRS 16 Leases (IFRS 16) will replace the existing leasing standard, IAS 17, and will introduce significant changes, particularly for lessees. The requirements for lessors will be largely unchanged from the position in IAS 17. Lessees will need to recognise right of use assets and associated lease liabilities for all leases (except short-life or low-value leases) as the distinction between operating leases and finance leases is removed. Subsequent to initial recognition, a service concession arrangement liability will subsequently be measured following the principles set out in IFRS 16. The introduction of this standard is likely to lead to significant work being required in order to identify all leases and service concession arrangements to which the Council (and its schools) are party to. There will also be consequential impacts upon capital financing arrangements at many authorities which will need to be identified and addressed. IFRS 16 was adopted by the Code of Practice on Local Authority Accounting in 2024/25.

#### Effective for accounting periods beginning on or after 1 January 2023

##### *IFRS 18 Presentation and Disclosure in Financial Statements (Issued April 2024)*

- IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18) is a new standard that replaces IAS 1 Presentation of Financial Statements. The new standard aims to increase the comparability, transparency and usefulness of information about companies' financial performance. It introduces three key new requirements focusing on the presentation of information in the statement of profit or loss and enhancing certain guidance on disclosures within the financial statements. As IFRS 18 was only issued in April 2024 it has yet to be adopted by the Code of Practice on Local Authority Accounting in 2024/25 therefore the applicability to local government is to be determined.



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

## International Standard on Auditing (UK) 600 Revised - Special considerations - Audits of group financial statements (Including the work of component auditors)

ISA (UK) 600 deals with the special considerations that apply to audits of group financial statements, including those circumstances when component auditors are involved. The auditing standard has been revised. The revised standard is effective for audits of group financial statements for periods beginning on or after 15 December 2023. The revisions made to ISA (UK) 600 impact how we perform audits of group financial statements, and how we communicate our audit strategy and audit findings arising from audits of group financial statements, going forward. This page sets out the key changes made to ISA (UK) 600 and how Forvis Mazars will apply the requirements of the revised standard in practice.

### Key changes

The previous ISA (UK) 600 included prescriptive requirements in respect of the audit procedures required over 'significant components' of a group, i.e., a 'full scope' audit of a significant component's financial information relevant to the group financial statements was required. Forvis Mazars defined a 'significant component' as one that contributed to the group financial statements more than 15% of the materiality benchmark selected to determine group materiality, e.g., if we had determined materiality using a profit before tax benchmark, any component that contributed more than 15% of the group's reported profit before tax would be classified as a significant component and a 'full scope' audit would be performed over that component's financial information.

ISA (UK) 600 Revised eliminates the 'significant component' concept, opting instead for consideration of risks of material misstatement at the assertion level of the group financial statements that are associated with components. This results in a group audit that is better focused on the risks of material misstatement of the group financial statements and affords greater flexibility in how we classify components and how we may design the nature and extent of audit procedures to be performed over a component's financial information, i.e., we can determine the nature and extent of the audit procedures to be performed over a component's financial information based on the specific risks relevant to the group financial statements.

ISA (UK) 600 also, however, removed the option to limit the procedures performed over a 'non-significant' component's financial information to desktop analytical procedures. We are now required to perform substantive audit procedures (or a combination of substantive audit procedures and tests of controls) over the group financial statements, including the financial information relating to components in the group, until the residual, untested balances, classes of transaction and disclosures in the group financial statements are below our group materiality. This is to ensure that aggregation risk (the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole) is addressed appropriately.

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

### International Standard on Auditing (UK) 600 Revised - Special considerations - Audits of group financial statements (Including the work of component auditors) continued

In combination, these changes may result in a change to the nature and extent of the audit procedures we perform over the financial information of components on a group audit compared to previous years and may result in components that were not previously in scope of our group audit being brought into scope going forward to ensure that we address aggregation risk appropriately.

To ensure consistency of approach, Forvis Mazars will apply the definitions set out below when performing audits of group financial statements going forward:

Key component	Material component	Non-material component
Any component:  i. Which is greater or equal to 15% of the benchmark chosen for calculating group materiality (key by size); or  ii. Where the specific nature or circumstance of its financial information make it likely to include significant risks of misstatement of the group financial statements (key by risk).	Any component, other than a key component, that contributes to one or more group financial statement areas an amount that is above group financial statement materiality.	A component, that is not a key component or a material component, that is scoped into a group audit to reduce the risk of material misstatement of the group financial statements to an acceptably low level (based on size or risk) in situations when, after assessing which components are key components and material components, the aggregate amount of a financial statement area related to un-scoped components is still above group financial statement materiality.

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

## International Standard on Auditing (UK) 600 Revised - Special considerations - Audits of group financial statements (including the work of component auditors)

### Key changes (continued)

**Definition of ‘component’** - The definition of ‘component’ has been revised to “an entity, business unit, function or business activity, or some combination thereof, determined by the group auditor for the purposes of planning and performing audit procedures in a group audit”.

This provides clarity on how components may be identified in a group audit and may result in a change to how we identify components on a group audit compared to previous years. For example, we may group separate legal entities (e.g., subsidiaries) in a group based on common characteristics (such as common management, common information systems, and common geographical locations) and treat those components as a single component, when appropriate to do so.

**Common controls** - The definition of ‘group-wide’ controls has been removed and we are instead required to consider ‘common controls’, being controls that operate in a common manner for multiple entities or business units.

This may assist us in grouping separate legal entities, business units, functions, or business activities in a group into a single component for the purposes of a group audit; or it may result in us grouping specific account balances or classes of transaction recorded by individual legal entities, business units, functions, or business activities into a single population for the purposes of our audit procedures.

For audits where we are adopting a controls-based audit strategy, this may result in efficiencies, as we can rely on a single control for the purposes of the audits of more than one component where that control is common to those components.

**Definition of ‘engagement team’** - The definition of ‘engagement team’ has been revised to include component auditors. While this change may seem inconsequential, it forms part of the overall changes intended by ISA (UK) 600 Revised to enhance two-way communication between the group auditor and component auditors during a group audit. This will result in enhanced direction and supervision of component auditors by the group auditor during a group audit.

**Calculation of component materiality** - The requirement to set overall materiality for a component has been removed. We are now only required to determine component performance materiality.

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

## International Standard on Auditing (UK) 600 Revised - Special considerations - Audits of group financial statements (including the work of component auditors)

### Key changes (continued)

**Other changes** - ISA (UK) 600 Revised includes new and revised requirements and application material that better aligns the standard with recently revised standards such as ISQM (UK) 1, ISA (UK) 220, and ISA (UK) 315. The new and revised requirements also strengthen our responsibilities related to professional scepticism, planning and performing a group audit, two-way communications between the group auditor and component auditors, and audit documentation. These changes are to encourage proactive management of quality at the group engagement level and the component level; reinforce the need for robust communication and interactions during a group audit; and foster an appropriately independent and challenging sceptical mindset.

**Scope of audit work to be performed over a component's financial information** - Forvis Mazars will, going forward, determine the scope of work to be performed over a component's financial information on a group audit using the definitions set out below:

Full scope	Specific scope	Group Engagement Team Instructed Procedures
Designing and performing audit procedures on the entire financial information of a component.	Designing and performing audit procedures on one or more specified account balances, classes of transaction, and/ or disclosures of a component.	Performing specified audit procedures, as designed and instructed by the group engagement team.

# Contact

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## Report to Audit Committee

# Draft 2024/25 Annual Statement of Accounts

**Portfolio Holder:** Councillor Abdul Jabbar MBE – Deputy Leader and Cabinet Member for Finance, Corporate Services and Sustainability

**Officer Contact:** Lee Walsh, Assistant Director of Finance

**Report Author:** Vickie Lambert, Finance Manager

**Contact:** [lee.walsh@oldham.gov.uk](mailto:lee.walsh@oldham.gov.uk)

**23 July 2025**

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### Purpose of the Report

To present to the Audit Committee, the draft Statement of Accounts for 2024/25 for consideration.

### Executive Summary

The Council's Statement of Accounts for 2024/25 was published on the Council's website on 30 June 2025 along with the Notice of Public Inspection. The draft Statement of Accounts for 2024/25 can be found at Appendix 1.

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

### Recommendation

That Members of the Audit Committee note the Council's draft Statement of Accounts for 2024/25.

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# Oldham Council

**Draft Statement of Accounts  
2024/25**

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## 1.0 Preface

### Introduction to the 2024/25 Statement of Accounts by Councillor Abdul Jabbar MBE, Deputy Leader and Cabinet Member for Finance, Corporate Services and Sustainability



#### Councillor Abdul Jabbar MBE

This Statement of Accounts presents how the Council has performed in year, the costs of providing its services and the assets which have been developed in the borough to the people of Oldham. It is also an opportunity to reflect on the previous financial year and the major events that have occurred.

Firstly, I am delighted that in March 2025 Shelley Kipling was appointed as Chief Executive, Shelley's passion for Oldham shone through the recruitment process. The coming years will be so important for Oldham as we drive forward our plans to regenerate and transform our borough, continue to improve our vital public services, and work collaboratively with staff, partners and residents to create a better Oldham.

I can think of no one better than Shelley to work alongside Members as we lead this crucial work to set a clear vision for the future of Oldham, deliver a new era of public service, and restore pride and hope to our wonderful borough.

Moving on to the Council's performance, I would like to briefly reflect on the Directorate Outturn for 2024/25 which is a product of the difficult environment in which we operate. The financial year 2024/25 has been another challenging year for Oldham Council and our Residents.

For many years now I have talked about the demand led pressures around social care and housing and this trend has continued once again this year, resulting in an additional contribution from Earmarked Reserves of just over £10m being required. These pressures are a common theme across the local government and an increasing number of local authorities are now facing financial difficulties.

This year – as in the last few years - the Council has financed much of the increased spending through its reserves but in order to maintain financial stability, this is simply not sustainable. The Council is therefore accelerating its programme to transform the way it delivers services, embracing the use of new technology, digitalisation and Artificial Intelligence (AI), all the time continuing to meet the needs of the most vulnerable within society.

Work to formulate the 2025/26 budget took place throughout the year and once again hard decisions about budget reductions were required amidst the growing pressures. The task to set a balanced budget is always a challenging process which becomes more and more difficult each year, given unprecedented demand for children's residential care provision, adult social care costs and for temporary accommodation for the homeless.

Whilst it was challenging, I am pleased that the Budget set for 2025/26 in March 2025, was achieved without the use of general reserves to balance the budget gap, which will increase the financial sustainability of the Council over the coming years. The Council's agreed budget strategy will look to replenish the reserves we have had to use over recent years and is a significant step in moving the Council forward.

However, the Council is still facing significant pressures in relation to social care costs, further demand on the Dedicated Schools Budget and Special Education Needs and Disabilities (SEND) activity, housing and homelessness, with further pressures on pay and contract inflation.

The implementation of planned Government reforms and the level of Government funding available for local authorities, whilst understanding the pressures of the current economic uncertainty and the demand for Council's services, will have an impact across the Council as we need to ensure that a balanced budget for future years is delivered.

The Medium Term Financial Strategy (MTFS) will be refreshed to reflect the recently announced Spending Review which brings multi-year settlements to aid our medium-term financial planning; we also welcome the opportunity to comment on the Government's Fair Funding Consultation announced this month.

Businesses, residents and partners can be assured that whilst we look forward, the Council will ensure that service delivery and resources are focused towards the 'Resident First' ethos of the Council.

As part of this introduction to the Accounts, I would also like to reflect on the major capital projects that are underway. This year saw the majority of Council staff move to the new offices in Spindles, bringing life back to the shopping centre and the wider town centre. During 2024, work continued with Muse to transform Oldham Town Centre with a view to building over 2,000 new homes and a new Town Centre Park.

The refurbishment at the Old Library is nearing completion which will then become the Council's new chambers and Councillor offices. This move is significant to allow the Council to vacate the current Civic complex and unlock the site for much needed housing in our town centre.

There is much to look forward to during 2025/26 with work on the Coliseum Theatre, the construction of the exciting new visitor and forestry skills centre at Northern Roots and the Sports Town development which will see much needed sports facilities built on the land surrounding Boundary Park. The Council is also committed to continue its programme to reduction carbon emissions and embed the Council's Green New Deal Strategy within our regeneration and capital schemes.

Finally, as always, I would like to recognise the hard work and dedication shown by the Finance and Internal Audit teams throughout the year. Along with colleagues across the Council, they have worked diligently to support the provision of essential Council services through often difficult circumstances.



**Councillor Abdul Jabbar MBE**  
**Deputy Leader and Cabinet Member for Finance, Corporate Services and Sustainability**

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## 1.1 Narrative Report

### Message from the Interim Executive Director of Resources and Section 151 Officer (since March 2025) – Fiona Greenway, CPFA



Firstly, welcome to my first Statement of Accounts as Interim Executive Director of Resources and Section 151 Officer, having joined the authority in March 2025. Having only been in Oldham for a short time, I am pleased to present these accounts for the 2024/25 financial year.

2024/25 was another challenging year for local authorities as a whole and Oldham Council faced similar challenges. As a low tax base, high deprivation and needs authority, the Council works hard in balancing needs against available resources. Following on from previous years, the Council has continued to see an increase in demand for social care services and housing support. In spite of these challenges, the Council has remained focused on providing the best services it can for its residents whilst managing within a tight financial environment.

When setting its budget for 2024/25, the Council approved the use of £10.753m of Earmarked Reserves to support additional expenditure in those services facing increasing levels of demand. Continued pressures in Adult and Children's Social Care services and Temporary Accommodation meant that a further unplanned contribution from reserves of £10.155m has been required. The financial resilience of the Council has been of concern for some years, and with another financial year requiring reserves to support day to day expenditure, this continues to be a concern not just in Oldham but for many Councils across the country. It is therefore positive to note that the 2025/26 budget was the first budget since 2016/17 that was set without a budgeted use of general reserves to produce a balanced position. Further detail is contained within this Narrative Report and the Annual Governance Statement, both of which form part of the overall Statement of Accounts.

A key objective of Oldham Council's Finance Team is to prepare the Statement of Accounts to the highest standards and in accordance with the guidance for Local Authorities in the UK. The Statement of Accounts provides information so that members of the public, including electors and residents of Oldham, Elected Members, partners, stakeholders and other interested parties can have:

- A full and understandable explanation of the overarching financial position of the Council including its ability to meet its future obligations; and

- Confidence that the public money with which the Council has been entrusted has been used and accounted for in an appropriate manner, thus ensuring the Council's fiduciary duty is met.

The draft Statement of Accounts was submitted to the External Auditor on 30 June 2025. The deadline for the completion of the audit of the 2024/25 Accounts is 27 February 2026. There continue to be national challenges impacting on the completion of Local Authority audits, and there is a risk that the audit of the 2024/25 Accounts will not be completed in accordance with the deadline. Despite these challenges, the Council is one of the few in the country which have achieved up to date unqualified audit opinions and the Council is on track to maintain this in the future.

The following Narrative Report provides information about Oldham, including the key issues affecting the Council and its accounts. It also provides a summary of the financial position as at 31 March 2025.

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## Narrative Report

This Narrative Report provides an overview of the financial and operational performance of Oldham Council for the financial year ended 31 March 2025. It aims to offer a clear and accessible summary of the Council's financial position, key achievements, and future outlook.

## About Oldham

- Oldham is 1 of 10 Local Authorities in Greater Manchester
- Winston Churchill began his political career in Oldham being elected as MP in 1900
- There are circa 3,000 Council employees
- We are the gateway to the Saddleworth Moors and Yorkshire
- Oldham is the home of Colin the Caterpillar
- Oldham Athletic FC were founder members of the English Premier League in 1904



### Total population

The population of Oldham is **242,100** (2021 Census).

- **25.0%** aged under 18
- **58.8%** aged 18-64
- **16.2%** aged 65+

The age structure of Oldham is relatively youthful with a high proportion of residents aged under 18 (**25%**). Since 2001, the population across Oldham and England has aged, with more people aged over 65 and fewer under 18s. This change has been influenced by an increase in the average life expectancy. Source: ONS Census 2021

### Population projections 2023-2033

There will be over the next ten years:

- A **3.2%** increase in those aged under 64.
- A **14%** increase in those aged 65-84.
- A **27.8%** increase in those aged over 85.



Given the growth in Oldham's over 85 population over the next ten years there will be significant changes in demand of adult social care and health provision. Source: Oldham Council Strategy & Performance Service Population Projections, 2023



### Life expectancy 2018-2020

#### Life Expectancy

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

- For men it's 77.2 years compared to the national average of 79.4
- For women it's 80.5 years compared to the national average of 83.1

#### Healthy Life Expectancy

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

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

Source: ONS, calculated by OHID

### Deprivation & Inequality

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

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

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

Source: Local Health





## About the Council - Political Structure

The Council is made up of 60 Councillors from the 20 wards across the borough. Following the May 2024 election, the Council was in a position of no overall control, with Labour having the largest administration with 27 of the 60 seats.

At the beginning of the municipal year in 2024/25 the composition of the Council in May 2024 was:

(i)	The Labour Group	27	Members
(ii)	The Liberal Democrat Group	9	Members
(iii)	The Conservative Group	8	Members
(iv)	The Oldham Group	6	Members
(v)	Failsworth Independent Party	2	Members
(vi)	Royton Independents	2	Members
(vii)	The Independent Group	2	Members
(viii)	Oldham Independents	2	Members
(ix)	Independent Members not aligned to a political group	2	Members

In July 2024, there was a further change whereby the Oldham Independents joined the Oldham Group, therefore the composition as at July 2024 was:

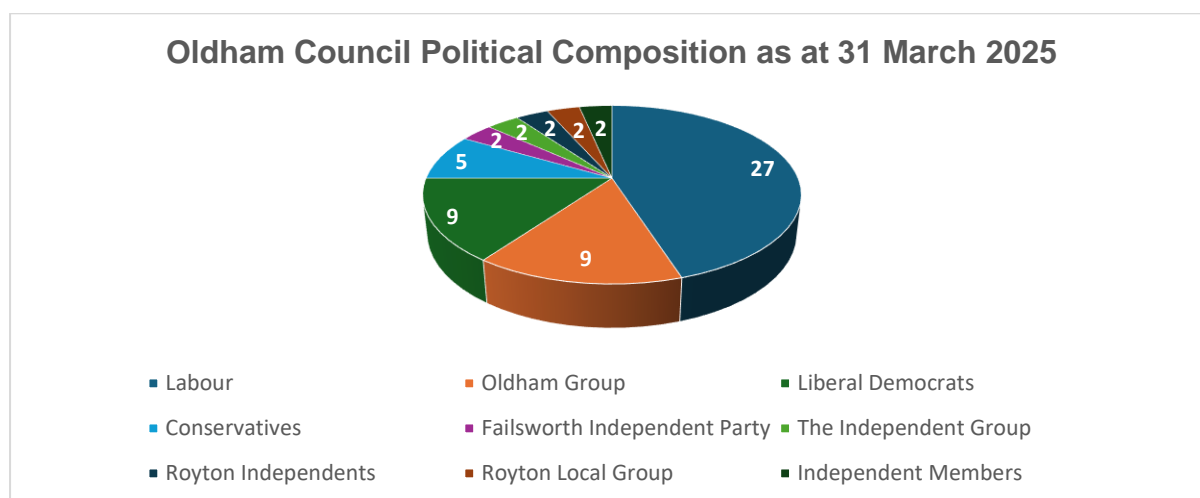
(i)	The Labour Group	27	Members
(ii)	The Liberal Democrat Group	9	Members
(iii)	The Conservative Group	8	Members
(iv)	The Oldham Group	8	Members
(v)	Failsworth Independent Party	2	Members
(vi)	Royton Independents	2	Members
(vii)	The Independent Group	2	Members
(viii)	Independent members not aligned to a political group	2	Members

Between January 2025 and the end of the financial year, there were further changes between parties which altered the composition to the below as at the end of the financial year:

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

This is diagrammatically represented below:

## Oldham Councillors – as at the financial year end



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

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

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

Cabinet Members are held to account by a system of scrutiny which is set out in the Constitution. Scrutiny arrangements have evolved since new arrangements in 2023/24 were established as below:

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

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

### About the Council - Senior Management Team

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

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

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

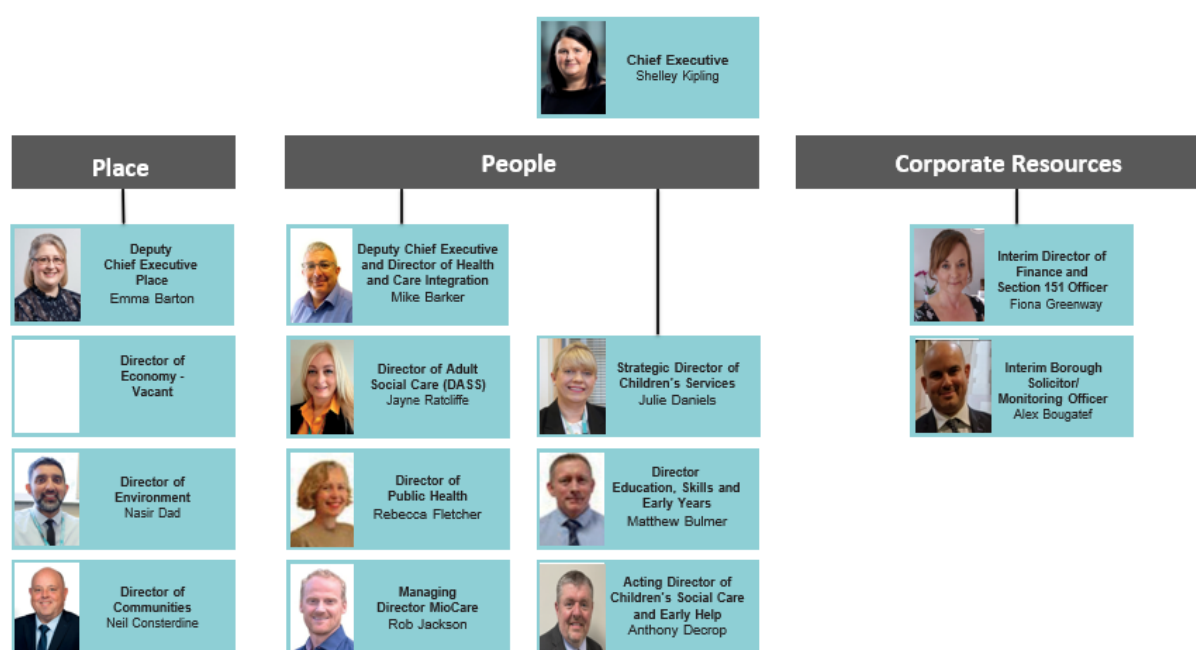
### Director Leadership Team structure as at 31 March 2025

The 2024/25 financial year started with Harry Catherall as the Council's Chief Executive. During the year, an agreement was made with Tameside MBC for Mr Catherall to be seconded to that authority on a fixed term basis yet still working for Oldham one day a week. At this stage, following a recruitment process, Shelley Kipling became Acting Chief Executive to support the Council whilst this arrangement was in place.

Subsequently, Mr Catherall was seconded on a full-time basis to Tameside to lead as their Chief Executive with no return back to Oldham. The Council then began the process to recruit to this key role on a permanent basis with Shelley Kipling being successfully recruited to this post. This appointment was formally agreed by Council on 6 March 2025.

The diagram below shows the Director Leadership structure at the 31 March 2025.

### Director Leadership Structure



## About the Council - Strategies

### The Oldham Plan / The Corporate Plan

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

- **Healthier, Happier Lives**
  - People in Oldham will live healthier and longer lives.
  - Our children and young people will have the chance to reach their full potential.
  - Everyone will get the right health and care support, in the right place, when they need it.
  - More people will feel involved and connected to their communities.
  - Residents of all ages will see improvements in their mental health and wellbeing.
- **Great Place to Live**
  - More people will have access to good, affordable homes that suit their needs.
  - Residents will feel proud of where they live and more connected to their community.
  - Our neighbourhoods will be safer, more welcoming, and better connected.
  - Everyone will have the chance to enjoy great arts and culture right here in Oldham.
  - Oldham will be a fairer place where those who need help can easily get it.
- **Green and Growing**
  - Our town centres and high streets will be lively places where people want to visit and shop.
  - More local businesses will start, grow, and succeed, creating good jobs for residents.
  - Every resident will see the benefit of Oldham's growing economy.
  - Oldham will lead the way on green projects across the country.
  - We'll support the growth of tech, green industries, and advanced manufacturing in the borough.

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

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

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

These are crucial to the successful delivery of the Corporate Plan. Finally, the Corporate Plan has three missions (as mentioned above). The priorities in this plan are aligned to

service areas and business planning, ensuring that our resources, actions, and initiatives drive meaningful and sustainable change across the borough.

## Revenue Budget Monitoring

The Council's operations are divided into directorates. Each directorate has an approved budget which is updated throughout the year as additional funding is made available to the Council. Monitoring of actual expenditure against the revised budget takes place frequently, with monitoring reports progressing to Cabinet throughout the financial year. The final outturn position for 2024/25, which is considered in more detail over the following pages, is taken to Cabinet for approval. In addition the Council's Governance, Strategy and Resources Board considers Cabinet's budget monitoring reports throughout the year.

## Directorates

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## Revenue Outturn – General Fund

For the financial year 2024/25, the Council approved a General Fund net revenue budget of £299.818m at its meeting on 28 February 2024. During the year, a number of amendments were approved to the budget to reflect additional grant receipts such that by the year end the approved net revenue controllable budget was £306.837m. Controllable budgets exclude those costs for depreciation and impairment, central support service recharges and technical accounting adjustments that are outside of individual directorate control.

Since the start of the financial year, the Council has seen significant pressures on the Revenue Budget. At the end of Qtr 1, the forecast revenue outturn for 2024/25 was an

adverse variance of £26.033m after the application of £4.910m of service specific reserves. This forecast overspend was due to the continued pressures being reported across three directorate areas in particular:

- Children's Services (£14.187m)
- Place and Economic Growth - Temporary Accommodation (£8.850m)
- Adult Social Care (£5.616m)

This significant adverse forecast position was an early warning sign for the Council and one that was addressed urgently.

As a result of this forecast position, Elected Members and the Management Board worked collaboratively to implement a number of management actions, and these were:

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

In line with the action included as part of the 2023/24 Annual Governance Statement to increase the frequency of budget monitoring, the reporting cycle was changed to bi-monthly reports to Cabinet. The next monitoring report presented was for Month 4. At this stage, the adverse forecast outturn position had reduced with the projected overspend reducing by £4.968m to £21.065m after allowing for approved and pending transfers to and from reserves. This reduction in projected overspend was as a direct result of the implementation of the management actions agreed.

The Month 4 report also presented to Cabinet a number of budget adjustments totalling £6.138m as part of the strategy to accelerate the budget process and implement options earlier to reduce the in year overspend and support the delivery of the 2025/26 budget without the need to use reserves to support it.

At the end of Qtr 2 the forecast adverse position reduced further to £19.912m, a favourable change of £1.153m from that previously reported. Presented within this report to Cabinet was the conclusion of a full review of reserves which was completed as part of the Council's strategy to align reserves to priorities, enhance internal controls around use of reserves and increase financial resilience.

The next financial monitoring report presented to Cabinet at its meeting on 16 December 2024 reported the Month 8 position where the forecast overspend had increased to

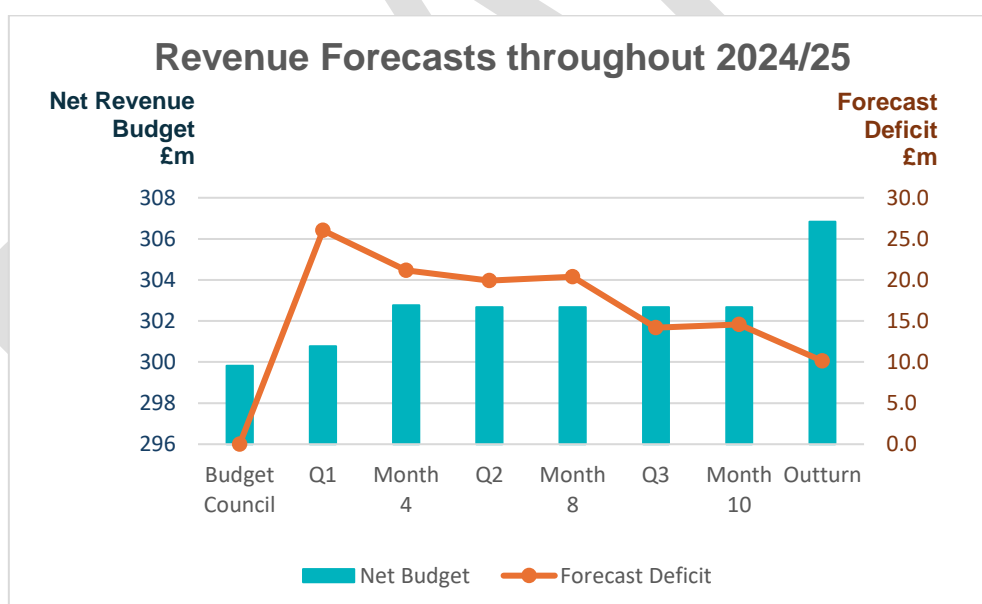
£20.390m. Continued further demand for services was the reason for this increase between periods. Included within this report was an update on the Council's refreshed Medium Term Financial Strategy (MTFS) in advance of the Provisional Local Government Settlement for 2025/26.

To support the budget setting process for 2025/26, the Quarter 3 monitor was presented alongside the revenue budget report and MTFS which reflected the latest information from the Government. The Council meeting of 20 January 2025 approved a revised Minimum Revenue Provision (MRP) policy which, when reflected within the financial projections, resulted in the overspend position reducing to £14.178m; a positive change of £6.212m from that previously forecast.

The final formal reporting period of the year at Month 10 saw a further worsening of the projected outturn position with the forecast unfavourable variance increasing by £0.419m to £14.597m. The increase in the projected overspend was again a result of the demand for the three Council services, Children's Services, Adults Social Care and Temporary Accommodation.

Outturn controllable spend against the approved net revenue budget was £315.520m with an additional shortfall of financing income of £1.472m, an overall adverse variance against budget of £10.155m. To address the financial position, an unbudgeted contribution from Reserves of £10.155m was made to cover the overspend.

The graph below, highlights the controllable budget movement together with the forecast adverse position throughout 2024/25.





The Council's 2024/25 outturn position is shown in the following table:

Directorate	2024/25 Annual Controllable Budget £000	2024/25 Controllable Actual £000	2024/25 Variance £000
Community Health and Adult Social Care	76,739	87,571	10,832
Children's Services	70,705	81,408	10,703
Public Health	23,054	21,552	(1,502)
Place and Economic Growth	67,001	72,084	5,083
Corporate Services	36,392	33,539	(2,853)
Capital, Treasury and Technical Accounting	32,946	19,365	(13,581)
<b>NET EXPENDITURE</b>	<b>306,837</b>	<b>315,520</b>	<b>8,683</b>
<b>FINANCING</b>			<b>1,472</b>
<b>OVERALL VARIANCE</b>			<b>10,155</b>
<b>Use of Reserves to support 2024/25 position</b>			<b>(10,155)</b>

### Analysis of Directorate Revenue Outturn

The following details the key variances across the directorates:

#### *Community Health & Adult Social Care (CHASC)*

The Community Health and Adult Social Care service area closed the financial year with an overspend of £10.832m primarily attributed to the cost of care placements, particularly for individuals with physical disabilities. There were also additional costs for clients within the learning disabilities and mental health services due to Supported Living costs, direct payments and homecare costs.

#### *Children's Services*

The Children's Services outturn position was an overspend of £10.703m. Much of the overspend related to pressures within the Children's Social Care service area for placements including high-cost external residential packages (£11.602m). The continual review of external placement packages in 2024/25 yielded cost reductions of £3.723m however, new placements cost £3.738m removing any financial benefit.

Pressures in permanent recruitment seen in recent years continued throughout 2024/25 with the use of agency staff in the Fieldwork and Family Support creating further overspends. These pressures were in part offset by vacant posts and additional income across the whole of the directorate.

#### *Place & Economic Growth*

The Place & Economic Growth directorate overspent by £5.083m. The biggest contributing factor to this adverse position and continuing the upwards trend over the last few years was due to the increased costs incurred for the use of Temporary Accommodation (£4.483m). The number of individuals and families in Temporary Accommodation during 2024/25 did follow a downward trajectory throughout the year. The numbers in temporary accommodation as reported at Month 10 was 637, the number in temporary accommodation as at 31 March 2025 was 616. The adverse position is as a direct result of the placement



cost in hotels, Bed & Breakfasts (B&Bs) and other temporary accommodation used to house increased demand.

Further pressures on the directorate budget arose from an overspend against the Estates and Property Management budget as a result of increased repairs and maintenance to the Council's asset base, increased expenditure on Business Rates and the non-achievement of planned savings in respect of the Creating a Better Place Programme.

Overspends in the areas highlighted above were offset by underspends in Corporate Services, Public Health and Capital, Treasury and Technical Accounting directorate areas.

Transfers from Reserves have been used to mitigate the impact of the overspend on the General Fund resulting in a nil change to the overall General Fund balance. As outlined elsewhere in this report, the use of Reserves to combat overspends is a short-term measure and must not be used indefinitely.

## Capital Spending

During 2024/25, capital monitoring reports were prepared monthly from Month 3 through to Month 10, with reporting of the Capital Programme to Cabinet completed alongside the revenue monitoring. These reports highlighted and sought approval for the reprofiling of the Programme. The capital expenditure incurred during the year compared to the final Month 10 forecast is shown in the table below.

Directorate	2024/25 Original Budget £000	2024/25 Budget M10 £000	2024/25 Actual £000	Variance To Revised Budget £000
Community Health & Adult Social Care	4,443	2,906	2,696	(210)
Children's Services	4,724	6,770	4,603	(2,167)
Communities	100	186	40	(146)
Heritage, Libraries and Arts	-	460	11	(449)
Place and Economic Growth	83,226	69,040	67,714	(1,326)
Housing Revenue Account	628	200	1	(199)
Corporate/Information Technology	2,919	3,298	3,510	212
Capital, Treasury & Technical Accounting	2,600	4,600	3,216	(1,384)
Funding for Emerging Priorities	1,043	-	-	-
<b>Total Expenditure</b>	<b>99,683</b>	<b>87,460</b>	<b>81,791</b>	<b>(5,669)</b>

The Summer Review 2024 of the programme resulted in a reduction in forecast expenditure from £99.683m to £87.460m and reflected a re-phasing of projects that had not progressed as much as originally forecast in March 2024. As highlighted above, the Council spent £81.791m against the revised Capital Programme in 2024/25, resulting in a variance of £5.669m. The variance of £5.669m is made up of underspends on school projects of circa £0.780m and capitalised redundancy costs of circa £1.384m. The balance of circa £3.505m is as a result of schemes reprofiled into future years.

The table below details the financing of the 2024/25 capital expenditure.

Financing	2024/25 Original Budget £000	2024/25 Budget M10 £000	2024/25 Actual £000	Variance To Revised Budget £000
Government Grants & Contributions	(43,834)	(32,783)	(29,875)	2,908
Capital Receipts	(49,638)	(47,566)	(46,961)	605
Revenue Contributions	(630)	(233)	(28)	205
Prudential Borrowing	(5,581)	(6,878)	(4,927)	1,951
<b>Total Financing</b>	<b>(99,683)</b>	<b>(87,460)</b>	<b>(81,791)</b>	<b>5,669</b>

### Medium Term Financial Strategy (MTFS)

The Council presented its budget for 2025/26, together with its forward estimates to Full Council for approval on 6 March 2025. Whilst presenting a balanced budget for 2025/26 without the support of reserves, the MTFS highlighted major challenges facing the Council which included:

- The continued pressure on Children's Services due to demand for, and the costs associated with, placements and home to school transport.
- Adults Social Care demand and demographic pressures.
- The increased numbers of individuals and families presenting as homeless and requiring accommodation, a trend that is exacerbated by a current lack of housing supply.
- The impact of pay and inflation changes including National Insurance Contributions.

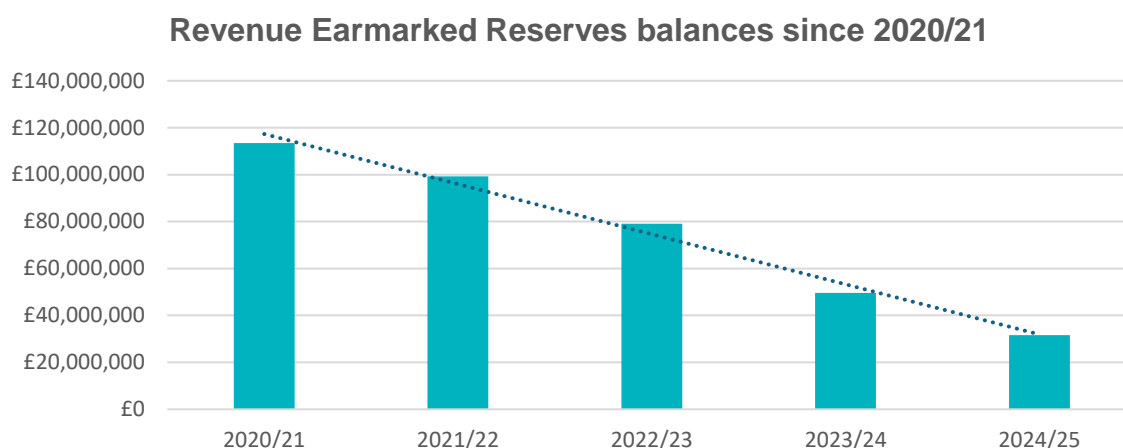
The pressures facing the Council reflect nationwide issues affecting the Local Government sector as a whole. There is no indication that these trends will curtail in the future meaning the Council must continue to make difficult decisions to maintain financial resilience and continue to provide effective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

Ambitious savings totalling £26.7m for 2025/26 have been implemented across the Council to address these pressures alongside a redeveloped transformation programme linked to the refreshed Corporate Plan. Significant budget gaps remain to be addressed over the forthcoming years. Further details can be found within the approved MTFS which is available on the Council's website.

During 2025/26, the Government will be making major changes to the financing of Local Government via the Fair Funding Reform and National Business Rates Reset. The initial consultation with regards to the Business Rates Reset closed on 2 June 2025. The consultation on Fair Funding Reform was issued on 20 June 2025 with a closing date of 15 August 2025. The Council are working through the implications for Oldham. Both of these areas will impact on Oldham Council and its budget for 2026/27 onwards. Initial indications are that there will be a return of multiyear settlements to aid financial planning and funding will be redistributed across the system to deprived areas made up of low tax base and high needs, similar to Oldham. It is imperative that savings are delivered in full and the budget strategy agreed at the Budget Council in March 2025 (that reserves are replenished at every opportunity to ensure financial sustainability) is achieved.

## Revenue Account Earmarked Reserves General Fund balances

In previous years, the Council has utilised its Reserves to meet shortfalls in funding. The following graph shows the General Fund Revenue Earmarked Reserves balances since 2020/21. There has been a general downward trend in balances since that time and a significant overall decrease of 72.19%, as can be seen in the graph below:



In order to ensure the Council reaches financial sustainability over the medium term, there must be no reliance on the use of reserves to balance the budget. The MTFS must demonstrate this for 2026/27 onwards, not just for the 2025/26 financial year.

As outlined in the revenue monitoring reports throughout the year, reliance on usable reserves to fund routine revenue expenditure is unsustainable and, as demonstrated above, has significantly weakened the Council's financial resilience. The implementation of a refreshed transformation programme comprised of four pillars for change, including one focused on Efficiency and Value for Money, looks to address the financial challenges faced by the Council and increase its overall financial sustainability.

During 2024/25, several additional spend control measures were introduced to address the continued financial challenges being faced and provide support with the actions needed to deliver a mitigated balanced position. These included:

- The establishment of the Financial Sustainability Delivery Board (FSDB) chaired by the Leader to provide challenge of the overall MTFS, budget and savings delivery;
- The establishment of the Financial Sustainability Steering Group (FSSG), chaired by the Chief Executive to monitor and provide robust challenge on the delivery of approved savings;
- The implementation of detailed service reviews to identify additional cost reduction proposals that can be approved during the financial year for early delivery (wherever possible) to reduce in-year pressures and for full implementation in future financial years; and
- Additional controls (introduced in January 2024) in respect of spend and new recruitment.

Ongoing financial resilience continues to depend on the Council eliminating its reliance on the use of reserves to balance its budgets (with a clear example of this being the financing of the revenue budget for 2025/26) without the need to use reserves. The Council's policy to replenish reserves wherever possible will ensure that the Council is well placed to address future challenges.

## Capital Strategy

The Capital Strategy for the 5-year period from 2025/26 to 2029/30 was approved by Cabinet and subsequently Full Council alongside the MTFS on 6 March 2025.

The Capital Strategy was influenced by the principles which shaped the overarching budget process for the Council and is driven by the ethos of a Co-operative Council. The areas of expenditure and sources of funding as reported to Budget Council are summarised below. This programme will be updated with the final Outturn position and reviewed across the Capital Strategy period as part of the ongoing capital monitoring process.

Directorate	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000
Community Health & Adult Social Care	4,106	3,000	3,000	-	-
Children's Services	10,482	3,151	2,000	-	-
Communities	338	-	-	-	-
Place and Economic Growth	80,617	14,998	15,502	2,055	-
Housing Revenue Account	3,193	206	210	215	219
Corporate/Information Technology	3,165	3,123	2,595	1,877	
Capital, Treasury & Technical Accounting	3,600	2,628	4,373	2,500	5,000
Funding for Emerging Priorities	3,000	2,885	2,000	-	-
<b>Total Expenditure</b>	<b>108,501</b>	<b>29,991</b>	<b>29,680</b>	<b>6,647</b>	<b>5,219</b>

Funding	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000
Ringfenced Grants	(52,250)	(3,962)	(7,700)	-	-
Un-ringfenced Grants	(8,449)	(5,775)	(1,858)	(780)	-
Other Contributions	(100)	-	-	-	-
Capital Receipts	(4,653)	(2,567)	(2,252)	(2,309)	(2,000)
Prudential Borrowing	(39,855)	(17,480)	(17,660)	(3,343)	(3,000)
Revenue (HRA & GF)	(3,193)	(206)	(210)	(215)	(219)
<b>Total Funding</b>	<b>(108,501)</b>	<b>(29,991)</b>	<b>(29,680)</b>	<b>(6,647)</b>	<b>(5,219)</b>

Potential projects are appraised via the Council's existing Gateway process with the outcomes being reported to Capital Investment Programme Board (CIPB) so that capital investment is directed to make a real and demonstrable impact on the economy of Oldham by:

- a) Regenerating the borough: building on the established investment programme by attracting and securing significant amounts of external investment to supplement Council resources and deliver an enhanced borough-wide regeneration offer.
- b) Prioritising regeneration schemes to develop the local economy through for example:
  - Taking forward the vision for Oldham town centre, facilitated by the acquisition and redevelopment of 'The Spindles';
  - Implementing key strands of the Housing Strategy to improve the housing offer;
  - Improving connectivity across the borough; and

- Supporting job creation and the Get Oldham Working initiative which are key to the economic and social recovery of the borough as it addresses the legacy from the COVID-19 pandemic and the challenges facing the economy arising from national and international developments.

The table above shows that some £81.338m (45.18%) of the approved Capital Programme will be funded by prudential borrowing. This may reduce over time as the Council continues to review potential funding opportunities and apply for grant funding where appropriate. The overall borrowing requirement will be kept under review in light of the Council's forecast revenue position and any contractually uncommitted projects reliant on borrowing may be deferred or cancelled accordingly. We keep under regular review the levels of borrowing that we undertake to ensure Value for Money.

A more detailed list is provided as part of the Capital Strategy report and can be found on the Council's website.

### **LGA Corporate Peer Challenge**

The 2023 LGA Corporate Peer Challenge praised Oldham Council for its strong leadership, place-based approach, and growing financial resilience. These strengths were reaffirmed during the twelve-month follow-up visit in November 2024, which recognised the Council's continued progress in challenging circumstances. The review highlighted improvements in embedding a resident-focused culture, now clearly reflected in the refreshed Corporate Plan and business planning processes. The Council was also commended for strengthening financial planning, deepening cross-organisational ownership of the budget challenge, and maintaining momentum on place-based regeneration, and partnership working.

### **Non-Financial Achievements linked to the Corporate Plan**

#### **Happier, Healthier Lives**

- Oldham Children's Services was rated GOOD in all areas by Ofsted, highlighting the Council's improvement and commitment to giving children the best start in life.
- We have expanded Family Hubs across all districts, providing joined-up support for parents, carers, and children.
- Oldham Council's Strategic Transport Team has been awarded the prestigious ICE North West Future Resilience Award in recognition of its work to improve safety around local schools.
- Oldham's Pension Credit Campaign has seen more than £230,000 being distributed to 53 pensioners, with each household receiving an average of £3,494 annually. The ongoing campaign is projected to provide more than £1.7m in support to these residents in the coming years, with more eligible pensioners expected to be identified.

#### **Great Place to Live**

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

- Launched The Hive, a dynamic new co-working hub at Spindles Shopping Centre, giving local businesses and freelancers a place to connect, innovate, and grow.
- Opened the doors to the Egyptian Room, Oldham's newest go-to destination for food, drink, and social experiences.
- Completed the landmark restoration of Royton Town Hall and Library, preserving its Victorian grandeur while creating a modern, community-focused space.

### **Green and Growing**

- Approved the Oldham Town Living Development Framework, setting out ambitious plans to deliver up to 2,000 new homes and reimagine urban living.
- Northern Roots is transforming 160 acres of underused green space into the UK's largest urban eco-park, right in the heart of Oldham.
- The launch of the Oldham Trading Platform is transforming the way businesses buy, sell, and grow – keeping more opportunities, investment, and jobs right here in Oldham.
- Atom Valley is transforming the region into a global leader in advanced manufacturing, clean energy, and digital innovation – and Oldham is right at its heart.

### **Corporate Risks**

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

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

This encompasses:

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

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

- The need to control expenditure and reduce the reliance on reserves;
- The impact of the Procurement Act 2023;



- Challenges associated with delivering the Council's Regeneration Programme;
- The impact of the financial pressures facing Manchester NHS in the light of provision of health and care services through Integrated Care Partnerships;
- Partnership governance;
- Workforce resilience and staff turnover at a senior level; and
- The increasing challenges associated with maintaining cyber security and protection of data.

## Main Changes to the Statements and Significant Transactions

The Council has followed the guidance in the CIPFA Code of Practice on Local Authority Accounting 2024/25 and subsequent Bulletin 19 for the closure of the 2024/25 Financial Statements. However, the Council has continued its policy of diverging from the Code in relation to the accounting treatment for the depreciation charge against Housing Revenue Account (HRA) dwellings. Details are provided in Section 4.1 of the Accounts. The Council's management believes that this alternative treatment is required in order to present a true and fair view of the financial position of the Council's HRA.

## Basis of Preparation and Presentation of the Accounts

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

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

The assessment of materiality also influences the Council's decision to produce Group Accounts. Each year the Council assesses the entities it exerts control or significant influence over to identify which fall within the Group boundary. If the value of transactions for the Group as a whole is material, Group Accounts are produced. The accounts for 2024/25 therefore consolidate the MioCare Community Interest Company.

## Explanation of the Statements to the Accounts

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

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

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

## Financial Statements

- **Comprehensive Income and Expenditure Statement (CIES)** shows the cost of providing services in the year in accordance with International Financial Reporting Standards. The top part of the CIES provides an analysis by Directorate and reflects the Council's local reporting format. The bottom half of the statement deals with corporate transactions and funding.
- **Movement in Reserves Statement** is a summary of the changes to the Council's reserves over the course of the year. Reserves are divided into "usable", which can be invested in capital projects or service improvements, and "unusable" which must be set aside for specific purposes.
- **Balance Sheet** shows the value of the Council's assets, liabilities and reserves at a point in time.
- **Cash Flow Statement** shows the changes in the Council's cash and cash equivalents during the year and quantifies the movements in balances attributable to the day to day running of the Council (operating activities), investing activities or financing activities.
- **Housing Revenue Account (HRA)** shows the in-year economic cost of providing housing services in accordance with generally accepted accounting practices.
- **Collection Fund Statement** shows the transactions of the Billing Authority in relation to the collection from taxpayers of Council Tax and Business Rates and its distribution to precepting bodies. For Oldham, the Council Tax precepts payable are for the Mayoral Police and Crime Commissioner Precept and the Mayoral General Precept (including Fire & Rescue Services).
- **Group Accounts** show the Group position of the Council and its material subsidiaries. The Council considers the Group Statements to be of equal prominence to the single entity statements.

### Receipt of Further Information

If you would like to receive further information about these accounts, please do not hesitate to contact Fiona Greenway, Interim Executive Director of Resources and Section 151 Officer, Oldham Council, West Street, Oldham, OL1 1UG.

### Acknowledgements

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



**Fiona Greenway, CPFA**

Interim Executive Director of Resources and Section 151 Officer  
30 June 2025



## 1.2 Annual Governance Statement 2024/25

### INTRODUCTION

The Council is required by law to review its governance arrangements at least annually. Preparation and publication of the Annual Governance Statement (AGS) is done in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) Framework 'Delivering Good Governance in Local Government'.

This AGS is a key corporate document which is intended to provide an accurate representation of the corporate governance arrangements in place which have supported the delivery of organisational objectives during the year. The governance framework has been in place across the Council for the year ending 31 March 2025 and up to the date of approval of the Statement of Accounts.

### SCOPE OF RESPONSIBILITY

The Local Audit and Accountability Act 2014 requires that local authorities publish an Annual Governance Statement alongside the accounts and a narrative commenting on the Council's economy, efficiency and effectiveness. This statement explains how the Council has complied with the Code and meets the requirements of Accounts and Audit (England) Regulations 2015.

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

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

The Council has established governance arrangements which are consistent with the seven principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) Framework 'Delivering Good Governance in Local Government' and it has adopted a Local Code of Corporate Governance which was approved by the Standards Committee on 27 June 2024. A copy of the [Local Code of Corporate Governance is available on the Council's website](#).

### PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems and processes, culture, values, and behaviours, by which the Council's activities are directed and controlled, through which it accounts to, engages with, and leads the community, citizens and service users. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, effective services and value for money.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to

identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively, and economically.

## THE GOVERNANCE FRAMEWORK & REVIEW OF EFFECTIVENESS

The Council has adopted a local governance framework consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' 2016 edition. The Council will also ensure that governance and internal controls are considered in the context of the new guidance from CIPFA and SOLACE which will apply from 2025/2026 onwards. The Council aims to achieve good standards of corporate governance by adhering to the seven core principles of good governance as outlined in the CIPFA/ SOLACE guidance:

- a) Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- b) Ensuring openness and comprehensive stakeholder engagement.
- c) Defining outcomes in terms of sustainable economic, social and environmental benefits.
- d) Determining the interventions necessary to optimise the achievement of the intended outcomes.
- e) Developing the entity's capacity, including the capability of leadership and the individuals within it.
- f) Managing risks and performance through robust internal control and strong public financial management.
- g) Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

Set out below is how the Council has specifically complied with the seven core principles set out in the CIPFA / SOLACE framework during 2024/25.

## ASSURANCE STATEMENTS

As part of the Annual Governance Statement, CIPFA guidance recommends that the Monitoring Officer and Section 151 Officer provide "a key source of assurance that the Council's systems and procedures of internal control which are in operation are effective, efficient and being complied with". In essence this requires the Monitoring Officer, as the Officer charged with ensuring that the Council, and every part of it, acts legally and is not acting in a manner thought to constitute maladministration or injustice. In addition, the Chief Financial Officer/S151 Officer similarly ensures that all parts of the Council act in accordance with the budgetary and policy framework requirements in connection with the setting of the budget and financial stewardship standards within the Council.

### Monitoring Officer Assurance Statement

As the Council's Interim Borough Solicitor and designated Monitoring Officer under Section 5 of the Local Government and Housing Act 1989, it is incumbent upon me that the Council is operating lawfully within the confines of all laws of the land and the Council's constitution is effective and adhered to. Evidence of any potential unlawfulness or maladministration would give rise to circumstances leading to a report being prepared that would seek to stop a proposal or decision being implemented until the report is fully considered.

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

### Standards:

The Council has a challenging and complex political makeup. There are 60 Councillors with 8 separate groups, the largest being the Labour Group with 27 members. The large number of political groups with differing political ideologies has led to at times a fractious environment where challenging member behaviour is not uncommon both towards officers and in particular towards each other. In the last 8 months since I have been in post, I have received 20 separate member standards complaints. These complaints include officer complaints towards members, member to member complaints and members of the public complaining about members.

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

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

- complete the training could then also be named, possibly in Full Council, there should also be more publicity about a member when a breach of the code is found.
4. Members also wanted it to be investigated if each Council member could be asked to sign a behaviour code of conduct contract and the Mayor would remind them of this contract at the start of each Council meeting. The Council should have implications for breaching it.

### **Conclusion:**

While the standards situation has been a point of difficulty for the Council, it is positive that all members of the Standards Committee recognised this and positively wanted to improve matters. I will continue to work with members and officers to work to improve the standards framework within the Council.

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

Alex Bougatef  
Interim Borough Solicitor / Monitoring Officer  
30 June 2025

### **S151 Officer Assurance Statement**

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

#### **1. Financial Management and Governance**

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

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

#### **2. Internal Control and Risk Management**

The Council has in place a comprehensive framework of internal controls and risk management, which has been reviewed and updated during the year. This framework supports the achievement of the Council's objectives while safeguarding public funds. Internal Audit has highlighted certain challenges and weaknesses within internal controls and has therefore given limited assurances for those areas, as detailed within the Head of Internal Audit's Assurance Statement below, the Council has put processes in place to address these over the coming year and these are addressed within the 2025/26 action plan. To provide assurance, the AGS will be reported to Audit Committee quarterly during the year.

#### **3. Resilience and Sustainability**

In my professional opinion:

- The Council's budget estimates are challenging with upcoming fundamental changes to the Local Government financing system which will have an impact on the Council's financial resilience, and
- The level of reserves held by the Council needs to be increased, with the use of reserves to fund day to day revenue expenditure kept to a minimum.

This opinion is based on an assessment of:

- The Council's financial position and Medium-Term Financial Strategy
- The adequacy of contingency plans and Earmarked Reserves
- The effectiveness of internal audit and external audit findings

#### 4. Conclusion

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

I will continue to work with Members and officers to strengthen financial resilience and ensure that the Council remains well-placed to meet future challenges.

Fiona Greenway  
Section 151 Officer / Chief Financial Officer  
30 June 2025

### Head of Audit and Counter Fraud conclusions on the systems of internal control and governance in place during 2024/25 and 2024/25 Annual Audit Opinion

From our independent audit review work in connection with the Council's systems of governance and internal control examined in relation to the financial year 2024/25, we have concluded that the Council has received **Limited** assurance over the effectiveness of these controls in the following areas:

#### 1. Financial Control and Resilience

Internal control arrangements in connection with five of the Council's Fundamental Financial Systems received **Limited** assurance opinions and have done for successive years. Three of these systems are in connection with Adult's and Children's Social care services support areas of delivery which have provided the bulk of the expenditure budget challenges for the Council for 2024/25 and prior years. One system, Debt Recovery, directly impacts the financial health of the Council where significant, and increasing levels of debt, across all areas, remain unpaid.

In terms of overall financial outcomes against budget for the year 2024/25, the unaudited financial results shows that the Council exceeded its annual budget again by over £10m. This overspend was, as in previous years, funded from the Council's reserve balances.

In the explanatory foreword to the Council's 2023/24 Financial statements, the Council's former Director of Finance and S151 Officer wrote:

*“When setting its budget for 2023/24, the Council approved the use of £11.5m of Earmarked Reserves to support additional expenditure in those services facing increasing levels of demand, in particular Children’s Services. Unexpected and unprecedented pressures in Children’s, but also other services meant that a further contribution from reserves of £16m was required. This is a concerning situation and the Council’s current reliance on reserves to fund annual expenditure must be addressed as a matter of urgency.”*

Should the use of reserves to support revenue expenditure continue, the Council risks the prospect of reduced financial resilience in future periods.

## **2. ICT**

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

## **3. Procurement**

Work in connection with the compilation of the Council’s own internal Contracts Register continues into 2025/26, having initially been raised as an area for improvement during 2022/23. As a result, our opinion in this area remains that the controls in place continue to provide **Limited** assurance that the Council is achieving best value in procurement and that procurement activity is aligned to the Council’s corporate objectives and goals.

## **4. Decision Making**

Findings from our review of the Council’s Delegated Decision Recording System reflect a risk that the Council is not ensuring openness and accountability in its decision making and recording processes; that sensitive information may be shared inadvertently, and in some cases, decisions may be progressed in the absence of complete and accurate information. As a result of our findings as set out above, our opinion is that controls in connection with the Council’s Delegated Decision Recording System provide **Limited** assurance on the transparency and accountability of the Council’s decision making processes and records.

## **5. Corporate Performance Management**

Findings from our review of the Council’s Corporate Performance Management Systems reflect a risk that the Council may not be able to measure performance in a way which is open, accountable, comparable, or in line with the Council’s corporate and service objectives and identified risks. Our opinion is that controls in connection with Council’s Corporate Performance Management provide **Limited** assurance in connection with the applicability, robustness and accuracy of the Council’s performance management reporting processes.

## **6. Recruitment and discipline**

Our findings in connection with the Council’s controls in connection with both recruitment and discipline reflect a risk that the Council is failing to adequately protect itself, its staff and residents from the risk presented by employing, or retaining, staff who have demonstrated

challenges in adhering to acceptable standards of behaviour in either previous employments, or have been proven to have conducted themselves in a manner considered to be Gross Misconduct in the course of their duties for the Council. Our opinion is that controls in connection with the Council's Recruitment and Disciplinary Procedures provide **Limited** assurance in connection with the effectiveness and consistency of these systems.

## **7. Conclusion and Annual Audit Opinion**

Given the improvements required over successive periods in Financial Management and Procurement, and the wide ranging impact of the improvements required in corporate systems in ICT, Decision Making, Performance Monitoring and Recruitment and Discipline, the overall Annual Audit Opinion is that the Council's systems of governance and internal control during 2024/25 provided **Limited** assurance that these systems have been effective in supporting the Council in meeting its corporate objectives and goals.

John Miller  
Head of Internal Audit and Counter Fraud  
30 June 2025



## REVIEW OF EFFECTIVENESS

### **Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**

We have a clear set of [values and behaviours](#) that outline how we do business. We share these borough-wide with our residents, partners and businesses. We use core values as a guide for decision making and as a basis for developing positive and trusting relationships within the Council. We demonstrate this by adherence to the constitution.

A new Code of Conduct was adopted by the Council in Sept 2024, following approval by the Standards Committee and reviewed on 24<sup>th</sup> June 2025. Under the new Code all Elected Members are required to confirm adherence to the code.

Throughout the year the conduct of Elected Members is monitored by the Monitoring Officer who reports annually on the outcome of complaints reported through to the Standards Committee. The Standards Committee met during 2024/25 to investigate complaints about Members and Co-opted Members and has met on the 24<sup>th</sup> June 2025.

Registers of declarations of interests, gifts and hospitality are held for both employees and Elected Members. Elected Members register of interests are published on the Council's website.

Council and Committee minutes show any declarations made at meetings are viewable on each Councillor's record on the website.

Training is provided for regulatory committees on a regular basis.

The Council's Constitution is updated annually and was approved by Council on 21 May 2025. The Constitution includes terms of references, defines decision making powers and describes roles and functions. The Financial Procedure Rules and Contract Procedure Rules were presented to Audit Committee for scrutiny and approval on 20 July 2023.

The Employee Code of Conduct is available to all staff on the intranet. There is also a summary document which explains the standards expected of officers. The Code of Conduct training forms part of the mandatory eLearning programme and officers are expected to complete this training course every two years.

The Council has a comprehensive suite of e-learning for staff which includes 12 mandatory modules. The system allows managers to monitor employees completion and compliance with policies. The mandatory training modules are approved by the senior leadership team and annual completion reports are shared with senior leadership and further reports are shared with services to support with compliance and completion.

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

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

Legal advice is sought where required. All legal challenges are recorded in a legal risk register, which is reviewed by the Monitoring Officer. Cases with significant implications



for the Council are discussed with the Chief Executive and where appropriate referred to Management Board for consideration.

Regular 'Golden Triangle' meetings between the Chief Executive, Monitoring Officer and Director of Finance.

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

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## **Principle B: Ensuring openness and comprehensive stakeholder engagement**

Effective mechanisms are in place for engaging with and consulting with relevant stakeholders.

All Committee meetings have been held in public unless legislation prevents this or allows them not to be. All meeting dates, agendas and minutes have been published in accordance with legislation and are available online and can be inspected at the Civic Centre. The Council publishes all key decisions on its website.

The Council also live-streams Full Council and Cabinet meetings. The Council encourages public questions at meetings and have procedures for speaking at meetings, for example, Full Council and planning committee.

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

The Council, in November 2024 adopted a new Borough Plan, developed collaboratively with the Leading Oldham Board, and which serves as the blueprint and is going to guide the next six years of the Leading Oldham Board.

The Leading Oldham Partnership brings together leaders from the Council, health services, housing, education, police, fire services, Voluntary, Community, Faith and Social Enterprise (VCFSE), and local businesses. Together they guide important conversations, track progress, and solve issues along the way.

The Leading Oldham Board is supported by three subgroups:

- **The Growth Board** - The Growth Board works to creates jobs and helps Oldham's economy grow. They will work closely with local businesses, developers, and schools to attract new investments and improve job training.
- **The Communities Board** - The Communities Board makes sure Oldham's neighbourhoods are strong, welcoming, and safe. They will work with local organisations, volunteers, and community leaders to support projects that bring people together and improve public spaces.
- **The Health and Wellbeing Board** - The Health and Wellbeing Board works to improve the health and happiness of Oldham's residents. They will team up with doctors, hospitals, the Council, and community groups to make healthcare more accessible and support mental health.

The Oldham Plan is the partnerships shared vision for shaping the future of our borough. It's grounded in partnership and collaboration, bringing together the public sector, local businesses, community groups, and residents. By working together, we've set three clear missions to achieve by 2030 to make Oldham a fantastic place to live and work. Each of our collective missions will deliver real improvements to the lives of Oldham people.

- **Healthier, Happier Lives** – In Oldham, every individual matters. We aim to build a community where everyone has access to the care, support and opportunities they need to live a good life. We are committed to tackling poverty, improving health and wellbeing, providing high-quality social care and promoting lifelong learning.

- **Great Place to Live** – We know Oldham is a place where people love to live, and we're committed to building on that pride by providing more affordable, quality homes, improving public spaces, and creating a strong local economy with vibrant communities that get on well.
- **Green & Growing** - We will make Oldham a place where economic growth benefits all residents, creating opportunities for businesses to succeed while ensuring our community and environment thrive. By attracting new investment, supporting local businesses, and leading in green technologies, we will generate quality job opportunities and equip people with the skills they need to succeed.

The Council continues to engage with all sectors of the community through Partnership and Community Engagement, District Partnership engagement and panels, Area Committees, Ward Committees and Scrutiny Committees, and through targeted consultation and engagement. In addition to corporate consultation exercises, directorates conduct specific consultation.

The 2023 LGA Corporate Peer Challenge praised Oldham Council for its strong leadership, place-based approach, and growing financial resilience. These strengths were reaffirmed during the twelve-month follow-up visit in November 2024, which recognised the Council's continued progress in challenging circumstances. The review highlighted improvements in embedding a resident-focused culture, now clearly reflected in the refreshed Corporate Plan and business planning processes. The Council was also commended for strengthening financial planning, deepening cross-organisational ownership of the budget challenge, and maintaining momentum on place-based regeneration, and partnership working.

The Council is committed to engaging with its staff and does this in a number of methods. In 2021 the Council reintroduced a full staff survey to understand levels of engagement and satisfaction amongst staff. The outcome of this survey led to the development of an action plan to address issues raised and continuing with the pledge to maintain engagement, a further survey was carried out in the early part of 2024. The results from the 2024 survey were published on the Council's intranet site for staff to see. Areas of strength and development needs have been highlighted with several initiatives introduced to make improvements, for example introduction of peer support groups, relaunch of change champions, rollout of GM People Inclusion Standards, and a new Dignity at Work policy. All designed to support staff to have a meaningful voice and increase engagement, diversity, equity, inclusivity, and belonging. The next staff survey is expected to be rolled out in January 2026 and at least annually thereafter.

Weekly Team Briefings are distributed to staff via an e-newsletter. This briefing includes important service updates, upcoming events and a range of initiatives that staff can get involved with. Weekly updates from the Chief Executive are distributed that summarises the key themes from the weekly Management Board meeting. There is also an 'Ask the Chief' email address, which staff can use at any time to provide direct feedback or ideas to the Chief Executive.

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

On November 06, 2024, we adopted a new Corporate Plan: Ready for the Future – covering 2024 to 2027. The Corporate Plan 'Ready for the Future' also provides the core of the Council's contribution to delivering the new Oldham Plan: Pride, Progress, Partnership.

Oldham Council's Corporate Plan 2024-27 describes how the Council will maximise the impact of our efforts and resource to improve the lives of residents in the borough over the next three years. The plan, which aligns with the Oldham Partnership's vision document (Pride, Progress, Partnership), focuses specifically on responding to the needs and aspirations of our communities. The plan outlines how we will contribute to the Oldham Plan missions, our organisational values and behaviours, and how we will create the right conditions for success.

The plan sets out three key missions:

- **Happier, Healthier Lives** - In Oldham, every individual matters. We aim to build a community where everyone has access to the care, support, and opportunities they need to live a good life. We are committed to tackling poverty, improving health and well-being, providing high-quality social care, and promoting lifelong education.
- **Great Place to Live** - We know Oldham is a place where people love to live, and we're committed to building on that pride by providing more affordable, quality homes, improving public spaces, and creating a strong local economy with vibrant communities that get on well.
- **Green and Growing** - We will make Oldham a place where economic growth benefits all residents, creating opportunities for businesses to succeed while ensuring our community and environment thrive. By attracting new investment, supporting local businesses, and leading in green technologies, we will generate quality job opportunities and equip people with the skills they need to succeed.

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

The Corporate Plan will be underpinned by an Annual Delivery Plan, developed through our business planning process, to ensure clear, actionable steps align with our strategic goals each year. From April, we will also introduce an Annual Performance Report, providing transparency and accountability by measuring our progress against the three missions. This approach allows us to adapt to emerging challenges and opportunities while maintaining a strong focus on delivering meaningful outcomes for our residents.

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

All decision reports (including Cabinet, Council and Delegated decisions) include a section on compliance with legal requirements, financial aspects and risk.

Member and Officer briefings take place for more complex areas of decision making.

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

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

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

Alongside the adoption of our new corporate plan, we outlined a new approach to transformation and launched the new programme. Our four pillars of change are what will support the implementation of our strategy, driving our change and improvement programme forward. These tools and approaches ensure that we remain dynamic and responsive, even as we navigate the complex and evolving landscape of local government in the UK.

The four pillars of change are:

- **Efficiency and Value for Money** - We're committed to ensuring the best use of our resources across the organisation. Through centralising our support functions, improving service delivery, and maximising our income, we aim to drive efficiency while maintaining good quality. Our workforce strategy promotes the development of our people, skills and a culture to deliver sustainability and value for money.
- **Capacity Building** - We will create resilient infrastructure that help to meets our current and future needs. By making sure we have enough residential placements and developing a range of accommodation solutions, we will provide fit-for purpose and essential support for our communities. Our housing developments are designed to promote sustainability, foster growth, and ensure long-term stability throughout the borough.
- **Prevention and Early** - We are proactive in reducing demand and need for our services with a focus on prevention and early help. Through place-based integration, collaborative working, and early intervention, we will provide support before crises develop. This helps manage demand effectively, with better outcomes for our residents and a more sustainable future for Oldham.
- **Digital** - We will drive digital transformation to improve and enhance service delivery and organisational efficiency. By reviewing our systems, maximising use of our IT solutions, and adopting a data-led insights approach, we will make our services agile, responsive and effective. Greater use of automation, AI, and a focus on customer channel shift enables us to better meet the demand and evolving needs of our communities in a fast-changing digital landscape.

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

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

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

All officers are supported with regular performance conversations through the appraisal system, Let's Talk, with targeted, relevant training identified to meet agreed objectives. The Council's Learning Needs Analysis ensures appropriate spend of the General Training Budget to build capability across the workforce.

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

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

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

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

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

A Risk management policy is in place and was updated in July 2023.

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

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

The Corporate Risk Register is regularly updated from the risks highlighted in the business plans alongside corporate risks identified separately. Management Board receive regular in-year updates, at least quarterly on the management of risks within the Corporate Risk Register and the updated Corporate Risk Register is shared with Audit Committee.

There are robust policies, guidance and systems in place to ensure that data is as secure as possible. Annual mandatory data protection and cyber awareness training is in place for all staff.

The Data Protection team, led by the Data Protection Officer provide a corporate approach to information governance processes and procedures ensuring they are met and implemented. The Council's Senior Information Risk Owner (SIRO) is the role of Executive Director of Resources and reports through to Management Board and Audit Committee annually on security breaches, information risk issues and other data issues.

During 2023/24, the Internal Audit Section was independently assessed by CIPFA as part of its five yearly assessment cycle which confirmed full compliance with the Public Sector Internal Audit Standards. The Head of Internal Audit and Counter Fraud reports regularly to the Audit Committee.

Progress against the audit plan and the outcomes of all audits are reported through to Audit Committee throughout the year and follow ups are routinely revisited as part of the following year's audit plan.

The Head of Internal Audit also provides an Annual Report and Opinion to the Audit Committee on the adequacy of the Council's Internal Control Environment for the year. A summary statement on the outcomes of the work of the Internal Audit and Counter Fraud Service is included earlier in this statement. The Head of Internal Audit's opinion is that the Council's control environment during 2024/25 provided **Limited** assurance that the Council's systems of governance and internal control met its needs in monitoring and controlling its performance and resources.

The Council's compliance with the CIPFA Financial Management Code was reported to the Audit Committee on 5 September 2023 and advised Members that the Council complied with the key requirements of the Code.

Whilst the exercise identified strong financial management practices, the Council has continued to face significant pressures on the revenue budget arising as a consequence of demand pressures in social care services, homelessness and in respect of premises costs. For 2024/25 these pressures resulted in an initial forecast adverse variance at Quarter 1 of £26m against the approved budget. However, the overall impact for 2024/25 was mitigated downwards due to underspends as a result of changes in policy, one off return of resources and the implementation of management actions such as recruitment and expenditure controls. The final position required the use of £10m of Reserves to balance the position which was a continuation of the actions required to balance the 2023/24 position (£16m). The impact of this has been to reduce Earmarked Reserves to £31m which in turn impacts on financial resilience. The continuation of those actions

implemented in 2024/25 alongside further management action will be required during 2025/26 to avoid similar action being required to balance the budget.

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**Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability**

The Council publishes a wide range of information on its website, with the aim of increasing transparency and accountability, and to comply with the local government transparency code.

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

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

The Council complies with the requirements of the Local Government Transparency Code 2015. This information can be found on the Council's website at [https://www.oldham.gov.uk/info/100004/about\\_the\\_Council/1429/open\\_data/3](https://www.oldham.gov.uk/info/100004/about_the_Council/1429/open_data/3)

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

The Audit Committee is chaired by an independent member and the Committee oversees the work of Internal and External Audit. External training is provided to Members of the Audit Committee to help them dispense with their responsibilities. To assist in developing the skills and capacity of the Committee, recruitment has commenced to bring in a second independent member to the Committee.

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

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

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

It is a requirement of the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 that, "Where an authority is in a group relationship with other entities and undertakes significant activities through the group, the review of the effectiveness of the system of internal control should include its group activities". This was undertaken via

the development of a Partnership Dashboard, that sets out the key financial risks associated with the Council's subsidiaries and other related parties. During the year a report was presented to the Governance, Strategy & Resources Scrutiny Board highlighting the risks.

To continue the development of the Council's governance arrangements and to strengthen the process, a new Assistant Director of Governance has been recruited during 2024/25. To further enhance, the Council is currently recruiting for an Executive Director of Resources that will give further core assurance and bring all the Governance functions under one Directorate to give greater Senior Management oversight and ownership.

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

## Key Sources of Assurance

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

Internal Audit	<ul style="list-style-type: none"><li>• Annual Head of Internal Audit Opinion</li><li>• Internal Audit reports</li><li>• Public Sector Internal Audit Standards compliance</li></ul>
External Audit	<ul style="list-style-type: none"><li>• Annual Statement of Accounts audit</li><li>• Value for Money opinion</li><li>• Grant certification</li></ul>
Information Governance (IG)	<ul style="list-style-type: none"><li>• IG policies and procedures</li><li>• Annual SIRO reporting</li></ul>
Counter fraud	<ul style="list-style-type: none"><li>• Counter fraud policies</li><li>• Annual report</li></ul>
Risk Management	<ul style="list-style-type: none"><li>• Corporate Risk Register</li><li>• Service Risk Registers</li><li>• Quarterly reporting on risk</li><li>• Internal audit reviews</li></ul>
Complaints	<ul style="list-style-type: none"><li>• Internal complaints procedure</li><li>• Internal complaints monitoring and reporting</li><li>• Ombudsman</li></ul>
External Reviews	<ul style="list-style-type: none"><li>• Ofsted Children's Service Inspection</li><li>• Local Government Chronicle (LGC) Awards</li></ul>
Management and Statutory Officers	<ul style="list-style-type: none"><li>• Monitoring Officer (legal assurances and ethics)</li><li>• Chief Finance Officer role compliance</li></ul>
Committees	<ul style="list-style-type: none"><li>• Scrutiny</li><li>• Standards reports</li><li>• Audit Committee self-assessment</li></ul>

## SIGNIFICANT GOVERNANCE ISSUES

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

The Council's financial position has become more challenging over recent years as a result of significant overspends in key demand led service areas. For some time there has been a high reliance on applying reserves to support the budget and this was again the case for the 2024/25 financial year. Whilst reserves have been available to support this approach, this is not a sustainable long term plan with a growing impact on the Council's financial resilience. The use of reserves should only be used to balance a budget as part of a strategy to try to lessen the severity of the budget reductions required to achieve financial sustainability, with plans to replenish reserves also included.

Whilst reserves were used to support day to day revenue expenditure in 2024/25, it should be noted that this use was kept to a minimum. As detailed within the Narrative Report of the Statement of Accounts, the overspend position at Quarter 1 of 2024/25 was reported at £26m. At this point, several management actions were implemented to address this worrying position which had the positive result of reducing this adverse variance to £10m by the financial year end which was met from usable reserves.

Furthermore, at the Budget Setting Council meeting held in March 2025, the Council approved its first budget in a long time that did not require the use of reserves to balance its position, with a replenishment of reserves budgeted. This is a significant step forward to increase the Council's financial resilience.

There are three key drivers for the financial challenges that the Council faces and these are Adult Social Care, Children's Social Care and Homelessness. These pressures are driven both in terms of the numbers accessing the services but also in respect of the costs to the Council in commissioning packages of care and temporary accommodation.

Children's Social Care services have faced the biggest impact over the last few years, primarily due the increased cost of care, the increase in the support that is required and the number of residential care placements for looked after children. Since 2022/23, Children's Services have overspent by £37.9m with £10.7m of this being the adverse position in 2024/25. The Council has once again approved additional resources in this area when setting its budget for 2025/26 with £11.095m pressures funding allocated. Early indications are that there are continued pressures in this area and it is imperative that mitigations are agreed to offset any financial pressures that are faced.

Another area of financial impact is homelessness with the significant costs faced by the Council to provide temporary accommodation to vulnerable residents. Likewise with Children's and Adult's Social Care services, additional financial resource was approved at Budget Setting Council in March 2025 for 2025/26 with £3m being allocated for this area. Current information indicates that with this additional funding and the work being completed by the service, that costs for this area of spend will be met from within the resources available.

The other major factor that has impacted on the Council's financial position is the failure to generate savings in line with the underlying need to reduce the budget. As highlighted above, over several years, the Council has employed a strategy of applying specific earmarked reserves to mitigate the impact of the necessary budget reductions to protect front line services. Whilst this has to some extent insulated services, this strategy inevitably could not be continued indefinitely with the 2025/26 revenue budget set without the need of

reserves to support its position. As Earmarked Reserves now stand around £31.5m, the focus for 2025/26 onward is on achieving financial sustainability by achieving the delivery of the approved budget reductions without a continued reliance on contributions from reserves.

Significant savings plans of over £26.7m were approved when setting the 2025/26 budget to help address the budgetary challenges over the next twelve months, however over the projected MTFS, residual budget gaps remain. One of the greatest challenges the Council will face is ensuring that programmes are kept to plan to ensure delivery in line with expected timescales. Slippage from this will undoubtedly present challenges and reduce the Council's financial resilience further.

Furthermore, during 2025/26 several changes will be made to the financing of Local Government through the Fair Funding Reforms and the Business Rates Reset. There is significant uncertainty around how these will impact the Council over the short to medium term, however it has been indicated that a multi year finance settlement will be issued in December 2025 for 2026/27 onwards which will provide the Council with more certainty around its funding levels and financial strategies.

To address the issues in 2024/25, a number of actions were put into place, and these can be found below:

2024/25 Action	Responsible Officer	Progress
1) Moving to bi-monthly (from quarterly) reporting of the Council's financial position.	Director of Finance	<b>Complete</b> The Council's financial position was reported to Cabinet for periods Qtr1, Month 4, Qtr 2, Month 8, Qtr 3 and Month 10.
2) Incorporating savings updates as part of the Budget Monitoring Reporting cycles together with the Establishment of a Delivery Board, chaired by the Leader, to hold directors to account in respect of the savings proposals put forward.	Director of Finance	<b>Complete</b> Within the Council's budget monitoring report presented to Cabinet was a section detailing the progress of the 2024/25 savings. Furthermore, a Financial Sustainability Steering Group (FSSG) was established during 2024/25 to hold Directors to account and challenge progress on the delivery of savings. This group was chaired by the Leader of the Council.

3) Devising a new and accelerated budget timetable to support early decision making with strong support from the Administration.	Director of Finance	<p><b>Complete</b></p> <p>An early timetable was established with several Elected Member and Senior Officer budget challenge sessions being held throughout the financial year. In July 2024, a number of budget adjustments at £6.1m were approved by Cabinet for early delivery to assist with the 2024/25 financial position whilst also supporting the 2025/26 budget process.</p>
4) Reviewing and refreshing the transformation and change programme to identify options for acceleration of schemes that will drive financial savings.	Assistant Director of Strategy & Transformation	<p><b>Ongoing</b></p> <p>In November 2024, alongside the adoption of our new corporate plan, we outlined a new approach to transformation and launched the new programme. We've assessed all of our projects, and reset their outcomes and deliverables, including the potential financial savings. Alongside this, Newton have been commissioned to complete a discovery of opportunities in our key demand / financial pressure.</p>
5) Work to align financial planning with colleagues at the ICB to ensure resource planning is efficient and aligned.	Director of Finance	<p><b>Complete</b></p> <p>Budget meetings held to align the Council's budget setting timetable and assumptions with the ICB process to ensure a more streamlined and effective process.</p>
6) Demonstrating how risks identified have informed the budget setting process and MTFS financial strategy.	Director of Finance	<p><b>Complete</b></p> <p>A risk based approach was applied when setting the budget for 2025/26 working with Senior Officers and Elected Members to inform the financial strategy. This work was conducted alongside reviewing the ongoing impacts of the financial pressures across services and allocating additional financial resource to the areas needed. This risk based approach also removed the need for the Council to rely upon Earmarked Reserves to set a balanced budget for 2025/26.</p>

<p>7) Ensuring that all income and debts due to the Council are collected efficiently and effectively. All debt management activity will be centralised under the Assistant Director for Revenues and Benefits with new consistent debt management policies.</p>	<p>Head of Revenues and Benefits</p>	<p><b>Ongoing</b> A Corporate Debt Policy has been developed and implemented, covering all Council income streams except Adult Social Care, Parking, and services where residents, or businesses pay up front. In parallel, a separate Adult Social Care Debt policy has been introduced specifically for those cases, ensuring tailored and appropriate recovery processes. Debt management activity is now aligned under the Assistant Director for Revenues and Benefits, supporting a more consistent and co-ordinated approach to income collection across Council Tax, Non-Domestic Rates, Sundry Debts, and Housing Benefit Overpayments. Please note that parking debts remain outside the remit of the Assistant Director for Revenues and Benefits and is managed separately.</p>
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As evidenced above, progress was made during 2024/25, however there continues to be further work needed in this regard for 2025/26, with further information provided below:

2025/26 Proposed Action	Responsible Officer	Timeline
1) Implementation of budget saving delivery plan documents to hold directors to account on the delivery of budget reductions including mitigations for approved plans.	Director of Finance	June 2025
2) Continuation of the Financial Sustainability Steering Group, chaired by the Leader, to hold directors to account in respect of the savings proposals and to monitor and manage the MTFP and MTFS processes to deliver a balanced budget.	Chief Executive	June 2025
3) Development of budget monitoring information to include further analysis of any variances split by non delivery of savings, expenditure or income pressures with mitigations.	Director of Finance	August 2025

4) Working with our approved strategic partner to develop a robust transformation and change programme to drive financial savings over the MTFS period.	Assistant Director of Strategy & Transformation	March 2026
5) Development of the Council's Medium Term Financial Strategy to include the impacts of the Fair Funding Review and Business Rates Reset from 2026/27.	Director of Finance	March 2026
6) Completion of a comprehensive review of Revenues and Benefits, including, processes, customer experience and technology usage with the aim to build a resilient service model.	Assistant Director of Revenues & Benefits	December 2025
7) Develop a mandatory training Programme for Elected Members in relations to the Members Code of Conduct	Monitoring Officer	March 2026
8) Explore options to review the Members Code of Conduct to improve compliance.	Monitoring Officer	December 2025

## RISKS AND OTHER KEY ISSUES

The table below highlights some of the key risk and issues that the Council faces, together with proposed actions to reduce and mitigate these risks.

Issue	Proposed Action
<b>Procurement Act 23 (PA23)</b> Not all staff understand the implications of procurement and the changes brought about by PA23. In addition, Councillors are at risk where they engage with suppliers or drive initiatives.	Initial training has been provided to staff outside CPU but not all senior managers, operational staff have attended. Additional internal sessions for teams are proposed to be run and managed by CPU on a category basis. It is encouraged that Councillors are also provided with training and this needs to be considered by Management Board.
<b>Procurement Act 23 - Staffing</b> Procurement Act 23 went live in February 2025 which brings about new rules and regulations. Although some of the current CPU are trained, these are predominantly interim staff and recruiting new staff in 2025 is likely to be a challenge as not all professionals have undergone training, and many professionals are not looking for new	The Procurement function is facing challenges with recruiting and retaining staff so there will be a challenge to ensure the Council retains sufficient in-house knowledge to continue to drive through and implement these changes. PA23 experience will be included in job descriptions when advertising against the proposed structure,



Issue	Proposed Action
opportunities while they adjust to the Act in their current organisations.	in the meantime maintaining the current interims within the CPU budget.
<p><b>Regeneration – Creating a Better Place</b></p> <p>The Council has a number of key regeneration projects planned for the future as detailed in the Creating a Better Place Programme. This programme is central both to the regeneration of the Borough and the projected savings stemming from asset rationalisation. Failure to deliver on any aspect of this programme is likely to have a financial impact on the Council: either through loss of budgeted grant income, reputational damage and/or an increase in the overall financing of current plans from the Council's own resources.</p>	<p>The continued bi-monthly reporting will provide early warnings of pressures. An annual review of major Regeneration Projects included within the agreed Capital Programme will be undertaken by the Council during 2025/26 to assess the affordability of the Capital Programme in light of the revised cost forecasts, the MTFS position and the changes to local government funding.</p> <p>There will continue to be close engagement with the Ministry for Housing, Communities and Local Government who administer key grant programmes. Where there is considered a risk of slippage, agreement to re-profile expenditure to later financial years will be sought.</p>
<p><b>Health Integration</b></p> <p>Under the Health and Care Act 2022, Integrated Care Systems (ICS) are now responsible for planning and funding health and care services in the area they cover. There are 42 ICSs across England and Greater Manchester is an ICS on its own with Oldham being one of ten Localities under the GM ICS. ICSs are partnerships that bring together the health and care organisations in a particular local area, to improve population health and healthcare, tackle unequal outcomes and access, enhance productivity, value for money, and help the NHS to support broader social and economic development - the cited Triple Aim - better health for everyone, better care for all and efficient use of health and care resources.</p> <p>GM ICS has significant financial pressures that the Locality and System arrangements are intended to address. There is a potential risk that the new ways of working and the current proposed reforms to the NHS do not result in the efficiencies anticipated.</p>	<p>The Council can, with its current Decision-Making processes, increase its flexibility to increase/ decrease the contribution to the pooled budget managed under a Section 75 Agreement with Oldham NHS partners in the locality (using the powers of the NHS Act 2006). This is on the assumption this flexibility will enable the whole health and care system to implement future efficiencies to generate overall savings/ improved service. This flexibility will be kept under continued review to maximise future opportunities for efficiency in Adult Social Care.</p> <p>The Oldham Commissioning Business Partnership Board retains the duty to agree plans for spending against the Better Care Fund which are the funds that currently make up the Section 75 pooled budget. Oldham's integrated system mechanism for measuring and monitoring performance, improvement and assurance is currently being enhanced. The developing framework will enable Oldham to provide regular reports of the impact that integrated system working is achieving. The reporting mechanism at Locality and GM will be to ensure Oldham benefits and has access to GM initiatives and resources and ensure the Council is involved at the GM system level. The</p>

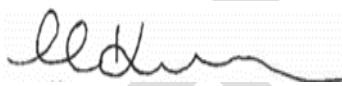
Issue	Proposed Action
	Council will consider all the emerging risks arising from Health Integration throughout 2025/26 and it will be considered as part of the review of the Council's reserves/ financial resilience and the on-going budget monitoring for 2025/26.
<p><b>Partnership Governance</b></p> <p>The Council has a number of wholly owned subsidiaries including MioCare CIC, Northern Roots and Oldham Total Care Limited (OTC).</p> <p>Separate governance arrangements are required to monitor the Council's exposure to risks associated with its subsidiaries and other related party undertakings.</p> <p>In particular the purchase of a distressed care home through OTC presents the challenge of restoring the business to a financially sustainable business model.</p>	<p>The Partnership Dashboard, which identifies the risks and issues faced by all the Council's partnerships, will continue to be updated and presented to Audit Committee for review.</p> <p>In respect of OTC:</p> <ul style="list-style-type: none"> <li>• Governance arrangements including the composition of the board of directors will be reviewed to ensure they meet the long term needs of the organisation.</li> <li>• A robust business plan will be developed to outline optimal and sustainable long term arrangements for both the Council and OTC.</li> </ul>
<p><b>Workforce Resilience</b></p> <p>The Council has had a number of key personnel leave the authority over the last couple of years which has resulted in several interim arrangements at a senior level.</p>	<p>The Council undertook the recruitment of a permanent Chief Executive in March 2025 which will provide much needed stability for the organisation with a restructure of the Senior Leadership Team taking place soon thereafter. During June 2025, a recruitment drive has taken place to permanently recruit to the Senior Leadership Team which, when complete, will reduce the risk to the organisation and provide the robust strategic leadership needed.</p>
<p><b>IT Security</b></p> <p>Failure to protect the Council network from external and internal attacks could lead to a loss of service for a period of time potentially resulting in harm to individuals, damage to reputation and financial loss.</p>	<p>The Council has a number of mitigations in place for cyber security but cannot provide full details of these in this document. These include: managed detection and response, 24/7 SOC, network traffic analysis, lateral movement detection, unidentified devices, immutable backup storage and multiple layered ransomware detection. All of these including plans, policies, training and controls underpin the Council's threat detection. The Council has backup solutions which underpin its recovery strategies.</p>

## SUMMARY

The Council has identified a need to invest in and improve the governance, risk and audit functions. Some activities have already taken place, and the Council fully recognises that there is more to strengthen in this area. The action plan within this AGS will be monitored and reported to Audit Committee in a regular basis during 2025/26. The current arrangements in place protect its interests and provide necessary assurances to citizens and stakeholders and this process will be further enhanced throughout the coming year. Like all organisations, we cannot stand still and therefore we seek to take steps to address issues and strengthen the internal control environment as necessary and enhance our governance arrangements.



Councillor Arooj Shah  
Leader of Oldham Council



Shelley Kipling  
Chief Executive Oldham Council

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## 2.0 Statements to the Accounts

### 2.1 Statement of Responsibilities for the Statement of Accounts

#### 2.1.1 The Council's Responsibilities

The Council is required to:

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

#### 2.1.2 The Section 151 (S151) Officer Responsibilities

The Section 151 Officer is responsible for the preparation of Oldham Council's Statement of Accounts in accordance with proper practices as set out in the Chartered Institute of Public Finance and Accountancy 2024/25 Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

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

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

#### 2.1.3 Certification of Accounts

I certify that the Statement of Accounts gives a true and fair view of the financial position of Oldham Council at 31 March 2025 and its income and expenditure for the year then ended.



Section 151 Officer  
Dated: 30 June 2025

## 2.2 Auditors Report

This page is left blank intentionally and will be updated once the accounts have been audited.

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# Financial Statements and Explanatory Notes

### 3.1 Comprehensive Income and Expenditure Statement (CIES)

2023/24				Note	2024/25		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000			Gross Expenditure £000	Gross Income £000	Net Expenditure £000
67,663	(58,021)	9,643	Corporate Services		71,491	(58,913)	12,578
340,800	(233,067)	107,734	Children's Services		360,117	(247,590)	112,528
146,789	(59,003)	87,786	Community Health and Adult Social Care		158,189	(61,984)	96,206
14,123	(4,608)	9,515	Capital, Treasury and Technical Accounting		22,818	(3,333)	19,485
111,937	(40,285)	71,651	Place and Economic Growth		127,697	(45,248)	82,448
31,171	(3,451)	27,720	Public Health		37,624	(3,254)	34,370
21,021	(29,151)	(8,130)	Housing Revenue Account		45,074	(31,441)	13,633
<b>733,504</b>	<b>(427,585)</b>	<b>305,919</b>	<b>Cost of Services</b>		<b>823,010</b>	<b>(451,762)</b>	<b>371,248</b>
		329	Other Operating Expenditure				354
			Parish Council precepts				
		444	Payments to Housing capital receipts to government pool				246
		34,292	Levies	12			35,069
		(951)	(Gains)/losses on the disposal of non-current assets				9,577
		<b>34,114</b>	<b>Total Other Operating Expenditure</b>				<b>45,246</b>
		17,695	Financing and Investment Income and Expenditure	3			19,334
		(321,604)	Taxation and Non-Specific Grant Income	4			(344,787)
		<b>36,124</b>	<b>(Surplus) or Deficit on Provision of Services</b>				<b>91,041</b>
		(78,990)	Other Comprehensive Income and Expenditure				(52,913)
		130	Revaluation (gains)/losses non-current assets	16a			13
			Impairment losses on non-current assets	16a			
		(25,027)	(Surplus) or deficit on Financial Assets measured at Fair Value through Other Comprehensive Income				2,615
		(65,098)	Remeasurement of net defined benefit liability	31			(468,600)
		178,037	Asset Ceiling Adjustment	31			462,741
		<b>9,052</b>	<b>Total Other Comprehensive Income and Expenditure</b>				<b>(56,144)</b>
		<b>45,176</b>	<b>Total Comprehensive Income and Expenditure</b>				<b>34,897</b>

### 3.2 Movement in Reserves Statement

2024/25		Usable Reserves								Unusable Reserves	Total Reserves
		General Fund Balance	Earmarked General Fund Reserves	Total General Fund Balance	Housing Revenue Account	Usable Capital Receipts	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserve		
	Note	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Balance at 1 April Brought Forward</b>		(18,865)	(72,540)	(91,405)	(21,106)	0	(1,222)	(28,306)	(142,039)	(549,590)	(691,629)
<b>Movement in reserves during 2024/25</b>				-					-		-
Total Comprehensive Income and Expenditure		68,019	-	68,019	23,022	-	-	-	91,041	(56,144)	34,897
Adjustments between accounting basis and funding basis under regulations	14	(40,409)	-	(40,409)	(26,363)	0	(121)	(17,346)	(84,239)	84,239	-
<b>Net (increase)/decrease before transfers to Earmarked Reserves</b>		27,610	-	27,610	(3,341)	0	(121)	(17,346)	6,802	28,095	34,897
Transfers to/from Earmarked Reserves	15	(27,610)	27,610	-	-	-	-	-	-	-	-
<b>(Increase)/Decrease in Year</b>		(0)	27,610	27,610	(3,341)	0	(121)	(17,346)	6,802	28,095	34,897
<b>Balance at 31 March carried forward</b>		(18,865)	(44,930)	(63,795)	(24,447)	0	(1,343)	(45,653)	(135,237)	(521,495)	(656,732)



2023/24		Usable Reserves									Total Reserves £000
		General Fund Balance £000	Earmarked General Fund Reserves £000	Total General Fund Balance £000	Housing Revenue Account £000	Usable Capital Receipts £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Usable Reserve £000	Unusable Reserves £000	
<b>Balance at 1 April Brought Forward</b>		(18,865)	(99,152)	(118,016)	(22,585)	-	(1,004)	(22,298)	(163,904)	(572,901)	(736,805)
<b>Movement in reserves during 2023/24</b>				-					-		-
Total Comprehensive Income and Expenditure		35,005	-	35,005	1,119	-	-	-	36,124	9,052	45,176
Adjustments between accounting basis and funding basis under regulations	14	(8,352)	(41)	(8,393)	360	-	(218)	(6,008)	(14,259)	14,259	-
<b>Net (increase)/decrease before transfers to Earmarked Reserves</b>		26,653	(41)	26,612	1,479	-	(218)	(6,008)	21,865	23,311	45,176
Transfers to/from Earmarked Reserves	15	(26,653)	26,653	-	-	-	-	-	-	-	-
<b>(Increase)/Decrease in Year</b>		-	26,612	26,612	1,479	-	(218)	(6,008)	21,865	23,311	45,176
<b>Balance at 31 March carried forward</b>		(18,865)	(72,540)	(91,405)	(21,106)	-	(1,222)	(28,306)	(142,039)	(549,590)	(691,629)

### 3.3 Balance Sheet

31 March 2024 £000		Note	31 March 2025 £000
791,202	Property Plant & Equipment	17	832,993
169,298	Infrastructure Assets	18	170,874
21,141	Heritage Assets	19	21,141
19,624	Investment Property	20	20,487
6,033	Intangible Assets		4,894
72,725	Long Term Investments	22	68,066
42,754	Long Term Debtors	23	45,074
0	Pension Asset	31	0
<b>1,122,777</b>	<b>Long Term Assets</b>		<b>1,163,529</b>
10,273	Short Term Investments	22	0
642	Inventories		708
61,557	Short Term Debtors	23	67,052
7,652	Cash & Cash Equivalents	24	35,538
610	Assets Held For Sale (less than 1 year)		782
<b>80,734</b>	<b>Current Assets</b>		<b>104,080</b>
(21,820)	Short Term Borrowing	22	(27,468)
(83,265)	Short Term Creditors	25	(107,880)
(5,302)	Short Term Provisions	26	(7,057)
	<b>Short Term Liabilities</b>		
(11,406)	- Private Finance Initiatives	22, 29	(12,557)
(302)	- Finance Leases	13, 22	(765)
(6)	- Transferred Debt	22	(6)
<b>(122,101)</b>	<b>Current Liabilities</b>		<b>(155,731)</b>
(7,134)	Long Term Provisions	26	(7,642)
(161,484)	Long Term Borrowing	22	(210,291)
	<b>Other Long Term Liabilities</b>		
(38,380)	- Pension Liabilities	31	(32,300)
(181,704)	- Private Finance Initiatives	22, 29	(201,293)
(445)	- Finance Leases	13, 22	(3,164)
(27)	- Transferred Debt		(22)
(17)	- Deferred Credits		(16)
(590)	Capital Grants Receipts In Advance		(418)
<b>(389,781)</b>	<b>Long Term Liabilities</b>		<b>(455,146)</b>
<b>691,629</b>	<b>Net Assets</b>		<b>656,732</b>
(142,039)	<b>Usable Reserves</b>	MiRS	(135,237)
(549,590)	<b>Unusable Reserves</b>	MIRS,16	(521,495)
<b>(691,629)</b>	<b>Total Reserves</b>		<b>(656,732)</b>

These draft financial statements were authorised for issue by the S151 Officer on 30 June 2025.

Fiona Greenway, CPFA  
Interim Executive Director of Resources and Section 151 Officer

### 3.4 Cash Flow Statement

	Notes	2023/24 £000	2024/25 £000
Net deficit on the provision of services		(36,125)	(91,041)
Adjustment to surplus or deficit on the provision of services for non-cash movements	32	57,870	137,605
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	32	(46,826)	(49,788)
<b>Net cash flows from operating activities</b>		<b>(25,081)</b>	<b>(3,224)</b>
Net Cash flows from Investing Activities	33	(6,702)	(10,049)
Net Cash flows from Financing Activities	34	9,341	41,159
<b>Net increase or (decrease) in cash and cash equivalents</b>		<b>(22,442)</b>	<b>27,886</b>
Cash and cash equivalents at the beginning of the reporting period		30,094	7,652
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>7,652</b>	<b>35,538</b>

### 3.5 Index of Explanatory Notes to the Accounts

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## 3.6 Explanatory Notes to the Financial Statements

### Introduction

The financial statements have been prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the Code) and the Accounting Policies set out in Note 35. The Notes that follow (1 to 39) set out explanatory information for readers of the accounts.

#### 1. Expenditure and Funding Analysis

The Expenditure and Funding Analysis demonstrates how the funding available to the Council for the year 2024/25 (i.e. Government grants, rents, Council Tax and Business Rates) has been used to provide services in comparison with those resources consumed or earned under generally accepted accounting practice (GAAP). The Expenditure and Funding analysis also shows how this expenditure is allocated for decision making purposes between the Council's Directorates. Income and expenditure accounted for under GAAP is presented more fully in the Comprehensive Income and Expenditure Statement.

# 1a. Expenditure and Funding Analysis

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

The table below shows the comparative information for 2023/24.

2023/24	As reported for resource management (including HRA)	Adjustment to arrive at the net amount chargeable to the General Fund and HRA balances	Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
Directorate	£000	£000	£000	£000	£000
Corporate Services	(1,726)	8,310	6,584	3,059	9,643
Children's Services	119,116	(30,670)	88,446	19,288	107,735
Community Health and Adult Social Care	86,362	(2,314)	84,048	3,738	87,786
Capital, Treasury and Technical Accounting	(19,885)	75,807	55,922	(46,407)	9,515
Place and Economic Growth	110,277	(60,233)	50,043	21,608	71,650
Public Health	27,460	(3,517)	23,942	3,777	27,720
Housing Revenue Account	(0)	(7,770)	(7,770)	(360)	(8,130)
<b>Net cost of services</b>	<b>321,604</b>	<b>(20,388)</b>	<b>301,216</b>	<b>4,703</b>	<b>305,919</b>
Other income and expenditure	(321,604)	48,519	(273,085)	3,289	(269,796)
<b>Deficit</b>	<b>0</b>	<b>28,131</b>	<b>28,131</b>	<b>7,992</b>	<b>36,123</b>

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

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

<b>Movement in General Fund and HRA Balance</b>	<b>2023/24 £000</b>	<b>2024/25 £000</b>
Opening General Fund and HRA Balance as at 1 April	(140,642)	(112,510)
Add (Surplus)/Deficit on General Fund and HRA Balance in Year	28,132	24,268
<b>Closing General Fund and HRA Balance as at 31 March</b>	<b>(112,510)</b>	<b>(88,242)</b>



### 1b. Note to the Expenditure and Funding Analysis

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

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

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement	Movement in Reserves	Other adjustments	Total to arrive at amount charged to the general fund & HRA	Adjustments between Accounting Basis and Funding Basis 2023/24			
				Adjustment for capital purposes £000 (Note 1)	Net change for pension adjustment £000 (Note 2)	Other Differences £000 (Note 3)	Total Adjustments £000
Corporate Services	(30)	(2,694)	(2,724)	3,489	(430)	-	3,059
Children's Services	(3,862)	(26,807)	(30,670)	19,931	(644)	-	19,288
Community Health and Adult Social Care	2,453	(4,767)	(2,314)	3,929	(190)	-	3,738
Capital, Treasury and Technical Accounting	25,986	60,855	86,841	(44,290)	(2,365)	248	(46,407)
Place and Economic Growth	1,205	(61,438)	(60,233)	22,297	(689)	-	21,608
Public Health	901	(4,419)	(3,517)	3,801	(23)	-	3,777
Housing Revenue Account	1,478	(9,248)	(7,770)	(142)	-	(217)	(360)
<b>Net cost of services</b>	<b>28,131</b>	<b>(48,519)</b>	<b>(20,388)</b>	<b>9,014</b>	<b>(4,342)</b>	<b>31</b>	<b>4,703</b>
Other income and expenditure from the Expenditure and Funding Analysis	-	48,519	48,519	-	-	3,289	3,289
<b>Comprehensive Income and Expenditure Statement surplus/deficit</b>	<b>28,131</b>	<b>-</b>	<b>28,131</b>	<b>9,014</b>	<b>(4,342)</b>	<b>3,320</b>	<b>7,992</b>

### (i) Adjustments for Depreciation/Rental Income

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

### (ii) Adjustments for Capital Purposes

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

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

### (iii) Net Change for Pension Adjustments

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

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

### (iv) Other Differences

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

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

## 2. Expenditure and Income Analysed by Nature

	2023/24 £000	2024/25 £000
<b>Expenditure</b>		
Employee Benefit Expenses	244,611	245,046
Other services expenses	439,613	475,745
Asset revaluations, depreciation, amortisation and impairment	55,573	105,766
Interest Payments	21,727	28,095
Precepts and levies	34,621	35,424
Payments to the housing capital receipts pool	444	246
Loss on transfer to academy status	6,588	13,036
Movement on Pooled Investments	542	-
<b>Total expenditure</b>	<b>803,719</b>	<b>903,358</b>
<b>Income</b>		
Fees, charges and other service income	(101,298)	(107,778)
Interest and investment income	(8,022)	(9,374)
Income from Council Tax and Business Rates	(164,364)	(171,072)
Government grants and contributions	(452,969)	(483,990)
(Gain)/Loss on the Disposal of assets	(7,540)	(3,459)
Movement on Pooled Investments	-	(257)
Other revenue receipts	(33,402)	(36,387)
<b>Total income</b>	<b>(767,594)</b>	<b>(812,317)</b>
<b>(Surplus)/Deficit on the Provision of Services</b>	<b>36,124</b>	<b>91,041</b>

## 3. Financing and Investment Income and Expenditure

	2023/24 £000	2024/25 £000
Interest payable and similar charges	25,085	26,274
Net interest on the net defined benefit liability	(3,358)	1,821
Interest receivable and similar income	(7,180)	(7,632)
Income and expenditure in relation to investment properties and changes in their fair value	(945)	(2,732)
Other investment income	(842)	(1,742)
Expected Credit Loss	4,393	3,602
Fair Value movement on Pooled Investment Funds	542	(257)
<b>Total</b>	<b>17,695</b>	<b>19,334</b>

#### 4. Taxation and Non-Specific Grant Income

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

	2023/24 £000	2024/25 £000
Council Tax Income - General Purposes	(94,675)	(98,343)
Council Tax Income - Adult Social Care Precept	(14,874)	(17,311)
Retained Business Rates	(54,814)	(55,418)
Business Rates Top Up Grant	(45,974)	(47,944)
Grants in Lieu of Business Rates	(25,162)	(29,342)
Capital Grants and Contributions	(39,566)	(45,120)
Private Finance Initiative (PFI) Grant	(7,126)	(6,674)
Improved Better Care Fund Grant	(11,188)	(11,188)
Social Care Support Grant	(21,454)	(27,500)
Housing and Council Tax Benefit Administration Grants	(810)	(748)
New Homes Bonus Grant	(252)	(205)
Services Grant	(2,620)	(452)
Family Hubs and Start for Life Programme Grant	(1,444)	(1,177)
Other Non-Ringfenced Government Grants	(1,645)	(3,365)
<b>Total</b>	<b>(321,604)</b>	<b>(344,787)</b>

#### 5. Grant Income Credited to Services

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

	2023/24 £000	2024/25 £000
<b>Government Grants</b>		
Dedicated Schools Grant (DSG)	(176,286)	(184,849)
Housing Benefit Subsidy - Rent Allowances	(36,707)	(35,447)
Housing Benefit Subsidy - Rent Rebates	(5,738)	(7,053)
Private Finance Initiative (PFI) Credit	(24,942)	(25,394)
Household Support Fund	(4,679)	(4,999)
Pupil Premium	(9,893)	(9,408)
Discretionary Housing Payments	(429)	(422)
Education and Skills Funding Agency (ESFA) - Adult and Community Learning Income	(3,050)	(2,734)
Holiday Activities and Food Grant	(1,340)	(1,273)
Other Government Grants	(28,302)	(34,566)
Other Grants	(4,362)	(4,130)
<b>Total</b>	<b>(295,728)</b>	<b>(310,275)</b>

## 6. Dedicated School's Grant (DSG)

The Council's expenditure on schools is financed primarily by Dedicated Schools Grant (DSG) provided by the Department for Education (DfE). DSG is ring-fenced and can only be used to finance expenditure that is included in the School's Budget, as defined in the Schools and Early Years Finance and Childcare (England) Regulations 2024. The School's Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each Council maintained school.

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

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

- A Final DSG figure before any amount has been recouped from the Authority as published in March 2025, excluding the Early Years Block adjustment to be made during 2024/25 based on January 2024 pupil numbers.
- B Figure recouped from the Authority in 2024/25 by the DfE for the conversion of maintained schools into academies and for high needs payments made by the Education and Skills Funding Agency (ESFA).
- C Total DSG figure after academy and high needs recoupment for 2024/25, as published March 2025.

- D Balance brought forward (where in surplus) from 2023/24.
- E The amount which the Authority decided after consultation with the School's Forum to carry forward to 2025/26 rather than distribute in 2024/25.
- F Budgeted distribution of DSG as agreed with the School's Forum.
- G Changes to the initial distribution, for the final Early years Block adjustment re 2023/24.
- H Budgeted distribution of DSG as at the end of the financial year.
- I Actual amount of central expenditure items in 2024/25.
- J Amount of ISB distributed to schools in 2024/25.
- K Any Local Authority contribution for 2024/25 - there was no contribution from Oldham Council in 2024/25.
- L In year position at end of 2024/25.
- M Carry-forward to 2025/26 already agreed.
- N Carry-forward to 2025/26 (before any unusable reserve brought forward).
- O DSG unusable reserve at the end of 2023/24.
- P Addition to DSG unusable reserve at the end of 2024/25.
- Q Total of DSG unusable reserve at the end of 2024/25
- R Net DSG position at the end of 2024/25

At the end of 2024/25 the DSG surplus has reduced to £1.182m, a reduction of £2.520m compared to the 2023/24 surplus of £3.702m.

Details of the deployment of the DSG receivable for 2023/24 were as follows:

		2023/24		
		Central Expenditure	Individual Schools Budget	Total
Note		£000	£000	£000
A	Final DSG for 2023/24 before academy and high needs recoupment			322,019
B	Academy and high needs figure recouped for 2023/24			(145,733)
C	Total DSG after academy and high needs recoupment for 2023/24			176,286
D	Plus: Brought forward from 2022/23			3,713
E	Less: Carry-forward to 2024/25 agreed in advance			(616)
F	Agreed initial budgeted distribution in 2023/24	61,138	118,245	179,383
G	In year adjustments	(101)	38	(63)
H	<b>Final budget distribution for 2023/24</b>	<b>61,037</b>	<b>118,283</b>	<b>179,320</b>
I	Less: Actual central expenditure	(55,460)	-	(55,460)
J	Less: Actual ISB deployed to schools	-	(117,960)	(117,960)
K	Plus: Local authority contribution for 2023/24	-	-	-
L	<b>In Year Carry-forward to 2024/25</b>	<b>5,577</b>	<b>323</b>	<b>5,900</b>
M	Plus: Carry-forward to 2024/25 agreed in advance			616
N	Carry-forward to 2024/25			6,516
O	DSG unusable reserve at the end of 2022/23			(2,773)
P	Addition to DSG unusable reserve at the end of 2023/24			(41)
Q	Total of DSG unusable reserve at the end of 2023/24			(2,814)
R	<b>Net DSG position at the end of 2023/24</b>			<b>3,702</b>



## 7. Material Items of Income and Expenditure

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

Alexandra Park Junior School was derecognised on the Council's Balance Sheet as it transferred to academy status in 2024/25. The value of the disposal is £9.485m (Net Book Value).

## 8. Members' Allowances

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

	2023/24 £000	2024/25 £000
Allowances	1,143	1,285
Expenses	1	0
<b>Total</b>	<b>1,144</b>	<b>1,285</b>

## 9. Officers' Remuneration

The remuneration of senior employees is detailed below.

	2023/24				2024/25				Note
	Salary, Fees and Allowances £000	Compensation for Loss of Office £000	Pension Contribution £000	Total £000	Salary, Fees and Allowances £000	Compensation for Loss of Office £000	Pension Contribution £000	Total £000	
H Catherall, Chief Executive Oldham Council, Head of Paid Service	156	-	-	156	160	-	-	160	A
S Kipling, Chief Executive Oldham Council, Head of Paid Service	-	-	-	-	15	-	3	18	B
S Kipling, Acting Chief Executive	-	-	-	-	58	-	11	69	C
Assistant Chief Executive	102	-	19	121	62	-	12	74	D
Deputy Chief Executive: People Services	144	-	27	171	12	99	2	113	E
Deputy Chief Executive: Place	70	-	13	83	145	-	27	172	F
Executive Director: Place and Economic Growth	65	-	12	77	-	-	-	-	G
Managing Director Children and Young People (Director of Children's Services)	137	-	26	163	70	24	13	107	H
Strategic Director of Children's Services (Director of Children's Services)	-	-	-	-	70	-	13	83	I
Director of Adult Social Care Services (Director of Adult Social Services)	116	-	22	138	119	-	23	142	J
Director of Education, Skills and Early Years (Chief Education Officer)	27	-	5	32	-	-	-	-	K
Director of Education, Skills and Lifelong Learning (Chief Education Officer)	76	-	14	90	105	-	20	125	L
Director of Finance and Chief Financial Officer (Section 151 Officer)	110	-	18	128	105	-	20	125	M
Director of Legal Services and Monitoring Officer	108	-	21	129	72	151	11	234	N
Interim Borough Solicitor and Monitoring Officer	-	-	-	-	48	-	9	57	
Director of Public Health	25	-	5	30	-	-	-	-	
Interim Director of Public Health	80	-	15	95	-	-	-	-	

Senior Officers served for the whole of 2023/24 and 2024/25 unless stated below:

- A The Chief Executive and Head of Paid Services: was seconded to Tameside Council on 1 October 2024 to 6 March 2025. The contribution to the salary cost paid by Tameside Council was £70,145.
- B The Acting Chief Executive: was appointed on 1 October 2024 to 6 March 2025. The appointment to the post of Chief Executive and Head of Paid Service was confirmed at the Council meeting on 6 March 2025 with effect from 7 March 2025.
- C The Assistant Chief Executive: was appointed Acting Chief Executive on 1 October 2024.
- D The Deputy Chief Executive People: left the Council on 30 April 2024.
- E The Executive Director Place and Economic Growth was appointed Deputy Chief Executive Place on 1 October 2023.
- F The Managing Director Children and Young People (Director of Children's Services): left the Council on 30 September 2024.
- G The Strategic Director Children's Services (Director of Children's Services): was appointed 1 October 2024.
- H The Director of Education, Skills and Early Years (Chief Education Officer): left the Council on 2 July 2023.
- I The Director of Education, Skills and Lifelong Learning (Chief Education Officer): was appointed 1 June 2023.
- J The Director of Finance and Chief Financial Officer (Section 151 Officer) left the Council on 2 February 2025. From the 5 March 2025 the Director of Finance and Chief Financial Officer (Section 151 Officer) post was covered on an interim basis.
- K The Director of Legal and Monitoring Officer: left the Council on 30 September 2024. Compensation for loss of office in 2024/25 was a lump sum payment to Greater Manchester Pension Fund (GMPF) in relation to pension fund contribution.
- L The Interim Borough Solicitor and Monitoring Officer: was appointed on 1 October 2024.
- M The Director of Public Health: left the Council on 30 June 2023.
- N The Interim Director of Public Health: was appointed 19 February 2023 and permanently appointed on 22 February 2024. Salary costs for 2024/25 are included in the table below due to line management changes in 2024/25.

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

	2023/24 Number of Employees Including Severance or Other Related Payments	2024/25 Number of Employees Including Severance or Other Related Payments
£50,000 - £55,000	178	233
£55,001 - £60,000	121	132
£60,001 - £65,000	42	74
£65,001 - £70,000	42	44
£70,001 - £75,000	29	37
£75,001 - £80,000	13	20
£80,001 - £85,000	18	12
£85,001 - £90,000	13	15
£90,001 - £95,000	8	14
£95,001 - £100,000	-	4
£100,001 - £105,000	3	1
£105,001 - £110,000	4	3
£110,001 - £115,000	1	3
£115,001 - £120,000	-	2
£120,001 - £125,000	2	2
£125,001 - £130,000	-	-
£130,001 - £135,000	-	1
	<b>474</b>	<b>597</b>

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

Exit Package Cost band (including special payments)	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25
	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
							£	£
£0 - £20,000	2	5	18	28	20	33	128,427	254,191
£20,001- £40,000	-	3	1	20	1	23	28,382	623,691
£40,001- £60,000	-	-	3	5	3	5	133,153	246,102
£60,001- £80,000	-	1	1	4	1	5	70,867	347,676
£80,001- £100,000	-	-	-	2	-	2	-	190,384
£100,001- £150,000	-	-	-	4	-	4	-	450,641
£150,001- £200,000	-	-	-	1	-	1	-	186,574
	<b>2</b>	<b>9</b>	<b>23</b>	<b>64</b>	<b>25</b>	<b>73</b>	<b>360,829</b>	<b>2,299,259</b>

## 10. External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts by the Council's External Auditors, which for 2023/24 and 2024/25 was Forvis Mazars LLP.

	2023/24 £000	2024/25 £000
Fees payable to Mazars LLP with regard to external audit services carried out by the appointed auditor for the year	360	396

## 11. Pooled Budget

### Section 75 Agreement

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

The Commissioning Partnership Board which previously had Governance and oversight of health and social care integration services and developments within Oldham was decommissioned on 20 September 2024 and replaced with the Oldham Integrated Care Partnership Committee. In 2024/25 NHS Greater Manchester ICB and Oldham Council adopted a revised Section 75 agreement for 2024/25 which was approved by the Partnership Committee on 25 September 2024.

The revised Section 75 moved away from the previous pool and pool aligned fund designations, and reclassified the funds into two new elements; a Pooled Budget and a Non-Pooled Budget, as a result both Oldham Council and NHS GM reviewed the contributions made to the pool: Oldham Council, as is mandatorily required, expanded the pool to include the Better Care Fund and the Improved Better Care Fund, and re-classified the remainder of the expenditure (£230.221m), previously designated as Pool Aligned as Non-Pooled. Correspondingly NHS GM elected to remove Prescribing expenditure from the pool. Both organisations continue to incur the equivalent expenditure in 2024/25, however, this is now done outside of the pool. Information in respect of the expenditure is still mutually shared between the organisations under streamlined governance arrangements. There are no risk sharing arrangements within the agreement, the resolution of any overspends being the responsibility of the relevant organisation.

As shown in the table below the Council spent pooled funds of £34.666m and Oldham NHS Integrated Care Board - Oldham Locality spent £9.413m; a total pooled fund of £44.079m. Each of the partner organisations accounts for their own contributions and details are contained within the respective organisation's annual accounts.

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

Section 75 Pooled Fund - Incorporating Better Care Fund & Improved Better Care Fund	2023/24 £000	2024/25 £000
<b>Funding provided to the pooled funds:</b>		
Council	(221,257)	(18,542)
NHS GM Integrated Care Board – Oldham Locality	(125,066)	(25,537)
	<b>(346,323)</b>	<b>(44,079)</b>
<b>Expenditure met from the pooled funds:</b>		
Council	248,449	34,666
NHS GM Integrated Care Board – Oldham Locality	97,874	9,413
	<b>346,323</b>	<b>44,079</b>
<b>Net surplus arising on the pooled budget during the year</b>	<b>-</b>	<b>-</b>

## 12. Related Parties

The Council is required to disclose material transactions with related parties, bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions shows the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

### Central Government

Central Government has significant influence over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax billing, Housing Benefit administration). Grants received from Government Departments are disclosed in Notes 4 and 5.

### Elected Members of the Council

Members of the Council have direct control over the Council's financial and operating policies. The total of Members' Allowances paid in 2024/25 is disclosed in Note 8.

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

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

### Officers

There are no material related party transactions identified between the entities disclosed by Chief Officers as interests/related parties during both the 2023/24 and 2024/25 financial years.

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

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

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

Levying Body/Statutory Charging Body	31 March 2024 £000	31 March 2025 £000
Greater Manchester Combined Authority - Waste Disposal	17,477	17,680
Greater Manchester Combined Authority - Transport (Levy and Statutory Charge)	16,700	17,271
Environment Agency	115	118
<b>Total</b>	<b>34,292</b>	<b>35,069</b>

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

Related Party Transactions	Details of Arrangement	2023/24			2024/25		
		Receipts £000	Payments £000	Outstanding Balances / Commitments £000	Receipts £000	Payments £000	Outstanding Balances / Commitments £000
<b>Subsidiaries</b>							
MioCare Group Community Interest Company (formerly Oldham Care Services Limited)	MioCare Group CIC is a care and support provider and is wholly owned by the Council. It delivers services through two subsidiaries: Oldham Care and Support Ltd (OCS); and MioCare Services Ltd (formerly Oldham Care and Support at Home (OCSH)).	(953)	19,172	225	(870)	21,192	50
Unity Partnership Limited (Unity)	On 2 July 2018 the ownership of Unity Partnership Ltd transferred to Oldham Council and Unity Partnership became a 100% wholly owned Council subsidiary company providing a variety of services within the Council and to residents. On 1 April 2022, the staff of the Unity Partnership Ltd were transferred back into the Council and the Company's functions were taken over by the Council.	12	67	1	-	8	11
Oldham Economic Development Association Limited (OEDA)	OEDA is a company without share capital which is wholly owned by the Council and was set up to aid economic development and regeneration across the Borough. The company has remained inactive in 2024/25.	-	-	-	-	-	-
Southlink Developments Limited	The principal activity of the company is that of a property developer. However, the development land now owned by the company is reduced to a few acres located on Southlink Business Park. The company has remained inactive in 2024/25.	-	-	-	-	-	-
Meridian Group (Interurban)	The Meridian Group is comprised of the Meridian Development Company Ltd and its subsidiary, Interurban, was created to enable the purchase and development of key sites in Oldham. In 2021/22, the Council became the sole shareholder of the Company.	-	72	-	-	60	-
Northern Roots (Oldham) Ltd	Northern Roots (Oldham) Ltd is a Charity limited by shares and a wholly owned Council company incorporated to develop and operate a new Urban Park in the Snipe Clough area of Oldham. The Council is the sole shareholder.	-	-	-	-	49	-
Oldham Total Care	Oldham Total Care is a company wholly owned by Oldham Council that provides 24-hour residential care services to adults in the borough of Oldham. The company was incorporated on 11 July 2023 following the failure of the previous independent provider.	(7)	1,288	3,842	(18)	3,055	4,923
<b>Associates</b>							
<b>Joint Ventures</b>							
Community 1st Oldham (Chadderton) Ltd	Community 1st Oldham (Chadderton) Ltd was incorporated on 29 March 2008 and commenced trading on 30 April 2008. The principal activity of the company is the development and property management of a Multi-Purpose Health and Wellbeing Centre in Chadderton.	(153)	2,197	2	(153)	1,671	-
FO Development LLP	This joint venture was formed to deliver the development of the Foxdenton employment area in order to create a premium business location, new jobs and housing. The Council has a 20% shareholding.	(663)	-	-	(1,646)	-	-
<b>Non-Group Entities</b>							
Positive Steps Oldham	The Council has a number of contracts with Positive Steps which is a charitable trust that delivers a range of targeted and integrated services for young people, adults and families. It is a not for profit company for which Council Members occupy 4 of the 12 Trustee positions.	(18)	2,888	2	(18)	3,843	-
<b>Total</b>		<b>(1,782)</b>	<b>25,684</b>	<b>4,072</b>	<b>(2,705)</b>	<b>29,879</b>	<b>4,984</b>



## 13. Leases

### Change in Accounting Policy and Transition to IFRS 16 Lease Accounting

In 2024/2025 the Council applied IFRS 16 Leases as permitted by the Code of Practice for Local Authority Accounting in the United Kingdom. The main impact of the new requirements is that for arrangements previously accounted for as operating leases (i.e. without recognising the leased property as an asset and future rents as a liability) a right-of-use asset and a lease liability were brought onto the balance sheet at 1 April 2024.

#### The Council's as lessee:

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

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

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

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

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

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

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

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

Right of Use lease liability	2023/24 £000	2024/25 £000
Value at 1 April	475	747
Adjustment for Right of Use Assets	-	3,033
Additions during the year	729	1,429
Principal repaid	(374)	-
Disposal / Derecognition	(83)	(1,281)
<b>Value at 31 March</b>	<b>747</b>	<b>3,928</b>
Vehicles, plant, equipment and furniture	747	3,928
<b>Value at 31 March</b>	<b>747</b>	<b>3,928</b>

Maturity analysis of Lease Liabilities	2023/24 * £000	2024/25 £000
Within 1 year	302	765
Between 2 and 5 years	445	2,613
Over 5 years	-	550
<b>Total Liabilities</b>	<b>747</b>	<b>3,928</b>

\* 2023/24 fleet and property were not included within the Note.

### Right of Use Assets

Properties, vehicles, plant and equipment where they fall within the scope of IFRS16 have been reclassified as right of use assets and are shown in the table below.

Right To Use Assets	Land & Buildings	Vehicle Plant & Equipment	Total
	£000	£000	£000
<b>Cost or Valuation</b>			
As at 1 April 2024	-	2,640	2,640
IFRS 16 Adjustment	1,808	927	2,735
Additions	-	1,429	1,429
Derecognition-disposals	-	-	-
<b>As at 31 March 2025</b>	<b>1,808</b>	<b>4,996</b>	<b>6,804</b>
<b>Accumulated Depreciation &amp; Impairment</b>			
As at 1 April 2024	-	(1,679)	(1,679)
IFRS 16 Adjustment	-	-	-
Depreciation Charge	-	(240)	(240)
Derecognition -disposals	-	240	240
<b>As at 31 March 2025</b>	<b>-</b>	<b>(1,679)</b>	<b>(1,679)</b>
<b>Net Book Value at 31 March 2024</b>	<b>-</b>	<b>961</b>	<b>961</b>
<b>Net Book Value at 31 March 2025</b>	<b>1,808</b>	<b>3,318</b>	<b>5,126</b>

The Council's as lessor:

### Operating Leases

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

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

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

	2023/24 £000	2024/25 £000
No later than 1 year	3,899	3,657
Later than 1 year and not later than 5 years	11,436	10,475
Later than 5 years	127,630	120,013
<b>Total</b>	<b>142,965</b>	<b>134,145</b>

The only material leased out asset is the Spindles Shopping centre. The Council, through its managing agent, leases retail units to individual retailers. The lease payments are generally fixed for the period of the lease, although, some tenants are subject to rents based wholly or partially on the tenant's turnover. Lease periods are typically between 5 to 15 years for individual tenants. There were 47 individual leases in operation during the 2024/25 financial year.

#### 14. Adjustments Between Accounting Basis and Funding Basis Under Regulations

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

	2023/24						2024/25					
	Usable Reserves					Movements in Unusable Reserves	Usable Reserves					Movements in Unusable Reserves
	General Fund Balance £000	Housing Revenue Account (HRA) £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000		General Fund Balance £000	Housing Revenue Account (HRA) £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	
<b>Adjustments primarily involving the Capital Adjustment Account:</b>												
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</b>												
Charges for depreciation of non-current assets	(39,479)	(5,937)	-	-	-	45,416	(47,754)	(6,312)	-	-	-	54,065
Charges for impairment of non-current assets	(3,780)	-	-	-	-	3,780	(4,127)	(24,336)	-	-	-	28,463
Revaluation losses on Property, Plant and Equipment	(4,734)	(6)	-	-	-	4,740	(20,653)	(11)	-	-	-	20,663
Movements in the fair value of Investment Properties	(820)	-	(225)	-	-	1,045	968	-	(105)	-	-	(863)
Amortisation of intangible assets	(1,637)	-	-	-	-	1,637	(2,574)	-	-	-	-	2,574
Capital grants and contributions applied	25,301	-	-	-	-	(25,301)	21,514	-	-	-	-	(21,514)
Revenue expenditure funded from capital under statute	(10,413)	(508)	-	-	-	10,921	(8,986)	-	-	-	-	8,986
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	618	(114)	-	-	-	(504)	(3,349)	-	-	-	-	3,349
Amounts written off on disposal of Academy Schools to the Comprehensive Income and Expenditure Statement	(6,588)	-	-	-	-	6,588	(13,036)	-	-	-	-	13,036
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>												
Statutory provision for the financing of capital investment	11,418	5,420	-	-	-	(16,838)	8,880	4,148	-	-	-	(13,027)
Voluntary provision for the financing of capital investment	1,000	-	-	-	-	(1,000)	-	-	-	-	-	-
Capital expenditure charged against the General Fund and HRA balances	69	320	-	-	-	(389)	12	1	-	-	-	(13)
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>												
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	14,265	-	-	-	(14,265)	-	23,606	-	-	-	(23,606)	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-	8,257	(8,257)	-	-	-	-	6,260	(6,260)
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>												
Transfer of cash sales proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	6,067	968	(7,035)	-	-	-	6,783	25	(6,808)	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	6,817	-	-	(6,817)	-	-	6,667	-	-	(6,667)
Contributions to the Capital Receipts Pool	(444)	-	444	-	-	-	(246)	-	246	-	-	-
Repayment of Long Term Loans												

	2023/24						2024/25					
	Usable Reserves					Movements in Unusable Reserves	Usable Reserves					Movements in Unusable Reserves
	General Fund Balance £000	Housing Revenue Account (HRA) £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000		General Fund Balance £000	Housing Revenue Account (HRA) £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	
<b>Adjustments primarily involving the Major Repairs Reserve (MRR):</b>												
Transfer of Excess of Depreciation over Notional MRA to MRR	-	(5,720)	-	5,720	-	-	-	121	-	(121)	-	-
Credit MRR with a sum equal to HRA Depreciation	-	5,937	-	(5,937)	-	-	-	-	-	-	-	-
<b>Adjustments primarily involving the Financial Instruments Adjustment Account:</b>												
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	294	-	-	-	-	(294)	294	-	-	-	-	(294)
<b>Adjustments primarily involving the Financial Instruments Revaluation Reserve:</b>												
Amount by which Financial Instruments held under Fair Value through Profit & Loss are subject to MHCLG statutory over-ride.	(542)	-	-	-	-	542	257	-	-	-	-	(257)
<b>Adjustments primarily involving the Pensions Reserve:</b>												
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 31)	(18,680)	-	-	-	-	18,680	(24,367)	-	-	-	-	24,367
Employer's pension contributions and direct payments to pensioners payable in the year	23,022	-	-	-	-	(23,022)	24,588	-	-	-	-	(24,588)
<b>Adjustments primarily involving the Collection Fund Adjustment Account:</b>												
Amount by which Council Tax and Business Rates income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements	(2,779)	-	-	-	-	2,779	(2,470)	-	-	-	-	2,470
<b>Adjustments primarily involving the Accumulated Absences Account:</b>												
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from the remuneration chargeable in the year in accordance with statutory requirements	(510)	-	-	-	-	510	249	-	-	-	-	(249)
<b>Adjustments primarily involving the Dedicated Schools Grant Adjustment Account</b>												
Transfer of Dedicated Schools Grant (DSG) overspend to the DSG Adjustment Account	(41)	-	-	-	-	41	-	-	-	-	-	-
<b>Total Adjustments</b>	<b>(8,393)</b>	<b>360</b>	<b>-</b>	<b>(217)</b>	<b>(6,008)</b>	<b>14,259</b>	<b>(40,409)</b>	<b>(26,363)</b>	<b>-</b>	<b>(121)</b>	<b>(17,346)</b>	<b>84,240</b>

## 15. Earmarked Reserves

This note discloses the amounts set aside from the General Fund as Earmarked Reserves to provide financing for future expenditure plans. The note also discloses the value of transfers to or from General Fund Earmarked Reserves during 2023/24 and 2024/25. All Earmarked Reserves are managed in accordance with the Council's reserves policy which was refreshed during 2024/25.

	Balance as at 31 March 2023 £000	Transfers Out 2023/24 £000	Transfers In 2023/24 £000	Balance as at 31 March 2024 £000	Transfers Out 2024/25 £000	Transfers In 2024/25 £000	Balance as at 31 March 2025 £000
Integrated Working Reserve	(12,951)	3,991	(471)	(9,430)	9,430	-	-
Transformation Reserve	(5,253)	42	-	(5,211)	5,211	-	-
Adverse Weather Reserve	(1,000)	-	-	(1,000)	1,000	-	-
Regeneration Reserve	(2,107)	1,272	-	(836)	836	-	-
Emergency and External Events Reserve	(2,000)	-	-	(2,000)	2,000	-	-
Council Initiatives Reserve	(1,991)	268	-	(1,723)	1,722	-	-
Fiscal Mitigation Reserve	(28,071)	24,427	(6,592)	(10,236)	12,322	(2,086)	-
Life Cycle Costs Reserve	(1,518)	218	-	(1,300)	1,300	-	-
Insurance Reserve	(3,140)	735	-	(2,405)	2,405	-	-
Directorate Reserve	(3,836)	2,714	(1,653)	(2,775)	268	(876)	(3,384)
Balancing Budget Reserve	(16,718)	12,786	(8,253)	(12,185)	12,185	-	-
District Partnership Reserve	(545)	-	-	(545)	545	-	-
Corporate Budget Strategy Reserve	-	-	-	-	8,421	(24,501)	(16,080)
Corporate Other Reserve	-	-	-	-	4,943	(12,487)	(7,544)
Joint Fund Reserve	-	-	-	-	1,345	(5,900)	(4,555)
<b>Total Revenue Account Earmarked Reserves</b>	<b>(79,130)</b>	<b>46,453</b>	<b>(16,969)</b>	<b>(49,646)</b>	<b>63,933</b>	<b>(45,850)</b>	<b>(31,563)</b>
<b>Other Earmarked Reserves</b>							
Revenue Grants Reserve	(7,968)	2,454	(2,285)	(7,800)	6,227	(638)	(2,211)
Schools Reserve	(8,381)	8,381	(8,578)	(8,578)	8,578	(7,160)	(7,160)
Dedicated Schools Grant Surplus Reserve	(3,672)	-	(2,844)	(6,516)	-	2,520	(3,996)
<b>Total Other Earmarked Reserves</b>	<b>(20,022)</b>	<b>10,835</b>	<b>(13,707)</b>	<b>(22,894)</b>	<b>14,805</b>	<b>(5,278)</b>	<b>(13,367)</b>
<b>Total Earmarked Reserves</b>	<b>(99,152)</b>	<b>57,288</b>	<b>(30,676)</b>	<b>(72,540)</b>	<b>78,738</b>	<b>(51,128)</b>	<b>(44,930)</b>

## Revenue Account Earmarked Reserves

During 2024/25 the Council conducted a reserves review to align the reserves to the Council's refreshed Corporate Plan and priorities. The approved reserves policy created four distinct categories for Earmarked Reserves which are reflected within the accounts, with details of each category as follows:

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

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

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

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

## Other Earmarked Reserves

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

- **Revenue Grants Reserve** - this represents income from grants received which have no conditions attached or where the conditions have been met but no expenditure has yet been incurred.
- **Schools Reserve** - this includes the balances held by Schools under the scheme of delegation.
- **Dedicated Schools Grant Surplus Reserve** – this reserve contains any surpluses in the DSG and offsets the DSG unusable reserve deficit position which is shown under unusable reserves within the MiRS.

## 16. Unusable Reserves

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

	Note	31 March 2024 £000	31 March 2025 £000
Revaluation Reserve	16a	(442,438)	(457,951)
Financial Instruments Revaluation Reserve	16b	(40,369)	(35,766)
Capital Adjustment Account	16c	(120,046)	(76,886)
Financial Instruments Adjustment Account	16d	7,343	7,049
Deferred Capital Receipts	16e	(523)	(523)
Pensions Reserve	16f	38,380	32,300
Collection Fund Adjustment Account	16g	(968)	1,501
DSG Adjustment Account	16h	2,814	2,814
Accumulated Absences	16i	6,216	5,967
<b>Total Unusable Reserves</b>		<b>(549,590)</b>	<b>(521,495)</b>

### (16a) Revaluation Reserve

The Revaluation Reserve includes the gains made by the Council arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost.
- used in the provision of services and the gains are consumed through depreciation; and
- disposed of and gains are realised.

The reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	2023/24 £000	2024/25 £000
<b>Balance at 1 April</b>	<b>(390,515)</b>	<b>(442,438)</b>
Upward revaluation of assets	(78,990)	(52,913)
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	130	13
Difference between fair value depreciation and historic cost depreciation	22,288	25,754
Accumulated gains on non-current assets sold or decommissioned (excluding Academies)	801	1,162
Accumulated gains on Academy assets sold or decommissioned	3,848	10,470
<b>Balance at 31 March</b>	<b>(442,438)</b>	<b>(457,951)</b>



### (16b) Financial Instruments Revaluation Reserve

The Financial Instruments Revaluation Reserve contains the gains made by the Council arising from increases in the value of its investments that are measured at fair value through other comprehensive income. The balance is reduced when investments with accumulated gains are:

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

	2023/24 £000	2024/25 £000
<b>Balance at 1 April</b>	<b>(15,885)</b>	<b>(40,369)</b>
Transfer from AFS		
Revaluation of Shareholding in Manchester Airport	(26,300)	2,900
Reversal of Pooled Investment Funds	(1,104)	(1,646)
	<b>(27,404)</b>	<b>1,254</b>
Other movements	1,274	1,960
Financial Instruments held under Fair Value through Profit & Loss subject to MHCLG Statutory override*	1,646	1,389
<b>Balance at 31 March</b>	<b>(40,369)</b>	<b>(35,766)</b>

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

### (16c) Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement element of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the CIES (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and subsequent costs.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before April 2007, the date that the Revaluation Reserve was created to hold such gains. Note 14 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

	2023/24 £000	2024/25 £000
<b>Balance at 1 April</b>	<b>(108,131)</b>	<b>(120,046)</b>
<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement</b>		
Charges for depreciation of non-current assets	45,416	54,065
Charges for impairment of non-current assets	3,780	28,463
Revaluation (gains)/losses on Property, Plant and Equipment	4,740	20,663
Amortisation of intangible assets	1,637	2,574
Revenue expenditure funded from capital under statute	10,921	8,986
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement (excluding Academies)	(504)	1,104
Amounts written off on disposal or sale as part of the gain/loss on disposal of Academies to the Comprehensive Income and Expenditure Statement	2,740	2,566
Adjusting amounts written out of the Revaluation Reserve	(23,088)	(26,917)
Repayment of Long-Term Debtors	-	-
<b>Capital financing applied in the year:</b>		
Use of the Capital Receipts reserve to finance new capital expenditure	(6,817)	(6,667)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(25,301)	(21,514)
Application of grants to capital financing from the Capital Grants Unapplied Account	(8,257)	(6,260)
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(16,838)	(13,027)
Voluntary MRP	(1,000)	-
Capital expenditure charged against the General Fund and HRA balances	(389)	(13)
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	1,045	(863)
<b>Balance at 31 March</b>	<b>(120,046)</b>	<b>(76,886)</b>

#### (16d) Financial Instrument Adjustment Account

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

	2023/24 £000	2024/25 £000
<b>Balance as 1 April</b>	7,638	7,343
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	(329)	(329)
Proportion of discounts received in previous financial years to be transferred to the General Fund Balance in accordance with statutory requirements	34	34
<b>Balance at 31 March</b>	<b>7,343</b>	<b>7,049</b>

#### (16e) Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets for which cash settlement has yet to take place. Under statutory arrangements the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve. The balance of this reserve was £0.523m for the year end of 2023/24 and 2024/25.

#### (16f) Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the CIES as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pension for which it is directly responsible. In 2023/24, the actuarial valuation has seen a significant movement from a deficit to a surplus position. Under the International Accounting Standard (IAS 19) the Council must disclose the lower of the actuarial valuation or Asset Ceiling calculation. The Asset Ceiling calculation resulted in a lower valuation and has therefore been included within the accounts for 2024/25.

	2023/24 £000	2024/25 £000
<b>Balance at 1 April</b>	<b>(70,217)</b>	38,380
Remeasurement of net defined benefit liability	<b>(65,098)</b>	<b>(468,600)</b>
Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	18,680	24,367
Employer's pension contributions and direct payments to pensioners payable in the year	<b>(23,022)</b>	<b>(24,588)</b>
Asset Ceiling Adjustment	178,037	462,741
<b>Balance at 31 March</b>	<b>38,380</b>	<b>32,300</b>

### **(16g) Collection Fund Adjustment Account**

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

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

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

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

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

### **(16i) Accumulated Absences Reserve**

The Short-term Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

## 17. Property, Plant and Equipment

### Movements on Balances

2024/25	Property, Plant and Equipment (PPE)						
	Council Dwellings	Other Land and Buildings	Vehicles, Plant and Equipment	Community Assets	Surplus Assets	PPE Under Construction	Total PPE
	£000	£000	£000	£000	£000	£000	£000
<b>Cost or Valuation</b>							
At 1 April 2024	87,286	706,990	47,188	3,230	4,590	-	849,284
IFRS 16 Leases Adjustments	24,336	10,167	929				35,432
Additions	-	55,437	5,694	33	22	2,083	63,270
Revaluation Increases/(decreases) to Revaluation Reserve	5,000	6,252	-	-	(99)	-	11,153
Revaluation Increases/(decreases) to Surplus/Deficit on the Provision of Services	(44)	(22,769)	-	-	(22)	-	(22,836)
Derecognition - Disposals	-	(14,966)	(1,354)	-	-	-	(16,320)
Reclassified to/from Held for Sale	(50)	(1,169)	-	-	(122)	1,173	(168)
Other Reclassifications	-	-	-	-	-	-	-
<b>At 31 March 2025</b>	<b>116,526</b>	<b>739,943</b>	<b>52,457</b>	<b>3,262</b>	<b>4,367</b>	<b>3,256</b>	<b>919,815</b>
<b>Accumulated Depreciation and Impairment</b>							
At 1 April 2024	5,878	12,719	36,261	3,225	-	-	58,082
Depreciation Charge	6,199	36,926	3,024	-	-	-	46,148
Depreciation written out on revaluation	(5,782)	(35,680)	-	-	-	-	(41,462)
Depreciation written out to Surplus/Deficit on the Provision of Services	(33)	(2,139)	-	-	-	-	(2,172)
Impairment losses/reversals to Revaluation Reserve	-	(285)	-	-	-	-	(285)
Impairment losses/reversals to Surplus/Deficit on the Provision of Services	24,336	4,331	-	24	-	-	28,691
Derecognition - Disposals	-	(604)	(1,576)	-	-	-	(2,180)
Derecognition - Other Eliminated on reclassification to Held for Sale	-	-	-	-	-	-	-
Other Reclassifications	-	(422)	-	-	-	422	-
<b>At 31 March 2025</b>	<b>30,597</b>	<b>14,845</b>	<b>37,709</b>	<b>3,248</b>	<b>-</b>	<b>422</b>	<b>86,822</b>
<b>Net Book Value</b>							
At 31 March 2025	85,931	725,098	14,748	14	4,367	2,834	832,993
At 31 March 2024	81,408	694,271	10,927	5	4,590	-	791,202

## Comparative Movements in 2023/24

2023/24	Property, Plant and Equipment (PPE)						
	Council Dwellings	Other Land and Buildings	Vehicles, Plant and Equipment	Community Assets	Surplus Assets	PPE Under Construction	Total PPE
	£000	£000	£000	£000	£000	£000	£000
<b>Cost or Valuation</b>							
<b>At 1 April 2023</b>	<b>84,585</b>	<b>622,315</b>	<b>43,842</b>	<b>3,260</b>	<b>5,582</b>	<b>3,608</b>	<b>763,193</b>
Additions	64	49,984	3,346	15	341	-	53,750
Revaluation Increases/(decreases) to Revaluation Reserve	2,858	44,787	-	-	(255)	-	47,390
Revaluation Increases/(decreases) to Surplus/Deficit on the Provision of Services	(1)	(4,616)	-	(45)	(316)	-	(4,978)
Derecognition - Disposals	(220)	(5,336)	-	-	(1,029)	(3,608)	(10,192)
Other Reclassifications	-	(145)	-	-	267	-	122
<b>At 31 March 2024</b>	<b>87,286</b>	<b>706,990</b>	<b>47,188</b>	<b>3,230</b>	<b>4,590</b>	<b>-</b>	<b>849,284</b>
<b>Accumulated Depreciation and Impairment</b>							
<b>At 1 April 2023</b>	<b>5,618</b>	<b>6,588</b>	<b>33,713</b>	<b>3,231</b>	<b>-</b>	<b>3,608</b>	<b>52,756</b>
Depreciation Charge	5,819	29,358	2,632	-	-	-	37,810
Depreciation written out on revaluation	(5,548)	(26,031)	-	-	-	-	(31,579)
Depreciation written out to Surplus/Deficit on the Provision of Services	-	(238)	-	-	-	-	(238)
Impairment losses/reversals to Revaluation Reserve	-	109	-	-	-	-	109
Impairment losses/reversals to Surplus/Deficit on the Provision of Services	-	3,339	-	(6)	-	-	3,333
Derecognition - Disposals	(11)	(406)	(83)	-	-	(3,608)	(4,108)
Derecognition - Other							
<b>At 31 March 2024</b>	<b>5,878</b>	<b>12,719</b>	<b>36,261</b>	<b>3,225</b>	<b>-</b>	<b>-</b>	<b>58,093</b>
<b>Net Book Value</b>							
<b>At 31 March 2024</b>	<b>81,408</b>	<b>694,271</b>	<b>10,927</b>	<b>5</b>	<b>4,590</b>	<b>-</b>	<b>791,202</b>
<b>At 31 March 2023</b>	<b>78,967</b>	<b>615,727</b>	<b>10,129</b>	<b>29</b>	<b>5,582</b>	<b>-</b>	<b>710,437</b>

In 2024/2025 the Council applied IFRS 16 Leases as permitted by the Code of Practice for Local Authority Accounting in the United Kingdom. The main impact of the new requirements is that for arrangements previously accounted for as operating leases (i.e. without recognising the leased property as an asset and future rents as a liability), a right-of-use asset and a lease liability were brought onto the balance sheet at 1 April 2024.

## Depreciation

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

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

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

## Capital Commitments

As at 31 March 2025, the Council had entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment with outstanding contractual commitments of £18.297m (similar commitments were £23.113m at 31 March 2024). The major commitments are:

Scheme	Commitment
	£000
Northern Roots	9,354
Old Library Refurbishment	5,943
Spindles	3,000
<b>Total</b>	<b>18,297</b>

## Effects of Changes in Estimates

In 2024/25, the Council made no material changes to its accounting estimates for Property, Plant and Equipment.

## Revaluations

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

The revaluation programme was carried out throughout the year and the effective date of each revaluation is the date that the valuation was carried out excluding assets valued at Depreciated Replacement Cost which were valued at 31 March.

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



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

In addition, the Council instructed its valuers to undertake a review of all assets held at depreciated replacement cost in the other land and buildings category to ensure that the carrying value of assets is not materially different from their current value.

The review concluded that the current value for assets valued at Depreciated Replacement Cost (DRC) experienced a significant change in values due to increases in building costs. As a result of this review, desktop valuations were conducted for all assets that are valued on a DRC basis.

#### Gross Valuations by Valuation Date

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Community Assets	Surplus Assets	Assets under Construction	Total
	£000	£000	£000	£000	£000	£000	£000
Carried at historical cost	-	-	52,456	3,263	-	3,256	58,975
Valued at fair value as at:							
31 March 2025	108,814	243,294			3,870		355,978
31 March 2024	-	54,753			499		55,252
31 March 2023	-	301,490			-		301,490
31 March 2022	2,160	91,575			-		93,736
31 March 2021	5,554	48,830			-		54,384
<b>Total Cost or Valuation</b>	<b>116,528</b>	<b>739,942</b>	<b>52,456</b>	<b>3,263</b>	<b>4,369</b>	<b>3,256</b>	<b>919,815</b>



## 18. Highways Infrastructure Assets

### Movements on balances

Highways Infrastructure Asset	2023/24 £000	2024/25 £000
<b>Net Book Value (modified Historical Cost)</b>		
<b>Balance as 1 April</b>	<b>165,298</b>	<b>169,298</b>
IFRS Adjustment	-	(310)
Additions	11,607	9,502
Net Impairment	-	302
Depreciation	(7,607)	(7,918)
<b>Net Book Value Balance at 31 March</b>	<b>169,298</b>	<b>170,874</b>

In accordance with the temporary relief offered by the Update to the Code on Infrastructure Assets (The Local Authorities (Capital Finance and Accounting) (England) (Amendment)) this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position of the Council to the users of the financial statements.

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

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

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

## 19. Heritage Assets

### Tangible and Intangible Heritage Assets

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

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

- **Social History** - This collection consists of around 22,000 items and is of significant value as material evidence of the social history of Oldham and its people. The collections relate to the area's industrial history, archaeology, textiles and ephemera representing the everyday life of the Borough.
- **Fine and Decorative Art** - This collection consists of over 450 oil paintings, 500 watercolours and around 1,400 prints. Of particular interest are the Charles Lees collection of oil paintings, watercolours, drawings and engravings and 55 watercolours and drawings from the S. C. Turner Collection. A valuation in 2020 (see paragraph below) identified three paintings in the collection each with a market value in excess of £1.000m. These are works by J. W. Waterhouse, Alfred Munnings and William Orpen. There are also a small number of assorted photographic prints, drawings and mixed media works, sculptures, and decorative arts.

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

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

- **Civic Regalia** - The Council's Civic Regalia is reported in the Balance Sheet at the insurance valuation, and at 31 March 2025, the value was £1.521m.
- **Statues/Other** - Council owned statues are held on the Balance Sheet at their nominal value, and at 31 March 2025, the value was £1.325m.

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

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

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

	Art Collection £000	Civic Regalia £000	Statues / Other £000	Total Assets £000
<b>Cost or Valuation</b>				
1 April 2023	18,295	1,521	1,325	21,141
Revaluation Gains/(Losses) Recognised in the Revaluation Reserve	-	-	-	-
Additions	-	-	446	446
Impairment to CIES	-	-	(446)	(446)
<b>31 March 2024</b>	<b>18,295</b>	<b>1,521</b>	<b>1,325</b>	<b>21,141</b>
<b>Cost or Valuation</b>				
1 April 2024	18,295	1,521	1,325	21,141
Revaluation Gains/(Losses) Recognised in the Revaluation Reserve	-	-	-	-
Additions	-	-	24	24
Impairment to CIES	-	-	(24)	(24)
<b>31 March 2025</b>	<b>18,295</b>	<b>1,521</b>	<b>1,325</b>	<b>21,141</b>

## 20. Investment Properties

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

	2023/24 £000	2024/25 £000
Rental Income from Investment Properties	(2,620)	(2,572)
Direct Operating Expenses (including repairs and maintenance)	855	808
<b>Net Gain</b>	<b>(1,765)</b>	<b>(1,764)</b>
Fair value movements on investment properties (Profit)/Loss on disposal	1,045 (225)	(863) (105)
Total Income and Expenditure on relation to investment properties and changes in their fair value	<b>(945)</b>	<b>(2,732)</b>

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

	2023/24 £000	2024/25 £000
Balance at 1 April	<b>20,790</b>	<b>19,624</b>
Disposals	(13)	(14)
Net (Loss)/Gain from Fair Value Adjustments	(1,031)	877
Transfers (to)/from Other Land and Buildings	(122)	-
<b>Balance at 31 March</b>	<b>19,624</b>	<b>20,487</b>

## **Fair Value Hierarchy**

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

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

The fair value of investment properties has been measured using a market approach, which considers quoted prices for similar assets in active markets, existing lease terms and rentals, research into market evidence including market rentals and yields, the covenant strength for existing tenants, and data and market knowledge gained in managing the Council's Investment Property Portfolio. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised as level 2 on the fair value hierarchy. There has been no change in the valuation techniques used during the year for investment properties.

## **Highest and Best Use**

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

## **21. Capital Expenditure and Capital Financing**

The total value of capital expenditure incurred during the year is disclosed in the table below (including the value of assets acquired under finance leases), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue, as assets are used by the Council, the expenditure results in a decrease in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed.

	2023/24 £000	2024/25 £000
<b>Opening capital financing requirement</b>	<b>465,723</b>	<b>488,980</b>
<b>Capital Investment</b>		
Property Plant and Equipment	53,750	98,702
Infrastructure Assets	11,607	9,192
Heritage Assets	446	24
Revenue Expenditure Funded from Capital Under Statute	10,921	8,986
Intangible Assets	2,320	1,436
Long Term Debtors	2,814	-
<b>Sources of Finance</b>		
Capital Receipts	(6,817)	(6,667)
Government Grants and Other Contributions	(33,558)	(27,774)
Sums Set aside from Revenue	(18,226)	(13,040)
<b>Closing Capital Financing Requirement</b>	<b>488,980</b>	<b>559,839</b>
<b>Explanation of movements in year</b>		
Decrease in Need to Borrow Supported by Government Financial Assistance	(2,742)	(806)
(Decrease)/Increase in Need to Borrow Unsupported by Government Financial Assistance	25,353	35,115
Assets Acquired Under Finance Leases including IFRS16 transition	646	36,550
<b>Increase/(Decrease) in Capital Financing Requirement</b>	<b>23,257</b>	<b>70,859</b>

## 22. Financial Instruments

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

### Financial Liabilities

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

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

- long-term loans from the Public Works Loan Board and commercial lenders;
- short-term loans from other Local Authorities;
- lease payables;
- Private Finance Initiative contracts detailed in Note 29; and
- trade payables for goods and services received.

## Financial Assets

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

- Amortised cost (where cash flows are solely payments of principal and interest and the Council's business model is to collect those cash flow) comprising:
  - cash in hand;
  - bank current and deposit accounts with banks;
  - fixed term deposits with banks and building societies;
  - loans to other Local Authorities;
  - certificates of deposit and covered bonds issued by banks and building societies;
  - treasury bills and gilts issued by the UK Government;
  - loans to strategic partners made for service purposes;
  - lease receivables; and
  - trade receivables for goods and services provided.
- Fair value through other comprehensive income (where cash flows are solely payments of principal and interest and the Council's business model is to both collect those cash flows and sell the instrument; and equity investments that the Council has elected into this category) consisting of equity investments in Manchester Airport Group, Community 1<sup>st</sup> Oldham and Meridian Developments held for service and strategic purposes.
- Fair value through profit and loss (all other financial assets) consists of pooled bond, equity and property funds managed by CCLA.

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

## **Financial Instruments - Balances**

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

Financial Liabilities	Long Term		Short Term	
	31 March 2024 £000	31 March 2025 £000	31 March 2024 £000	31 March 2025 £000
<b>Loans at Amortised Cost</b>				
Principal sum borrowed	(160,742)	(209,560)	(20,367)	(25,257)
Accrued Interest	-		(1,453)	(2,211)
Effective Interest Rate (EIR) Adjustment	(742)	(731)	-	
<b>Total Borrowing *</b>	<b>(161,484)</b>	<b>(210,291)</b>	<b>(21,820)</b>	<b>(27,468)</b>
<b>Loans at Amortised Cost</b>				
Bank Overdraft				
<b>Total Cash Overdrawn</b>	-	-	-	-
<b>Liabilities at Amortised Cost</b>				
Finance Leases***	(445)	(3,164)	(302)	(765)
PFI arrangements***	(181,704)	(201,293)	(11,406)	(12,557)
Transferred Debt	(27)	(22)	(6)	(6)
<b>Total Other Long-term Liabilities</b>	<b>(182,176)</b>	<b>(204,479)</b>	<b>(11,714)</b>	<b>(13,327)</b>
<b>Liabilities at Amortised Cost</b>				
Trade Payables	-		(56,688)	(68,807)
<b>Included in Creditors **</b>	-	-	(56,688)	(68,807)
<b>Total</b>	<b>(343,660)</b>	<b>(414,770)</b>	<b>(90,222)</b>	<b>(109,602)</b>

\* The total short-term borrowing includes £2.211m (2023/24: £1.453m) representing accrued interest and principal repayments due within 12 months on long-term borrowing.

\*\* The creditors lines on the Balance Sheet include £39.072m (2023/24: £26.577m) short-term creditors that do not meet the definition of a financial liability as they relate to non-exchange transactions.

\*\*\* Finance Lease and PFI Liabilities have increased on adoption of IFRS 16 for the 2024/25 statements.

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

Financial Assets	Long Term		Short Term	
	31 March	31 March	31 March	31 March
	2024 £000	2025 £000	2024 £000	2025 £000
<b>At Amortised Cost</b>				
Principal	221	165	10,000	-
Accrued Interest	-	-	273	-
Loss Allowance	-	-	-	-
<b>At Fair Value Through Other Comprehensive Income</b>	-	-	-	-
Equity Investments elected FVOCI	59,150	54,290	-	-
<b>At Fair Value Through Profit and Loss</b>	-	-	-	-
Fair Value	13,354	13,611	-	-
<b>Total Investments</b>	<b>72,725</b>	<b>68,066</b>	<b>10,273</b>	<b>-</b>
<b>At Amortised Cost</b>				
Principal	-	-	7,606	35,423
Accrued Interest	-	-	46	113
Loss Allowance	-	-	4,393	3,602
<b>At Fair Value Through Profit and Loss</b>				
Fair Value	-	-	-	-
<b>Total Cash and Cash Equivalents</b>	<b>-</b>	<b>-</b>	<b>12,044</b>	<b>39,139</b>
<b>At Amortised Cost</b>				
Trade Receivables	-	-	25,233	24,365
Lease Receivables	-	-	-	-
Loans made for service purposes	33,605	35,571	-	-
Accrued Interest	9,149	9,503	-	-
Loss Allowance	-	-	-	-
<b>At Fair Value Through Other Comprehensive Income</b>	-	-	-	-
Fair Value	-	-	-	-
<b>Included in Debtors *</b>	<b>42,754</b>	<b>45,074</b>	<b>25,233</b>	<b>24,365</b>
<b>Total</b>	<b>115,479</b>	<b>113,140</b>	<b>47,550</b>	<b>63,504</b>

\* The debtors lines on the Balance Sheet include £42.688m (2023/24: £36.326m) short-term debtors that do not meet the definition of a financial asset as they relate to non-exchange transactions or payments in advance.



## Equity Instruments Elected to Fair Value through Other Comprehensive Income

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

	Fair Value Level	Valuation technique used to measure Fair Value	Fair Value	
			2023/24 £000	2024/25 £000
Manchester Airport Shares	2	Earnings Based	46,300	43,400
Manchester Airport Car Park (1) Shares	2	Earnings Based	4,400	4,400
Oldham Property Partnership (OPP)	2	Earnings Based	2,245	0
Meridian Developments	2	Earnings Based	4,162	3,996
Community 1st Oldham (Chadderton) Ltd	2	Earnings Based	2,043	2,494
<b>Total</b>			<b>59,150</b>	<b>54,290</b>

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

The Council along with the other nine Greater Manchester District Councils holds an equity investment in Manchester Airport Car Park (1) Limited. The Council's total original investment of £5.610m was to assist in funding the capital build of a car park in return for the issue of 3 C Shares in Manchester Airport Car Park (1) Limited. The valuation of the Council's shareholding was undertaken by BDO. The value has remained unchanged in 2024/25 as can be seen in the above table. As in 2023/24, the shareholding is classed as a financial instrument and held at fair value on the Council's Balance Sheet. Under IFRS 9 the shareholding (investment) is designated as a strategic investment and not held for trading therefore the Council has opted to designate it as fair value through Other Comprehensive Income. This means that there is no impact on the revenue budget and the Council's decision to designate to fair value through other comprehensive income is irrevocable.

The Council also holds shares in both Meridian Developments and Community 1<sup>st</sup> Oldham (Chadderton) Limited which have been elected to be accounted as fair value through other comprehensive income. For further information see note 37 Critical Judgements in Applying Accounting Policies. In 2024/25 the Council disposed of its shareholding in Oldham Property Partnerships.

## Financial Instruments Gains and losses

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

	Financial Liabilities at Amortised Cost £000	Financial Assets					
		Amortised Cost £000	Fair Value through OCI £000	Elected to Fair Value through OCI £000	Fair Value through Profit & Loss £000	2024/25 Total £000	2023/24 Total £000
Interest Expense	26,274	-	-	-	-	26,274	25,085
Losses on de-recognition	-	-	-	2,245	-	2,245	-
Losses from changes in fair value	-	-	-	3,066	-	3,066	1,816
<b>Interest Payable and similar charges</b>	<b>26,274</b>	<b>-</b>	<b>-</b>	<b>5,311</b>	<b>-</b>	<b>31,585</b>	<b>26,901</b>
Interest Income	-	(3,806)	-	(3,825)	-	(7,631)	(7,179)
Dividend Income	-	-	-	(898)	(845)	(1,743)	(842)
Gains from changes in fair value	-	-	-	(451)	(257)	(708)	(28,456)
<b>Interest and investment income</b>	<b>-</b>	<b>(3,806)</b>	<b>-</b>	<b>(5,174)</b>	<b>(1,102)</b>	<b>(10,082)</b>	<b>(36,477)</b>
<b>Expected Credit Loss</b>	<b>-</b>	<b>3,602</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,602</b>	<b>4,393</b>
<b>Net Impact on (surplus)/deficit on provision of services</b>	<b>26,274</b>	<b>(204)</b>	<b>-</b>	<b>137</b>	<b>(1,102)</b>	<b>25,104</b>	<b>(5,183)</b>

## Fair Value of Financial Instruments

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

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

Financial instruments classified at amortised cost are carried in the Balance Sheet at their amortised cost. Their fair values disclosed below have been estimated by calculating the net

present value of the remaining contractual cash flows at 31 March 2025, using the following methods and assumptions:

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

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

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

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

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

The valuation has been made using the audited accounts of MAHL for the annual periods between 2022/23 and 2023/24 along with an interim 6-month report for the period ending 30 September 2024. These shares are subject to an annual valuation. In 2024/25 this has seen a reduction in value of £2.9m. The valuation of the shareholdings was undertaken by independent valuers, BDO, on behalf of the Council.

The 10% holding in Manchester Airport Car Park (1) Limited is valued on the updated financial forecast and taking into account the Council valuation of its shareholding in MAHL.

The data is then adjusted by discount factors to allow for the fact that the shares are not publicly traded and that the Council holds a minority interest with no voting rights.

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

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

All other long-term investments are carried at historic cost, as these are the Council's investments in subsidiaries and associates. The total value of the other long-term investments at 31 March 2025 is £0.165m.

	Fair Value Level	31 March 2024		31 March 2025	
		Balance sheet £000	Fair Value £000	Balance sheet £000	Fair Value £000
Financial Liabilities held at amortised cost:					
Long-term loans from PWLB	2	(35,377)	(24,938)	(84,515)	(72,099)
Long-term LOBO loans	2	(86,419)	(102,795)	(87,132)	(95,987)
Other long-term loans	2	(40,409)	(35,217)	(40,404)	(29,342)
Lease payables and PFI Liabilities	2	(193,618)	(271,181)	(217,805)	(217,805)
<b>TOTAL FINANCIAL LIABILITIES</b>		<b>(355,553)</b>	<b>(434,131)</b>	<b>(429,856)</b>	<b>(415,233)</b>
Recorded on balance sheet as:					
Short-term creditors		(56,688)	(56,688)	(68,807)	(68,807)
Short-term borrowing		(20,369)	(20,369)	(25,707)	(25,864)
<b>TOTAL FINANCIAL LIABILITIES</b>		<b>(432,610)</b>	<b>(511,188)</b>	<b>(94,514)</b>	<b>(94,671)</b>

	Fair Value Level	31 March 2024		31 March 2025	
		Balance sheet £000	Fair Value £000	Balance sheet £000	Fair Value £000
Financial Assets held at Fair Value:					
Property funds	2	13,354	13,150	13,611	13,403
Strategic Partner Loans	2	41,809	50,432	39,168	50,348
<b>TOTAL FINANCIAL Assets</b>		<b>55,163</b>	<b>63,582</b>	<b>52,779</b>	<b>63,751</b>
Recorded on balance sheet as:					
Short-term debtors		25,233	25,233	28,668	28,668
Short-term investments		10,273	10,273	0	0
Cash and cash equivalents		7,606	7,606	35,423	35,423
Long-term debtors		3,940	3,940	5,906	5,906
Long-term investments		59,371	59,371	54,455	54,455
<b>TOTAL FINANCIAL Assets</b>		<b>106,423</b>	<b>106,423</b>	<b>124,452</b>	<b>124,452</b>

## Financial Instruments - Risks

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

In line with the Treasury Management Code, the Council approves a Treasury Management Strategy before the commencement of each financial year, for the year 2024/25 this was approved at full Council 28 February 2024. The Strategy sets out the parameters for the management of risks associated with financial instruments. The Council also produces Treasury Management Practices specifying the practical arrangements to be followed to manage these risks. This Strategy was set using Arlingclose as the Council's Treasury Management advisors.

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

The main risks covered are:

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

### Credit Risk: Overview

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

Exposure Category	31 March 2024 £000	31 March 2025 £000
Treasury Investments	23,600	48,975
Treasury Loan Commitments	42,857	45,074
Trade Receivables	27,797	28,668
<b>Total Credit Risk Exposure</b>	<b>94,254</b>	<b>122,717</b>

### Credit Risk: Treasury Investments and Commitments

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

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

Oldham Council used the creditworthiness service provided by Arlingclose for the financial year ending 31 March 2025. This service used a sophisticated modelling approach with credit ratings from all three rating agencies forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

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

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

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

Credit Rating	31 March 2024		31 March 2025	
	Long - term	Short - term	Long - term	Short - term
	£000	£000	£000	£000
AAA	0	13,600	0	30,885
A +	0	0	0	3,090
A -	0	0	0	0
Unrated Local Authorities	0	10,000	0	0
<b>Total Credit Risk Investments</b>	<b>0</b>	<b>23,600</b>	<b>0</b>	<b>33,975</b>

Loss allowances on treasury investments have been calculated by reference to historic default data published by credit rating agencies, multiplied by 86% (2023/24: 86%) to adjust for current and forecast economic conditions. They are determined to be credit-impaired when awarded a "D" credit rating or equivalent. The Council has not incurred any amounts of loss allowances related to treasury investments in the year to 31 March 2025 or the previous financial year.

#### Credit Risk: Trade Receivables

The Council's credit risk on trade receivables is mitigated by its legal ownership of the assets leased, which can be repossessed if the debtor defaults on the lease contract.

The following analysis summarises the Council's trade and lease receivables, by due date. Only those receivables meeting the definition of a financial asset are included.

Credit Rating	2023/24	2024/25
	Trade Receivables	Trade Receivables
	£000	£000
Neither past due nor impaired	10,669	9,245
Past due < 3 months	1,722	1,759
Past due 3 - 6 months	1,958	619
Past due 6 - 12 months	3,175	4,364
Past due 12 + months	10,273	12,681
<b>Total Receivables</b>	<b>27,797</b>	<b>28,668</b>

As at 31 March 2025, the Council had a balance of short-term debtors of £127.260m. A review of significant balances suggested that an expected credit loss of £60.208m was appropriate and sufficient (£115.135m short term debtors with an expected credit loss of £53.578m as at 31 March 2024). The calculation is based on the life-time expected credit losses for trade receivables, and they have been collectively assessed according to the groupings shown in the Note 23, for the purposes of calculating expected credit losses. Write offs occur only when all possible debt recovery procedures have been unable to secure payment. The Council's Long-Term Debtors have been reviewed and assessed for an Expected Credit Loss. This review has not identified that any impairment is required.

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

#### **Credit Risk: Service Loans and Loan Commitments**

In furtherance of the Council's service objectives, it has lent money to a strategic partner. The amounts recognised on the balance sheet, and the Council's total exposure to credit risk from these instruments are:

Exposure Type	31 March 2024		31 March 2025	
	Balance Sheet	Risk Exposure	Balance Sheet	Risk Exposure
	£000	£000	£000	£000
Loans at market rates	29,665	29,665	29,665	29,665
	<b>29,665</b>	<b>29,665</b>	<b>29,665</b>	<b>29,665</b>

#### **Liquidity Risk**

The Council has ready access to borrowing at favourable rates from the Public Works Loan Board and other Local Authorities, and at higher rates from banks and building societies. There is no perceived risk that the Council will be unable to raise finance to meet its commitments. It is however exposed to the risk that it will need to refinance a significant proportion of its borrowing at a time of unfavourably high interest rates. This risk is managed by maintaining a spread of fixed rate loans. The Council holds £33.975m (2023/24: £13.360m) of liquid financial assets that can be withdrawn or sold at short notice if required to meet cash outflows on financial liabilities.



The maturity analysis of financial liabilities is as follows.

31/03/2025	< 1 yr	1 -2 yrs	2 - 5 yrs	5- 10 yrs	10 20 yrs	20 - 30 yrs	30 - 40 yrs	> 40 yrs	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Borrowing	(69,121)	(19,864)	(53,591)	(31,559)	(5,682)	(5,000)	(5,000)	(45,001)	(234,817)
Trade Payables	(68,807)	-	-	-	-	-	-	-	(68,807)
<b>Financial Liabilities</b>	<b>(137,927)</b>	<b>(19,864)</b>	<b>(53,591)</b>	<b>(31,559)</b>	<b>(5,682)</b>	<b>(5,000)</b>	<b>(5,000)</b>	<b>(45,001)</b>	<b>(303,624)</b>
Liquid financial assets	33,975								33,975
<b>Net Liquidity Risk</b>	<b>(103,953)</b>	<b>(19,864)</b>	<b>(53,591)</b>	<b>(31,559)</b>	<b>(5,682)</b>	<b>(5,000)</b>	<b>(5,000)</b>	<b>(45,001)</b>	<b>(269,649)</b>

31/03/2024	< 1 yr	1 -2 yrs	2 - 5 yrs	5- 10 yrs	10 20 yrs	20 - 30 yrs	30 - 40 yrs	> 40 yrs	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Borrowing	(77,208)	(5,000)	(27,500)	(12,741)	(5,000)	(5,000)	(5,000)	(45,001)	(182,450)
Trade Payables	(56,688)	-	-	-	-	-	-	-	(56,688)
<b>Financial Liabilities</b>	<b>(133,896)</b>	<b>(5,000)</b>	<b>(27,500)</b>	<b>(12,741)</b>	<b>(5,000)</b>	<b>(5,000)</b>	<b>(5,000)</b>	<b>(45,001)</b>	<b>(239,138)</b>
Liquid financial assets	13,360								13,360
<b>Net Liquidity Risk</b>	<b>(120,536)</b>	<b>(5,000)</b>	<b>(27,500)</b>	<b>(12,741)</b>	<b>(5,000)</b>	<b>(5,000)</b>	<b>(5,000)</b>	<b>(45,001)</b>	<b>(225,778)</b>

The Council has £85.500m (2023/24: £85.500m) of “Lender’s option, borrower’s option” (LOBO) loans where the lender has the option on set dates to propose an increase in the rate payable; the Council will then have the option to accept the new rate or repay the loan without penalty. The lender therefore has the effective right to demand repayment and these loans are therefore shown in the tables above as maturing on the next option date.

### Market Risk – Interest Rate Risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates – the interest expense will rise;
- borrowings at fixed rates – the fair value of the liabilities will fall;
- investments at variable rates – the interest income will rise; and
- investments at fixed rates – the fair value of the assets will fall.

Investments measured at amortised cost and loans borrowed are not carried at fair value, so changes in their fair value will have no impact on the Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable



rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services. Movements in the fair value of fixed rate investments measured at fair value will be reflected in Other Comprehensive Income or the Surplus or Deficit on the Provision of Services as appropriate.

If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	31 March 2024 £'000	31 March 2025 £'000
Increase in interest payable on variable rate borrowings	299	327
Increase in interest receivable on variable rate investments	(188)	(267)
<b>Impact on Surplus or Deficit on the Provision of Services</b>	<b>111</b>	<b>60</b>
Decrease in fair value of loans and investments at amortised cost	(4,346)	(4,143)
Decrease in fair value of fixed rate borrowing	(24,277)	(22,530)

The Council's variable rate borrowings for the calculation are any LOBO investments with a call-date due and any loan principal that is due to become repayable in the 2025/26 financial year. The approximate impact of a 1% fall in interest rates would be a reduction in interest payable of £97k rather than £327k as it is assumed that any LOBO's would remain at their existing rates following the call date.

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed for variable rate investments.

The Council has £85.500m (2022/23: £85.500m) of "Lender's option, borrower's option" (LOBO) loans with maturity dates between 2053 and 2078 where the lender has the option to propose an increase in the rate payable; the Council will then have the option to accept the new rate or repay the loan without penalty.

### Market Risks: Price Risk

The market prices of the Council's units in pooled bond funds are governed by prevailing interest rates and the price risk associated with these instruments is managed alongside interest rate risk as described above.

The Council does not generally invest in equity shares or marketable bonds but does have shareholdings to the value of £67.901m in a number of joint ventures and in local companies. Whilst these holdings are generally illiquid, the Council is consequently exposed to losses arising from movements in the prices of the shares.

As the shareholdings have arisen in the acquisition of specific interests, the Council is not in a position to limit its exposure to price movements by diversifying its portfolio. Instead, it only acquires shareholdings in return for 'open book' arrangements with the company concerned so that the Council can monitor factors that might cause a fall in the value of specific shareholdings.

Of the shares mentioned above £54.290m have been elected as Fair Value through Other Comprehensive Income, meaning that all movements in price will impact on gains and losses recognised in the Financial Instruments Revaluation Reserve. A general shift of 5% in the general price of shares (positive or negative) may occur, which would have resulted in a £2.714m gain or loss being recognised in the Financial Instrument Revaluation Reserve for 2024/25.

The Council holds investment units within the CCLA Property Fund that have been classified as Fair Value through Profit and Loss, however the Council has chosen to use the override as allowed by DLUHC that provides a statutory override which allows the Fair Value movements during the year (any gain or loss in price) to be taken to the Financial Instrument Revaluation Reserve. A gain of £0.257m was recognised in 2024/25 in relation to the Council's holding in the CCLA Property Fund.

In 2023/24 the Council's holding in Manchester Airport, was re-valued resulting in a loss of £2.900m, which was recognised in the Financial Instruments Revaluation Reserve. The shareholding in Manchester Airport Car Park (1) Limited did not change in value in 2024/25

The Council also holds shares in both, Meridian Developments, and Community 1st Oldham (Chadderton) limited which have been elected to be accounted as fair value through other comprehensive income. Meridian Developments experience a loss of £0.166m and Community First Oldham (Chadderton) increased in value by £0.451m.

#### Market Risks: Foreign Exchange Risk

The Council has no financial assets or liabilities denominated in foreign currencies, and therefore has no exposure to loss arising from movement in exchange rates.

### 23. Debtors

The Council's short-term debtors (net of the expected credit loss) are as follows:

	31 March 2024 £000	31 March 2025 £000
Central Government Bodies	9,467	14,298
Other Local Authorities	1,236	1,759
NHS Bodies	5,051	4,837
Capital Debtors	4,123	3,623
Other Entities and Individuals	34,964	35,072
Payments in Advance	6,716	7,463
<b>Total</b>	<b>61,557</b>	<b>67,052</b>

The Council's long-term debtors (net of the expected credit loss) are as follows:

	31 March 2024 £000	31 March 2025 £000
Mortgages	6	6
Loans to Trusts, Community Interest Groups & Third Sector Organisations	301	301
Other Capital Loans & Advances	42,447	44,767
<b>Total</b>	<b>42,754</b>	<b>45,074</b>

## 24. Cash and Cash Equivalents

	31 March 2024 £000	31 March 2025 £000
Cash held by the Authority	110	97
Bank Current Accounts	17,743	39,643
Bank Overdraft	(10,201)	(4,202)
<b>Total</b>	<b>7,652</b>	<b>35,538</b>

## 25. Creditors

The Council's creditors are as follows:

	31 March 2024 £000	31 March 2025 £000
Central Government Bodies	(6,552)	(8,699)
Other Local Authorities	(2,885)	(2,515)
NHS Bodies	(170)	(465)
Capital Creditors	(6,496)	(8,238)
Other entities and individuals	(54,899)	(69,813)
Accumulated Absences	(6,216)	(5,966)
Receipts in Advance	(6,047)	(12,184)
<b>Total</b>	<b>(83,265)</b>	<b>(107,880)</b>

## 26. Provisions

The Council's provisions are as follows:

	Short Term		
	Insurance Provision £000	Other Provisions £000	Total £000
<b>Balance at 1 April 2024</b>	(250)	(5,052)	(5,302)
Provisions released in 2024/25	-	1,930	1,930
Increase in Provision 2024/25	-	(3,685)	(3,685)
<b>Balance at 31 March 2025</b>	<b>(250)</b>	<b>(6,807)</b>	<b>(7,057)</b>

	Long Term		
	Insurance Provision £000	Other Provisions £000	Total £000
<b>Balance at 1 April 2024</b>	(4,634)	(2,500)	(7,134)
Provisions released in 2024/25	-	-	-
Increase in Provision 2024/25	(508)	-	(508)
<b>Balance at 31 March 2025</b>	<b>(5,142)</b>	<b>(2,500)</b>	<b>(7,642)</b>

The Insurance Provision covers all historic legal liability claims including risks to employees whilst carrying out their duties, risks to the public and all other liability claims.

The Other Provisions represent amounts set aside to meet potential future liabilities; this includes a provision for Business Rates Appeals and changes in legislation

## **27. Contingent Assets**

A contingent asset is an asset that may be received but only if a future event occurs that is not under the control of the Council. The Council has identified the following contingent assets at 31 March 2025.

### **Housing Stock Transfer**

The Housing Stock Transfer has resulted in two remaining contingent assets to the Council.

#### **a) Right to Buy Sharing Agreement**

As with other agreed housing stock transfers, the Council entered into an agreement with First Choice Homes Oldham (FCHO) and the Council's Housing PFI partners relating to the future sales under the Prescribed Right to Buy (PRTB) regulations. This relates to any future sales of the transferred stock to existing tenants.

The Council will receive capital receipts at the end of each financial year for any properties sold within the year. The value of the receipt is calculated using a formula that takes the net income forgone by FCHO/Housing PFI from the total proceeds from the sale of dwellings for that year.

#### **b) VAT Shelter Arrangements**

In normal circumstances, FCHO is not able to reclaim VAT on improvement works to dwellings. The VAT Shelter is an arrangement, used in every housing stock transfer since 2002, with HMRC's agreement, whereby FCHO can reclaim VAT on future improvement works to the transferred housing stock. Of the £229.792m of improvement works to be undertaken, an estimated £45.958m of VAT would be recoverable by FCHO over the 15 years post transfer.

The Council agreed a 50/50 share of the VAT Shelter with FCHO, after FCHO has retained its first tranche of recoverable VAT; this is a sum of £14.900m. This first tranche of VAT was utilised by FCHO during the first 4 years post transfer. FCHO also retained a second tranche of VAT shelter savings, totalling £6.000m. This second tranche was used solely for asbestos works that exceeded the amount estimated within the Stock Condition Survey of £7.200m, (net of inflation, fees, and VAT). This arrangement was agreed to mitigate the Council's overall risk of a contingent liability through an asbestos warranty. If the total amount of the second tranche is not needed, the remaining balance will be shared under the 50/50 sharing agreement.

The estimated value of VAT shelter savings for the Council is £14.900m. The amount received in any given year by the Council will be dependent on the value of works undertaken by FCHO on which VAT can be reclaimed. The Council is expected to have received VAT savings totalling £8.437m up to 31 March 2025 and will continue to receive payments up to the value given above over the 15 years post transfer, 2025/2026 is the final year of the 15 years. The savings that are received by the Council will be treated as a capital receipt to support the Council's Capital Programme.

## **28. Contingent Liabilities**

A contingent liability is a potential liability which depends on the occurrence or non-occurrence of one or more uncertain future events. The Council has identified the following contingent liabilities at 31 March 2025.

### **1) Stock Transfer Warranties**

The Council agreed to a number of warranties under the stock transfer agreements with First Choice Homes Oldham (FCHO) and other housing providers. Such arrangements give rise to a possible obligation of the Council, which will be confirmed upon the occurrence or non-occurrence of the invocation of the warranties.

### **2) Historical Disputes**

There are potential liabilities arising from an education setting where a former employee has been convicted of criminal offences. As some of these actions are at an early stage there is insufficient certainty about the potential implications and the amounts being claimed.

## 29. PFI and Similar Contracts

### Overview of PFI and Similar Contracts

Scheme	Library and Lifelong Learning Centre	Sheltered Housing	Gateways to Oldham Housing	Chadderton Wellbeing Centre	Street Lighting	Schools	Building Schools for the Future
Type of Contract	PFI	PFI	PFI	Local Improvement Finance Trust Lease Plus Agreement	PFI	PFI	PFI
Year of Operation of Contract	20th	19th	14th	16th	14th	18th	13th
Contract Length (Years)	25	30	25	30	25	25	25
Description of Arrangement	Construction, Maintenance and operation of Information Technology and Facilities Management Services at Oldham Library and Lifelong Learning Centre	Demolition, build and refurbishment and provision of management and maintenance services to sheltered and warden supported HRA Properties	Demolition, build or refurbishment and the provision of management and maintenance services to 620 HRA Properties	Build contract and the provision of Facility Management services to the centre, which incorporates a library, sports centre, café and community rooms	Joint Arrangement with Rochdale for the replacement of circa 23,000 streetlights and ongoing management and maintenance of streetlights	Construction and maintenance of Radclyffe and Failsworth Secondary schools including the provision of Facilities Management and Information Technology services	Construction and maintenance of the Saint John Henry Newman RC Secondary School, along with provision of Facilities Management services.
Council Rights under the contract	Right to specify the opening times of the Centre	Right to specify arrangements around the demolition, build and refurbishment of dwellings and tenancy management services	Right to specify arrangements around the demolition, build and refurbishment of dwellings and tenancy management services	Right to specify the opening times of the Centre	Rights to detail the specification of the streetlights	Right to specify the opening times of the schools	Right to specify the opening times of the school
Minimum standards specified by the contract with deductions from the fee payable if facilities are unavailable or performance is below minimum standards	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Assets to transfer to the Council at the end of the contract for nil consideration (Governing Body for schools)	Yes	Yes	Yes	The Council has the option to purchase at the end of the contract. Purchase costs have been incorporated into the expected lease payments	Yes	Yes	Yes
The Council only has rights to terminate contract if it compensates the contractor in full for costs incurred, including the repayment of any of the contractors' outstanding debt attributable to the contract	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Changes to the contract during the financial year	None	None	None	None	None	None	None

### Analysis of Payments due to be made under PFI and similar Contracts

The following table shows payments due to be made under PFI and similar Contracts in future financial years from 2025/26 onwards. All the payments under PFI and similar Contracts are linked in full or in part to Retail Price Index inflation and can be reduced if the contractor fails to meet availability and performance standards in any given financial year but are otherwise fixed. Lifecycle replacement costs have been included in the Service Charges element detailed in the table below:

	Library and Lifelong Learning Centre £000	Sheltered Housing £000	Gateways to Oldham Housing £000	Chadderton Wellbeing Centre £000	Street Lighting £000	Schools £000	Building Schools for the Future £000	Total £000
2025/26								
Repayment of Liability	793	4,972	1,872	132	178	2,953	1,658	12,558
Interest	679	5,818	3,362	976	1,348	2,018	2,198	16,399
Service Charges	1,725	7,004	4,839	548	3,595	4,693	2,093	24,497
<b>Total</b>	<b>3,197</b>	<b>17,794</b>	<b>10,073</b>	<b>1,656</b>	<b>5,121</b>	<b>9,664</b>	<b>5,949</b>	<b>53,454</b>
2026/27 to 2029/30								
Repayment of Liability	4,964	16,440	10,481	1,229	1,352	11,424	7,530	53,420
Interest	1,783	19,952	12,025	3,770	5,198	5,939	7,236	55,903
Service Charges	6,436	37,048	19,095	2,046	14,580	22,499	9,717	111,421
<b>Total</b>	<b>13,183</b>	<b>73,440</b>	<b>41,601</b>	<b>7,045</b>	<b>21,130</b>	<b>39,862</b>	<b>24,483</b>	<b>220,744</b>
2030/31 to 2034/35								
Repayment of Liability	1,572	39,225	25,268	3,637	9,725	10,794	9,748	99,969
Interest	146	15,643	9,486	4,050	4,691	1,568	5,449	41,033
Service Charges	1,110	42,244	20,453	2,157	13,518	17,111	17,089	113,682
<b>Total</b>	<b>2,828</b>	<b>97,112</b>	<b>55,207</b>	<b>9,844</b>	<b>27,934</b>	<b>29,473</b>	<b>32,286</b>	<b>254,684</b>
2035/36 to 2039/40								
Repayment of Liability	-	15,946	11,790	10,041	3,654	-	6,472	47,903
Interest	-	1,679	1,145	2,551	400	-	1,029	6,804
Service Charges	-	12,742	6,349	2,448	3,251	-	8,858	33,648
<b>Total</b>	<b>-</b>	<b>30,367</b>	<b>19,284</b>	<b>15,040</b>	<b>7,305</b>	<b>-</b>	<b>16,359</b>	<b>88,355</b>
<b>Repayments Total</b>	<b>7,329</b>	<b>76,583</b>	<b>49,411</b>	<b>15,039</b>	<b>14,909</b>	<b>25,171</b>	<b>25,408</b>	<b>213,850</b>
<b>Interest Total</b>	<b>2,608</b>	<b>43,092</b>	<b>26,018</b>	<b>11,347</b>	<b>11,637</b>	<b>9,525</b>	<b>15,912</b>	<b>120,139</b>
<b>Service Charges Total</b>	<b>9,271</b>	<b>99,038</b>	<b>50,736</b>	<b>7,199</b>	<b>34,944</b>	<b>44,303</b>	<b>37,757</b>	<b>283,248</b>
<b>Grand Total</b>	<b>19,208</b>	<b>218,713</b>	<b>126,165</b>	<b>33,585</b>	<b>61,490</b>	<b>78,999</b>	<b>79,077</b>	<b>617,237</b>

### Analysis of Liabilities as a result of PFI and Similar Contracts

The payments to the contractor are described as Unitary Charges. They have been calculated to compensate the contractor for the fair value of the services the contractor provides, the capital expenditure incurred and the interest payable whilst the capital expenditure remains to be reimbursed. The liability to pay the contractors for capital expenditure incurred is as follows:

The Council has adopted the IFRS 16 accounting standard for the 2024/25 financial year. In relation to PFI contracts the major change is that under the previous (IAS 17) standard liabilities were not remeasured when payments change and any increased payment was treated as contingent rent, a form of interest, and expensed. All of the PFI contracts are linked to inflation (Retail Price Index). Under IAS 16 there is a requirement to remeasure liabilities when the payments change and the lease liability (the Net Present Value of future payments) has been recalculated based on the revised level of unitary charge payment. The increase in the overall liability has been offset by an equal increase in the value of the PFI assets.

Scheme	Liability 31 March 2023 £000	Repayments £000	Liability 31 March 2024 £000	IFRS 16 Opening Liability Adjustment £000	Repayments £000	Liability 31 March 2025 £000
Library and Lifelong Learning Centre	8,592	(799)	7,793	352	(816)	7,329
Sheltered Housing	65,838	(3,483)	62,355	18,851	(4,623)	76,583
Gateways to Oldham	47,700	(1,936)	45,764	5,485	(1,839)	49,410
Chadderton Wellbeing Centre	7,728	(34)	7,695	7,391	(46)	15,040
Street Lighting	15,896	(567)	15,329	(310)	(110)	14,909
Schools	30,854	(2,841)	28,013	52	(2,894)	25,171
Building Schools for the Future	27,216	(1,055)	26,161	564	(1,317)	25,408
<b>Total</b>	<b>203,824</b>	<b>(10,716)</b>	<b>193,110</b>	<b>32,385</b>	<b>(11,645)</b>	<b>213,850</b>



## Assets as result of PFI and Similar Contracts

	Library and Lifelong Learning Centre	Sheltered Housing	Gateways to Oldham Housing	Chadderton Wellbeing Centre	Street Lighting	Schools	Building Schools for the Future	Total
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Cost or Valuation</b>								
As at 1 April 2024	19,878	45,296	24,860	14,022	24,457	103,661	49,320	<b>281,494</b>
IFRS 16 Adjustment	352	18,851	5,485	7,391	(310)	52	564	<b>32,385</b>
Additions				11				<b>11</b>
Revaluations recognised in Revaluation Reserve	(789)	981	3,915	(215)	-	2,306	2,089	<b>8,287</b>
<b>As at 31 March 2025</b>	<b>19,441</b>	<b>65,128</b>	<b>34,260</b>	<b>21,209</b>	<b>24,147</b>	<b>106,019</b>	<b>51,973</b>	<b>322,177</b>
<b>Accumulated Depreciation &amp; Impairment</b>								
As at 1 April 2024	-	3,910	1,789	-	5,826	-	-	<b>11,525</b>
Depreciation Charge	1,255	3,994	2,073	831	504	8,410	3,494	<b>20,561</b>
Depreciation Written out to Revaluation Reserve	(1,255)	(3,909)	(1,790)	(831)	-	(8,410)	(3,494)	<b>(19,689)</b>
Impairment Losses/(reversals) recognised in the (Surplus)/Deficit on the Provision of Services	352	18,851	5,485	7,391	(310)	52	564	<b>32,385</b>
<b>As at 31 March 2025</b>	<b>352</b>	<b>22,846</b>	<b>7,557</b>	<b>7,391</b>	<b>6,020</b>	<b>52</b>	<b>564</b>	<b>44,782</b>
<b>Net Book Value at 31 March 2024</b>	<b>19,878</b>	<b>41,386</b>	<b>23,071</b>	<b>14,022</b>	<b>18,631</b>	<b>103,661</b>	<b>49,320</b>	<b>269,969</b>
<b>Net Book Value at 31 March 2025</b>	<b>19,089</b>	<b>42,282</b>	<b>26,703</b>	<b>13,818</b>	<b>18,127</b>	<b>105,967</b>	<b>51,409</b>	<b>277,395</b>

	Library and Lifelong Learning Centre £000	Sheltered Housing £000	Gateways to Oldham Housing £000	Chadderton Wellbeing Centre £000	Street Lighting £000	Schools £000	Building Schools for the Future £000	Total £000
<b>Cost or Valuation</b>								
As at 1 April 2023	18,142	44,541	23,186	13,150	24,457	93,932	44,863	<b>262,271</b>
Revaluations recognised in Revaluation Reserve	1,736	755	1,776	872	-	9,729	4,457	<b>19,325</b>
Derecognition-disposals	-	-	(102)	-	-	-	-	<b>(102)</b>
<b>As at 31 March 2024</b>	<b>19,878</b>	<b>45,296</b>	<b>24,860</b>	<b>14,022</b>	<b>24,457</b>	<b>103,661</b>	<b>49,320</b>	<b>281,494</b>
<b>Accumulated Depreciation &amp; Impairment</b>								
As at 1 April 2023	-	3,841	1,641	-	5,335	-	-	<b>10,817</b>
Depreciation Charge	1,022	3,909	1,790	692	491	6,424	2,807	<b>17,135</b>
Depreciation Written out to Revaluation Reserve	(1,022)	(3,840)	(1,634)	(692)	-	(6,424)	(2,807)	<b>(16,419)</b>
Derecognition -disposals	-	-	(8)	-	-	-	-	<b>(8)</b>
<b>As at 31 March 2024</b>	<b>-</b>	<b>3,910</b>	<b>1,789</b>	<b>-</b>	<b>5,826</b>	<b>-</b>	<b>-</b>	<b>11,525</b>
<b>Net Book Value at 31 March 2023</b>	<b>18,142</b>	<b>40,700</b>	<b>21,545</b>	<b>13,150</b>	<b>19,122</b>	<b>93,932</b>	<b>44,863</b>	<b>251,454</b>
<b>Net Book Value at 31 March 2024</b>	<b>19,878</b>	<b>41,386</b>	<b>23,071</b>	<b>14,022</b>	<b>18,631</b>	<b>103,661</b>	<b>49,320</b>	<b>269,969</b>

### 30. Pension Schemes Accounted for as Defined Contribution Schemes

#### Teachers' Pension Scheme

Teachers employed by the Council are members of the Teachers' Pension Scheme administered by Capita Teachers' Pensions on behalf of the Department for Education. The Scheme provides teachers with specified benefits upon their retirement and the Council contributes towards the cost by making contributions based on a percentage of scheme members' pensionable salaries.

The Scheme is technically a defined benefit scheme; however, the scheme is unfunded. The Department for Education uses a notional fund as the basis for calculating the employer's contribution rate paid by Local Authorities. The Council is not able to identify its share of the underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2024/25, the Council paid £12.525m (£10.742m in 2023/24) to the Teachers Pensions Scheme in respect of teachers' retirement benefits, representing 27.00% (22.47% in 2023/24) of pensionable pay.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside the terms of the Teachers' Scheme. These costs are accounted for on a defined benefits basis and are detailed in Note 31.

### 31. Defined Benefit Pension Schemes

#### Participation in Pension Schemes

As part of the terms and conditions of the employment of its Officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until the employees retire, the Council has a commitment to make the payments that need to be disclosed at the time the employees earn their future entitlement. The Council participates in the Local Government Pension Scheme (LGPS) which is administered locally by Tameside Metropolitan Borough Council. This is a funded defined benefit final salary pension scheme, meaning that the Council and employees pay contributions into a fund calculated at a level intended to balance the pension liabilities with investment assets.

#### Transactions Relating to Post-employment Benefits

The cost of retirement benefits is recognised in the reported cost of services when they are earned by the employees rather than when they are eventually paid as pensions. However, the charge made against Council Tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund through the MiRS. The following transactions have been made in the CIES and the General Fund Balance through the MiRS during the year:

	2023/24 £000	2024/25 £000
<b>Service Cost</b>		
Current service cost	(20,908)	(18,673)
Past service cost (including curtailments)	(993)	(3,464)
Effect of Settlements	(137)	(409)
<b>Total service cost</b>	<b>(22,038)</b>	<b>(22,546)</b>
<b>Financing and Investment Income and Expenditure</b>		
Interest income on scheme assets	62,922	67,774
Interest cost on defined benefit obligation	(54,715)	(55,774)
Interest on the effect of the asset ceiling	(4,849)	(13,821)
<b>Total net interest</b>	<b>3,358</b>	<b>(1,821)</b>
<b>Total Post Employment Benefits Charged to the Deficit on the Provision of Services</b>	<b>(18,680)</b>	<b>(24,367)</b>
<b>Remeasurements of the Net Defined Liability Comprising:</b>		
Return on plan assets excluding amounts included in net interest	32,078	(13,217)
Changed in demographic assumptions	7,826	2,029
Actuarial Gains/(losses) arising from changes in financial assumptions	62,993	167,703
Other experience and actuarial adjustments	(37,799)	13,286
Changes in the effect of the asset ceiling	(178,037)	(163,942)
<b>Total Remeasurements Recognised in Other Comprehensive Income</b>	<b>(112,939)</b>	<b>5,859</b>
<b>Total Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement</b>	<b>(131,619)</b>	<b>(18,508)</b>
<b>Movement in Reserves Statement</b>		
Reversal of net charges made to the deficit on the provision of services	18,680	24,367
<b>Employers' Contributions Payable to the Scheme</b>	<b>(23,022)</b>	<b>(24,588)</b>

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

The amount included in the Balance Sheet arising from the Council's obligation in respect of its defined benefit scheme is as follows:

	2023/24 £000	2024/25 £000
Fair value of plan assets	1,409,171	1,442,500
Present value of funded liabilities	(1,133,580)	(987,815)
Present value of unfunded liabilities	(28,993)	(24,244)
Asset Ceiling Adjustment	(284,978)	(462,741)
<b>Net Liability Arising From Defined Benefit Obligation</b>	<b>(38,380)</b>	<b>(32,300)</b>

### Asset Ceiling

Following the pensions valuation by the Council's actuary, Hymans Robertson LLP, the Council determined that the fair value of its pension plan assets outweighed the present value of the plan obligations at 31 March 2025 resulting in a pension plan asset for the first time. IAS 19 Employee Benefits requires that, where a pension plan asset exists, it is measured at the lower of:

- The surplus in the defined benefit plan; and
- The asset ceiling.

The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The Council's actuary calculated the asset ceiling as the net present value of future service costs less net present value of future contributions.

The Council has therefore limited the Pension asset recognised in its balance sheet to the asset ceiling, which was nil in 2024/25 (nil in 2023/24). The remaining represents the unfunded liabilities (comprising £13.165m LGPS and £11.079m Teachers unfunded, £15.833m LGPS and £13.160m in 2023/24) which are not included in the asset ceiling adjustment and any liabilities as a result of past contributions. The adjustment has been recognised within other comprehensive income and expenditure of the CIES.

	2023/24 £000	2024/25 £000
Asset Ceiling Balance at 1 April	(102,092)	(284,978)
Interest on the Effect of Asset Ceiling	(4,849)	(13,821)
Changes on the Effect of Asset Ceiling	(178,037)	(163,942)
<b>Asset Ceiling Balance 31 March</b>	<b>(284,978)</b>	<b>(462,741)</b>

#### Reconciliation of the Movements in Fair Value of Scheme Assets

	2023/24 £000	2024/25 £000
Opening fair value of scheme assets	1,335,959	1,409,171
Effect of Settlements	(2,876)	(4,737)
Interest income	62,922	67,774
<b>Remeasurement loss</b>		
Return on plan assets excluding amounts included in net interest	32,078	(13,217)
Contributions from employer into the scheme	20,300	21,854
Contributions from employees into the scheme	6,912	6,971
Benefits paid	(46,124)	(45,316)
<b>Closing Fair Value of Scheme Assets</b>	<b>1,409,171</b>	<b>1,442,500</b>

The Council's share of pension fund assets is rolled forward, by the actuary, from the latest formal valuation date. The roll forward amount is then adjusted for investment returns, the effective contributions paid into and estimated benefits paid from the fund by the Council and its employees. As such this estimate may differ from the actual assets held by the Pension Fund on 31 March 2025.

## Reconciliation of Present Value of Scheme Liabilities (Defined Benefit Obligation)

	2023/24 £000	2024/25 £000
Opening fair value of scheme liabilities	1,163,650	1,162,573
Current service cost	20,908	18,673
Effect of Settlements	(2,739)	(4,328)
Interest cost	54,715	55,774
Contributions from scheme participants	6,912	6,971
<b>Remeasurement gain</b>		
Actuarial (gains)/losses arising from changes in financial assumptions	(62,993)	(167,703)
Changes in demographic assumptions	(7,826)	(2,029)
Other experience and actuarial adjustments	37,799	(13,286)
Past service cost	993	3,464
Benefits paid	(48,846)	(48,050)
<b>Closing Fair Value of Scheme Liabilities</b>	<b>1,162,573</b>	<b>1,012,059</b>

The Court of Appeal has recently issued its judgement in the Virgin Media case (Virgin Media Ltd v NTL Pension Trustees II Ltd & Ors) which could affect any scheme which was contracted-out of the State Second Pension on a final salary basis in the period between 6 April 1997 and 5 April 2016. The case centred on a change to benefits made in 1999 to the way in which deferred members' pensions were revalued in relation to inflation. The impact of the ruling on LGPS liabilities is not known and no adjustments to reflect the impact of the ruling have been made to the financial statements for the year. Management will continue to monitor the developments and consider the impact on the LGPS liabilities.

## Pension Scheme Assets

	Quoted prices in active markets £000	Quoted prices not in active markets £000	Total £000	Percentage Total of Asset	Quoted prices in active markets £000	Quoted prices not in active markets £000	Total £000	Percentage Total of Asset
<b>Equity Securities</b>								
Consumer	85,328	-	85,328	6%	92,469		92,469	6%
Manufacturing	77,914	-	77,914	6%	69,672		69,672	5%
Energy and Utilities	76,107	-	76,107	5%	76,820		76,820	5%
Financial Institutions	119,625	-	119,625	8%	117,281		117,281	8%
Health and Care	70,467	-	70,467	5%	65,573		65,573	5%
Information Technology	73,505	-	73,505	5%	77,918		77,918	5%
Other	15,736	-	15,736	1%	19,665		19,665	1%
<b>Debt Securities</b>								
Corporate Bonds (investment grade)	58,590	-	58,590	4%	47,192		47,192	3%
UK Government	37,332	-	37,332	3%	61,564		61,564	4%
Other	43,989	-	43,989	3%	55,252		55,252	4%
<b>Private Equity</b>								
All	-	96,600	96,600	7%		92,057	92,057	6%
<b>Real Estate</b>								
UK Property	-	57,070	57,070	4%		74,360	74,360	5%
<b>Investment Funds and Unit Trusts</b>								
Equities	65,899	-	65,899	5%	62,521		62,521	4%
Bonds	141,292	-	141,292	10%	145,122		145,122	10%
Infrastructure	-	119,515	119,515	8%		120,838	120,838	8%
Other	32,439	201,111	233,549	17%	35,542	187,575	223,117	15%
<b>Derivatives</b>								
Other	-	-	-	0%	(2,247)		(2,247)	0%
<b>Cash and Cash Equivalents</b>								
All	36,654	-	36,654	3%	43,326		43,326	3%
<b>Totals</b>	<b>934,876</b>	<b>474,295</b>	<b>1,409,171</b>	<b>100%</b>	<b>967,671</b>	<b>474,830</b>	<b>1,442,500</b>	<b>100%</b>

## Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates being based on the latest valuation of the scheme as of 31 March 2025.

The significant assumptions used by the actuary have been:

	2023/24	2024/25
<b>Mortality assumptions:</b>		
<b>Longevity at 65 for current pensioners:</b>		
men	19.7	19.6
women	22.9	22.9
<b>Longevity at 65 for future pensioners:</b>		
men	20.9	20.8
women	24.6	24.6
Rate of increase in salaries	3.55%	3.55%
Rate of increase in pensions	2.75%	2.75%
Rate for discounting scheme liabilities	4.85%	5.80%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below is based on possible changes to the assumptions occurring at the end of the reporting period. For each assumption change all other assumptions remain constant.

The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit cost method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in 2023/24.

Change in Assumptions at 31 March 2025	Approximate % Increase to Employee Liability	Approximate Monetary Amount £000
0.1% decrease in real discount rate	2%	16,575
1 year increase in member life expectancy	4%	40,482
0.1% increase in the salary increase rate	0%	642
0.1% increase in the pension increase rate	2%	16,395

### Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. Funding levels are monitored on an annual basis. The contribution rate set by the current triennial valuation took effect from the financial year starting 1 April 2023.

The scheme has taken account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits.

### 32. Cash Flows from Operating Activities

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:	2023/24 £000	2024/25 £000
Depreciation	45,416	54,065
Impairment and downward valuations	8,519	49,126
Amortisation	1,637	2,574
Increase/(decrease) in creditors	5,945	23,293
(Increase)/decrease in debtors	(6,656)	(6,442)
(Increase)/decrease in inventories	36	(66)
Movement in pension liability	(4,342)	(221)
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	6,084	14,139
Other non-cash items charged to the net surplus or deficit on the provision of services	1,230	1,137
	<b>57,869</b>	<b>137,605</b>



The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:	2023/24 £000	2024/25 £000
Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	-	2,245
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(7,260)	(6,913)
Any other items for which the cash effects are investing or financing cash flows	(39,566)	(45,120)
	<b>(46,826)</b>	<b>(49,788)</b>
The cash flows for operating activities include the following items:		
Interest received	6,736	6,931
Interest paid	(24,962)	(25,628)
Dividends received	842	1,742
	<b>(17,384)</b>	<b>(16,955)</b>

### 33. Cash Flows from Investing Activities

	2023/24 £000	2024/25 £000
Purchase of property, plant and equipment, investment property and intangible assets	(64,765)	(71,064)
Purchase of short-term and long-term investments	(13,000)	-
Other payments for investing activities	(2,813)	(1,680)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	7,260	6,913
Proceeds from short-term and long-term investments	23,005	10,000
Other receipts from investing activities	43,611	45,782
<b>Net cash flows from investing activities</b>	<b>(6,702)</b>	<b>(10,049)</b>

### 34. Cash Flows from Financing Activities

	2023/24 £000	2024/25 £000
Cash receipts of short and long-term borrowing	20,000	85,000
Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance Sheet PFI contracts	(11,173)	(12,628)
Repayments of short and long-term borrowing	(6)	(31,190)
Other payments for financing activities	520	(23)
<b>Net cash flows from financing activities</b>	<b>9,341</b>	<b>41,159</b>

### 34a. Reconciliation of Liabilities Arising from Financing Activities

	1 April 2024 £000	Financing cash flows £000	Acquisition £000	Other non-cash changes £000	31 March 2025 £000
Long-term borrowings	161,484	48,818	-	(11)	210,291
Short-term borrowings	21,820	4,997	-	651	27,468
Lease Liabilities	747	(984)	4,166	-	3,929
Transferred Debt	33	(5)	-	-	28
On balance sheet PFI Liabilities	193,110	(11,644)	32,384		213,850
<b>Amounts included as part of (debtor)/creditor balances:</b>					
Amounts owed to/from Collection Fund preceptors	804	(23)	-	-	781
<b>Total Liabilities from financing activities</b>	<b>377,998</b>	<b>41,159</b>	<b>36,550</b>	<b>640</b>	<b>456,347</b>

	1 April 2023 £000	Financing cash flows £000	Acquisition £000	Other non-cash changes £000	31 March 2024 £000
Long-term borrowings	161,494	-	-	(10)	161,484
Short-term borrowings	1,690	20,000	-	130	21,820
Lease Liabilities	475	(457)	729	-	747
Transferred Debt	39	(6)	-	-	33
On balance sheet PFI Liabilities	203,826	(10,716)	-	-	193,110
<b>Amounts included as part of (debtor)/creditor balances:</b>					
Amounts owed to/from Collection Fund preceptors	284	520	-	-	804
<b>Total Liabilities from financing activities</b>	<b>367,808</b>	<b>9,341</b>	<b>729</b>	<b>120</b>	<b>377,998</b>

## 35. Accounting Policies

### 1.1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2024/25 financial year and its position at the year-end of 31 March 2025. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the Code) supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

The accounts have been prepared on a going concern basis, under the assumption that the Council will continue in existence for the foreseeable future.

Unless otherwise stated the convention used in this document is to round to amounts the nearest thousand pounds. All totals are the rounded totals of unrounded figures and, therefore, may not be the strict sums of the figures presented in the text or tables. Throughout the Statements all credit balances are shown with parentheses e.g. (£1,234).

### 1.2 Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

#### Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e., repairs and maintenance) is charged as an expense when it is incurred. The Council has a £10,000 de minimis limit for the recognition of Capital Expenditure.

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

#### Measurement

Assets are initially measured at cost, comprising:

- the purchase price;
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management;
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e., it will not lead to a variation in the

cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Assets are then carried in the Balance Sheet using the following measurement bases:

- community assets, infrastructure assets and assets under construction – depreciated historical cost.
- dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH).
- surplus assets – fair value, determined by the measurement of the highest and best use value of the asset.
- all other operational assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value. For non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Assets included on the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Surplus or Deficit on the Provision of Services where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant Directorate line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

## **Impairment**

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist, and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant Directorate line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is subsequently reversed, the reversal is credited to the relevant Directorate line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

## **Depreciation**

Depreciation is provided for Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer;
- vehicles, plant, furniture and equipment – straight-line allocation over the useful life of the asset as estimated by a suitably qualified officer; and
- infrastructure – See section below.

Revaluation gains are depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

## **Component Accounting**

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item and/or whose life is significantly different to the life of the host (main) asset, the components are depreciated separately.

Components are recognised in the financial year where:

- there has been a revaluation of assets;
- there has been an acquisition of assets within the financial year; and
- enhancement expenditure has been incurred within the financial year.

## **Disposals**

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

The written-off asset value of disposals is not a charge against the General Fund, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. If the disposal relates to housing assets a proportion of the capital receipt is payable to the Government (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances). For 2024/25 the Council can benefit from the flexibilities in the amendment

on Right to Buy (RTB) receipts. For 2024/25 the Council can retain 100% RTB receipts to finance capital expenditure on housing projects. The balance of receipts is required to be credited to the Usable Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are transferred to the Usable Capital Receipts Reserve from the General Fund Balance in the Movement in Reserves Statement.

## Infrastructure Assets

Highways infrastructure assets include carriageways, footways and cycle tracks, structures, street lighting, street furniture, traffic management systems and land which together form a single integrated system.

- Recognition

Expenditure on the acquisition or replacement of components of the network is capitalised on an accrual's basis, provided that it is probable that the future economic benefit associated with the item will flow to the Council and the cost of the item can be measured reliably.

- Measurement

Highways infrastructure assets are measured at depreciated historical cost. This is, however, a modified form of historical cost. Opening balances for highways infrastructure assets were originally recorded in the balance sheet at amounts of capital undischarged for sums borrowed as at 1 April 1994, which was deemed at the time to be historical cost.

- Impairment

Where impairment losses are identified, they are accounted for by the carrying amount of the asset being written down to the recoverable amount.

- Depreciation

Depreciation is provided on the parts of the highways network infrastructure assets that are subject to deterioration or depletion and by the systematic allocation of their depreciable amounts over their useful lives.

Annual depreciation is the depreciation amount allocated each year.

The useful lives of the various parts of the highways network are detailed below:

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

## Disposal and Derecognition

When a component of the network is disposed of or decommissioned, the carrying amount of the component in the Balance Sheet is written off the 'Other Operating Expenditure' line in the Comprehensive Income & Expenditure Statement as part of the gain or loss on disposal.

Receipts from disposal (if any) are credited to the same line in the Comprehensive Income & Expenditure Statement, also as part of the gain or loss on disposal (i.e., netted off against the carrying value of the asset at the time of disposal). The written off amounts of disposal are not a charge against Council Tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are transferred to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

### **1.3 Heritage Assets**

The Council's Heritage Assets are held by the Council principally for their contribution to knowledge and/or culture. They are recognised and measured, including treatment of revaluation gains and losses, in accordance with the Council's Accounting Policies on Property Plant and Equipment. However, some of the measurement rules are relaxed allowing the Council's Heritage Assets to be included on the Balance Sheet at their insured value where available. Where insurance valuations are not available and the Council has no records of the original cost of the asset, then there is a narrative disclosure of the asset.

Heritage assets are deemed to have an indefinite life, therefore are not depreciated as the charge made would be minimal and immaterial. Nevertheless, where there is evidence of physical deterioration to a Heritage Asset, or doubts arise to its authenticity, the value of the asset has to be reviewed.

### **1.4 Investment Property**

Investment properties are those assets that are used solely to earn rental income and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the highest and best use value of the asset. Investment properties are not depreciated, and an annual valuation programme ensures that they are held at highest and best use value at the Balance Sheet date. Gains and losses on revaluation are charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and charged to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Useable Capital Receipts Reserve.

### **1.5 Private Finance Initiative (PFI) and Similar Contracts**

PFI and similar contracts are agreements to receive services, where the responsibility for making available the Property, Plant and Equipment needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes, and as ownership of the Property, Plant and Equipment assets will pass to the Council at the end of the contracts for no additional charge, the Council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value (based on the cost to purchase the Property, Plant and Equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment. Non-current assets recognised

on the Balance Sheet are revalued and depreciated in the same way as Property, Plant and Equipment owned by the Council.

The amounts payable to the PFI operators each year are analysed into five elements:

- The value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement.
- Finance cost – an interest charge is raised on the outstanding Balance Sheet liability and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The interest rate is calculated for each scheme so that the Balance Sheet liability is zero at the end of each contract.
- Payment towards liability – applied to write down the Balance Sheet liability.
- Lifecycle replacement costs – are split between revenue and capital costs. Revenue lifecycle costs are debited to the relevant service in the Comprehensive Income and Expenditure Statement. Capital lifecycle costs are debited to Property Plant and Equipment to reflect the enhancement of the PFI Asset.

## **1.6 Accounting for Schools**

In line with accounting standards and the Code on group accounts and consolidation, all maintained schools are considered to be entities controlled by the Council. Rather than produce group accounts the income, expenditure, assets, liabilities, reserves and cash flows of each school are recognised in the Council's single entity accounts. The Council has the following types of maintained schools under its control:

- Community
- Voluntary Aided
- Voluntary Controlled
- Foundation Trust
- Foundation

Schools' non-current assets (school buildings and playing fields) are recognised on the Balance Sheet where the Council directly owns the assets, where the Council holds the balance of control of the assets or where the school or the school governing body own the assets or have had rights to use the assets transferred to them through a licence arrangement.

When a maintained school converts to an Academy, the school's non-current assets held on the Council's Balance Sheet are treated as a disposal. The carrying value of the asset is written off to Other Operating Expenditure in the Comprehensive Income and Expenditure Statement. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

The written-off asset value is not a charge against the General Fund, as the cost of non-current asset disposals resulting from schools transferring to an Academy status is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

## **1.7 Revenue Expenditure Funded from Capital under Statute (REFCUS)**

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital



resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of Council Tax.

## **1.8 Capital Charges to Revenue for Non-Current Assets**

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the relevant service.
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- amortisation of intangible non-current assets attributable to the service.

The Council is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in the approved Minimum Revenue Provision policy. Depreciation, revaluation and impairment losses, and amortisation are replaced by Minimum Revenue Provision (MRP). This adjusting transaction is included in the Movement in Reserves Statement with the Capital Adjustment Account charged with the difference between the two amounts.

## **1.9 Financial Instruments**

### **Financial Liabilities**

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the CIES is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the CIES, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. When a premium or discount has been incurred and paid in full by a grant from an external body it is accounted for in full in the year that the grant is received. The reconciliation of amounts

charged to the CIES to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

## **Financial Assets**

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

- amortised cost;
- fair value through profit or loss (FVPL); and
- fair value through other comprehensive income (FVOCI).

The Council's business model is to hold investments to collect contractual cash flows i.e. payments of interest and principal. Most of the Council's financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

### **Financial Assets Measured at Amortised Cost**

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

### **Financial Assets Measured at Fair Value through Profit or Loss (FVPL)**

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

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

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

The inputs to the measurement techniques are categorised in accordance with the accounting policy set out in section 1.23 Fair Value Measurement.

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

IFRS 9 Financial Instruments sets out that investments in equity should be classified as fair value through profit and loss unless there is an irrevocable election to recognise changes in fair value through other comprehensive income. The Council will assess each investment on an individual basis and assign an IFRS 9 category. The assessment will be based on the underlying purpose for holding the financial instrument.

Any changes in the fair value of instruments held at fair value through profit or loss will be recognised in the net cost of service in the CIES and will have a General Fund impact.

### **Financial Assets measured at Fair Value through other Comprehensive Income (FVOCI)**

The Council has equity instruments designated at fair value through other Comprehensive Income (FVOCI).

The Council has made an irrevocable election to designate three of its equity instruments as FVOCI on the basis that it is held for non-contractual benefits, it is not held for trading but for strategic purposes. The assets are initially measured and carried at fair value. The value is based on the principal that the equity shares have no quoted market prices and is based on an independent appraisal of the company valuation.

Dividend income is credited to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

Changes in fair value are posted to Other Comprehensive Income and Expenditure and are balanced by an entry in the Financial Instruments Revaluation Reserve.

When the asset is de-recognised, the cumulative gain or loss previously recognised in Other Comprehensive Income and Expenditure is transferred from the Financial Instruments Revaluation Reserve and recognised in the Surplus or Deficit on the Provision of Services.

### **Expected Credit Loss Model**

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

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

### **Instruments Entered into Before 1 April 2006**

The Council entered into a number of financial guarantees that are not required to be accounted for as financial instruments. These guarantees are reflected in the Statement of Accounts to the extent that provisions might be required, or a contingent liability note is needed under the policies set out in the section on Provisions, Contingent Liabilities and Contingent Assets.

## **1.10 Employee Benefits**

### **Benefits Payable During Employment**

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave, paid sick leave, flexi and time off in lieu (TOIL) as well as bonuses and non-monetary benefits (e.g. mobile phones) for current employees and are recognised as an expense for services in the year in which employees render service to the Council.

### **Employee Accumulated Absence Accrual**

An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the current accounting year. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday entitlement occurs.

### **Termination Benefits**

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the relevant services lines in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

### **Post-Employment Benefits**

Employees of the Council are members of three separate pension schemes:

- The Greater Manchester Local Government Pension Scheme - administered by Tameside Metropolitan Borough Council.
- The Teachers' Pension Scheme - administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE).
- The NHS Pension Scheme - administered by EA Finance NHS Pensions.

These schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees working for the Council.

However, the arrangements for the teachers' and NHS schemes mean that liabilities for these benefits cannot be identified specifically to the Council. These schemes are therefore accounted for as if they are a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Children's Services line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pension Scheme in the year. The Community Health &

Adult Social Care Directorate line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to the NHS Pension Scheme in the year.

### **The Greater Manchester Local Government Pension Scheme**

The Greater Manchester Local Government Pension Scheme is accounted for as a defined benefits scheme.

The liabilities of the Greater Manchester Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method; an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates and projections of future earnings for current employees. Liabilities are discounted to their value at current prices, using a discount rate (based on the indicative rate of return on a basket of high-quality corporate bonds, Government gilts and other factors).

The assets of the Greater Manchester Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:

- quoted securities – current bid price;
- unquoted securities – professional estimate;
- unitised securities – current bid price;
- property – market value.

The change in the net pension liability is analysed into following components:

- current service cost – the increase in liabilities as a result of years of service earned in the current year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
- past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years will be debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs;
- net interest on the net defined benefit liability - the change during the period in the net defined benefit liability that arises from the passage of time is charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

### **Remeasurement comprising:**

- the return on plan assets – excluding amounts included in net interest on the net defined benefit liability – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
- contributions paid to the Greater Manchester Pension Fund - cash paid as employer contributions to the pension scheme in settlement of liabilities; not accounted for as an expense.

Statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the accounting standards. In the Movement in Reserves Statement this means that there are appropriations to and from the Pensions Reserve, to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund, and pensioners, and any such amounts payable but unpaid at the year-end. The balance that arises on the Pensions Reserve thereby measures the impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

### **1.11 Accruals of Income and Expenditure**

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received.

Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that may not be collected.

### **1.12 Cash and Cash Equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of a change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

### **1.13 Provisions, Contingent Liabilities and Contingent Assets**

#### **Provisions**

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made) the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim) it is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

## **Contingent Liabilities**

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

## **Contingent Assets**

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

### **1.14 Government Grants and Contributions**

Whether paid on account, by instalments or in arrears, Government grants and third-party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- the Council will comply with the conditions attached to the payment; and
- the grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement.

Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Where revenue grants are credited to the Comprehensive Income and Expenditure Statement but have yet to be used to fund revenue expenditure, it is posted to the Revenue Grant Reserve. When eligible expenditure is incurred in future years the grant is transferred

back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against Council Tax for the expenditure.

### **1.15 Reserves**

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against Council Tax for the expenditure.

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

### **1.16 Revenue Recognition**

Revenue is defined as income arising as a result of the Council's normal operating activities and where income arises from contracts with service recipients it is recognised when or as the Council has satisfied a performance obligation by transferring a promised good or service to the service recipient.

Revenue is measured as the amount of the transaction price which is allocated to that performance obligation. Where the Council is acting as an agent of another organisation the amounts collected for that organisation are excluded from revenue.

### **1.17 Tax Income**

Council Tax, Retained Business Rates and Business Rates Top-up Grant income included in the Comprehensive Income and Expenditure Statement for the year will be treated as accrued income.

Business Rates, Business Rates Top-up Grant and Council Tax income will be recognised in the Comprehensive Income and Expenditure Statement within the Taxation and Non-Specific Grant Income line. As a billing Authority, the difference between the Business Rates and Council Tax included in the Comprehensive Income and Expenditure Statement and the amount required by regulation credited to the General Fund is taken to the Collection Fund Adjustment Account and reported in the Movement in Reserves Statement. Each major preceptor's share of the accrued Business Rates and Council Tax income is available from the information that is required to be produced in order to prepare the Collection Fund Statement.

Business Rates and Council Tax income is recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the Council, and the amount of revenue can be measured reliably.

Revenue relating to Council Tax and Business Rates is measured at the full amount receivable (net of any impairment losses) as they are non-contractual, non-exchange transactions and there can be no difference between the delivery and payment dates.



### **1.18 Overheads and Support Services**

The costs of overheads and support services are charged to the relevant services in accordance with the Authority's arrangements for accountability and financial performance, with the exception of:

- Corporate and Democratic Core – costs relating to the Council's status as a multi-functional, democratic organisation;
- Non Distributed Costs – changes in past service costs and impairment losses chargeable on Assets Held for Sale.

Corporate and Democratic Core is identified as a separate heading in the Comprehensive Income and Expenditure Statement. Non Distributed Costs form part of the Capital, Treasury and Technical Accounting Directorate line with the Council's local reporting format.

### **1.19 Value Added Tax (VAT)**

Value Added Tax payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

### **1.20 Interests in Companies and Other Entities**

The Council has material interests in external entities that are classified as subsidiaries and therefore group accounts have been prepared. In the Council's single-entity accounts the Council's interest in companies and other entities are recorded as financial assets at cost less any impairment. Any gains or losses are recognised in the Comprehensive Income and Expenditure Statement.

### **1.21 Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors**

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

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

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

### **1.22 Events after the Balance Sheet Date**

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Adjusting Events - Those events that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.

- **Non-Adjusting Events** - Those events that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but, where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and either their estimated financial effect or a statement that such an estimate cannot be made reliably.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

### **1.23 Fair Value Measurement**

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

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

The Council uses external valuers to provide a valuation of its non-financial assets and liabilities, for recognition or disclosure as appropriate, in line with the highest and best use definition within IFRS 13 Fair Value Measurement. The highest and best use of the asset or liability being valued is considered from the perspective of a market participant. Inputs to the valuation techniques in respect of the Council's fair value measurement of its assets and liabilities are categorised within the fair value hierarchy as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the measurement date.

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

Level 3 – unobservable inputs for the asset or liability.

### **1.24 Leases**

#### **The Council as lessee**

The Council classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use. The Code expands the scope of IFRS 16 Leases to include arrangements with nil consideration, peppercorn or nominal payments.

#### ***Initial Measurement***

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later). The leases are typically for fixed periods in excess of one year but may have extension options. The Council initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the authority's incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined. Lease payments included in the measurement of the lease liability include:

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

The right-of-use asset is measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received. However, for peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value.

### ***Subsequent Measurement***

The right-of-use asset is subsequently measured using the fair value model. The Council considers the cost model to be a reasonable proxy except for:

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

For these leases, the asset is carried at a revalued amount. The Council will for right-of use assets held under index-linked leases adjust for changes in the relevant index, while assets held under peppercorn or nil consideration leases will be valued using market prices or rentals for equivalent land and properties.

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

The lease liability is subsequently measured at amortised cost, using the effective interest method.

The liability is remeasured when:

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

When such a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any further adjustment required from remeasurement being recorded in the Comprehensive Income and Expenditure Statement.

### ***Low value and short lease exemption***

As permitted by the Code, the Council excludes leases:

- for low-value items that cost less than £10,000 when new, provided they are not highly dependent on or integrated with other items, and
- with a term shorter than 12 months, for the 2024/25 accounts any lease that expires on or before 31st March 2025 will be deemed to be a short-term lease.

### ***Lease expenditure***

Expenditure in the Comprehensive Income and Expenditure Statement includes interest, straightline depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rentals for leases of low-value items or shorter than 12 months are expensed.

Depreciation and impairments are not charges against Council tax, as the cost of non-current assets are fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

### **The Council as lessor**

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

### ***Finance leases***

Where the authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the other operating expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund balance to the capital receipts reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund balance to [the deferred capital receipts reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the capital receipts reserve.

The written-off value of disposals is not a charge against Council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

### ***Operating leases***

Where the authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the other operating expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease or where this is initiated by a service to the individual service, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

## **36. Accounting Standards Issued, Not Adopted**

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard which has been issued but is yet to be adopted by the 2024/25 Code.

The Code also requires that changes in accounting policy are to be applied retrospectively unless transitional arrangements are specified.

Accounting changes that are introduced by the 2025/26 Code are:

1. IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability) issued in August 2023. The amendments to IAS 21 clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable.
2. IFRS 17 Insurance Contracts issued in May 2017. IFRS 17 replaces IFRS 4 and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts.
3. The changes to the measurement of non-investment assets within the 2025/26 Code include adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. These include setting out three revaluation processes for operational property, plant and equipment, requiring indexation for tangible non-investment assets and a requirement to value intangible assets using the historical cost approach. These have the same effect as requiring a change in accounting policy due to an amendment to standards, which would normally be disclosed under IAS 8. However, the adaptations also include a relief from the requirements of IAS 8 following a change in accounting policy.

Work on the implementation of the Code changes is still ongoing and the full impact on the Council's single entity and group accounts has not been fully assessed yet, however it is likely that items will have no significant impact on the amounts to be reported in the Council's financial statements.

### 37. Critical Judgements in Applying Accounting Policies

The following disclosure sets out critical judgements applied to the Accounting Policies of the Council that have a significant impact on the presentation of the financial statements. Critical estimation uncertainties are described in the note.

#### Accounting for Schools – Balance Sheet Recognition of Schools

The Council recognises the land and buildings used by schools in line with the provisions of the Code of Practice. It states that property used by Local Authority maintained schools should be recognised in accordance with the asset recognition tests relevant to the arrangements that prevail for the property. The Council recognises school land and buildings on its Balance Sheet where it directly owns the assets or where the school or school Governing Body own the assets or where rights to use the assets have been transferred from another entity.

Where the land and building assets used by the school are owned by an entity other than the Council, school or school Governing Body then it is not included on the Council's Balance Sheet. The exception is where the entity has transferred the rights of use of the asset to the Council, school or school Governing Body.

The Council has completed a school-by-school assessment across the different types of schools it controls within the Borough. Judgements have been made to determine the arrangements in place and the accounting treatment of the land and building assets. The types of schools that have been assessed are shown below:

Type of School	No. of Primary Schools	No. of Secondary Schools	No. of Special Schools	Total
Community	21	1	1	23
Voluntary Controlled (VC)	3	-	-	3
Voluntary Aided (VA)	20	-	-	20
Foundation/Foundation Trust	4	1	-	5
<b>Maintained Schools</b>	<b>48</b>	<b>2</b>	<b>1</b>	<b>51</b>
Academies	38	12	6	56
<b>Total</b>	<b>86</b>	<b>14</b>	<b>7</b>	<b>107</b>

All Community schools are owned by the Council and the land and buildings used by the schools are included on the Council's Balance Sheet.

The Council has entered into Private Finance Initiative (PFI) agreements to build and operate three schools in the Borough. One is a Foundation Trust school and the remaining two schools are Academies. Whilst the land which the buildings are sited on has been transferred to the respective Trust and Academy, the ownership of the buildings is determined by who holds the balance of control in line with accounting standards. The Council considers the buildings associated with these schools should be included on its Balance Sheet because:

- The reversion clause within the PFI agreement results in the Council having a residual interest in the buildings at the end of the agreement

- The services provided and the use of the building is controlled by the Council through the PFI agreement
- The PFI agreement is between the PFI contractor and the Council

Legal ownership of VC school land and buildings usually rests with a charity, normally a religious body. The VC schools land and buildings are owned by the Council and included on the Balance Sheet.

Legal ownership of the VA school land and buildings rests with the relevant Diocese. The Diocese has granted a licence to the school to use the land and buildings. Under this licence arrangement, the rights of use of the land and buildings have not transferred to the school and thus are not included on the Council's Balance Sheet.

Foundation and Foundation Trust schools were created to give greater freedom to the Governing Body responsible for school staff appointments and who also set the admission criteria. There is one Foundation school in the Borough. For one school, the Governing Body has legal ownership of the land and buildings and thus these are included on the Council's Balance Sheet. For the remaining Foundation Trust schools, a separate Trust owns the land and buildings so these assets are not included on the Council's Balance Sheet.

Academies are not considered to be maintained schools in the Council's control. The land and building assets are not owned by the Council and are therefore not included on the Council's Balance Sheet.

### **Group Boundaries**

The Council carries out a complex range of activities, often in conjunction with external organisations. Where those organisations are in partnership with or under the ultimate control of the Council a judgement is made by management as to whether they are within the Council's group boundary. This judgement is made in line with the provisions set out in the Code and relevant accounting standards.

Those entities which fall within the boundary and are considered to be material are included in the Council's group accounts. Profit and loss, net worth, and the value of assets and liabilities are considered individually for each organisation against a materiality limit set by the Council. An entity could be material but still not consolidated if all of its business is with the Council and eliminated on consolidation – i.e., the consolidation would mean that the group accounts are not materially different to the single entity accounts. The assessment of materiality also considers qualitative factors such as whether the Council depends significantly on these entities for the continued provision of its statutory services or where there is concern about the level to which the Council is exposed to commercial risk.

The Council has assessed its group boundary for 2024/25. The Council has identified one subsidiary who are considered to be material and will be consolidated into its group accounts. The subsidiary included is MioCare Group Community Interest Company (CIC). Further details can be found in the group accounts in section 5 of the Council's accounts.

### **Investment Properties**

Investment properties have been assessed using the identifiable criteria under the International Accounting Standards and are being held for rental income or for capital appreciation. Properties have been assessed using these criteria, which is subject to interpretation, to determine if there is an operational reason for holding the property, such as regeneration.

## Equity Investments

The Council has equity investments in Oldham Property Partnership, Manchester Airport Group, Meridian Developments and Community 1<sup>st</sup> Oldham (Chadderton) Ltd. Following a review of the Council's equity investments under the accounting standard IFRS 9 Financial Instruments, the default valuation method of the Council's equity holdings would be Fair Value through Profit and Loss. However, these equity investments are strategic investments and not held for trading, therefore the Council, has designated the investment as fair value through Other Comprehensive Income. The decision to designate to fair value through Other Comprehensive Income is irrevocable and it is the Council view that this is a reasonable and reliable accounting policy for these investments.

## 38. Assumptions Made About the Future and Other Sources of Estimation Uncertainty

### Pension Liability

The estimation of the net liability to pay pensions depends on several complex judgements relating to the discounts used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.

During 2024/25 the Council's actuaries advised that the net pension liability had increased by £183.843m to a surplus position of £430.441m. In line with the Code of Practice where there is a surplus position, the Council requested an Asset Ceiling calculation from the actuary, this resulted in a movement totalling £462.741m and a final pension liability of £32.300m recognised on the balance sheet.

The effect of changes in the individual assumptions can be measured. For instance, a 0.1% decrease in the real discount rate assumption would result in an increase in the pension liability of £16.575m. A 0.1% increase in the assumed salary increase rate would result in a £0.642m increase in the pension liability and an increase of 0.1% in the assumed pension increase rate would increase the pension liability by £16.395m.

### Property Valuations

The valuation of the Council's Property, Plant and Equipment (PPE) is a significant area of estimation uncertainty. This includes Council Dwellings, Other Land and Buildings and Surplus Assets. The Council's valuer uses a combination of methodologies to value these operational assets, including Depreciated Replacement Cost (DRC), Existing Use Value (EUV and Social Housing EUV) and market/comparable methods. These methods can cause estimation uncertainty due to the indices and inputs that must be used to applying valuations. If the actual values differ from the assumptions used to value PPE, there is a risk of material adjustment to the carrying value of PPE within the next financial year. A reduction in estimated valuation would result in a reduction to the Revaluation Reserve and/or a loss recorded in the Comprehensive Income and Expenditure Statement. An increase in estimation valuation would result in an increase in the Revaluation Reserve and/or gain recorded in the Comprehensive Income and Expenditure Statement. As an example, the impact of a 1% change in the valuation of the Council's property would be £8.330m. Note 17, Property, Plant and Equipment, to the accounts sets out the Council's approach to valuation of its PPE.



### 39. Events after the Reporting Period

The Statement of Accounts was authorised for issue by the Director of Finance on 30 June 2025. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2025, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

The financial statements and notes have not been adjusted for the following events. The event provides information that is relevant to an understanding of the Authorities' financial position but do not relate to conditions at that date. The Statement of Accounts for 2024/25 has not been adjusted for the transfers after the balance sheet date.

- Saddleworth Comprehensive, with a value of £51.263m, has converted to Academy Status under The Cranmer Education Trust. The transfer was completed on 1 April 2025 and will be written out to nil in the 2025/26 Statement of Accounts.
- Radclyffe School with a value of £48.403m has converted to Academy status under The Cranmer Education Trust. The transfer completed 1 May 2025. The Radclyffe School is a PFI school and as such will remain on balance sheet until the end of the agreement, at which time the school will be written out to nil. This is in line with our accounting policies as detailed in Note 35.

## 4.1 Housing Revenue Account (HRA)

### Housing Revenue Account Income and Expenditure Statement

HRA Income and Expenditure Statement	2023/24 £000	2024/25 £000
<b>Expenditure</b>		
Repairs and Maintenance	4,799	4,862
Supervision and Management	6,108	6,190
Rent, rates, taxes and other charges	3,518	3,363
Depreciation, impairment and revaluation losses of non-current assets	6,451	30,658
Debt management costs	145	0
<b>Total Expenditure</b>	<b>21,021</b>	<b>45,073</b>
<b>Income</b>		
Dwellings rents	(9,121)	(11,281)
Non-dwelling rents	(30)	(29)
Charges for services and facilities	(1,146)	(1,273)
Contributions towards expenditure	(54)	(59)
PFI Credits receivable	(18,799)	(18,799)
<b>Total Income</b>	<b>(29,151)</b>	<b>(31,441)</b>
<b>Net Surplus relating to HRA Services as included in the Comprehensive Income and Expenditure Statement</b>	<b>(8,130)</b>	<b>13,632</b>
<b>HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:</b>		
Gain on sale of HRA non-current assets	(854)	(25)
Adjustment to the loss allowance	100	132
Interest payable and similar charges	10,403	9,657
HRA Interest and investment income	(400)	(375)
<b>(Surplus)/Deficit for the year on HRA Services</b>	<b>1,118</b>	<b>23,021</b>

### Statement of Movement in the Housing Revenue Account

Movement on the HRA Statement	Prior Year £000	Current Year £000
Opening Balance	(22,584)	(21,105)
(Surplus)/Deficit for the year on the HRA Income and Expenditure Statement	1,118	23,021
Adjustments between accounting basis and funding basis under statute	360	(26,363)
(Increase)/Decrease in the HRA Balance	1,478	(3,342)
<b>Closing Balance</b>	<b>(21,105)</b>	<b>(24,447)</b>

Note to Movement on the HRA Statement	Prior Year £000	Current Year £000
<b>Analysis of adjustments between accounting basis and funding basis under statute</b>		
Depreciation, impairment and revaluation losses of non-current assets	(6,565)	(30,658)
Minimum Revenue Provision	5,420	4,148
Gain or loss on sale of HRA fixed assets	968	25
Capital Expenditure funded by the HRA	320	1
Transfer to Major Repairs Reserve	217	121
<b>Net Adjustment</b>	<b>360</b>	<b>(26,363)</b>

The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and Government grants. Authorities charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the HRA Statement.

#### Note on the Preparation of the Housing Revenue Account

The Council has followed the guidance in the CIPFA Code of Practice on Local Authority Accounting 2024/25 for the production of its 2024/25 Statement of Accounts. However, there is one area where, in order to achieve a true and fair view, the Council has departed from the guidance which is explained below.

From 2017/18 the transitional arrangements which allowed for the reversal of the depreciation charge from the Housing Revenue Account (HRA) came to an end. The new Item 8 Determination issued by the Ministry of Housing, Communities and Local Government (formerly the Department for Communities and Local Government) on 24 January 2017 confirmed that depreciation should be charged to the HRA in accordance with proper accounting practices. Therefore from 2017/18 a charge equal to depreciation should have been made to the HRA and passed to the Major Repairs Reserve (MRR) for the purpose of future repairs and maintenance.

However, as the majority of the Council HRA dwellings are covered by Private Finance Initiative (PFI) contracts (until 2036), any future repairs and maintenance costs are already included within the unitary charge the Council pays on PFI schemes. The Council will therefore have no need to build up the MRR and the HRA would, in effect, be charged twice for repairs and maintenance of dwellings. If the Council began to charge the HRA with depreciation (without reversal) the HRA would quickly fall into deficit and build up a significant MRR that would not be required.

Previously, the Department of Levelling Up, Housing and Communities (formerly known as MHCLG) has confirmed that depreciation need not be charged to the HRA in respect of Oldham's PFI housing stock. Therefore, the Council will continue with the accounting treatment previously permitted under the transitional arrangements and has reversed the depreciation charge from the HRA to the Capital Adjustment Account.

The financial impact of the accounting treatment prescribed by CIPFA is shown in the table below.

	Current 2024/25 Balance £000	Adjustment for the Item 8 Determination £000	Adjusted 2024/25 Balance £000
Housing Revenue Account	(24,447)	6,190	(18,257)
Major Repairs Reserve	(1,343)	(6,190)	(7,533)

The HRA financial statements present a true and fair view of the Council's HRA financial position, financial performance and cash flows, the Council has complied with the CIPFA Code of Practice in all areas except that which is described above.

#### 4.1.1 Explanatory Notes to the Housing Revenue Account

##### H1. Housing Stock – Numbers

As of 31 March 2025, the Council had a total housing stock of 2,086 dwellings. This was comprised of 1,232 Houses and Bungalows, and 854 Flats and Maisonettes.

The balance sheet value of HRA assets was as follows:

	31 March 2024 £000	31 March 2025 £000
Dwellings	81,408	84,691
Other Operational Property	738	1,835
Plant and Machinery	858	770
<b>Total</b>	<b>83,004</b>	<b>87,296</b>

The Vacant Possession Dwellings valuation is £221.572m as of 31 March 2025. The difference between the vacant possession value and the Balance Sheet value of dwellings within the HRA shows the cost of providing Council housing at less than open market rents.

##### H2. Depreciation and Impairment of Assets

Depreciation and impairment of Property, Plant and Equipment is shown below.

Depreciation	Operational Assets £000
Balance at 1 April 2024	6,248
Depreciation written off during the year	(5,716)
Depreciation during the year – Dwellings	6,207
Depreciation during the year - Other land and Buildings/Plant & Machinery	88
<b>Balance at 31 March 2025</b>	<b>6,827</b>

Impairment and Revaluation Loss	Operational Assets £000
Balance at 1 April 2024	4,765
Impairment written off during the year	24,336
Previous year impairment reversed	0
Revaluation loss during the year	(930)
Revaluation gain to reverse previous year loss	70
<b>Balance at 31 March 2025</b>	<b>28,241</b>

The HRA assets are subject to an annual revaluation programme, as a result any impairments or revaluation losses are written off against the revised revaluation and reflected in the gross value.

## 4.2 Collection Fund

### Collection Fund Statement

2023/24 Total £000		2024/25 Council Tax £000	2024/25 Business Rates £000	2024/25 Total £000	Note
(133,434)	<b>Income</b>				
(50,437)	Council Tax Payers	(141,505)		(141,505)	C2
	Income from Business Ratepayers		(55,484)	(55,484)	C3
(183,871)		(141,505)	(55,484)	(196,988)	
	<b>Expenditure</b>				
	<b>Precepts:</b>				
109,324	- Oldham Council	116,510	-	116,510	
14,233	- Greater Manchester Mayoral Police and Crime Commissioner Precept	15,219	-	15,219	
6,315	- Greater Manchester Mayoral General Precept (including Fire Services)	6,707	-	6,707	
	<b>Allocation of previous year's Estimated Collection Fund Surplus</b>				
40	- Oldham Council	-	-	-	
5	- Greater Manchester Mayoral Police and Crime Commissioner Precept	-	-	-	
2	- Greater Manchester Mayoral General Precept (including Fire Services)	-	-	-	
	<b>Contribution Towards Previous Year's Estimated Collection Fund Deficit</b>				
-	- Oldham Council	(279)	-	(279)	
-	- Greater Manchester Mayoral Police and Crime Commissioner Precept	(36)	-	(36)	
-	- Greater Manchester Mayoral General Precept (including Fire Services)	(16)	-	(16)	
-	<b>Business Rates:</b>				
53,682	- Payments to Oldham Council	-	56,282	56,282	
542	- Greater Manchester Mayoral General Precept (including Fire Services)	-	569	569	
	<b>Allocation of previous year's Estimated Collection Fund Surplus</b>				
4,090	- Payments from Oldham Council	-	1,029	1,029	
41	- Greater Manchester Mayoral General Precept (including Fire Services)	-	10	10	
293	Cost of Collection	-	293	293	
(5,363)	Transitional Protection Payments Due for the Year	-	(985)	(985)	
4,140	Change in Allowance for Non Collection	4,085	816	4,900	
(27)	Write-offs charged to Collection Fund	-	-	-	
(679)	Change in provision for alteration of lists and appeals	-	(618)	(618)	
186,638		142,189	57,396	199,584	
2,767	<b>Deficit/(Surplus) for the year</b>	682	1,912	2,596	
	<b>Collection Fund Balance</b>				
(3,717)	Balance brought forward at 1 April	190	(1,140)	(950)	
2,767	Deficit/(Surplus) for the year	682	1,912	2,595	
(950)	<b>Balance carried forward at 31 March</b>	873	773	1,645	
	<b>Allocated to:</b>				
(969)	- Oldham Council	736	764	1,500	
21	- Greater Manchester Police and Crime Commissioner	96	-	96	
(2)	- Greater Manchester Mayoral General Precept (including Fire Services)	41	8	49	
(950)		873	773	1,645	

## C1. General

The Council is required to maintain a separate agency Collection Fund account. The Collection Fund account includes all transactions relating to collection of Business Rates and Council Tax income from taxpayers and their distribution to Local Government bodies. The Collection Fund is accounted for separately from the General Fund.

Any Collection Fund surpluses or deficits declared by Oldham Council (the Billing Authority) in relation to Council Tax are apportioned to the relevant precepting bodies in the subsequent financial year. For Oldham, the Council Tax precepting body is the Greater Manchester Combined Authority (GMCA) for both the Mayoral Police and Crime Commissioner Precept and the Mayoral General Precept (including Fire and Rescue Services).

Business Rates surpluses or deficits are distributed in accordance with the relevant proportions set out in the localised Business Rate regulations. The Council continues to be part of the Greater Manchester 100% Business Rates Retention scheme which has been extended for a ten-year period from 1 April 2024, therefore for 2024/25 the Oldham Council share is 99% with the remainder paid to the GMCA for the Mayoral General Precept (including Fire Service).

## C2. Council Tax

Council Tax derives from charges raised according to the value of residential properties, which have been classified into nine valuation bands (A to H) for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by the Council for the forthcoming year and dividing this by the Council Tax base (i.e. the equivalent numbers of Band D dwellings).

The Council Tax base for 2024/25 was 59,380 (58,500 in 2023/24) and was approved at the Cabinet meeting on 22 January 2024, the Tax Base was calculated as follows:

Band	Chargeable Dwellings	Proportion of Band D Tax	Equivalent Band D Dwellings
A Reduced	178	5/9	94.0
A	49,537	6/9	29,558.8
B	17,307	7/9	12,372.1
C	16,231	8/9	13,453.8
D	7,098	9/9	6,717.3
E	3,415	11/9	3,984.1
F	1,578	13/9	2,184.7
G	915	15/9	1,455.0
H	62	18/9	118.5
Net effect of premiums and discounts			(8,564)
Tax Base before adjustment for collection rate			61,374.7
Estimated collection rate			96.75%
<b>Tax Base for the Calculation of Council Tax</b>			<b>59,380</b>

Dwellings for residents entitled to 'disabled relief reduction' are reduced to the next lowest band for the calculation of Council Tax. As band 'A' is the lowest band, 'A reduced' has been introduced to give effect to this reduction for those who reside in

Band A properties. Income received from Council Tax taxpayers in 2024/25 was £141.505m (£133.434m 2023/24).

### **C3. Business Rates**

The Council collects Business Rates for its area based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by a uniform business rate set nationally by Central Government.

For 2024/25, the total non-domestic rateable value at the end of the financial year is £166.657m (£165.737m in 2023/24).

There were changes to the Business Rates Retention System (BRRS) for 2024/25, with the introduction of the Non-Domestic Rating Act 2023 giving central government the power to set the small and standard business rating multipliers separately from one another. Until 2023/24 these two multipliers had to be increased by the same percentage.

The Government decided to freeze the business rate multiplier for qualifying small businesses at 49.9p, with the standard multiplier being uplifted to 54.6p (51.2p in 2023/24) for all other businesses.



## 5.0 Group Accounts

### Introduction

The Council is a complex organisation and undertakes a broad range of activities, often in conjunction with external organisations. In some cases the Council has an interest in these organisations demonstrated through ownership or control/significant influence.

The CIPFA Code of Practice requires that where an Authority has material financial interests and a significant level of control over one or more entities, it should prepare group accounts. The aim of these statements is to give an overall picture of the Council's financial activities, and the resources employed in carrying out those activities.

As a subsidiary entity, MioCare Group CIC (MioCare), has been consolidated on a line by line basis with all intra-group transactions and balances removed.

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## 5.1 Group Comprehensive Income and Expenditure Statement

Gross Expenditure £000	2023/24 Gross Income £000	Net Expenditure £000		Gross Expenditure £000	2024/25 Gross Income £000	Net Expenditure £000
147,329	(59,161)	88,168	Community Health and Adult Social Care	157,832	(61,180)	96,652
340,801	(233,067)	107,735	Children's Services	360,117	(247,590)	112,527
31,171	(3,451)	27,720	Public Health	37,624	(3,254)	34,370
111,937	(40,012)	71,924	Place and Economic Growth	127,697	(45,200)	82,497
67,557	(57,998)	9,559	Corporate Services	70,964	(58,868)	12,096
14,123	(4,608)	9,515	Capital, Treasury and Technical Accounting	22,818	(3,333)	19,485
20,927	(29,151)	(8,224)	Housing Revenue Account	45,034	(31,441)	13,593
<b>733,844</b>	<b>(427,448)</b>	<b>306,396</b>	<b>Cost of Services</b>	<b>822,086</b>	<b>(450,865)</b>	<b>371,221</b>
		329	Other Operating Expenditure			354
		444	Parish Council precepts			246
		34,292	Payments to Housing capital receipts to government pool			35,069
		(951)	Levies			9,577
		<b>34,113</b>	(Gains)/losses on the disposal of non-current assets			<b>45,246</b>
		16,691	<b>Total Other Operating Expenditure</b>			18,867
	(321,604)		Financing and Investment Income and Expenditure			(344,787)
			Taxation and Non-Specific Grant Income			
		<b>35,597</b>	<b>(Surplus) or Deficit on Provision of Services</b>			<b>90,547</b>
	(1)		Tax expense of Subsidiaries			-
		<b>35,596</b>	<b>Group (Surplus)/Deficit</b>			<b>90,547</b>
		(78,990)	Other Comprehensive Income and Expenditure			(52,913)
		130	Revaluation (gains)/losses non-current assets			13
		(25,026)	Impairment losses on non-current assets			2,615
	(175,856)		(Surplus) or deficit on revaluation of available for sale financial assets			(475,937)
		301,060	Remeasurement of net defined benefit liability			480,037
			Asset Ceiling Adjustment			
		<b>21,318</b>	<b>Total Other Comprehensive Income and Expenditure</b>			<b>(46,185)</b>
		<b>56,914</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>44,362</b>

## 5.2 Group Movement in Reserves Statement

This statement shows the movement in the year of the different reserves held by the Group, analysed into usable reserves (i.e. those that can be applied to fund expenditure) and other resources. The 'Surplus or Deficit on the Provision of Services' line shows the true economic cost of providing the Group's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund and Housing Revenue Account for Council Tax setting and dwelling rent setting purposes.

Movement in reserves during 2024/25	General Fund Balance	Earmarked General Fund Reserves	Total General Fund Balance	HRA	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Council Reserves	Council's Share of Group reserves	Total Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Balance at 1 April 2024</b>	(18,865)	(72,540)	(91,405)	(21,106)	-	(1,222)	(28,306)	(142,039)	(549,590)	(691,629)	(10,181)	(701,811)
Total Comprehensive Income and Expenditure	47,697	-	47,697	23,022	-	-	-	70,719	(56,144)	14,574	29,787	44,361
Adjustments Between Accounting Basis and Funding Basis under regulations	(40,409)	-	(40,409)	(26,363)	-	(121)	(17,346)	(84,239)	84,239	-	-	-
Adjustments Between Group Accounts and Authority Accounts	20,323	-	20,323	-	-	-	-	20,323	-	20,323	(20,323)	-
<b>Net (Increase)/Decrease before transfers to Earmarked Reserves</b>	27,610	-	27,610	(3,341)	-	(121)	(17,346)	6,802	28,095	34,897	9,464	44,361
Transfers To/(From) Earmarked Reserves	(27,610)	27,610	-	-	-	-	-	-	-	-	-	-
<b>(Increase)/Decrease in year</b>	0	27,610	27,610	(3,341)	-	(121)	(17,346)	6,802	28,095	34,897	9,464	44,361
<b>Balance at 31 March 2025</b>	(18,865)	(44,930)	(63,795)	(24,447)	-	(1,343)	(45,652)	(135,237)	(521,495)	(656,732)	(717)	(657,449)

Movement in reserves during 2023/24	General Fund Balance	Earmarked General Fund Reserves	Total General Fund Balance	HRA	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Restated Unusable Reserves	Total Council Reserves	Council's Share of Group reserves	Total Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Balance as at 1 April 2023</b>	(18,865)	(99,193)	(118,058)	(22,585)	-	(1,004)	(22,298)	(163,945)	(572,860)	(736,805)	(21,917)	(758,722)
Total Comprehensive Income and Expenditure	16,786	-	16,786	1,119	-	-	-	17,905	9,052	26,957	29,955	56,912
Adjustments Between Accounting Basis and Funding Basis under regulations	(8,352)	-	(8,352)	360	-	(218)	(6,008)	(14,218)	14,218	-	-	-
Adjustments Between Group Accounts and Authority Accounts	18,219	-	18,219	-	-	-	-	18,219	-	18,219	(18,219)	-
<b>Net (Increase)/Decrease before transfers to Earmarked Reserves</b>	26,653	-	26,653	1,479	-	(218)	(6,008)	21,906	23,270	45,176	11,736	56,912
Transfers To/(From) Earmarked Reserves	(26,653)	26,653	-	-	-	-	-	-	-	-	-	-
<b>(Increase)/Decrease in year</b>	(0)	26,653	26,653	1,479	-	(218)	(6,008)	21,906	23,270	45,176	11,736	56,912
<b>Balance at 31 March 2024</b>	(18,865)	(72,540)	(91,405)	(21,106)	-	(1,222)	(28,306)	(142,039)	(549,590)	(691,629)	(10,181)	(701,811)

### 5.3 Group Balance Sheet

The Group Balance Sheet summarises the financial position of the Council and its subsidiary as a whole. It shows the value of group assets and liabilities at the end of the financial year.

31 March 2024 £000		31 March 2025 £000
791,202	Property Plant and Equipment	832,993
169,298	Infrastructure Assets	170,874
21,141	Heritage Assets	21,141
19,624	Investment Property	20,487
6,033	Intangible Assets	4,894
72,725	Long Term Investments	68,066
42,754	Long Term Debtors	45,074
9,459	Pension Asset	
<b>1,132,236</b>	<b>Long Term Assets</b>	<b>1,163,529</b>
10,273	Short Term Investments	-
642	Inventories	708
62,169	Short Term Debtors	67,459
8,766	Cash and Cash Equivalents	37,910
610	Assets Held For Sale (Less than one year)	782
-	Deferred Tax	3
<b>82,460</b>	<b>Current Assets</b>	<b>106,862</b>
(21,820)	Short Term Borrowing	(27,468)
(84,269)	Short Term Creditors	(109,558)
(5,302)	Short Term Provisions	(7,057)
	<b>Short Term Liabilities</b>	
(11,406)	- Private Finance Initiatives	(13,020)
(302)	- Finance Leases	(302)
(6)	- Transferred Debt	(6)
<b>(123,105)</b>	<b>Current Liabilities</b>	<b>(157,411)</b>
(7,134)	Long Term Provisions	(7,642)
(161,484)	Long Term Borrowing	(210,291)
	<b>Other Long Term Liabilities</b>	
(38,380)	- Pension Liabilities	(32,685)
(181,704)	- Private Finance Initiatives	(204,006)
(445)	- Finance Leases	(445)
(27)	- Transferred Debt	(27)
(17)	- Deferred Credits	(17)
(590)	Capital Grants Receipts In Advance	(418)
<b>(389,781)</b>	<b>Long Term Liabilities</b>	<b>(455,531)</b>
<b>701,809</b>	<b>Net Assets</b>	<b>657,449</b>
(152,219)	Usable Reserves	(135,954)
(549,590)	Unusable Reserves	(521,495)
<b>(701,809)</b>	<b>Total Reserves</b>	<b>(657,449)</b>

## 5.4 Group Cash Flow Statement

	Notes	2023/24 £000	2024/25 £000
Net deficit on the provision of services		(35,596)	(90,547)
Adjustment to surplus or deficit on the provision of services for non-cash movements	32	57,323	138,369
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	32	(46,826)	(49,788)
<b>Net cash flows from operating activities</b>		<b>(25,099)</b>	<b>(1,966)</b>
Net Cash flows from Investing Activities	33	(6,702)	(10,049)
Net Cash flows from Financing Activities	34	9,341	41,159
<b>Net increase or (decrease) in cash and cash equivalents</b>		<b>(22,460)</b>	<b>29,144</b>
Cash and cash equivalents at the beginning of the reporting period		31,227	8,766
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>8,766</b>	<b>37,910</b>

## 5.5 Explanatory Notes to the Group Accounts

Where figures in the group accounts differ materially from the Council's single entity accounts, the relevant explanatory notes have been prepared on a consolidated basis. The notes below give information on the areas that have materially changed on consolidation of the group entities into the Council's accounts.

### G1. Group Accounting Policies

The Accounting Policies of the Council's subsidiary companies have been aligned with the Council's Accounting Policies contained in Note 35. Any statutory adjustments between accounting basis and funding basis included in the Council's Accounting Policies do not apply to the subsidiary companies.

### Inclusion within the Group Accounts

The Council has business relationships with a number of entities over which it has varying degrees of control or influence. These are classified into the categories of subsidiaries, associates and joint ventures. The meaning of these terms are outlined below:

**Subsidiary** - "A subsidiary is an entity including an unincorporated entity such as a partnership that is controlled by another entity (the Council), known as the parent." MioCare Group CIC is classified as a subsidiary of Oldham Council and has therefore been consolidated. More detail regarding this organisation can be found in note G3.

**Associate** - "An associate is an entity over which an investor (the Council) has significant influence."

**Joint Venture** - "A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement"

The Council does not currently have any material associate or joint venture arrangements with any other entities.

A number of entities have not been included in the group accounts on the grounds of materiality, details of the Council's relationship with each of them can be found in note G2.

### Consolidation of Subsidiaries

As a subsidiary entity, MioCare Group CIC (MioCare) has been consolidated on a line by line basis with all intra-group transactions and balances removed.

### G2. Bodies Not Consolidated

The following have not been consolidated into Group Accounts.

Entity	Reason
Oldham Economic Development Association Limited	Subsidiary although not material.
Southlink Developments Limited	Subsidiary although not material.
Meridian Group	Subsidiary although not material.
Northern Roots (Oldham Ltd.)	Subsidiary although not material.
Oldham Total Care Ltd.	Subsidiary although not material.
Foxdenton LLP	Joint venture although not material.
Community 1st Oldham (Chadderton) Ltd.	Joint venture although not material.

Further details can be found in Note 12 Related Parties.

### G3. Bodies Consolidated

The Council has consolidated one Subsidiary in the 2024/25 Group Accounts, MioCare Group Community Interest Company (MioCare).

MioCare is a care and support provider and is fully owned by Oldham Council. It delivers services through two subsidiaries: Oldham Care and Support Ltd (OCS) and MioCare Services Ltd.

The draft accounts for the year to 31 March 2024 for MioCare have been summarised below, with comparator figures for the previous reporting period.

MioCare Group CIC	31 March 2024 £000	31 March 2025 £000
Net Assets	21,913	716
Surplus/(Deficit) - before tax	641	495
Surplus/(Deficit) - after tax	519	495

#### G4. Group Defined Benefit Pension Schemes

##### Transactions Relating to Post-employment Benefits

The following transactions have been made in the Group Comprehensive Income and Expenditure Statement and the General Fund Balance through the Group Movement in Reserves Statement during the year: Further details relating to the Council's pension schemes can be found in Note 30 and Note 31.

	2023/24	2024/25
	£000	£000
<b>Service Cost</b>		
Current service cost	(22,160)	(19,744)
Past service cost (including curtailments)	(1,192)	(3,711)
Effect of Settlements	(137)	(409)
<b>Total service cost</b>	<b>(23,489)</b>	<b>(23,864)</b>
<b>Financing and Investment Income and Expenditure</b>		
Interest income on scheme assets	65,967	71,135
Interest cost on defined benefit obligation	(56,756)	(57,905)
Interest on the effect of the asset ceiling	(4,849)	(14,601)
<b>Total net interest</b>	<b>4,362</b>	<b>(1,371)</b>
<b>Total Post Employment Benefits Charged to the Deficit on the Provision of Services</b>	<b>(19,127)</b>	<b>(25,235)</b>
<b>Remeasurements of the Net Defined Liability Comprising:</b>		
Return on plan assets excluding amounts included in net interest	33,633	(13,873)
Change in demographic assumptions	8,132	2,106
Actuarial gains/(losses) arising from changes in financial assumptions	65,895	175,277
Other Experience and actuarial adjustments	(38,958)	13,628
Changes in the effect of the asset ceiling	106,941	(181,238)
Asset Ceiling Adjustment	(284,978)	(496,899)
<b>Total remeasurements recognised in other comprehensive income</b>	<b>(109,335)</b>	<b>(500,999)</b>
<b>Total Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement</b>	<b>(128,462)</b>	<b>(526,234)</b>
<b>Movement in Reserves Statement</b>		
Reversal of net charges made to the deficit on the provision of services	19,127	25,235
<b>Employers' Contributions Payable to the Scheme</b>	<b>(24,065)</b>	<b>(25,571)</b>



## Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Group's obligation in respect of its defined benefit scheme is as follows:

	2022/23 £000	2023/24 £000
Fair value of plan assets	1,478,218	1,514,841
Present value of funded liabilities	(1,177,086)	(1,026,383)
Present value of unfunded liabilities	(28,993)	(24,244)
Asset Ceiling Adjustment	(301,060)	(49,689)
<b>Net Liability Arising From Defined Benefit Obligation</b>	<b>(28,921)</b>	<b>(32,685)</b>

## Reconciliation of the Movements in Fair Value of Scheme Assets

	2023/24 £000	2024/25 £000
Opening fair value of scheme assets	1,399,736	1,478,218
Effect of Settlements	(2,876)	(4,737)
Interest Income	65,967	71,135
<b>Remeasurement loss</b>		
Return on plan assets excluding amounts included in net interest	33,633	(13,873)
Contributions from employer	21,343	22,837
Contributions from employees into the scheme	7,261	7,296
Benefits paid	(46,846)	(46,035)
<b>Closing Fair Value of Scheme Assets</b>	<b>1,478,218</b>	<b>1,514,841</b>

## Reconciliation of Present Value of Scheme Liabilities (Defined Benefit Obligation)

	2023/24 £000	2024/25 £000
Opening fair value of scheme liabilities	1,206,086	1,206,079
Current service cost	22,160	19,744
Interest cost	56,756	57,905
Effect of Settlements	(2,739)	(4,328)
Contributions from scheme participants	7,261	7,296
<b>Remeasurement gain</b>		
Actuarial losses arising from changes in financial assumptions	(65,895)	(175,277)
Change to demographic assumptions	(8,132)	(2,106)
Other experience and actuarial adjustments	38,958	(13,628)
Past service cost	1,192	3,711
Benefits paid	(49,568)	(48,769)
<b>Closing Fair Value of Scheme Liabilities</b>	<b>1,206,079</b>	<b>1,050,627</b>

## Pension Scheme Assets

	31 March 2024 £000	31 March 2025 £000
Equities	728,132	707,776
Debt Instruments	291,560	324,633
Property	415,658	45,499
Cash	42,868	45,499
Derivatives	-	(2,360)
<b>Total</b>	<b>1,478,218</b>	<b>1,514,839</b>

### Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. Both the Council and MioCare have engaged Hymans Robertson LLP, an independent firm of actuaries to assess their respective pension schemes, estimates being based on the latest full valuation of the scheme as at 31 March 2025 for MioCare and Oldham Council.

The significant assumptions used by the actuary have been:

MioCare Services CIC	2023/24	2024/25
<b>Mortality assumptions:</b>		
<b>Longevity at 65 for current pensioners:</b>		
men	19.0	18.9
women	22.6	22.6
<b>Longevity at 65 for future pensioners:</b>		
men	19.8	19.7
women	24.2	24.1
Rate of increase in salaries	3.55%	3.55%
Rate of increase in pensions (CPI)	2.75%	2.75%
Rate for discounting scheme liabilities	4.85%	5.80%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below is based on possible changes to the assumptions occurring at the end of the reporting period and assumes for each assumption change all other assumptions remain constant.

The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit cost method.

MioCare Group CIC Change in Assumptions at 31 March 2025	Approximate % Increase to Employee Liability	Approximate Monetary Amount £000
0.1% decrease in real discount rate	2%	775
1 year increase in member life expectancy	4%	1,543
0.1% increase in the salary increase rate	0%	64
0.1% increase in the pension increase rate	2%	732

The significant assumptions used to assess the Council's Pension scheme assets and liabilities can be found in Note 31, along with an associated sensitivity analysis.

#### G5. Fees Payable to the Group External Auditor

The Group has incurred the following costs in relation to the Group audit fees for the external audit of the Council's Statement of Accounts by Forvis Mazars LLP and the audit of the accounts of MioCare Group CIC by Saffery LLP.

The costs for Saffery's LLP 2023/24 audit has been revised to £0.052m. The total revised external audit costs for Group were £0.412m.

	2023/24 £000	2024/25 £000
Fees payable to Forvis Mazars LLP with regard to external audit services carried out by the appointed auditor for the year for Oldham Council	360	396
Fees payable to Saffery LLP with regard to external audit services carried out by the appointed auditor for the year for MioCare Services CIC	54	43
<b>Total</b>	<b>414</b>	<b>439</b>

## 6.0 Glossary of Terms

### **Accruals Basis**

The accruals principle is that income is recorded when it is earned rather than when it is received, and expenses are recorded when goods or services are received rather than when the payment is made.

### **Actuarial Gains and Losses**

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses) or the actuarial assumptions have changed.

### **Agency Services/Agencies**

These are services that are performed by or for another Authority or public body, where the principal (the Authority responsible for the service) reimburses the agent (the Authority carrying out the work) for the costs of the work.

### **Amortisation**

A charge to the comprehensive income and expenditure statement which spreads the cost of an intangible asset over a number of years in line with the Council's accounting policies.

### **Appointed Auditors**

The appointment of External Auditors to Local Authorities is undertaken by the Public Sector Audit Appointments Limited (PSAA), an independent company limited by guarantee and incorporated by the Local Government Association in August 2014. Forvis Mazars LLP is the Council's appointed auditor.

### **Asset**

Items of worth that are measurable in terms of value. Current assets may change daily, but the Council is expected to yield the benefit within the one financial year (e.g. short-term debtors). Non-current assets yield benefit to the Council for a period of more than one year (e.g. land).

### **Associate Companies**

An associate is an entity over which the Council has significant influence.

### **Association of Greater Manchester Authorities (AGMA)**

AGMA represents the ten local authorities in Greater Manchester and works in partnership with Central Government, regional bodies and other Greater Manchester public sector bodies.

### **Balances**

The balances of the Authority represent the accumulated surplus of income over expenditure on any of the Funds.

### **Better Care Fund (BCF)**

The BCF was announced by Government in the June 2013 spending round to ensure a transformation in health and social care.

### **Capital Adjustment Account**

The Account accumulates (on the debit side) the write-down of the historical cost of non-current assets as they are consumed by depreciation and impairments or written off on disposal. It accumulates (on the credit side) the resources that have been set aside to finance capital expenditure. The same process applies to capital expenditure that is only capital by statutory definition (revenue expenditure funded by capital under statute). The balance on the account thus represents timing differences between the amount of the

historical cost of non-current assets that has been consumed and the amount that has been financed in accordance with statutory requirements.

**Capital Expenditure**

This is expenditure on the acquisition of a non-current asset, or expenditure, which adds to, and not merely maintains, the value of an existing non-current asset.

**Capital Financing Charges**

This is the annual charge to the revenue account in respect of interest and principal repayments and payments of borrowed money.

**Capital Receipts**

Income received from the sale of land or other capital assets, a proportion of which may be used to finance new capital expenditure, subject to the provisions contained within the Local Government Act 2003.

**Carrying Amount**

The Balance Sheet value recorded of either an asset or a liability.

**Central Support Services**

Central Support Services which are recharged to frontline services as overheads to measure total cost.

**Chartered Institute of Public Finance and Accountancy (CIPFA)**

CIPFA is the leading professional accountancy body for public services.

**CIPFA LASAAC Local Authority Code Board**

This board is responsible for preparing, maintaining, developing and issuing the Code of Practice on Local Authority Accounting for the United Kingdom (the Code). The board is a partnership between CIPFA (England, Northern Ireland and Wales) and the Local Authority (Scotland) Accounts Advisory Committee (LASAAC).

**Collection Fund**

The Council as a billing authority has a statutory obligation to maintain a separate Collection Fund. This shows the transactions relating to the collection of Council Tax and Business Rates and its distribution to Local Government bodies.

**Community Assets**

These are non-current assets that the Council intends to hold in perpetuity which have no determinable finite useful life and, in addition, may have restrictions on their disposal. Examples include parks and historical buildings not used for operational purposes.

**Contingent Liabilities or Assets**

These are amounts potentially due to or from individuals or organisations which may arise in the future but which at this time cannot be determined accurately, and for which provision has not been made in the Council's accounts.

**Contract Procedure Rules**

The Council's Contract Procedure Rules form part of the Council's Constitution. They are in place to ensure that any procurement processes for goods and services achieve best value and are transparent, open and fair making it possible for all decisions to be audited satisfactorily.

**Co-operative Council**

This is the ethos of the Council embodied by the desire that citizens, partners and staff work together to improve the borough and create a confident and ambitious place.

**Corporate Resources**

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

**Council Tax Requirement**

This is the estimated revenue expenditure on General Fund services that will be financed from the Council Tax after deducting income from fees and charges, General Fund Balances, specific grants and any funding from reserves.

**Creditors**

Amounts owed by the Council for work done, goods received, or services rendered, for which payment has not been made at the date of the balance sheet.

**Current Service Cost**

Current Service Cost is the increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period, i.e. the ultimate pension benefits "earned" by employees in the current year's employment.

**Current Value**

The current value of an asset reflects the economic environment prevailing for the service or function the asset is supporting at the reporting date.

**Curtailment**

Curtailments will show the cost of the early payment of pension benefits if any employee has been made redundant in the previous financial year.

**Debtors**

These are sums of money due to the Council that have not been received at the date of the Balance Sheet.

**Dedicated Schools Grant (DSG)**

The DSG is a ringfenced grant payable to Local Authorities for the funding of both academies and maintained schools. It can only be used to finance expenditure that is included in the school's budget, as defined in the School Finance and Early Years (England) Regulations 2024. The schools budget includes elements for a range of educational services provided on an Authority-wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each academy and Council maintained school.

**Deferred Capital Receipts**

These represent capital income still to be received after disposals have taken place and wholly consists of principal outstanding from the sale of Council assets.

**Defined Benefit Scheme**

This is a pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

**Defined Contribution Scheme**

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

**Department for Education (DfE)**

The Department for Education is a Central Government department responsible for children's services and education, including early years, schools, higher and further education policy, apprenticeships and wider skills in England.

**Depreciation**

This is the measure of the wearing out, consumption, or other reduction in the useful economic life of property, plant and equipment assets.

**Depreciated Replacement Cost (DRC)**

A method of valuation that provides a proxy for the market value of specialist assets.

**Derecognition**

Financial assets and liabilities will need to be removed from the Balance Sheet once performance under the contract is complete or the contract is terminated.

**Discounts**

Discounts represent the outstanding discount received on the premature repayment of Public Works Loan Board loans. In line with the requirements of the Code, gains arising from the repurchase or early settlement of borrowing have been written back to revenue. However, where the repurchase or borrowing was coupled with a refinancing or restructuring of borrowing with substantially the same overall economic effect when viewed as a whole, gains have been recognised over the life of the replacement loan.

**Earmarked Reserves**

The Council holds a number of reserves earmarked to be used to meet specific, known or predicted future expenditure.

**Education & Skills Funding Agency (ESFA)**

The ESFA brings together the former responsibilities of the Education Funding Agency (EFA) and Skills Funding Agency (SFA) to create a single agency accountable for funding education and skills for children, young people and adults.

**External Audit**

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

**Fair Value**

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

**Fees and Charges**

Income arising from the provision of services e.g. the use of trade waste services

**Finance Lease**

A finance lease is a lease that transfers substantially all of the risks and rewards of ownership of a non-current asset to the lessee.

**Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term 'financial instrument' covers both financial assets and financial liabilities and includes both the most straightforward financial assets and liabilities such as trade receivables and trade payables and the most complex ones such as derivatives and embedded derivatives.

**Financial Management Code**

Published by CIPFA it provides guidance for good and sustainable financial management in local authorities. By complying with the principles and standards within the code authorities will be able to demonstrate their financial sustainability.

**Financial Regulations**

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

**Financial Reporting Council (FRC)**

The Financial Reporting Council (FRC) promotes transparency and integrity in business. It regulates auditors, accountants and actuaries, and sets the UK's Corporate Governance and Stewardship Codes.

**Generally Accepted Accounting Principles (GAAP)**

Generally accepted accounting principles, or GAAP, are standards that encompass the details, complexities, and legalities of accounting. The Financial Accounting Standards Board (FASB) uses GAAP as the foundation for its comprehensive set of approved accounting methods and practices.

**General Fund**

This is the main revenue fund of the Authority and includes the net cost of all services financed by local taxpayers and Government grants.

**Greater Manchester Combined Authority (GMCA)**

Created by the Local Government, Economic Development and Construction Act, the Greater Manchester Combined Authority (GMCA) assumed its powers and duties on 1 April 2011. It took over the functions previously the responsibility of the Greater Manchester Integrated Transport Authority (GMITA), which it replaced. It also took over responsibility for transport planning, traffic control and wide loads, assumed responsibility for the transportation resources allocated to the Greater Manchester region and regional economic development functions. From 1 April 2018 it took over responsibilities for activities previously undertaken by the Greater Manchester Waste Disposal Authority, the Greater Manchester Fire and Rescue Service, and the Greater Manchester Police and Crime Commissioner.

**Greater Manchester Integrated Care Partnership**

The Greater Manchester Integrated Care Partnership (Greater Manchester ICP) brings together all health and social care partners across Greater Manchester and wider public sector and community organisations to improve the health and wellbeing of the 2.8 million people who live in Greater Manchester.

**Heritage Asset**

A tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

**Housing Benefit**

This is an allowance to persons receiving little or no income to meet, in whole or part, their rent. Benefit is allowed or paid by Local Authorities but Central Government refunds part of the cost of the benefits and of the running costs of the services to Local Authorities. Benefits paid to the Authority's own tenants are known as rent rebate and that paid to private tenants as rent allowance.



**Housing Revenue Account (HRA)**

Local Authorities are required to maintain a separate account - the Housing Revenue Account - which sets out the expenditure and income arising from the provision of social housing. Other services are charged to the General Fund.

**Impairment**

A reduction in the value of assets below its value brought forward in the Balance Sheet. Examples of factors which may cause such a reduction in value include general price decreases, a significant decline in a non-current asset's market value and evidence of obsolescence or physical damage to the asset.

**Infrastructure Assets**

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

**Intangible Assets**

These are assets that do not have physical substance but are identifiable and controlled by the Council. Examples include software, licenses and patents.

**Interest Cost (Pensions)**

For a defined benefit scheme, the expected increase during the period on the present value of the scheme liabilities which arises from the passage of time.

**International Financial Reporting Standard (IFRS)**

Defined Accounting Standards that must be applied by all reporting entities to all financial statements in order to provide a true and fair view of the entity's financial position, and a standardised method of comparison with financial statements of the other entities.

**Inventories**

Amounts of unused or unconsumed stocks held in expectation of future use. Inventories are comprised of the following categories:

- Goods or other assets purchased for resale
- Consumable stores
- Raw materials and components
- Products and services in intermediate stages of completion
- Finished goods

**Investment Properties**

Property, which can be land or a building or part of a building or both, that is held solely to earn rentals or for capital appreciation or both, rather than for operational purposes.

**Joint Venture**

A joint venture is a joint arrangement whereby the parties who have joint control of the arrangement have rights to the net assets of the arrangement.

**Leasing Costs**

This is where a rental is paid for the use of an asset for a specified period of time. Two forms of lease exist: finance leases and operating leases.

**Lender Option Borrower Option (LOBO)**

A LOBO is a type of loan instrument. The borrower borrows a principal sum for the duration of the loan period (typically 20 to 50 years), initially at a fixed interest rate. Periodically (typically every six months to 3 years), the lender has the ability to alter the interest rate. Should the lender make this offer, the borrower then has the option to continue with the

instrument at the new rate or alternatively to terminate the agreement and pay back the principal sum without penalty.

### **Lessor and Lessee**

The **lessor** is the legal owner of the asset or property, and he gives the **lessee** the right to use or occupy the asset or property for a specific period. Although the **lessor** retains ownership of the asset, they have reduced rights to the asset during the course of the agreement.

### **Liabilities**

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

### **Local Government Information Unit (LGiU)**

The Local Government information Unit (LGiU) is a Local Government membership body, thinktank and registered charity. Established in 1983 as a membership organisation for UK local authorities, the LGiU aims to strengthen local democracy and put citizens in control of their own lives, communities and services.

### **Loss Allowance**

The allowance for expected credit losses on financial assets, such as debtors.

### **Materiality**

Information is material if omitting it or misstating it could influence the decisions that users make on the basis of financial information about the Council.

### **Medium-Term Financial Strategy (MTFS)**

This is a financial planning document that sets out the future years' financial forecasts for the Council. It considers local and national policy influences and projects their impact on the general fund revenue budget, Capital Programme and HRA. In Oldham it usually covers a four or five year timeframe.

### **Minimum Revenue Provision (MRP)**

MRP is the minimum amount which must be charged to an Authority's revenue account each year and set aside as provision for credit liabilities, as required by the Local Government and Housing Act 1989.

### **Ministry for Housing, Communities and Local Government (MHCLG)**

MHCLG is a Central Government department with the overriding responsibility for determining the allocation of general resources to Local Authorities.

### **Movement in Reserves Statement (MiRS)**

The MiRS shows the movement during the year on the different reserves held by the Council, analysed into usable reserves (those that can be applied to fund expenditure or reduce taxation) and other unusable reserves.

### **Non Domestic Rates (NDR) (also known as Business Rates)**

NDR is the levy on business property, based on a national rate in the pound applied to the 'rateable value' of the property. The Government determines national rate poundage each year which is applicable to all Local Authorities.

### **Net Book Value (NBV)**

The amount at which non-current assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

**Net Debt**

Net debt is the Council's borrowings less cash and liquid resources.

**NHS Greater Manchester Integrated Care ('NHS GM')**

This new organisation is the statutory body in charge of NHS money and is responsible for making sure services are in place to put plans into action in regard to health provision in Greater Manchester including Oldham.

**Ofsted**

Ofsted is the Office for Standards in Education, Children's Services and Skills. Ofsted inspects services providing education and skills for learners of all ages and regulates services that care for children and young people.

**Outturn**

Actual expenditure and income compared to the budget.

**Pension Asset Ceiling Adjustment**

The pension asset ceiling adjustment is made to ensure sure that the Council's balance sheet properly reflects how the value of any defined benefit deficit or surplus is affected by the pensions scheme's rules and funding requirements.

**Pooled Aligned Budget**

A pooled fund, arising from a Section 75 Agreement between Oldham Council and Oldham CCG (to 30/06/2022) and subsequently with the Oldham Integrated Care Partnership (ICP), but the partners' respective financial contributions to such a fund are held in their own bank accounts.

**Pooled Budget**

A pooled fund, arising from a Section 75 Agreement between Oldham Council and Oldham ICP, comprising financial contributions from both partners hosted by one of the partners in its bank account.

**Pooled Fund**

This can be either a Pooled Budget or a Pooled Aligned Budget.

**Precept**

The amount collected by the Council on behalf of other bodies. For 2024/25 the major precepts were payable in relation to the GM Mayor as Police and Crime Commissioner and the Mayoral General Precept (including Fire Services).

**Premiums**

These are discounts that have arisen following the early redemption of long-term debt, which are written down over the lifetime of replacement loans where applicable.

**Prior Period Adjustments**

These are material adjustments which are applicable to an earlier period arising from changes in accounting policies or for the correction of fundamental errors.

**Private Finance Initiative (PFI)**

A Central Government initiative which aims to increase the level of funding available for public services by attracting private sources of finance. The PFI is supported by a number of incentives to encourage Authorities' participation.

**Property, Plant and Equipment (PPE)**

PPE are tangible assets (i.e. assets that have physical substance) that are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes, and are expected to be used during more than one year.

**Provisions**

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

**Public Sector Audit Appointments (PSAA)**

Public Sector Audit Appointments Limited (PSAA) is a company established in 2014 by the LGA which secures efficient and effective arrangements for the independent appointment of auditors and audit services for opted-in Local Government bodies.

**Public Works Loan Board (PWLB)**

An arm of Central Government which is the major provider of loans to finance long-term funding requirements for Local Authorities.

**Related Parties**

Related parties are Central Government, other Local Authorities, precepting and levying bodies, subsidiary and associated companies, Elected Members, and all Senior Officers. For individuals identified as related parties, the following are also presumed to be related parties:

- members of the close family, or the same household; and
- partnerships, companies, trusts or other entities in which the individual, or member of their close family or the same household, has a controlling interest.

**Remeasurement of the Net Defined Benefit Liability**

Remeasurement of the Net Defined Benefit Liability (asset) comprises:

- a) actuarial gains and losses
- b) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset), and
- c) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

**Reporting Standards**

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

**Reserves**

Amounts set aside to help manage future risks, to provide working balances or that are earmarked for specific future expenditure priorities.

**Revaluation Reserve**

The Reserve records the accumulated gains on the non-current assets held by the Authority arising from increases in value as a result of inflation or other factors (to the extent that these gains have not been consumed by subsequent downward movements in value).

**Revenue Contributions**

The method of financing capital expenditure directly from revenue.

**Revenue Expenditure Funded from Capital Under Statute (REFCUS)**

Expenditure incurred during the year that may be capitalised under statutory provision but that does not result in the creation of a non-current asset that has been charged as expenditure to the Comprehensive Income and Expenditure Statement.

**Section 75 (S.75) Agreement**

An agreement made between a Local Authority and an NHS body under the powers of the National Health Service Act 2006 which facilitates the pooling of resources to improve the delivery of health and social care. Locally the agreement is between Oldham Council and Oldham ICP.

**Subsidiary**

A subsidiary is an entity, including an unincorporated entity such as a partnership, which is controlled by the Council.

**Treasury Management**

This is the process by which the Authority controls its cash flow and its borrowing and lending activities.

**Treasury Management Strategy (TMS)**

A strategy prepared with regard to legislative and CIPFA requirements setting out the framework for treasury management activity for the Council.

**Trust Funds**

These are funds administered by the Council on behalf of charitable organisations and/or specific organisations.

**Unsupported (Prudential) Borrowing**

This is borrowing for which no financial support is provided by Central Government. The borrowing costs are to be met from current revenue budgets.

**Unusable Reserves**

In addition to useable reserves, the Council also details unusable reserves within the financial statements. These reserves hold costs that the Council has accrued but not yet financed and they cannot be spent on Council services.

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## Report to Audit Committee

# 2024/25 Head of Audit Annual Report and Opinion to Audit Committee

**Portfolio Holder:** Councillor Abdul Jabbar MBE, Deputy Leader and Cabinet Member for Finance, Corporate Services & Sustainability

**Officer Contact:** John Miller – Head of Audit and Counter Fraud

**Report Author:** John Miller – Head of Audit and Counter Fraud

**Contact:** [john.miller@oldham.gov.uk](mailto:john.miller@oldham.gov.uk)

**30 June 2025**

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### Reason for Decision

The Audit Committee's Terms of Reference state that:

**4.4.2 The Audit Committee shall, having regard to the CIPFA 'audit committee' guidance:–**

**(i) approve the performance criteria for the Internal Audit Service;**

**(iv) consider the annual report from the Chief Internal Auditor;**

**(vi) review the effectiveness of the system of Internal Audit on an annual basis as per statutory requirements and the outcome of the review of compliance with Public Sector Internal Audit Standards.**

The purpose of this report is to provide Members with the Annual Report and Opinion for 2024/25 on the Systems of Governance and Internal Control for the year ended 31 March 2025 presented by the Head of Audit and Counter Fraud, and report to the Audit Committee on the matters required for the Committee charged with Governance by International Auditing Standards, and the 2013 UK Public Sector Internal Audit Standards (Revised 2017) and Local Government Application Note (LGAN).

### Executive Summary

The report summarises the work of Internal Audit and Counter Fraud Team carried out for the financial year 2024/25 which informs the Annual Report and Opinion of the Head of Audit and Counter Fraud on the System of Internal Control for the year ended 31 March 2025.

The Annual Report for 2024/25 has the following sections:

- **Appendix 1:** Annual Report and Opinion of the Head of Audit and Counter Fraud on the System of Internal Control for the year ended 31 March 2025, to assist the Committee's review of the 2024/25 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 2024/25.

## **Recommendations**

Members are requested to note the Annual Report on the System of Internal Control presented by the Head of Audit and Counter Fraud and the continued developments in overall internal control and financial administration across the Council.



**2024/25 Annual Report to the Audit Committee****1. Background**

- 1.1 This report summarises the work of Internal Audit and Counter Fraud Team carried out in respect of the financial year 2024/25 informing the Annual Report and Opinion of the Head of Audit and Counter Fraud on the System of Internal Control for the year ended 31 March 2025.

**2. Audit Opinion and Work Undertaken in 2024/25**

- 2.1 In accordance with the Public Sector Internal Audit Standards (PSIAS), the Head of Internal Audit and Counter Fraud provides an Annual Report and Opinion to support the production of the Council's Annual Governance Statement (AGS).
- 2.2 The overall opinion of the Head of Audit and Counter fraud for 2024/25 and its professional framework is set out at **Appendix 1**.
- 2.3 **Appendix 2** summarises the outcomes from the Counter Fraud Service for 2021/22 to 2024/25.

**3. Options/Alternatives**

- 3.1 The Audit Committee can either choose to accept and note the Annual Report on the System of Internal Control or not to accept the report.

**4. Preferred Option**

- 4.1 The preferred option is that the Audit Committee accepts and notes the Annual Report on the Systems of Governance and Internal Control

**5. Consultation**

- 5.1 N/A.

**6. Financial Implications**

- 6.1 N/A.

**7. Legal Services Comments**

- 7.1 N/A.

**8. Cooperative Agenda**

- 8.1 N/A.

**9. Human Resources Comments**

- 9.1 N/A.

**10. Risk Assessments**

10.1 The production of an Annual Report on the Systems of Governance and Internal Control by the Audit and Counter Fraud Team will enable this Committee to demonstrate it is raising any concerns with the Council in a structured manner.

11. **IT Implications**

11.1 N/A.

12. **Property Implications**

12.1 N/A.

13. **Procurement Implications**

13.1 N/A.

14. **Environmental and Health & Safety Implications**

14.1 N/A.

15. **Equity, Community Cohesion and Crime Implication**

15.1 N/A.

16. **Equality Impact Assessment Completed**

16.1 No.

17. **Forward Plan Reference**

17.1 N/A.

18. **Key Decision**

18.1 No.

19. **Background Papers**

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

File Ref: Background papers are included as Appendices 1 and 2  
Officer Name: John Miller  
Contact: [john.miller@oldham.gov.uk](mailto:john.miller@oldham.gov.uk)

20. **Appendices**

20.1 The following Appendices are available to support this Report:

- **Appendix 1:** Annual Report and Opinion of the Head of Audit and Counter Fraud on the System of Internal Control for the year ended 31 March 2025; to assist the Audit Committee's review of the 2024/25 Annual Governance Statement.
- **Appendix 2:** Counter Fraud Service comparative data 2021/22 to 2024/25.



# Audit and Counter Fraud Team

**Annual Report of the Head of Audit and Counter Fraud and Opinion on the Systems of Governance and Internal Control for the year from 1 April 2024 to 31 March 2025**

**30 June 2025**

# Annual Report of the Head of Audit and Counter Fraud and Opinion on the Systems of Governance and Internal Control for the year 1 April 2024 to 31 March 2025.

## 1. Introduction

### 1.1 Background

- 1.1.1 The Internal Audit and Counter Fraud Plan for 2024/25 was developed based on an assessment of risks to the Council including those contained in the Corporate Plan and Corporate Risk Registers. The work plan aims to provide assurance to the Chief Executive and other senior officers of the Council, including key Statutory Officers (Section 151 and Monitoring Officers), on systems and controls in place that assist the Council in meeting its objectives.
- 1.1.2 This work allows the Head of Internal Audit and Counter Fraud at Oldham Council to form an overall opinion on the Governance and Internal Control arrangements within the Council, and the effectiveness of those systems.
- 1.1.3 The opinion also considers any advisory work undertaken during the year. High priority findings from such reviews contribute to the overall opinion that is reported.
- 1.1.4 This opinion is then used to support the production of the Council's Annual Governance Statement (AGS) within the Statement of Final Accounts for the Financial Year 2024/25.
- 1.1.5 This report sets out the framework used to complete the Annual Opinion on the Systems of Governance and Internal Control, and is supported by the key audit findings in the main body of this Appendix.

### 1.2 2013 Public Sector Internal Audit Standards

- 1.2.1 The Public Sector Internal Audit Standards (PSIAS) came into effect on 1 April 2013. These Standards replaced the 2006 Code of Practice applicable to the work of Internal Audit. From 2013/14 the Head of Internal Audit and Counter Fraud has provided an annual report in accordance with the PSIAS to support the production of the Council's Annual Governance Statement (AGS).
- 1.2.2 For the year 2024/25, the 2013 PSIAS and Local Government Application Note (LGAN) remain the applicable standards. From 1<sup>st</sup> April 2025 the work of Internal Audit at Oldham Council is governed by the **Global Internal Audit Standards 2024 and UK Local Government Application Note 2024**. These replace the PSIAS and LGAN. This update to the standards is discussed further in Section 14 of this report.
- 1.2.3 The Standards note that a professional, independent, and objective Internal Audit service is one of the key elements of good governance, as recognised throughout the UK public sector. The role of the Head of Internal Audit (HIA), in accordance with the PSIAS, is to provide an Annual Opinion on the System of Internal Control, based upon the work performed, on the overall adequacy and effectiveness of the organisation's governance, risk management, and control processes, i.e., the organisation's system of internal control. This is achieved through a risk-based plan of work, agreed with management, and approved by the Council's Audit Committee, which should provide a reasonable level of assurance.
- 1.2.4 The Chartered Institute of Public Finance and Accountancy (CIPFA) Statement on the role of the Head of Internal Audit (HIA) in Local Government was issued on 9 April 2019. This

Statement also included updated guidance for internal audit in the public sector to contend with “restricted resources and growing levels of financial risk.”.

1.2.5 This guidance calls on the public sector to provide the required support and recognition for the HIA and Internal Audit Teams, and includes best practice guidance for Internal Auditors, leadership teams and Audit Committees to support Internal Audit effectiveness.

1.2.6 The publication “The role of the Head of Internal Audit’ sets out key principles aligned with the UK Public Sector Internal Audit Standards (PSIAS) and also sets out individual and organisational responsibilities. The guidance refers to:

- Heads of Internal Audit in the public sector working in increasingly high-pressure environments, contending with restricted resources and growing levels of financial risk, and they require the tools they need to provide quality assurance to their organisations;
- Public sector bodies ensuring that the HIA is “professionally qualified and suitably experienced” so they can lead and direct Internal Audit services which are well resourced and fit for purpose; and,
- The HIA being a senior manager, with regular and open engagement across the organisation, particularly with the leadership team and Audit Committee.

1.2.7 The guidance also sets out the following:

- The assurance provided by the HIA must be evidence based, in order to provide proper comfort to those who ask for it, and to improve governance arrangements. This means that Internal Audit planning must be well focused and in accordance with professional standards;
- The HIA may obtain assurance from partners and other agencies, and the HIA must understand the basis for the assurance and its adequacy, and therefore whether the HIA needs to carry out any additional review work; and,
- A summary of assurances given and relied upon should be included in the HIA’s annual report.

1.2.8 CIPFA also states that one of the HIA’s key relationships must be with the External Auditor. Whilst the roles of Internal and External Audit are different, and they must be independent of each other, both are concerned with the organisation’s control environment and both use an objective, risk-based approach in coming to their conclusions. External Auditors should have regular discussions with the HIA on audit findings, risks, and future developments. Oldham Council’s HIA meets with the External Auditor on a regular basis.

## **1.3 Roles and Responsibilities**

### **Reviewing the System of Internal Audit**

1.3.1 The Council is responsible for maintaining a sound system of internal control which is reviewed by the Internal Audit team. To review the System of Internal Audit, the Audit Committee receives either an annual internal review of the Internal Audit function which discharges its responsibility for putting in place arrangements for gaining assurance about the effectiveness of that function, or commissions an independent external review.

1.3.2 The Public Sector Internal Audit Standards (PSIAS) also state that an external reviewer must undertake a full assessment, or validate the Internal Audit Service’s own self-assessment, at least once in a five-year period. This independent External Quality Assessment (EQA) has most recently been undertaken in 2023 by CIPFA.

- 1.3.3 The three possible outcomes of this assessment are that the Service “Generally Conforms”, “Partially Conforms”, or “Does Not Conform” with the requirements of the PSIAS and Local Government Application Note (LGAN).
- 1.3.4 The outcome of the 2023 external assessment is that Oldham’s Internal Audit and Counter Fraud Function “Generally Conforms” across all areas assessed. The Head of Internal Audit has subsequently undertaken an annual self-assessment during 2024/25. The outcomes of the most recent EQA review, and progress against CIPFA’s single low priority recommendation and eight further “advisory points” are detailed at Section 14 of this report. The outcome of the latest 2024/25 annual self-assessment against the PSIAS notes no substantive change to the arrangements in place since the 2023 external review by CIPFA. The Internal Audit Service therefore remained fully in conformance with the requirements of the PSIAS during 2024/25.
- 1.3.5 In preparation for the introduction of the new Global Internal Audit Standards (GIAS) in April 2025, a self-assessment of the Internal Audit Service against the new GIAS 2024 and LGAN 2024 has also taken place.
- 1.3.6 The actions required to maintain the Internal Audit Service in full conformance with the updated Standards are discussed further at Section 14 of this report.

### **The Annual Governance Statement (AGS)**

- 1.3.7 The Council is required by law to review its governance arrangements at least annually. Preparation and publication of the Annual Governance Statement (AGS) is done in accordance with the CIPFA/SOLACE ‘Delivering Good Governance in Local Government’ Framework and 2025 Addendum.
- 1.3.8 This AGS is a key corporate document which is intended to provide an accurate representation of the corporate governance arrangements in place which have supported the delivery of organisational objectives during the year.
- 1.3.9 The Authority is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and provides value for money. The Authority also has a duty under the Local Government Act 1999 to plan to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency, and effectiveness.
- 1.3.10 In discharging this overall responsibility, the Authority must put in place proper arrangements for the governance of its affairs, which include arrangements for the management of risk, whilst facilitating the effective exercise of its functions.
- 1.3.11 The Authority has established governance arrangements which are consistent with the seven principles of the CIPFA/SOLACE Framework ‘Delivering Good Governance in Local Government’, and it has adopted a Local Code of Corporate Governance (LCCG).
- 1.3.12 The AGS sets out how the Authority has complied with the Code of Corporate Governance and meets the requirements of the Accounts and Audit Regulations 2015 which require all relevant bodies to prepare an Annual Governance Statement.
- 1.3.13 The Council’s whole framework of assurance is used to bring together all of the evidence required to support the AGS.
- 1.3.14 The Annual Opinion of the Head of Internal Audit is one component of the framework of assurance which the Council considers in compiling the AGS.

- 1.3.15 The Head of Internal Audit's Annual Opinion does not imply that the Internal Audit and Counter Fraud service have reviewed all risks relating to the Council. The purpose of the opinion is to contribute to the assurances available to the Council which underpin the Council's own assessment of the effectiveness of the organisation's governance arrangements and system of internal control.

## 2. Head of Internal Audit Annual Audit Opinion

### 2.1 2024/25 Opinion

- 2.1.1 The financial year 2024/25 has been another challenging year for Local Government as a whole, with a number of Council's experiencing well publicised financial challenges. Inevitably some front-line services have been under continued pressure and, in certain cases, improvements in financial administration fell short of what was planned.
- 2.1.2 Having undertaken all necessary work and in accordance with all Codes of Practice and guidance, the overall opinion of Oldham Council's HIA is that the systems of Internal Control in Oldham Council for the year ending 31 March 2025 provided **Limited** assurance. There have been no impairments to the independence or objectivity of the Head of Internal Audit in arriving at this opinion.
- 2.1.3 The overriding audit concerns taken into account in arriving at this opinion are set out in brief below and discussed in more detail in the sections which follow:

#### Financial Management

- 2.1.4 The Council has made insufficient progress in addressing areas of persistent control weakness in five Fundamental Financial Systems over a number of years. These are Payroll, Direct Payments and Community Homecare Payments, Residential Care Payments, Children's Social Care Payments and Debt Recovery. Payroll and Social Care Payments represent a significant portion of the Council's annual expenditure. Issues identified in Debt Recovery systems span all of the Council's direct income streams. All five of these audit reviews provided **Limited** assurance on the effectiveness of internal controls in these areas. These findings, in combination, indicate the Council faces potential risks to the achievement of its financial and corporate objectives by failing to address the issues identified in successive Internal Audit Reports. In addition, the Council has again relied upon reserves in order to fund an overspend against its annual budget in 2024/25. The ongoing use of reserves for this purpose was highlighted as an area of concern by the Council's former Director of Finance in the Authority's 2023/24 financial statements.

#### ICT

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

#### Procurement

- 2.1.6 The Council has a duty to seek to obtain Best value in its procurement of goods and services on behalf of its residents. Our work in 2023/24 in connection with the Council's Contract Register arrangements received an "Inadequate" (Limited assurance) opinion. Legislation



in this area has recently changed with the introduction of the Procurement Act 2023 (effective 1<sup>st</sup> April 2025) and our follow up work on progress against our previous recommendations in connection with the Council's Contract register arrangements was partially re-focussed towards the Council's performance in complying with the requirements of the Procurement Act 2023.

- 2.1.7 The Procurement Act 2023 places additional requirements on all Local Authorities to publish a forward plan of procurement activity for all contracts in excess of £2m. Our findings from our follow up work in this area are that the Council appears to have met the publication requirements of the Procurement Act 2023 by the required deadline date. However, work in connection with the compilation of the Council's own internal Contracts Register continues and, as a result, our opinion in this area remains that the controls in place continue to provide **Limited** assurance that the Council is achieving best value in procurement and that procurement activity is aligned to the Council's corporate objectives and goals. We will continue to monitor developments in liaison with the Interim head of Procurement and follow-up again on this ongoing work in due course.

### **Systems of Governance**

- 2.1.8 Three audit reports were issued in 2024/25 in connection with systems which are fundamental in ensuring good governance across the Council, and where systems and controls examined provided **Limited** assurance. All three systems are essential components in ensuring openness and accountability in decision making and corporate performance.

- 2.1.9 These reports are in connection with the Council's use of

- The Modern.gov system used to record and publish its Delegated Decision Reports and ensure open and accountable decision making.
- Its Corporate Performance Management System used to track the Council's progress against its corporate and service objectives and ensure achievement of corporate objectives.
- The systems and controls in place to both recruit and discipline Council staff in a manner which protects the organisation, its staff and residents from the risk of loss or harm.

## **2.2 Basis of the Opinion**

- 2.2.1 The basis for forming the Annual Opinion is as follows:

- An assessment of the design and operation of the Local Code of Corporate Governance and underpinning processes.
- An assessment of the risk management arrangements and the financial management framework of assurance.
- An assessment of the range of individual opinions arising from risk-based audit assignments, contained within the Internal Audit risk-based plan that have been reported throughout the year.

- 2.2.2 This assessment has taken account of the relative materiality of these areas and management's progress in respect of addressing control weaknesses.

## **2.3 CIPFA/SOLACE Code of Corporate Governance**

- 2.3.1 The Council has established corporate governance arrangements which are consistent with the seven principles of the CIPFA and Society of Local Authority Chief Executives (SOLACE) Framework, "Delivering Good Governance in Local Government" and Addendum 2025.
- 2.3.2 The Council has adopted a Local Code of Corporate Governance which is publicised on the Council's website. The Council's 2024/25 AGS forms part of the Draft Annual Financial Statements report to the Audit Committee, and it sets out how the Authority has complied with the Code and meets with the requirements of the Accounts and Audit Regulations 2015. The Authority meets the requirements of the Accounts and Audit Regulations 2015 in relation to the publication of an AGS.
- 2.3.3 The 2024/25 AGS identifies the key risk issues for the Council to mitigate during 2025/26.

### **3. Risk Management**

- 3.1 The Strategic Risk Register is populated with risks to the achievement of the Council's corporate objectives and all risks are categorised and allocated to a responsible Officer; these are supported by Service Risk Registers included in Business Plans.
- 3.2 The Service Business Plans, prepared annually, incorporate a Risk Register setting out the risks for each Service. Reviews of current and emerging risks are presented to the Audit Committee as part of the regular update of the issues.

### **4. 2024/25 Audit and Counter Fraud Plan**

- 4.1 The 2024/25 Audit and Counter Fraud Plan was agreed by the Audit Committee at its meeting of 26 March 2024. Updates on progress have been reported to the Audit Committee during the 2024/25 financial year. The Audit Opinions agreed with managers contribute towards the 2024/25 Annual Opinion.

### **5. Financial Control and Resilience**

- 5.1 In 2024/25, financial management, administration and governance for the Council underwent a number of staffing changes. In addition to the Council seeking applications for voluntary redundancy across all service areas, it also appointment of a number of new staff to key posts including:
- Chief Executive.
  - Interim Director of Finance and S151 Officer.
  - Monitoring Officer.
  - Interim Assistant Director of Human Resources and Organisational Development.
  - Assistant Director of Governance
  - Interim Director of IT and Digital
  - Assistant Director of Policy, Performance and Corporate Leadership.
- 5.2 The Council is cognisant that a number of these appointments are on an interim basis and is taking steps to appoint permanent staff to a number of key roles during 2025/26.
- 5.3 During 2024/25 the Director of Finance reported directly to the Chief Executive and was a member of the Management Board. This is consistent with the principles of good financial management and complies with the Financial Management Code.

- 5.4 A self-assessment against the Financial Management Code was reported to Audit Committee on 5 September 2023 which indicated that in most areas of recommended best practice the financial administration of the Authority is sound.
- 5.5 The year-end final accounts for 2024/25 were submitted for audit by the statutory deadline. All working papers supporting the financial statements have been subject to a structured, detailed, and independent quality assurance process to ensure compliance with external audit guidelines.
- 5.6 The 2023/24 AGS identified the Council's financial position and financial resilience at that time as the most significant governance issue facing the Council. The 2023/24 AGS also set out the actions the Council was taking in response to these challenges:

*“Significant savings plans are in train to help address the budgetary challenges over the next twelve to twenty-four months, however over the projected MTFS, residual budget gaps remain. One of the greatest challenges the Council will face is ensuring that programmes are kept to plan to ensure delivery in line with expected timescales. Slippage from this will undoubtedly present challenges.*

*To address these issues, a number of actions have been put in place:*

- *Moving to bi-monthly (from quarterly) reporting of the Council's financial position.*
  - *Incorporating savings updates as part of the Budget Monitoring Reporting cycles together with the Establishment of a Delivery Board, chaired by the Leader, to hold directors to account in respect of the savings proposals put forward.*
  - *Devising a new and accelerated budget timetable to support early decision making with strong support from the Administration.*
  - *Reviewing and refreshing the transformation and change programme to identify options for acceleration of schemes that will drive financial savings.*
  - *Work to align financial planning with colleagues at the ICB to ensure resource planning is efficient and aligned.*
  - *Demonstrating how risks identified have informed the budget setting process and MTFS financial strategy.*
  - *Ensuring that all income and debts due to the Council are collected efficiently and effectively. All debt management activity will be centralised under the Assistant Director for Revenues and Benefits with new consistent debt management policies.”*
- 5.7 Progress against these actions during the latest financial year is reported in the 2024/25 AGS which is presented as part of the Council's Annual Financial Statements for the year.
- 5.8 In terms of overall financial outcomes against budget for the year 2024/25 the unaudited financial results are shown in the table below:

2024/25 Directorate	Budget £000	Actual £000	Variance £000
Community Health and Adult Social Care	76,739	87,571	10,832
Children's Services	70,705	81,408	10,703
Public Health	23,054	21,552	(1,502)
Place and Economic Growth	67,001	72,084	5,083
Corporate Services	36,392	33,539	(2,853)
Capital, Treasury and Technical Accounting	32,946	19,365	(13,580)

Net Expenditure	306,837	315,520	8,682
Financing			1,472
Overall Variance			10,155
Use of Reserves to support 2024/25 position			(10,155)

5.9 The table above shows that the Council exceeded its annual budget again in 2024/25 by over £10m. This overspend was, as in previous years, funded from the Council's reserve balances.

5.10 In the explanatory foreword to the Council's 2023/24 Financial statements, the Council's former Director of Finance and S151 Officer wrote:

*"When setting its budget for 2023/24, the Council approved the use of £11.5m of Earmarked Reserves to support additional expenditure in those services facing increasing levels of demand, in particular Children's Services. Unexpected and unprecedented pressures in Children's, but also other services meant that a further contribution from reserves of £16m was required. This is a concerning situation and the Council's current reliance on reserves to fund annual expenditure must be addressed as a matter of urgency."*

5.11 Should the use of reserves to support revenue expenditure continue, the Council risks the prospect of reduced financial resilience in future periods.

## 6.1 Fundamental Financial Systems (FFS)

6.1.1 In accordance with the 2024/25 Plan, Internal Audit continued to review all material fundamental financial systems.

6.1.2 The table below sets out the Final Audit Opinions across the Council's main financial systems between 2020/21 and 2024/25.

6.1.3 Until March 2025 the four audit opinion levels used by the Internal Audit Service were **Good**, **Adequate**, **Inadequate**, and **Weak**. As of April 2025 the service has replaced these with the standard opinion levels and definitions in CIPFA's published guidance on: **Internal Audit Engagement Opinions: Setting common definitions**. This guidance recommends the following 4 opinion levels when issuing an audit opinion on individual audit reviews.

- **Substantial Assurance** "A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited."
- **Reasonable Assurance** "There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited."
- **Limited Assurance** "Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited."
- **Weak/No Assurance** "Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk

management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.”

- 6.1.4 The previous audit opinion levels in use at Oldham of Good, Adequate, Inadequate, and Weak utilised broadly similar definitions to the above. The four opinion levels are, therefore, directly comparable across years.

### Fundamental Financial Systems Audit Opinions 2020/21 to 2024/25

Financial System	2021/22	2022/23	2023/24	2024/25
Accounts Payable	Adequate	Adequate	Adequate	Reasonable
Accounts Receivable	Adequate	Adequate	Adequate	Reasonable
Treasury Management	Good	Good	Good	Reasonable
Bank Reconciliations	Good	Good	Good	Substantial
Income Control	Adequate	Good	Adequate	Reasonable
Council Tax	Inadequate	Adequate	Adequate	Reasonable
Council Tax Reduction	Adequate	Adequate	Adequate	N/A
Fixed Assets	Adequate	Adequate	Adequate	Reasonable
Housing Benefits	Adequate	Adequate	N/A	N/A
NDR (Business Rates)	Adequate	Adequate	Adequate	Reasonable
Payroll	Adequate	Inadequate	Inadequate	Limited
Direct Payments & Homecare	Inadequate	Weak	Inadequate	Limited
Residential Care Payments	Inadequate	Inadequate	Inadequate	Limited
Children's Social Care	N/A	Inadequate	Inadequate	Limited
Debt Recovery	N/A	Inadequate	Inadequate	Limited
Audit Opinions	2021/22	2022/23	2023/24	2024/25
Good / Substantial Assurance	2	3	2	1
Adequate / Reasonable Assurance	8	6	7	7
Inadequate / Limited Assurance	3	4	5	5
Weak / Weak Assurance	-	1	-	-
N/A	2	-	1	2
<b>Total</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>

- 6.1.5 Overall, the table above highlights a relatively stable control environment in respect of the Council's Fundamental Financial Systems:
- 6.1.6 However, the five reviews receiving opinions of Limited assurance have done so for a number of successive years. A number of the recommendation made in connections with these reviews have been re-iterated during this period. This lack of progress in addressing recommendations over successive years is a cause for concern.
- 6.1.7 For those systems which have been assessed as Adequate / Reasonable for a number of years, managers are encouraged to develop appropriate plans to facilitate the required

improvement to Substantial assurance. To support this, Internal Audit will continue to deliver financial systems audits and engage with key colleagues to facilitate this improvement.

- 6.1.8 In line with the Audit Service's ongoing review of its own effectiveness, we have not undertaken a review of Housing Benefit systems and controls this year. Housing Benefits are reviewed by both of the Authority's external Audit providers, Forvis Mazars as part of their overall work in connection with the Council's Annual Financial Statements, and KPMG as the Council's auditors in respect of the Council's Housing Benefit Subsidy claims. Given the external audit focus on this area, the move over to Universal Credit, and the history of Adequate opinions, we have not reviewed this area in 2024/25. We will however keep this position under review and return to the area should we feel that this is necessary in the future.
- 6.1.9 Similarly, the Council Tax Reduction review is now undertaken as part of the overall audit review of Council Tax in order to streamline audit work within the service.

## 6.2 Payroll

- 6.2.1 Following a procurement exercise in April 2019, the Council agreed to implement iTrent, a leading HR and Payroll software package provided by Midland HR (MHR) which is used in many Local Authorities. The iTrent system replaced the Agresso payroll system (previously used for the Council and MioCare payroll) and the Selima system (previously used for Oldham Schools payroll). The implementation of the iTrent system took place on a phased basis starting in January 2021 with the Council and MioCare payrolls, February 2021 for Schools, and March 2021 for time and expenses functionality. Therefore, 2021/22 was the first full financial year the Council had operated this system.
- 6.2.2 The implementation of the iTrent system, as with all new and complex systems, was challenging for the Payroll Team. The implementation of a new IT system with this level of complexity seldom runs completely smoothly, and in this case presented an additional challenge by taking place during the pandemic where revised working practices were required. Several system issues arose during 2021/22. This is to be anticipated in any major system implementation. These were gradually, and successfully, resolved by the team over the course of the year.
- 6.2.3 The review of the internal controls in connection with Payroll during 2021/22 did not highlight concerns in connection with areas we would consider to be fundamental payroll weaknesses, e.g., failure to pay employees on time, or large numbers of incorrect payments. As a result of the improvements in internal control following the implementation of the iTrent system, the opinion on the control environment surrounding the Council's payroll system during 2021/22 was improved to Adequate / Reasonable.
- 6.2.4 However, the Payroll Service has experienced ongoing issues in the retention and replacement of key staff over the last three review periods, 2022/23, 2023/24 and 2024/25. Whilst the service has been successful in minimising the impact of a number of ongoing issues, fully automated solutions continue to be sought in some areas, and gaps in records and information to support payments continue to be identified.
- 6.2.5 In light of the above, and despite the Service's continued acceptable performance in ensuring employees are paid, by and large, correctly and on time, the 2024/25 audit opinion is that the systems and controls in connection with the payroll administration continue to provide **Limited** assurance in light of the system's relative materiality and importance.
- 6.2.6 The Audit and Counter Fraud team will continue to work and liaise closely with the Payroll Team to monitor and report on further developments and performance going forward.



### 6.3 Adults' Social Care Services – Direct Payments & Homecare, and Residential Care Payments.

- 6.3.1 The Community Health and Adults' Social Care (CHASC) Service directly manages two of the Council's fundamental financial systems; the systems for payments of Direct Payments and Community Homecare, and the Residential Care Payment system.
- 6.3.2 The 2024/25 Audit opinions for both Residential Care Payments and Direct Payments and Homecare continue to be assessed as providing **Limited** assurance. Whilst the service continues to allocate resources to resolving ongoing issues, the repeated nature of a number of recommendations over successive periods is a cause for concern.
- 6.3.3 In respect of Residential Care Payments systems during 2024/25, it was noted that some progress had been made in addressing the recommendations made in the previous audit report. However, six of the ten recommendations we have made this year have been made previously. Three of these are high priority recommendations, and three are medium priority.
- 6.3.4 In respect of Direct Payments and Home Care systems during 2024/25, it was noted that some progress had been made in addressing the recommendations made in the previous audit report. However, four of the eight recommendations we have made this year have been made in previous audit reports. Three of these recommendations made previously are high priority and one is medium priority.
- 6.3.5 The Service has made some progress in the year in:
- Addressing the increasing numbers of open workflow items year on year, though a number of historic items still require review.
  - Maintaining their above GM average performance in completion of statutory annual care reviews, though work is still required on those more than two years overdue.
- 6.3.6 The Service continues to face challenges in the following areas:
- Duplicate payments.
  - Duplicate client records.
  - Ensuring all clients have the appropriate care agreement on file.
  - Making timely payments to providers of care to avoid large back dated payments.
  - Recording adequate details to support the issue of credit notes.
  - High costs of "Out of borough" care placements.
  - Backlogs of client financial assessment.
  - Backlogs in re-assessment of clients in short stay accommodation.
- 6.3.7 Therefore the audit opinion remains that internal controls in these areas continue to provide **Limited** assurance.

### 6.4 Children's Services

- 6.4.1 The inaugural review of the systems and controls in connection with Children's Services during 2022/23 found controls in this area to be Inadequate / Limited.

- 6.4.2 The main findings of the 2022/23 review were that, whilst no instances have been identified where the Service is failing in meeting its objectives, it is not always recording either the inputs or outputs associated with its work in such a way as to allow complete and reliable management information to be produced.
- 6.4.3 This failure to maintain complete and accurate records presents a dual risk that:
- The management information available to service management is less reliable for the purposes of decision making and performance monitoring.
  - Failure to address inaccurate or incomplete records presents an additional risk that service users who are not receiving timely and appropriate care will not be identified.
- 6.4.4 Despite the results of the 2022/23 review having been well received by the Service, our work in 2023/24 found limited evidence of progress against the recommendations made in 2022/23. As a result, our opinion in this area remained Limited.
- 6.4.5 Our 2024/25 review found that of the eleven recommendations agreed for improvement in 2023/24, three have been implemented. Eight recommendations have been carried forward to 2024/25 and re-iterated. Our opinion remains that internal controls in this area provide **Limited** assurance.

## 6.5 Debt recovery

- 6.5.1 Work in connection with the FFS reviews of Council Tax, Non-Domestic Rates and Accounts Receivable during 2021/22 highlighted a common theme of substantially increased levels of debt across all of these areas, and this trend has continued into 2024/25 as shown in the table below which, in the case of NNDR and Council Tax, shows the debt outstanding at 31<sup>st</sup> March each year relating to prior years, i.e. historic debt excluding in-year debt.

	18/19	19/20	20/21	21/22	22/23	23/24	24/25
	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)
<b>Council Tax</b>	24.53	28.43	32.89	33.56	34.40	38.24	43.12
<b>NNDR</b>	6.29	7.61	9.24	9.38	8.51	7.80	10.02
<b>Sundry Debtors</b>	16.17	15.76	18.16	23.57	23.44	27.46	28.67
<b>Total</b>	<b>46.99</b>	<b>51.80</b>	<b>60.29</b>	<b>66.51</b>	<b>66.35</b>	<b>73.50</b>	<b>81.81</b>

- 6.5.2 The Council has recognised this issue and is pursuing a number of initiatives for the reduction of outstanding debt and improvement of income collection processes. This includes progression from Charging Orders to Orders for Sale on empty properties, bankruptcy and winding up petitions to recover longstanding and material debts. Going forward the performance in relation to debt collection and the improvement programme will be monitored.
- 6.5.3 However, the continued increase in outstanding debt at the year-end 2024/25 provides **Limited** assurance that the Council has made sufficient progress in this area to date.

## 7. ICT and Information Governance

- 7.1 The Council maintains its certification in line with the Public Services Network (PSN) Accreditation & Compliance standards. The PSN is a secure network that allows local and national public sector organisations to interact and share data privately and securely. On



an annual basis the Council is required to obtain certification for the forthcoming year. The Information Management Team, working with ICT Services, manage the annual PSN certification submission. The current certification runs to the 26 March 2026.

- 7.2 The submission of the Council's Data Security and Protection (DSP) annual mandatory accreditation was made in June 2024 and, at the time of writing, the accreditation process in 2025 is ongoing.
- 7.3 The business-critical risks associated with cyber-attack are well publicised. The responsibility for Information Management and Governance rests with the Council's Director of Corporate Resources as the Senior Information Risk Officer (SIRO). The Audit Committee agendas regularly include the Senior Information Risk Officer (SIRO) report. In response to this risk the Council:
- Issues reminders to all employees and Members requesting completion of the Council's interactive Mandatory Cyber Security training course.
  - Publishes cyber awareness guidance on the Council intranet.
  - Has a policy on password complexity in alignment with the recommendations of the National Cyber Security Centre (NCSC).
- 7.4 Specialist IT audit work undertaken on the Council's behalf by Salford Council's Computer Audit Service (SCAS) continued in respect of 2024/25 with the following reviews completed:
- National Cyber Security Centre Cyber Assessment Framework – **Reasonable Assurance**
  - IT Supplier Management – **Limited Assurance**
  - Cloud Service Management – **Limited Assurance**
  - Physical Security & Environmental Controls – **Limited Assurance**
- 7.5 Audit review work in connection in connection with Security Incident Management and Response, and with Payment Card Industry Data Security Standards (PCI-DSS) has also commenced.
- 7.6 Secure and reliable ICT is critical in providing assurance over good governance, internal control, client safety and client financial security across all areas of Council activity. Weaknesses in this area should be addressed as a matter of priority to provide assurance that the Council can continue to provide vital public services, in addition to safeguarding assets, data and resources.
- 7.7 With two out of three ICT reviews reporting in 2024/25 receiving Limited assurance opinions our opinion in respect of the safeguards and controls surrounding the Council's ICT arrangements during 2024/25 are that they provided **Limited** assurance that the Council is safeguarding services in this area.

## 8. Procurement

- 8.1 The Council has a procurement team to assist in ensuring that all legal and regulatory requirements are adhered to when procuring goods and services. The separation of this independent function from the procuring departments provides additional segregation and oversight controls across the Council's procurement activity.
- 8.2 During our review of the Council's Contracts Register in 2023/24, the departure of the Head of Procurement in that year had a significant impact on the evidence available to provide

the assurance that the Council's Procurement Service was operating in a co-ordinated way to address the Council's ongoing procurement needs.

8.3 Also noted were inconsistent record keeping practices across the Service in respect of important contractual documentation and communications. It was often a difficult and lengthy process to access the records required for our work.

8.4 The Council took steps to address these issues and:

- The Procurement Service transferred to sit within the remit of the Director of Finance.
- A new Interim Head of Procurement is now in place since March 2024.
- An independent review of the Council's Procurement Function was undertaken by STAR Procurement.

8.5 The wide-ranging independent review of the Council's Procurement Function undertaken by STAR Procurement during 2024/25 contained, among a range of other findings, the following:

*"A number of [internal] audits have taken place which have been linked to procurement with similar themes and outcomes emerging. There is little collective ownership in responding and dealing with issues/actions raised. More proactive action required, working with Audit colleagues on a planned audit plan to identify areas for improvement and concern to deliver improvement."*

8.6 The requirements of the Procurement Act 2023 came into force on 1<sup>st</sup> April 2025. The Act makes mandatory the publication of certain information in respect of upcoming Council contracts over £2m over an 18 month forward timeline.

8.7 In light of this, in following up our previous review of the Council's Contract Register which received an Inadequate / Limited assurance opinion in 2022/23, we have conducted a high-level review of the Council's compliance with the Procurement Act 2023 and a follow up review of the 2023 Contracts Register Audit in conjunction with the Interim Head of Procurement.

8.8 The Interim Head of Procurement reports that the Council has met the mandatory publication requirements of the Act insofar as all upcoming contracts over £2m which the Procurement Service have been made aware of by procuring Services of have been published as required by the Act.

8.9 However, from both our follow-up work on the 2022/23 Contracts Register audit report during 2024/25, and as self-reported by the Interim Procurement Manager in June 2025, work in connection with the Council's own internal Contracts Register to record the pipeline of upcoming contracts below the mandatory publication threshold remains ongoing.

8.10 Therefore, our opinion in respect of the Council's Contracts Register arrangements remains that they provide **Limited** assurance that the Council is ensuring it obtains best value in procurement, and that procurement is aligned with the Council's objectives and policies across all areas of service delivery.

## 9. The Council's Delegated Decision Recording System

9.1 Under Section 101 of the Local Government Act 1972, non-executive functions of the Council may be delegated to Officers by the Council, Committees and Sub-Committees.

- 9.2 The Scheme of Delegation sets out who is responsible for various “levels” of decision in Part 3 of the Council’s Constitution, “Responsibility for Functions”. Decisions made under delegated powers are the subject of a Delegated Decision Report outlining the background, options and reason for the decision being taken.
- 9.3 When reaching the decision outlined in the delegated report, officers are required to consult with Members and other Officers as appropriate. This must include the Director of Legal Services (Monitoring Officer) and Director of Finance (S151 Officer).
- 9.4 The Council’s decision recording system, Modern.Gov, holds records on all the meetings held as part of Council business, alongside any decisions reached. The decisions should also include a delegated report and any background papers, with items restricted as appropriate.
- 9.5 Findings from the Internal Audit review of the reports available to support delegated decisions found that:
- In a number of cases, full details of the decision-making process were not always clear from the reports reviewed.
  - Staff receive limited training around how to upload decision reports and the relevant decision thresholds.
  - There is no formal Quality Assurance process to review reports prior to publishing on Modern.gov. This presents a risk of “exempt information” being published inadvertently.
  - A number of decisions reviewed were not supported by an appropriate decision report.
  - Whilst audit trail functionality and in-system document editing are available via modern.gov, this is not currently utilised by the Council.
- 9.6 These findings reflect a risk that the Council is not ensuring openness and accountability in its decision making and recording processes; that sensitive information may be shared inadvertently, and; in some cases, decisions may be progressed in the absence of complete and accurate information. As a result of our findings as set out above, our opinion is that controls in connection with the Council’s Delegated Decision Recording provide **Limited** assurance on the transparency and accountability of the Council’s decision making processes and records

## 10. The Council’s Corporate Performance Management System

- 10.1 The Local Government Act 1999 requires that Council services are: ‘responsive to the needs of citizens, of high quality and cost-effective, and fair and accessible to all who need them’. Statutory guidance on the Council’s ‘best value duty’ places Authorities under a general duty to: *‘make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency, and effectiveness’*.
- 10.2 The Council’s Corporate Plan 2024-2027 sets out the Council’s priorities for the Borough in connection with improving the outcomes for Oldham’s citizens and businesses. Oldham, in line with many other Local Authorities is faced with a range of challenges in achieving its corporate objectives and in delivering key services. Effective performance management and measurement helps to ensure success in meeting these challenges and to identify areas of underperformance.
- 10.3 Up to December 2023, the Council’s corporate performance management system was CorVu, purchased in 2008 and implemented in 2010, with a requirement for a rolling 3-year

maintenance licence. The last licence renewal expired in December 2023, with the product being discontinued after this period. The CorVu system provided automated reports from data within the system; and performance management modules to monitor corporate measures, projects, actions, and risks.

- 10.4 As CorVu reached the end of its life in December 2023, the Council conducted research into viable alternatives. The research concluded that there was no viable product available to replace CorVu. The Council intended on utilising Power BI as a method of bridging the gap until a suitable alternative is found.
- 10.5 Currently, Corporate Performance Reports (CPR) are being presented via PowerPoint in an effort to provide more nuance to each services performance. These reports also include comments from the portfolio holder. For some services with quantifiable KPIs, PowerBI dashboards are also being utilised.
- 10.6 Findings from the Internal Audit review of the current arrangements to support corporate performance management and reporting identified that:
- KPI data is submitted without supporting documentation. The process is considered to be collaborative and challenge is limited.
  - There are instances of incomplete KPI records for certain services.
  - The KPIs currently reported are those agreed upon by service managers, potentially leading to an incomplete or skewed view of service performance.
  - Some instances of services failing to submit complete and timely business plans were reported during the course of the review.
- 10.7 These findings reflect a risk that the Council may not be able to measure performance in a way which is open, accountable, comparable, or in line with the Council's corporate and service objectives and identified risks. As a result of our findings as set out above, our opinion is that controls in connection with Council's Corporate Performance Management provide **Limited** assurance in connection with the applicability, robustness and accuracy of the Council's performance management reporting processes.

## 11. The Council's Recruitment and Disciplinary Procedures

- 11.1 Human Resources, a part of Corporate Resources, plays a critical role in providing a fully integrated strategic, advisory, and support function to service managers. Its purpose is to enable effective people management across the council, aligning with the objectives of the Council and supporting the delivery of corporate priorities and goals.
- 11.2 Findings from the Internal Audit review of the current arrangements in place to support recruitment vetting and disciplinary procedures in order to prevent and detect fraud, theft and financial and other misconduct by Council staff identified:
- No centrally held records of employment references are held in connection with staff employed in maintained schools.
  - Failure to follow up on unsatisfactory employment references was found.
  - Disclosure and Barring Service (DBS) check outcomes are unavailable to recruiting managers during the initial selection process up to and including final candidate selection and making a firm offer of employment.
  - A lack of training for disciplinary hearing Chairpersons presents a risk to the consistency, fairness, and legal compliance of disciplinary processes.
  - Half of all cases of Gross Misconduct cases examined which were found to be proven at a formal disciplinary hearing did not result in dismissal.

- In respect the cases which did not result in dismissal the other sanctions imposed were either a final written warning, a letter of concern or a management instruction. The distinction between these sanctions is unclear.
- Over 80% of Gross Misconduct cases examined involving fraud or theft by employees had received no referral to the Counter Fraud Service.

11.3 These findings reflect a risk that the Council is failing to adequately protect itself, its staff and residents from the risk presented by employing, or retaining, staff who have demonstrated challenges in adhering to acceptable standards of behaviour in either previous employments (by way of references and DBS checks), or have been proven to have conducted themselves in a manner considered to be classifiable as Gross Misconduct in the course of their duties for the Council. As a result of our findings as set out above, our opinion is that controls in connection with the Council's Recruitment and Disciplinary Procedures provide **Limited** assurance in connection with the effectiveness and consistency of these systems.

## 12. Conclusions and 2024/25 Annual Audit Opinion

12.1 In conclusion, from our independent audit review work in connection with the Council's systems of governance and internal control examined in relation to the financial year 2024/25, we have concluded that the Council has received **Limited** assurance over the effectiveness of these controls in the following areas:

### Financial Control and Resilience

12.2 Internal control arrangements in connection with five of the Council's Fundamental Financial Systems received **Limited** assurance opinions, and have done for successive years. Three of these systems in connection with Adult's and Children's Social care services support areas of delivery which have provided significant expenditure budget challenges for the Council for 2024/25 and prior years. One system, Debt Recovery, directly impacts the financial health of the Council where significant and increasing levels of debt, across all areas, remain unpaid.

### ICT

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

### Procurement

12.4 Work in connection with the compilation of the Council's own internal Contracts Register continues into 2025/26, having initially been raised as an area for improvement during 2022/23. As a result, our opinion in this area remains that the controls in place continue to provide **Limited** assurance that the Council is achieving best value in procurement and that procurement activity is aligned to the Council's corporate objectives and goals.

## **Decision Making**

- 12.3 Findings from our review of the Council's Delegated Decision Recording System reflect a risk that the Council is not ensuring openness and accountability in its decision making and recording processes; that sensitive information may be shared inadvertently and, in some cases, decisions may be progressed in the absence of complete and accurate information. As a result of our findings, our opinion is that controls in connection with the Council's Delegated Decision Recording System provide **Limited** assurance on the transparency and accountability of the Council's decision making processes and records.

## **Corporate Performance Management**

- 12.4 Findings from our review of the Council's Corporate Performance Management Systems reflect a risk that the Council may not be able to measure performance in a way which is open, accountable, comparable, or in line with the Council's corporate and service objectives and identified risks. Our opinion is that controls in connection with Council's Corporate Performance Management provide **Limited** assurance in connection with the applicability, robustness and accuracy of the Council's performance management reporting processes.

## **Recruitment and discipline**

- 12.5 Our findings in connection with the Council's controls in connection with both recruitment and discipline reflect a risk that the Council is failing to adequately protect itself, its staff and residents from the risk presented by employing, or retaining, staff who have demonstrated challenges in adhering to acceptable standards of behaviour in either previous employments, or have been proven to have conducted themselves in a manner considered to be Gross Misconduct in the course of their duties for the Council. Our opinion is that controls in connection with the Council's Recruitment and Disciplinary Procedures provide **Limited** assurance in connection with the effectiveness and consistency of these systems.

## **Conclusion and Annual Audit Opinion**

- 12.6 Given the improvements required over successive periods in Financial Management and Procurement, and the wide ranging impact of the improvements required in corporate systems in ICT, Decision Making, Performance Monitoring and Recruitment and Discipline, the overall Annual Audit Opinion is that the Council's systems of governance and internal control during 2024/25 provided **Limited** assurance that these systems have been effective in supporting the Council in meeting its corporate objectives and goals. There have been no impairments to the independence or objectivity of the HIA in arriving at this opinion.

## **13. Corporate Counter Fraud and Investigations**

- 13.1 Corporate counter fraud work continued to contribute significant financial returns in excess of the costs of undertaking this work during 2024/25.
- 13.2 The tables below set out the key outcomes; with comparative data year on year data shown in Appendix 2:



## Corporate Counter Fraud Team Results

Performance Indicator/Output Measure	2024/25
Corporate Cases - Positive Results	165
CTR cases amended as a result of an investigation	99
Fraud & Error Overpayments identified as part of Corporate Cases	£105,524.52
HB Fraud & Error Overpayments identified via CTR investigation	£156,181.05
CTR Fraud & Error Overpayments identified	£187,081.11
<b>Total Financial Outcomes from Counter Fraud</b>	<b>£448,786.68</b>

- 13.3 The table below shows the breakdown by category of the corporate counter fraud cases which yielded positive results during the year, with the actual number of investigations undertaken to achieve these results being higher.

Corporate Cases	2024/25
Single Person Discount Fraud	£65,234.27
Misuse of public funds	£3,550.00
Theft	£5,078.08
Duplicate Payments	£31,662.17
Other cases	£NIL
<b>Total</b>	<b>£105,524.52</b>

- 13.4 The Council's Counter Fraud Service continues to support the Internal Audit Service and, in addition to the reactive counter fraud investigation work summarised above, has also undertaken two proactive reviews of Standards of Conduct, and on Recruitment and Disciplinary processes and controls referred to earlier in this report.

## 14 Internal Audit and Counter Fraud Service effectiveness

- 14.1 Since 1<sup>st</sup> April 2013 Internal Audit and Counter Fraud performance has been self-assessed annually in line with the requirements of the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN).
- 14.2 The PSIAS also require an independent external assessment of compliance against the standards every 5 years. Oldham's second, and latest, review was conducted in 2023 by CIPFA.
- 14.3 There are three overall opinions available to the assessor. These are that the Service either:
- Generally Conforms to the Standard.
  - Partially Conforms to the Standard.

- Does not Conform to the Standard.

14.4 The overall opinion of the latest external assessment of the Internal Audit Service at Oldham, by CIPFA, is reproduced below:

**It is our opinion that the self-assessment for Oldham Metropolitan Borough Council's Internal Audit Service is accurate, and we therefore conclude that the Internal Audit Service GENERALLY CONFORMS to the requirements of the Public Sector Internal Audit Standards and the CIPFA Local Government Application Note.**

14.5 In addition, the assessor also provides an opinion of the level of conformance with the PSIAS and LGAN in each of the areas assessed. The table below shows the Internal Audit Service's level of conformance to the individual standards as assessed during this most recent external quality assessment:

<b>Standard / Area Assessed</b>	<b>Level of Conformance</b>
Mission Statement	<b>Generally Conforms</b>
Core principles	<b>Generally Conforms</b>
Code of ethics	<b>Generally Conforms</b>
Attribute standard 1000 – Purpose, Authority and Responsibility	<b>Generally Conforms</b>
Attribute standard 1100 – Independence and Objectivity	<b>Generally Conforms</b>
Attribute standard 1200 – Proficiency and Due Professional Care	<b>Generally Conforms</b>
Attribute standard 1300 – Quality Assurance and Improvement Programmes	<b>Generally Conforms</b>
Performance standard 2000 – Managing the Internal Audit Activity	<b>Generally Conforms</b>
Performance standard 2100 – Nature of Work	<b>Generally Conforms</b>
Performance standard 2200 – Engagement Planning	<b>Generally Conforms</b>
Performance standard 2300 – Performing the Engagement	<b>Generally Conforms</b>
Performance standard 2400 – Communicating Results	<b>Generally Conforms</b>



Standard / Area Assessed	Level of Conformance
Performance standard 2500 – Monitoring Progress	<b>Generally Conforms</b>
Performance standard 2600 – Communicating the Acceptance of Risk	<b>Generally Conforms</b>

14.6 The assessor went on to say that there are no areas where Oldham's Audit Service partially conforms with the standard, and no areas where the Audit Service does not conform with the standard.

14.7 In addition, progress against CIPFA's single low priority recommendation and eight further "advisory points" contained in their latest report is shown below:

Recommendation	Agreed Action
<p><b>All audits in the audit plan should be aligned to the Council's objectives. (Low Priority)</b></p> <p>The Service publishes a risk-based operational audit plan that is designed to provide the Council with relevant assurance on their governance, risk management and control frameworks. Each audit in the published audit plan is categorised and prioritised, but they are not mapped or aligned to the Council's priorities or corporate objectives, or the strategic risks, although this exercise has been carried out by the Service as part of their annual planning process. Cross referencing the audits in the published plan to the priorities and strategic risks would enhance transparency and demonstrate how Internal Audit fits into the Council's governance framework.</p>	<p><b>COMPLETE</b></p> <p>Cross referencing of the published Annual Audit Plan to Corporate Objectives and Strategic Risks included the 2024/25 annual audit plan taken to the Audit Committee March 2024.</p>
Advisory Points	Agreed Action
<p><b>Add a statement on impairments to the annual report and opinion (Advisory)</b></p>	<p><b>COMPLETE</b></p> <p>The following sentence has been added to the Head of Internal Audit's Annual Opinion Report and presented to the Audit Committee on 23<sup>rd</sup> July 2025.</p> <p>"There have been no impairments to the independence or objectivity of the HIA in arriving at this opinion."</p>

<p><b>Consider obtaining and using a specialist data analytics software application (Advisory)</b></p>	<p><b>COMPLETE</b></p> <p>The Service already uses a variety of data analysis and reporting tools. These include MS Excel and also the inbuilt functionality available in the systems used by the Council, e.g. Mosaic, Agresso and iTrent. Whole population testing is undertaken using both Mosaic (e.g. workflow analysis) and Agresso (e.g. user access control testing). Data matching is undertaken regularly as part of the National Fraud Initiative and also as part of routine audit work, e.g. duplicate creditors and duplicate creditor payments.</p> <p>The Service accepts the principle of the advisory point and will continue to review the packages available to enhance capabilities in this area.</p>
<p><b>Consider using the MS Power BI application for data analytics and reporting (Advisory)</b></p>	<p><b>COMPLETE</b></p> <p>The Service already uses a variety of data analysis and reporting tools. These include MS Excel and also the inbuilt functionality available in the systems used by the Council, e.g. Mosaic, Agresso and iTrent. Whole population testing is undertaken using both Mosaic (e.g. workflow analysis) and Agresso (e.g. user access control testing). Data matching is undertaken regularly as part of the National Fraud Initiative and also as part of routine audit work, e.g. duplicate creditors and duplicate creditor payments.</p> <p>The Service accepts the principle of the advisory point and will continue to review the potential uses of MS Power BI to enhance the audit process.</p>
<p><b>Use of benchmarking data when scoping audits (Advisory)</b></p>	<p><b>COMPLETE</b></p> <p>Benchmarking data continues to be utilised across all audit review areas where available to inform planning and provide audit evidence, e.g. percentage of annual Adult Social Care reviews undertaken across Greater Manchester.</p>
<p><b>Adopt a consistent approach to using Pentana that is aligned to the Service's audit methodologies (Advisory)</b></p>	<p><b>COMPLETE</b></p> <p>The Audit Team has established a consistent approach to the filing of documentation within Pentana.</p>

<p><b>Enhancements to the audit reports (Advisory)</b></p>	<p><b>COMPLETE</b></p> <p>The following two statements are included in all Audit reports produced from April 2025:</p> <p>“This report is made solely as an internal management report to the Officers of the Council identified on the report distribution list as an aid to the effective management of Council resources, and for no other purpose. Our audit work has been undertaken in accordance with the Global Internal Audit Standards (GIAS) 2024, and the Chartered Institute of Public Finance (CIPFA) Local Government Application Note (LGAN) 2024. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than those Officers for whom the report was produced, for our audit work, for this report, or for the opinions we have formed.”</p> <p>“This review has been conducted in accordance with the Global Internal Audit Standards (GIAS) 2024, and the Chartered Institute of Public Finance (CIPFA) Local Government Application Note (LGAN) 2024.”</p>
<p><b>Consultation on the International Professional Practice Framework (IPPF) (Advisory)</b></p>	<p><b>COMPLETE</b></p> <p>From 1<sup>st</sup> April 2025 the work of Internal Audit at Oldham Council is governed by the <b>Global Internal Audit Standards 2024 and UK Local Government Application Note 2024</b>. These replace the 2013 Public Sector Internal Audit Standards (Revised 2017) and Local Government Application Note.</p>
<p><b>Frequency of meetings for the Audit Committee (Advisory)</b></p>	<p><b>COMPLETE</b></p> <p>The number of planned meetings of the Audit Committee was reduced from seven to five for 2024/25. The number of meetings planned for 2025/26 is four.</p>

#### 2024/25 Self-Assessment of the Effectiveness of the system of Internal Audit

- 14.8 The 2024/25 Self-Assessment of the Effectiveness of the system of Internal Audit considers that given:

- there has been no substantive change in the way in which the Internal Audit and Counter Fraud Service meets its objectives since the external review conducted by CIPFA in 2023, and;
- the Internal Audit and Counter Fraud Service has completed all recommendations and advisory points issued at the conclusion of that review;

the outcome of this most recent self-assessment is that the Service has continued to fully conform to the Requirements of the PSIAS and LGAN during 2024/25.

14.9 From 1<sup>st</sup> April 2025 the work of Internal Audit at Oldham Council is governed by the **Global Internal Audit Standards 2024 and UK Local Government Application Note 2024**. These replace the 2013 Public Sector Internal Audit Standards (Revised 2017) and Local Government Application Note.

14.10 The Global Internal Audit Standards 2024 comprise a definition of the purpose of Internal Audit and a set of required Standards. The Standards are organised into five domains:

- Domain I: Purpose of Internal Auditing.
- Domain II: Ethics and Professionalism.
- Domain III: Governing the Internal Audit Function.
- Domain IV: Managing the Internal Audit Function.
- Domain V: Performing Internal Audit Services.

14.11 The Standards cover all aspects of best practice in Internal Audit in **governing, planning, performing, monitoring and reporting**, and are mandatory for all internal auditors working in the UK public sector. Conformance with the Standards is conformance with best practice in Internal Audit.

14.12 In preparation for the introduction of the new Standards in April 2025, a self-assessment of the Internal Audit Service against the new GIAS 2024 Standards has also taken place.

14.13 The actions required to maintain the Internal Audit Service in full conformance with the updated Standards are shown in the Supporting Initiatives Section below and, by way of the three supporting actions identified as a result of self-assessment i.e.; updating the Internal Audit Strategy set out here below and reported to Audit Committee in March 2025; updating the declarations of conformance on all Audit Reports from April 2025 onwards, and; inclusion of the GIAS 2024 Skills Competency Framework assessment for all Internal Audit staff as part of the Council's own ongoing annual performance appraisal process. All actions required are either complete or in train.

### **Vision**

14.14 The Vision for the Internal Audit Service is to continue to strengthen Oldham Council's ability to create, protect, and sustain value by providing the Audit Committee and management with independent, risk-based, and objective assurance, advice, insight, and foresight. The internal audit function will continue to work to enhance Oldham Council's:

- Successful achievement of its objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

## **Strategic Objectives**

14.15 We will achieve this by:

- Continuing to plan our work in line with corporate objectives, corporate and departmental risks, issues identified in the Council's Annual Governance Statement, and senior officer requirements.
- Annually assessing and reporting on our conformance with the GAIS and LGAN 2024, and continuing our ongoing Quality Assurance and Improvement Plan (QAIP) process to address any non-conformance identified.
- By undertaking independent external assessment every 5 years to provide independent assurance on the effectiveness of the Internal Audit function in line with both the Council and Internal Audit Service objectives. The next independent assessment will be undertaken in 2028, and the results reported to senior management and the Audit Committee.

## **Supporting Initiatives (QAIP)**

14.16 To aid in the achievement of these objectives we will:

- Update the Audit Charter and Strategy in line with updated requirements of the GIAS and LGAN 2024 (Completed March 2025).
- Update Internal Audit Report declarations of conformance with the GAIS and LGAN 2024 (Completed from April 2025).
- Include the GIAS 2024 Skills Competency Framework assessment for all Internal Audit staff as part of the Council's own ongoing annual performance appraisal process, the "Let's Talk" discussion; identify staff training and development requirements against the framework, and develop action plans to address any areas of deficiency identified (ongoing from March 2025).

## **Summary of Internal Audit and Counter Fraud Performance**

14.17 In summary, during 2024/25.

- Thirty-nine audit reports were issued during the year, including one specialist IT Audit report completed by Salford Computer Audit Service. Three grant assurance reviews were also undertaken.
- The 2024/25 FFS reviews were again completed to support the year end assurance process.
- Customer feedback obtained for 2024/25, whilst limited, indicates that the team is well regarded and provides a professional service.
- Continued liaison between the Internal Audit and the Counter Fraud teams to capture process and control improvements required to improve internal control and minimise fraud; and further development of the annual audit plan for 2024/25 included pro-active fraud focussed reviews in addition to the traditional reactive/investigatory approach.
- As part of 2025/26 developments, it is planned to deliver further staff training in a range of governance and technical areas. This commenced in June 2025 with the entire Internal Audit and Counter Fraud Teams participating in a training event provided by CIPFA covering professional ethics in response to the updated definitions contained in the GIAS 2024.

## 15 2024/25 Audit and Counter Fraud Performance Targets

- 15.1 In 2024/25, Internal Audit continued to work with the Council's External Auditors and senior managers to maintain and further develop its quality of service by delivering the agreed performance targets as shown in the table below:

2024/25 Performance Target	Outcome
Completion of the annual FFS reviews identified through the audit needs assessment in support of the S151 Officer and the timely delivery of the Council's annual financial statements.	<p><b>Complete.</b></p> <p>See summary of FFS review outcomes at Section 6.1 in this report.</p>
Undertaking risk-based audit reviews across the Authority in line with areas highlighted by the Council's risk management processes, the AGS, Corporate and Recovery plans, upcoming developments/horizon scanning and liaison with Senior Officers.	<p><b>Complete.</b></p> <p>See summary of work completed and ongoing as reported in the regular Internal Audit Progress Reports to the Audit Committee.</p> <p>The Annual Audit Plan 2024/25 highlights clear linkages between the work of the Service and the Council's Corporate Objectives, and the plan is constructed following liaison with Senior Officers as detailed below.</p> <p>The linkages between audit work, audit opinions and the Council's Annual Governance Statement are also discussed elsewhere in this report.</p>
The development of the new Audit Management System in order to ensure reviews are carried out efficiently and properly recorded.	<p><b>Complete.</b></p> <p>Pentana Audit Management system provides a single point of storage and Quality Assurance functionality for the service.</p>
Reviewing organisational risks and priorities with the Director of Finance and senior managers within Directorates.	<p><b>Complete</b></p> <p>Planning meetings for 2024/25 planning cycle were held with:</p> <ul style="list-style-type: none"> <li>• Deputy Chief Executive.</li> <li>• Deputy Chief Executive (Place)</li> <li>• Director of Finance.</li> <li>• Director of Legal Services.</li> <li>• Director of Adult Social Services.</li> <li>• Director of Children's Social Services.</li> <li>• Director of Public Health</li> <li>• Director of Economy</li> </ul>

	<ul style="list-style-type: none"> <li>• Director of Environment</li> <li>• Director of Education Skills and Early Years</li> <li>• MioCare - Associate Director Quality, Performance and Compliance</li> </ul> <p>An Annual Audit Planning Cycle briefing was also presented to and discussed at Resources Programme Area Meeting on 1 March 2024.</p>
Implementing further improvements in the process to capture customer service feedback through the new Audit Management System.	<p><b>Ongoing</b></p> <p>Issuing of customer feedback questionnaires has been re-launched. Responses are positive but remain limited in number.</p> <p>Actions to take forward to 2025/26:</p> <ul style="list-style-type: none"> <li>• Undertake further awareness raising and promotion among senior officers.</li> <li>• Add to the agenda items to cover in close out meetings with clients.</li> <li>• Review style and content of feedback form.</li> </ul>
Further staff development and training in areas beyond fundamental systems reviews.	<p><b>Complete.</b></p> <p>Audit staff have undertaken a wide variety of training course during 2024/25. One member of staff also successfully completed an Institute of Internal Auditors Apprenticeship.</p> <p>Further training during 2025/26 has also commenced with a training session provided by CIPFA on Professional Ethics.</p>
Continued close liaison with the Counter Fraud team to improve internal control around, and minimise, fraud.	<p><b>Complete.</b></p> <p>The Counter Fraud team continues to support the work of the Internal Audit Team where required.</p> <p>The Fighting Fraud and Corruption Locally (FFCL) 2020 – 2025 checklist and subsequent Action Plan reported to the Audit Committee on 26 March 2024 identified areas for further pro-active audit review work with an anti-fraud and corruption focus.</p>

	<p>This work was taken forward into the 2024/25 Annual Audit Plan and two proactive fraud focussed review reports were issued during the year on Recruitment, Selection and Disciplinary Procedures, and Standards of Conduct.</p>
<p>Provide Internal Control and Counter Fraud training as required to staff across the Council.</p>	<p><b>Complete/Ongoing.</b></p> <p>The Internal Audit and Counter Fraud team continues to provide advice, guidance and training as required in all areas examined. Audit recommendations and guidance are issued in all audit reports as required, and both Audit and Counter Fraud staff have, and continue to be, active in providing advice and guidance in respect of emerging requirements and proposed system changes.</p> <p>The Fighting Fraud and Corruption Locally (FFCL) 2020 – 2025 checklist and subsequent Action Plan reported to the Audit Committee on 26 March 2024 identified areas for potential improvements to Council wide communications on anti-fraud and corruption policies, guidance, and training. This will be further developed during 2025/26.</p>

- 15.2 Given that the above performance targets remain relevant, the targets will be rolled forward into 2025/26. Performance targets will be re-assessed each year to ensure they remain relevant to the both the work of the Service, and to the needs of the Council as a whole.



**Counter Fraud Team**  
**Comparative Performance Data 2021/22 to 2024/25**

Output Measure	Outcome			
	2021/22	2022/23	2023/24	2024/25
<b>Counter Fraud Team:</b>				
Corporate Cases - Positive Results	114	114	99	165
CTR cases amended as a result of an investigation	74	62	88	99
Fraud & Error Overpayments identified as part of Corporate Cases (£)	£78,052	£153,096	£30,235	£105,524
HB Fraud & Error Overpayments identified as part of a CTR investigation (£)	£210,978	£95,016	£135,175	£156,181
CTR Fraud & Error Overpayments identified (£)	£119,448	£63,948	£132,309	£187,081
<b>Total Financial Outcomes from Counter Fraud</b>	<b>£408,478</b>	<b>£312,060</b>	<b>£297,720</b>	<b>£448,786</b>

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## Report to Audit Committee

# 2024/25 Proposed Annual Report of the Audit Committee to Council

**Portfolio Holder:** Councillor Abdul Jabbar MBE, Deputy Leader and Cabinet Member for Finance, Corporate Services & Sustainability

**Officer Contact:** John Miller – Head of Audit & Counter Fraud

**Report Author:** John Miller – Head of Audit & Counter Fraud

**23 July 2025**

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### Reason for Decision

CIPFA's Position Statement: Audit Committees in Local Authorities and Police 2022, states that:

***To discharge its responsibilities effectively, the committee should:***

- ***report annually on how the committee has complied with the position statement, discharged its responsibilities, and include an assessment of its performance. The report should be available to the public.***

The Council's Audit Committee is a key component of this Authority's governance framework. Its function is to provide an independent review and assurance role to support good governance and sound public financial management.

This draft report has been prepared for review by the Audit Committee in order to advise full Council of the work undertaken by the Committee in the financial year 2024/25.

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## **Executive Summary**

A summary draft report outlining the work of the committee, and the Committee's assessment of its own effectiveness is set out as Appendix 1.

## **Recommendation**

That Committee approves the Annual Report of the Audit Committee as set out at Appendix 1 for onwards reporting to full Council.

## Appendix 1

### Report to Council

## Annual Report of the Audit Committee to Council

**Portfolio Holder:** Councillor Abdul Jabbar MBE, Deputy Leader and Cabinet Member for Finance, Corporate Services and Sustainability

**Officer Contact:** Fiona Greenway, Interim Executive Director of Corporate Resources

**Report Author:** Fiona Greenway, Interim Executive Director of Corporate Resources

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The Council's Audit Committee is a key component of this Authority's governance framework. Its function is to provide an independent review and assurance role to support good governance and sound public financial management. This report has been prepared for full Council to advise of the work undertaken by the Committee in the financial year 2024/25 and for Council to note the views of the Committee on internal control.

### Executive Summary

To discharge its role, the Audit Committee met on eight separate occasions during the municipal year 2024/25 undertaking the work detailed in this report. Two of these meetings were to receive training on their role and responsibilities as Members of the Audit Committee, and one was to undertake a private meeting with the Council's External Auditors, Forvis Mazars.

The Committee's annual work programme is built around its responsibilities for corporate governance, internal audit, external audit, risk management, anti-fraud and corruption, Treasury Management, and the review of the annual Statement of Accounts. This report summarises the work undertaken by key programme area for the financial year 2024/25.

This report is to inform Members of the work of the Audit Committee in the previous financial year and to report on the Committee's assessment of its own effectiveness against the CIPFA Position Statement and associated guidance.

### **Recommendation**

That Council accepts the Annual Report of the Audit Committee.

## **Annual Report of the Audit Committee to Council**

### **1 Background**

- 1.1 The Council's Audit Committee is a key component of this Authority's governance framework. Its function is to provide an independent review and assurance role to support good governance and sound public financial management.
- 1.2 The purpose of the Committee is to provide, to those charged with governance, independent assurance on the adequacy of the internal control environment / governance processes, integrity of financial reporting and adequacy of the risk and information management framework.
- 1.3 To discharge its role, the Audit Committee met on eight separate occasions during the municipal year 2023/24 undertaking the work detailed in this report.

### **2 Work of the Committee during 2024/25 in accordance with the Committee's Terms of Reference**

- 2.1 The Committee's work programme was built around its responsibilities for corporate governance, internal audit, external audit, risk management, fraud and corruption, Treasury Management, Information Governance, and the review of the annual Statement of Accounts.
- 2.2 The paragraphs below outline the work undertaken in each of the key areas of responsibility.

#### **Statement of Accounts**

- 2.3 The Council published its draft Statement of Accounts for the financial year 2023/24 for submission to the External Auditor on 7 June 2024. The accounts were considered by the Audit Committee at its meeting on 27 June 2024. Whilst not a statutory requirement for the Audit Committee to review the draft Statement of Accounts, it is considered good practice that appropriate scrutiny occurs at this stage. It provides Members with the opportunity to ask detailed questions and seek assurances before the accounts are finalised.
- 2.4 Many local Authorities across the UK are experiencing significant delay in the completion of both their annual financial statements and the associated audit work in connection with those statements. Whilst Oldham submitted its 2023/24 annual financial statements to its external auditor one week beyond the deadline, the Council remains in a significantly better position than many others.

#### **Audit Completion Report**

- 2.5 At its meeting on 26 February 2025 the Audit Committee considered the Auditor's Annual Report produced by the External Auditor to the Council (Forvis Mazars LLP) which set out the draft findings of the audit of the 2023/24 Statement of Accounts. Overall, the findings of the External Auditor continued to be positive with an unqualified audit opinion, including the value for money judgement, as in previous financial years, reflecting the good practice adopted by Oldham in preparing its accounts.

#### **Annual Governance Statement and Local Code of Corporate Governance**

- 2.6 The main purpose of the Annual Governance Statement (AGS) is to provide the necessary assurance that a reliable framework is in place for the financial year that aligns to the

Statement of Accounts. The Annual Governance Statement for 2023/24 was presented as part of the draft Statement of Accounts at the meeting on 27 June 2024. An update on progress against AGS actions was submitted to the Committee in November 2024. The Annual Governance Statement complies with the framework set out in the Chartered Institute of Public Finance and Society of Local Authority Chief Executives (CIPFA/SOLACE) guidance.

- 2.7 The Committee also reviewed the Local Code of Corporate Governance at its meeting on 27 June 2024. It is considered good practice to review the Code as a minimum every two years.

### **Partnership Governance**

- 2.8 An emerging challenge for all Councils to consider is whether they have appropriate oversight, from a governance perspective, over the partnerships in which they have a financial and operational interest. There have been several matters reported in the public domain which has highlighted that in other public bodies those charged with the provision of this oversight have not fully understood the risk. The Audit Committee therefore considered reports, as part of the Annual Governance Statement and update on 27 June 2024 and 28 November 2024 on the wider risks from entities in which the Council has an interest.

### **Internal Audit and Annual Report of the Chief Internal Auditor**

- 2.9 The Internal Audit service was provided in-house during 2024/25 with specialist support from Salford City Council for computer audit. The Committee received regular quarterly updates on Internal Audit and Counter Fraud progress, and an update to the Audit Charter at its meeting on 27 March 2025. At its meeting on 27 June 2024, it reviewed the system of internal audit for the financial year 2023/24 in line with good practice. In accordance with expected professional standards, which requires a review of the Internal Audit Service every five years, CIPFA were commissioned to undertake an External Quality Assurance review which was completed in March 2023. This reviewed whether Internal Audit Practices adopted by the Service in Oldham conformed with the requirements of the Public Sector Internal Audit Standard. The outcome, which was reported in the municipal year 2023/24 was that the Service “Generally Conforms to the Standard”. As such the work undertaken by internal audit is in line with best practice as “Generally Conforms to the Standard” is the highest rating. A self-assessment of conformance for the year 2024/25 by the Head of Audit and Counter fraud confirmed that the Service remained in conformance with the required standards in that year.
- 2.10 At the meeting which considered the draft Statement of Accounts on 27 June 2024, the Audit Committee considered the Annual Report of the Head of Audit for 2023/24. This highlighted that the overall control environment was adequate during 2023/24. The report did however highlight the challenges associated with the internal control environment in Social Care and Payroll.

### **Treasury Management**

- 2.11 Recent corporate failings of other local authorities reported in the public domain have identified the importance of appropriate independent scrutiny of Treasury Management which is therefore a key task of the Audit Committee. In line with recently updated best practice the Audit Committee now receives quarterly, as opposed to half yearly, reports on Treasury Management. The Quarter 3 treasury management report was, however, submitted late to the committee alongside the Treasury Management Annual report in July 2025.



## Senior Information Risk Owner (SIRO) / Information Governance

- 2.12 Another key role in the Governance Framework is the SIRO who considers the Council's risks in relation to information governance and when information is disclosed, often inadvertently, to an individual who has no right to access that data. During 2024/25 this role was undertaken by the Director of Finance who submitted half yearly reports to the Audit Committee detailing breaches.

## Risk Management

- 2.13 The Audit Committee reviewed the Council's risk management arrangements during the year. Effective risk management can have a major impact on the successful achievement of the objectives, policies, and strategies of the Authority. In particular, the Audit Committee concentrated on reviewing the Corporate Risk Register.

## 3 Audit Committee self-assessment and review of its own effectiveness.

- 3.1 CIPFA's Position Statement: Audit Committees in Local Authorities and Police 2022, contains two self-assessment questionnaires for the Committee to complete each year to assist the Committee in conducting a self-assessment of the Committee's own effectiveness.
- 3.2 The completed questionnaires are reproduced as Annexes 1 and 2 to this report. The outcome of the self-assessment is positive, with the Committee able to demonstrate high levels of adherence to best practice (Annex 1) and high levels of effectiveness (Annex 2). Areas where potential improvements have been identified are highlighted in yellow, and associated actions to implement improvements are noted in the annexes. Annex 3 provides details of Committee Membership and attendance during the year.
- 3.3 A summary of the actions identified during the 2024/25 review for the Committee to take forward during 2025/26, and progress against these actions, is shown in the table below:

### Audit Committee Effectiveness Review 2024/25 and Action Plan for 2025/26.

No.	Actions from 2023/24 Review	Progress at 2024/25 Review and areas to take forward into 2025/26
1	Explore opportunities to liaise across Greater Manchester with other Local Authority Audit Committee Chairs to share knowledge and experience as required.	<b><u>Ongoing</u></b> Audit Committee Chair is liaising with both the CFO of GMCA and Forvis Mazars to explore options and opportunities in this area. The Chair has also received an invitation to join the LGA North-West Chair's Forum.
2	Review protocol for inviting Officers to appear at Audit Committee.	<b><u>Complete</u></b> Going forward all Limited or Weak Audit Opinion Reports will be brought to the Committee and Service representatives invited to attend to answer Member questions.
3	Committee to receive reports for information on results from other assurance providers, e.g. Ofsted, CQC etc.	<b><u>Ongoing</u></b> The Council is awaiting outcomes of its latest CQC review and the results will be distributed to members when available.

4	Committee to meet privately with both Internal and External Auditors during 2024/25.	<b><u>Complete</u></b> Meeting took place on 10 <sup>th</sup> March 2025. Members expressed the opinion that they considered the opportunity to meet with the External Auditor privately was beneficial.
5	Review plain English induction sheet for new Members outlining the role and functions of the Committee based on the Committee's Terms of Reference.	<b><u>Complete</u></b> Summary Induction distributed to Members on 3 <sup>rd</sup> June 2024. Comprehensive CIPFA Guidance materials distributed to members 14 <sup>th</sup> June 2024.
6	A self-assessment of Member skills and knowledge based on the Committee's Terms of Reference to be circulated and completed and utilised to identify additional Member training and development needs.	<b><u>Complete/Ongoing</u></b> Comprehensive CIPFA Guidance materials distributed to members 14 <sup>th</sup> June 2024. Members also received comprehensive training from CIPFA on their roles and responsibilities in June 2024. Self-assessment questionnaire issued to members for completion and inclusion in 2024/25 effectiveness review and to be utilised as a basis for further training. All documents re-issued to new and existing Members 25 <sup>th</sup> June 2025. Self-assessment questionnaire issued to existing Members 9 <sup>th</sup> May 2025, and to new Members 25 <sup>th</sup> June 2025. Responses received indicate that members feel they have either a good or adequate knowledge in most areas pertinent to their role.  The Council continues to seek to recruit a second independent member to support the committee in undertaking its role.
7	Update the Committee's Terms of Reference to make explicit, rather than implicit, reference to the Committee's role in reviewing the Council's ethical framework as part of its review work in connection with the Council's wider governance arrangements.	<b><u>Ongoing</u></b> Head of Audit and Counter Fraud liaising with the recently appointed Assistant Director (Governance) on updating the Committee's Terms of Reference in line with CIPFA's Model Terms of Reference.
8	Seek feedback from the Cabinet Portfolio Holder and Council following presentation of the Committee's annual report to full Council.	<b><u>Complete</u></b> Meeting between the Audit Committee Chair, the Executive Member for Value for Money and Sustainability, the Director of Finance and Head of Audit and Counter Fraud took place on 10 <sup>th</sup> July 2024 to discuss the outcome of the Committee's self-assessment of its own effectiveness for 2023/24. Good

		feedback on the work of the Committee was received. Next meeting to be arranged following Audit Committee approval of 2024/25 effectiveness review.
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- 3.5 Ongoing actions will be taken forward during 2025/26 and their implementation reviewed as part of the Committee's subsequent annual review process. The Committee also continues to seek to appoint a second suitably qualified and experienced second independent member to support the work of the Committee.

#### **4 Options**

- 4.1 There are two options as follows:
- a) Accept the Annual Report of the Audit Committee.
  - b) Reject the Annual Report of the Audit Committee and request an alternative style of report.

##### **Preferred Option**

Option (a) at 4.1 is the preferred option, that the proposed Annual Report of the Audit Committee is accepted by Council.

#### **5 Consultation**

- 5.1 There has been consultation with the Audit Committee on the preparation of this report.

#### **6 Financial Implications**

- 6.1 There are no specific financial implications arising from this report.

#### **7 Legal Services Comments**

- 7.1 There are no direct legal implications arising from the report.

#### **8 Co-operative Agenda**

- 8.1 The Annual Report of the Audit Committee has been prepared to support the Council in its delivery of the cooperative agenda.

#### **9 Human Resources Comments**

- 9.1 There are no specific human resources implications.

#### **10 Risk Assessments**

- 10.1 The Council is required to prepare an Annual Report on the operation of its Audit Committee. The report does not identify any specific risks to identify to full Council.

#### **11 IT Implications**

- 11.1 There are no specific IT implications.

#### **12 Property Implications**

12.1 There are no specific property implications.

### **13 Procurement Implications**

13.1 There are no specific procurement implications.

### **14 Environmental and Health & Safety Implications**

14.1 There are no specific Environmental and Health & Safety Implications.

### **15 Equality, community cohesion and crime implications**

15.1 There is no specific equality, community cohesion and crime implications.

### **16 Equality Impact Assessment Completed?**

16.1 N/A.

### **17 Key Decision**

17.1 No.

### **18 Key Decision Reference**

18.1 N/A

### **19 Background Papers**

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

Background papers are shown as the Annexes to this report.

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### **20 Appendices**

Annex 1 - Self-assessment of good practice

Annex 2 - Self -assessment of effectiveness

Annex 3 - Committee Membership and attendance 2024/25

Annex 4 - Member Knowledge and Skills questionnaire – aggregated results

### **Annex 1 - Self-assessment of good practice**

This annex provides a high-level review that incorporates the key principles set out in CIPFA's Position Statement and this publication. Where an audit committee has a high degree of performance against the good practice principles, it is an indicator that the committee is soundly based and has in place a knowledgeable membership. These are the essential factors in developing an effective audit committee. A regular self-assessment should be used to support the planning of the audit committee work programme and training plans. It will also inform the annual report.

Good practice questions	Does not comply	Partially complies and extent of improvement needed			Fully complies
Scale of improvement required	Major	Significant	Moderate	Minor	None
Scoring of answers	0	1	2	3	5
Audit committee purpose and governance					
1 Does the authority have a dedicated audit committee that is not combined with other functions (e.g. standards, ethics, scrutiny)?					5
2 Does the audit committee report directly to the governing body (PCC and chief constable/full council/full fire authority, etc)?					5
3 Has the committee maintained its advisory role by not taking on any decision-making powers?					5
4 Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's 2022 Position Statement?					5
5 Do all those charged with governance and in leadership roles have a good					5

understanding of the role and purpose of the committee?					
6 Does the audit committee escalate issues and concerns promptly to those in governance and leadership roles?					5
7 Does the governing body hold the audit committee to account for its performance at least annually?					5
8 Does the committee publish an annual report in accordance with the 2022 guidance, including:					5
• compliance with the CIPFA Position Statement 2022.					5
• results of the annual evaluation, development work undertaken and planned improvements					5
• how it has fulfilled its terms of reference and the key issues escalated in the year?					5
Functions of the committee					
9 Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement as follows?					
Governance arrangements					5
Risk management arrangements					5
Internal control arrangements, including: • financial management • value for money • ethics and standards • counter fraud and corruption				3	
Annual governance statement					5
Financial reporting					5
Assurance framework					5
Internal audit					5
External audit					5
10 Over the last year, has adequate consideration been given to all core areas?					5
11 Over the last year, has the committee only considered agenda items that align with its core functions or selected wider functions, as set out in the 2022 guidance?					5

12 Has the committee met privately with the external auditors and head of internal audit in the last year?					5
Membership and support					
13 Has the committee been established in accordance with the 2022 guidance as follows?					
• Separation from executive					5
• A size that is not unwieldy and avoids use of substitutes					5
• Inclusion of lay/co-opted independent members in accordance with legislation or CIPFA's recommendation					5
14 Have all committee members been appointed or selected to ensure a committee membership that is knowledgeable and skilled?			2		
15 Has an evaluation of knowledge, skills and the training needs of the chair and committee members been carried out within the last two years?					5
16 Have regular training and support arrangements been put in place covering the areas set out in the 2022 guidance?					5
17 Across the committee membership, is there a satisfactory level of knowledge, as set out in the 2022 guidance?					5
18 Is adequate secretariat and administrative support provided to the committee?					5
19 Does the committee have good working relations with key people and organisations, including external audit, internal audit and the CFO?					5
Effectiveness of the committee					
20 Has the committee obtained positive feedback on its performance from those					5

interacting with the committee or relying on its work?					
21 Are meetings well chaired, ensuring key agenda items are addressed with a focus on improvement?					5
22 Are meetings effective with a good level of discussion and engagement from all the members?				3	
23 Has the committee maintained a non-political approach to discussions throughout?					5
24 Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?					5
25 Does the committee make recommendations for the improvement of governance, risk and control arrangements?					5
26 Do audit committee recommendations have traction with those in leadership roles?					5
27 Has the committee evaluated whether and how it is adding value to the organisation?					5
28 Does the committee have an action plan to improve any areas of weakness?					5
29 Has this assessment been undertaken collaboratively with the audit committee members?					5
<b>Sub totals</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>6</b>	<b>185</b>

Total score is 193 out of a maximum of 200, with areas of potential development identified. The proposed actions to address these areas where less than full compliance were identified from the 2023/24 assessment. Actions taken to date, and those potential development areas remaining in 2024/25, are shown in the table below:



Question	Level of Compliance	Action to reach full compliance
<p>9 Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement as follows?</p> <ul style="list-style-type: none"> <li>• ethics and standards</li> </ul>	3	<p>Action ongoing – Update the Committee's Terms of Reference to make explicit, rather than implicit, reference to the Committee's role in reviewing the Council's ethical framework as part of its review work in connection with the Council's wider governance arrangements.</p>
<p>14 Have all committee members been appointed or selected to ensure a committee membership that is knowledgeable and skilled?</p>	2	<p>Committee Membership is not based solely on skills and knowledge, political balance of the Committee is a consideration.</p> <p>Action completed – A short, plain English induction sheet outlining the role and functions of the Committee based on the Committee's Terms of Reference has been completed and distributed to Members.</p> <p>Action ongoing – see Members Skills and Knowledge Assessment and Training responses below.</p> <p>Action Ongoing – The Council continues to seek to recruit a second independent member to support the committee in undertaking its role.</p>
<p>15 Has an evaluation of knowledge, skills and the training needs of the chair and committee members been carried out within the last two years?</p>	5	<p>Action completed – A self-assessment of Member skills and knowledge based on the Committee's Terms of Reference has been circulated and completed</p>
<p>17 Across the committee membership, is there a satisfactory level of knowledge, as set out in the 2022 guidance?</p>	5	<p>Action ongoing - The self-assessment of Member skills and knowledge based on the Committee's Terms of Reference found Members responded positively and reported either adequate or good knowledge in most areas. Feedback will be utilised to identify further additional Member training and development needs.</p> <p>Action Ongoing – The Council continues to seek to recruit a second independent member to support the committee in undertaking its role.</p>
<p>20 Has the committee obtained positive feedback on its performance</p>	5	<p>Action completed – Committee Chair met with Cabinet Portfolio Holder</p>

from those interacting with the committee or relying on its work?		following 2023/24 assessment and feedback from Portfolio Holder was positive. Further meeting to be arranged following Member approval of the 2024/25 assessment.
22 Are meetings effective with a good level of discussion and engagement from all the members?	3	No proposed action – Member comments and questions on all aspects of Committee business are actively sought and welcomed at each meeting and levels of engagement have been good throughout 2024/25. Inevitably some Members contribute more frequently than others.

## Annex 2 – Self-evaluation of effectiveness

Areas where the audit committee can have impact by supporting improvement	Examples of how the audit committee can demonstrate its impact	Self-evaluation by Oldham Council's Audit Committee as to how the Committee demonstrates its impact	Key indicators of effective arrangements	Self-evaluation by Oldham Council Audit Committee of its strengths, weaknesses and proposed actions
Promoting the principles of good governance and their application to decision making.	<ul style="list-style-type: none"> <li>• Supporting the development of a local code of governance.</li> <li>• Providing a robust review of the AGS and the assurances underpinning it.</li> <li>• Supporting reviews/audits of governance arrangements.</li> <li>• Participating in self-assessments of governance arrangements.</li> <li>• Working with partner audit committees to review governance arrangements in partnerships.</li> </ul>	<ul style="list-style-type: none"> <li>• The council has a local code of corporate governance presented to the audit committee in June 2024.</li> <li>• The AGS and in-year updates (November 2024) are regularly reported to the audit committee.</li> <li>• Annual audit plan 2024/25 contained reviews of risk management and standards of conduct, and the corporate risk register. review of the compilation of the AGS is also planned for 2025/26.</li> <li>• The council's ongoing self-assessment of its partnership governance arrangements has previously been reported to the committee. Miocare financial systems are audited each year and a review of OTC is planned for 2025/26.</li> <li>• An annual fundamental financial systems review of Miocare is undertaken by the internal audit service and reported to Miocare.</li> <li>• An internal audit review of Oldham Total Care is planned for 2025/26.</li> <li>• Audit committee chair has liaised with the council's external auditors in connection with meeting other chairs across GM. Chair has also</li> </ul>	<ul style="list-style-type: none"> <li>• Elected members, the leadership team and senior managers all share a good understanding of governance, including the key principles and local arrangements.</li> <li>• Local arrangements for governance have been clearly set out in an up-to-date local code.</li> <li>• The authority's scrutiny arrangements are forward looking and constructive.</li> <li>• Appropriate governance arrangements established for all collaborations and arm's-length arrangements.</li> <li>• The head of internal audit's annual opinion on governance is satisfactory (or similar wording).</li> </ul>	<ul style="list-style-type: none"> <li>• Structures are generally sound. One weakness with audit committees generally is the length of tenure linked to electoral cycle.</li> <li>• The council has a local code of corporate governance last presented in June 2024.</li> <li>• The council's scrutiny committees have been restructured.</li> <li>• Partnership governance issues were reported to the committee as part of the AGS update report in November 2024.</li> <li>• Annual CAE opinion reported in July 2025 is Limited assurance. Committee to monitor progress against agreed actions throughout 2025/26.</li> </ul>

Areas where the audit committee can have impact by supporting improvement	Examples of how the audit committee can demonstrate its impact	Self-evaluation by Oldham Council's Audit Committee as to how the Committee demonstrates its impact	Key indicators of effective arrangements	Self-evaluation by Oldham Council Audit Committee of its strengths, weaknesses and proposed actions
		received an invitation to join the LGA NW Forum.		
Contributing to the development of an effective control environment.	<ul style="list-style-type: none"> <li>• Encouraging ownership of the internal control framework by appropriate managers.</li> <li>• Actively monitoring the implementation of recommendations from auditors.</li> <li>• Raising significant concerns over controls with appropriate senior managers.</li> </ul>	<ul style="list-style-type: none"> <li>• During 2024/25 ASC and HR representatives have addressed the Audit Committee during the year in relation to audit review findings.</li> <li>• Recommendation tracker is reported the regular Internal Audit and Counter fraud progress report.</li> <li>• Moving forward into 2025/26 the Committee will receive reports in connection with all audit opinions of Limited assurance or below.</li> </ul>	<ul style="list-style-type: none"> <li>• The head of internal audit's annual opinion over internal control is that arrangements are satisfactory.</li> <li>• Assessments against control frameworks such as CIPFA's FM Code have been completed and a high level of compliance identified.</li> <li>• Control frameworks are in place and operating effectively for key control areas – for example, information security or procurement.</li> </ul>	<ul style="list-style-type: none"> <li>• Annual CAE opinion of Internal Control published in July 2025 is Limited assurance.</li> <li>• Assessment against FM code completed by CFO and presented to Audit Committee January 2022 and September 2023. A high level of compliance was identified.</li> <li>• Control frameworks are in for key control areas. Where these are not currently in place the Council is working towards addressing these areas.</li> <li>• Moving forward into 2025/26 the Committee will receive reports in connection with all audit opinions of Limited assurance or below.</li> <li>• Committee to monitor progress against agreed actions throughout 2025/26.</li> </ul>
Supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risks.	<ul style="list-style-type: none"> <li>• Reviewing risk management arrangements and their effectiveness, e.g. risk management maturity or benchmarking.</li> <li>• Monitoring improvements to risk management.</li> <li>• Reviewing accountability of risk owners for major/strategic risks.</li> </ul>	<ul style="list-style-type: none"> <li>• The Corporate Business Planning Process supports the production of the Corporate Risk Register. The Corporate Risk Register is reported regularly to the Audit Committee.</li> </ul>	<ul style="list-style-type: none"> <li>• A robust process for managing risk is evidenced by independent assurance from internal audit or external review.</li> </ul>	<ul style="list-style-type: none"> <li>• IA Review of Corporate Risk register undertaken during 2024/25 received an Adequate assurance opinion.</li> </ul>

Areas where the audit committee can have impact by supporting improvement	Examples of how the audit committee can demonstrate its impact	Self-evaluation by Oldham Council's Audit Committee as to how the Committee demonstrates its impact	Key indicators of effective arrangements	Self-evaluation by Oldham Council Audit Committee of its strengths, weaknesses and proposed actions
<p>Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively.</p>	<ul style="list-style-type: none"> <li>• Reviewing the adequacy of the leadership team's assurance framework.</li> <li>• Specifying the committee's assurance needs, identifying gaps or overlaps in assurance.</li> <li>• Seeking to streamline assurance gathering and reporting.</li> <li>• Reviewing the effectiveness of assurance providers, e.g. internal audit, risk management, external audit.</li> </ul>	<ul style="list-style-type: none"> <li>• During the 2024/25 The Audit Committee has received reports on the following elements of the Council's assurance framework: the AGS, the Local Code of Corporate Governance, The Annual Report and Opinion, and regular reports on Partnership Governance and Risks.</li> <li>• The Committee has identified its own assurance needs and gaps in assurance and requested reports on all audit reports with a Limited opinion or below.</li> <li>• The Committee receives regular reports from both internal and external audit on progress throughout the year. It also receives the annual report and opinion from the CAE and the external Auditors audit completion report.</li> <li>• FRC Audit Quality and Inspection Report 2022/23 for Mazars LLP found an improvement in the quality rating from the previous year with no audits reviewed requiring significant improvement.</li> <li>• The Committee receives an annual review of the system of Internal Audit. In March 2023 an External Quality Assessment was conducted</li> </ul>	<ul style="list-style-type: none"> <li>• The authority's leadership team have defined an appropriate framework of assurance, including core arrangements, major service areas and collaborations and external bodies.</li> </ul>	<ul style="list-style-type: none"> <li>• During the 2024/25 The Audit Committee has received reports on the following elements of the Council's assurance framework: the AGS, the Local Code of Corporate Governance, The Annual Report and Opinion, and regular reports on Corporate Risks.</li> <li>• Going forward into 2025/26 the Committee will receive reports on results from other assurance providers, including the upcoming CQC inspection of Adult Social Care.</li> </ul>

Areas where the audit committee can have impact by supporting improvement	Examples of how the audit committee can demonstrate its impact	Self-evaluation by Oldham Council's Audit Committee as to how the Committee demonstrates its impact	Key indicators of effective arrangements	Self-evaluation by Oldham Council Audit Committee of its strengths, weaknesses and proposed actions
Supporting effective external audit, with a focus on high quality and timely audit work.	<ul style="list-style-type: none"> <li>• Reviewing and supporting external audit arrangements with focus on independence and quality.</li> <li>• Providing good engagement on external audit plans and reports.</li> <li>• Supporting the implementation of audit recommendations.</li> </ul>	<p>by CIPFA and the results reported to the Committee.</p> <ul style="list-style-type: none"> <li>• FRC Audit Quality and Inspection Report 2022/23 for Mazars LLP found an improvement in the quality rating from the previous year with no audits reviewed requiring significant improvement.</li> <li>• Liaison is good, The Committee met privately with the External Auditor during 2024/25.</li> <li>• External Auditor attends all Audit Committee meetings and provides a regular update and opinion reports to the Committee on their work.</li> </ul>	<ul style="list-style-type: none"> <li>• The quality of liaison between external audit and the authority is satisfactory.</li> <li>• The auditors deliver in accordance with their audit plan, and any amendments are well explained.</li> <li>• An audit of high quality is delivered.</li> </ul>	<ul style="list-style-type: none"> <li>• Liaison is good, The Committee met privately with the External Auditor during 2024/25.</li> <li>• The External Auditor delivered in line with the external audit backstop arrangements in place for Local Audit as at the end of February 2025.</li> <li>• FRC Audit Quality and Inspection Report 2022/23 for Mazars LLP found an improvement in the quality rating from the previous year with no audits reviewed requiring significant improvement.</li> </ul>
Supporting the quality of the internal audit activity, in particular underpinning its organisational independence.	<ul style="list-style-type: none"> <li>• Reviewing the audit charter and functional reporting arrangements.</li> <li>• Assessing the effectiveness of internal audit arrangements, providing constructive challenge and supporting improvements.</li> <li>• Actively supporting the quality assurance and improvement programme of internal audit.</li> </ul>	<ul style="list-style-type: none"> <li>• The Audit Committee reviews the Audit Charter, including reporting arrangements, annually.</li> <li>• The Committee receives an annual review of the system of Internal Audit. In 2023 an External Quality Assessment was conducted by CIPFA which found the service to conform to the PSIAS standards in all areas, including independence and objectivity. Since then the PSIAS and LGAN have been replaced by the GIAS 2024 and LGAN 2024. HIA self-assessment indicates that the service remains in full conformance with the</li> </ul>	<ul style="list-style-type: none"> <li>• Internal audit that is in conformance with PSIAS and LGAN (as evidenced by the most recent external assessment and an annual self-assessment).</li> <li>• The head of internal audit and the organisation operate in accordance with the principles of the CIPFA <a href="#">Statement on the Role of the Head of Internal Audit</a> (2019).</li> </ul>	<ul style="list-style-type: none"> <li>• The Committee receives an annual review of the system of Internal Audit. In 2023 an External Quality Assessment was conducted by CIPFA which found the service to conform to the PSIAS standards in all areas, including independence and objectivity. Since then the PSIAS and LGAN have been replaced by the GIAS 2024 and LGAN 2024. HIA self-assessment indicates that the service remains in full conformance with the updated standards.</li> <li>• The organisation and HIA operate in accordance with the CIPFA statement.</li> </ul>

Areas where the audit committee can have impact by supporting improvement	Examples of how the audit committee can demonstrate its impact	Self-evaluation by Oldham Council's Audit Committee as to how the Committee demonstrates its impact	Key indicators of effective arrangements	Self-evaluation by Oldham Council Audit Committee of its strengths, weaknesses and proposed actions
Aiding the achievement of the authority's goals and objectives by helping to ensure appropriate governance, risk, control and assurance arrangements.	<ul style="list-style-type: none"> <li>• Reviewing how the governance arrangements support the achievement of sustainable outcomes.</li> <li>• Reviewing major projects and programmes to ensure that governance and assurance arrangements are in place.</li> <li>• Reviewing the effectiveness of performance management arrangements.</li> </ul>	<ul style="list-style-type: none"> <li>• During 2024/25 the Audit Committee has received reports on the following elements of the Council's assurance framework: the AGS, the Local Code of Corporate Governance, The Annual Report and Opinion, and regular reports on Partnership Governance and Risks.</li> <li>• IA Review of Corporate Risk register reported during 2024/25 with opinion of Adequate.</li> </ul>	<ul style="list-style-type: none"> <li>• Inspection reports indicate that arrangements are appropriate to support the achievement of service objectives.</li> <li>• The authority's arrangements to review and assess performance are satisfactory.</li> </ul>	<ul style="list-style-type: none"> <li>• During the 2024/25 The Audit Committee has received reports on the following elements of the Council's assurance framework: the AGS, the Local Code of Corporate Governance, The Annual Report and Opinion, and regular reports on Corporate Risks.</li> <li>• IA Review of Corporate Risk register reported during 2024/25 with opinion of Adequate.</li> <li>• IA Review of Corporate Performance Reporting reported in 2025/26 with a Limited assurance opinion.</li> <li>• Committee to monitor progress against agreed actions throughout 2025/26.</li> </ul>
Supporting the development of robust arrangements for ensuring value for money.	<ul style="list-style-type: none"> <li>• Ensuring that assurance on value-for-money arrangements is included in the assurances received by the audit committee.</li> <li>• Considering how performance in value for money is evaluated as part of the AGS.</li> <li>• Following up issues raised by external audit in their value-for-money work.</li> </ul>	<ul style="list-style-type: none"> <li>• External Audit reports on VFM assessment to the Audit Committee.</li> <li>• AGS and updates are regularly reported to the Audit Committee. IA Review of the compilation of the AGS planned for 2025/26.</li> <li>• VFM assessments have been as follows from Forvis Mazars:</li> <li>• 2022/23 – "Based on the above considerations we are satisfied there is not a significant weakness in the Council's arrangements in relation to financial sustainability/governance/</li> </ul>	<ul style="list-style-type: none"> <li>• External audit's assessments of arrangements to support best value are satisfactory.</li> </ul>	<ul style="list-style-type: none"> <li>• VFM assessments have been as follows from Forvis Mazars:</li> <li>• 2022/23 – "Based on the above considerations we are satisfied there is not a significant weakness in the Council's arrangements in relation to financial sustainability/governance/ improving economy, efficiency and effectiveness.</li> <li>• 2023/24 – "We have completed our work in respect of the Council's arrangements for the year ended 31 March 2024 and we have not identified any significant weaknesses in arrangements that have required us to make a recommendation."</li> </ul>

Areas where the audit committee can have impact by supporting improvement	Examples of how the audit committee can demonstrate its impact	Self-evaluation by Oldham Council's Audit Committee as to how the Committee demonstrates its impact	Key indicators of effective arrangements	Self-evaluation by Oldham Council Audit Committee of its strengths, weaknesses and proposed actions
		<ul style="list-style-type: none"> <li>improving economy, efficiency and effectiveness.</li> <li>2023/24 – “We did not identify any significant weaknesses in the Council’s arrangements to secure economy, efficiency and effectiveness in its use of resources.”</li> </ul>		
<p>Helping the authority to implement the values of good governance, including effective arrangements for countering fraud and corruption risks.</p>	<ul style="list-style-type: none"> <li>Reviewing arrangements against the standards set out in the <i>Code of Practice on Managing the Risk of Fraud and Corruption</i> (CIPFA, 2014).</li> <li>Reviewing fraud risks and the effectiveness of the organisation’s strategy to address those risks.</li> <li>Assessing the effectiveness of ethical governance arrangements for both staff and governors.</li> </ul>	<ul style="list-style-type: none"> <li>The Council’s Counter Fraud, Anti-Bribery Strategy and Counter Fraud Response Plan is presented to the Audit Committee and is written in line with the CIPFA Code.</li> <li>The Council’s Fraud and Loss risk Assessment and the Council’s self-assessment of it’s performance against the FFCL 2020-25 Checklist are reported to The Audit Committee. The Annual Audit Plan is constructed with the results the FFCL self-assessment in mind.</li> <li>IA Review of Standards of Conduct reported during 2024/25 with opinion of Adequate.</li> <li>IA Review of Recruitment and Discipline reported during 2024/25 with opinion of Inadequate.</li> <li>IA Review of Delegated Decision Reports reported during 2024/25 with opinion of Inadequate.</li> <li>IA Review of Corporate</li> </ul>	<ul style="list-style-type: none"> <li>Good ethical standards are maintained by both elected representatives and officers. This is evidenced by robust assurance over culture, ethics and counter fraud arrangements.</li> </ul>	<ul style="list-style-type: none"> <li>IA Review of Standards of Conduct reported during 2024/25 with opinion of Adequate.</li> <li>IA Review of Recruitment and Discipline reported during 2024/25 with opinion of Inadequate.</li> <li>IA Review of Delegated Decision Reports reported during 2024/25 with opinion of Inadequate.</li> <li>IA Review of Corporate Performance Management reported in respect of 2024/25 with opinion of Limited.</li> <li>Committee to monitor progress against agreed actions throughout 2025/26.</li> </ul>



Areas where the audit committee can have impact by supporting improvement	Examples of how the audit committee can demonstrate its impact	Self-evaluation by Oldham Council's Audit Committee as to how the Committee demonstrates its impact	Key indicators of effective arrangements	Self-evaluation by Oldham Council Audit Committee of its strengths, weaknesses and proposed actions
		Performance Management reported in respect of 2024/25 with opinion of Limited.		
Promoting effective public reporting to the authority's stakeholders and local community and measures to improve transparency and accountability.	<ul style="list-style-type: none"> <li>Working with key members/the PCC and chief constable to improve their understanding of the AGS and their contribution to it.</li> <li>Improving how the authority discharges its responsibilities for public reporting – for example, better targeting the audience and use of plain English.</li> <li>Reviewing whether decision making through partnership organisations remains transparent and publicly accessible and encourages greater transparency.</li> <li>Publishing an annual report from the committee.</li> </ul>	<ul style="list-style-type: none"> <li>All Committee reports to Audit Committee are reviewed by the Cabinet Member Finance and Corporate Resources and Sustainability, and the AGS itself is signed by both the Leader and CEX.</li> <li>In respect of improving how the Authority discharges its responsibilities for public reporting, Members have, in the past, questioned the need for inclusion of the AGS update report in the private part of the Committee's agendas. The latest AGS update report was presented in the public part of the Committee agenda in November 2024.</li> <li>The Committee received reports on the risks posed other Council by Partnership arrangements with 3rd parties as part of the AGS reporting in the year.</li> <li>The Committee publishes an annual report to full Council on its work for the year.</li> </ul>	<ul style="list-style-type: none"> <li>The authority meets the statutory deadlines for financial reporting with accounts for audit of an appropriate quality.</li> <li>The external auditor completed the audit of the financial statements with minimal adjustments and an unqualified opinion.</li> <li>The authority has published its financial statements and AGS in accordance with statutory guidelines.</li> <li>The AGS is underpinned by a robust evaluation and is an accurate assessment of the adequacy of governance arrangements.</li> </ul>	<ul style="list-style-type: none"> <li>The External Auditor has completed the audit of the 2023/24 financial statements with an unqualified opinion.</li> <li>The authority has published its 2024/25 financial statements and AGS by the statutory deadline.</li> <li>An IA review of the compilation of the AGS is planned to report in 2025/26.</li> </ul>

### Annex 3 – Member attendance 2024/25

Member	Present	Apologies	Absent	Total attendance
Grenville Page	5			100%
Cllr Al-Hamdani	5			100%
Cllr Arnott	3		2	60%
Cllr Aslam	4	1		80%
Cllr Chowhan	1	2	2	20%
Cllr Davis	4	1		80%
Cllr Hince*		1		-
Cllr S Hussain	3	2		60%
Cllr Rustidge	5			100%
Cllr Sykes*	2	2		50%
Cllr Wilkinson	5			100%

\*For the first meeting of the year, Cllr Hince was a Committee Member but due to changes to the political balance of the Council Cllr Hince was subsequently replaced by Cllr Sykes.

#### Annex 4 – Member Knowledge and Skills questionnaire – aggregated results

This questionnaire is designed to identify any areas for future training and development needs for Members of the Council's Audit Committee.

It covers the broad areas of responsibility of the Committee, and key areas of understanding which assist Members in discharging their responsibilities in their role.

Members were asked to self-assess their level of knowledge and understanding in the broad areas below as either Weak, Adequate or Good. There was also space for commentary on Members' assessment and/or specific areas where Members' felt they may benefit from greater understanding.

5 responses were received, and the aggregated results are shown in the tables below.

<b><u>Roles and responsibilities</u></b>	<b><u>Weak</u></b>	<b><u>Adequate</u></b>	<b><u>Good</u></b>	<b><u>Total</u></b>
<b>The role of the Audit Committee.</b>			<b>5</b>	<b>5</b>
<b>The role of Scrutiny Committees.</b>		<b>2</b>	<b>3</b>	<b>5</b>
<b>The role of External Audit</b>		<b>3</b>	<b>2</b>	<b>5</b>
<b>The role of Internal Audit</b>		<b>1</b>	<b>4</b>	<b>5</b>
<b>The role of the S151 Officer</b>	<b>1</b>	<b>1</b>	<b>3</b>	<b>5</b>

<b><u>Governance, risk and control</u></b>	<b><u>Weak</u></b>	<b><u>Adequate</u></b>	<b><u>Good</u></b>	<b><u>Total</u></b>
<b>Corporate Governance and the principles of good governance.</b>		<b>3</b>	<b>2</b>	<b>5</b>
<b>Ethics</b>		<b>2</b>	<b>3</b>	<b>5</b>
<b>Business Planning and Risk Management</b>		<b>3</b>	<b>2</b>	<b>5</b>
<b>Value for Money</b>		<b>3</b>	<b>2</b>	<b>5</b>
<b>Anti-fraud and Corruption</b>		<b>2</b>	<b>3</b>	<b>5</b>

<b><u>Financial and Governance reporting</u></b>	<b><u>Weak</u></b>	<b><u>Adequate</u></b>	<b><u>Good</u></b>	<b><u>Total</u></b>
<b>The Council's Annual Governance Statement.</b>		<b>4</b>	<b>1</b>	<b>5</b>
<b>The Council's Financial Statements.</b>		<b>3</b>	<b>2</b>	<b>5</b>
<b>Treasury Management</b>		<b>3</b>	<b>2</b>	<b>5</b>



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## Report to Audit Committee

# Q4 2024/25 & Q1 2025/26 Internal Audit and Counter Fraud Progress Report

**Portfolio Holder:** Councillor Abdul Jabbar MBE, Deputy Leader and Cabinet Member for Finance, Corporate Services & Sustainability

**Officer Contact:** John Miller – Head of Audit & Counter Fraud

**Report Author:** John Miller – Head of Audit & Counter Fraud

**23 July 2025**

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### Reason for Decision

The Audit Committee's Terms of Reference state that:

***4.4.2 The Audit Committee shall:***

***a) be responsible for oversight of the Council's Internal Audit arrangements and will;***  
***(ii) review summary findings and the main issues arising from internal audit reports and seek assurance that management action has been taken where necessary;***

This report provides Members with a high-level progress report on the work of the Internal Audit and Counter Fraud team for the 2024/25 financial year, and Q1 of the 2025/26 financial year. Which, alongside the Head of Audit and Counter Fraud's Annual Report and Opinion for the year 2024/25, assists the Committee in discharging its responsibilities as set out in the Audit Committee's Terms of Reference, which form part of the Council's Constitution.

### Executive Summary

The report summarises the work carried out by the team from 1 April 2024 to 30 June 2025.

Work on the Council's Fundamental Financial Systems (FFS) reviews for 2024/25 is now complete and all reports issued.

Audit and Counter Fraud Team activity during 2024/25 included:

- Completion of thirty-nine audit reports in connection with a wide variety of systems of governance and internal control in place to help ensure good governance and sound financial management across all Council Directorates.
- Completion of three Grant Assurance reviews.
- Corporate Counter Fraud activities have identified £448,786 of fraud, errors and overpayments.

Audit and Counter Fraud Team activity during Q1 2025/26 included:

- Completion of seventeen audit reports in connection with a wide variety of systems of governance and internal control in place to help ensure good governance and sound financial management across all Council Directorates.
- Corporate Counter Fraud activities have identified £33,297 of fraud, errors and overpayments.

### **Recommendation**

Members are requested to consider the 2024/25 and 2025/26 Q1 Audit and Counter Fraud Progress Report.



**2024/25 Q4 & 2025/26 Q1 Internal Audit and Counter Fraud Progress Report****1. Background**

- 1.1 This report summarises the work of the Audit and Counter Fraud Team between 1 April 2024 and 30 June 2025.
- 1.2 The main content of the report is structured as follows:
- Section 2: 2024/25 & 2025/26 Audit and Counter Fraud Service: Progress Update.
  - Section 3: Corporate Counter Fraud.

**2. 2024/25 & 2025/26 Audit and Counter Fraud Service: Progress Update**

- 2.1 Priorities for the 2024/25 Audit and Counter Fraud Plan include:
- Fundamental Financial Systems (FFS) reviews to provide assurance in support of the Authority's Annual Financial Statements.
  - Audits which are considered high priority and included in the Annual Internal Audit Plan.
  - Counter Fraud work to prevent and detect fraud, theft and corruption.
  - Investigations of both internal and external fraud.
  - Support in connection with postal votes for local, regional, and parliamentary elections.

Progress against these priorities is summarised below:

**2024/25 Fundamental Financial Systems (FFS) reports**

- 2.2 Work on the 2024/25 FFS reviews is now complete and all reports have been issued. The outcomes of the FFS reviews are shown at Appendix 1.

**Other work completed**

- 2.3 Seventeen other pieces of planned work were completed and reported in Q4 and Q1 in connection with:
- Standards (Code of Conduct) Review
  - Fleet Management – Follow up
  - Contracts Register – Follow up
  - Postal Vote Integrity Review – Parish Election
  - Horton Mill Community Primary School
  - IT Asset Management – Follow up
  - National Cyber Security Centre Assessment Framework
  - Housing Options
  - St, Agnes CofE Primary School
  - IT Supplier Management
  - Cloud Service Management
  - Corporate Performance Management
  - Overtime review
  - Children's to Adults Social Care Transitions
  - Procurement Act 2023
  - Whitegate End Primary School
  - IT Physical Security & Environmental Controls

The outcomes of these reviews are shown at Appendix 1.

### Other Work Undertaken

- 2.5 The team has also supported both the Director of Finance and other colleagues within the Finance Service, and in other service areas, with ad hoc requests for support and assistance throughout the period as required.
- 2.6 The Head of Audit and Counter Fraud continues to support the Committee, with a number of reports produced for review and consideration at this meeting.

### Follow up of Audit Recommendations

- 2.7 A summary of the outcomes of the follow up work undertaken to monitor the implementation of audit recommendations during the period is shown in the table below:

Status / Progress	Q4 2024/25 & Q1 2025/26
Recommendations/Actions Complete	20
Recommendation/Actions Not Agreed / No Response	0
Recommendation/Actions Ongoing / Revised Timescale	41
<b>Total</b>	<b>61</b>

- 2.8 The Audit and Counter Fraud Service will continue to monitor and report on implementation on an aggregate basis and also, going forward in 2025/26, on an individual report basis for all reports receiving a Limited or lower assurance opinion. Limited assurance reports issued during 2024/25 and Q1 2025/26 are reported separately on this agenda.

### 3. Corporate Counter Fraud

- 3.1 The Corporate Counter Fraud Team continues to perform well. Appendix 2 sets out the key outcomes from the work conducted.
- 3.2 Highlights include the identification of:

Performance Indicator/Output Measure	2024/25 (Full Year)	2025/26 (Q1)
No. of Corporate Cases - Positive Results	165	65
No. of CTR cases amended as a result of an investigation	99	18
Corporate cases Fraud, Error & Overpayments	£105,524.52	£7,296.39
HB Fraud, Error & Overpayments from CTR investigations	£156,181.05	£117.26
CTR Fraud, Error & Overpayments identified	£187,081.11	£25,883.94
<b>Total Financial Outcomes from Counter Fraud</b>	<b>£448,786.68</b>	<b>£33,297.59</b>

- 3.3 The latest bi-annual National Fraud Initiative (NFI) commenced in Quarter 3 of 2024/25. The Counter Fraud team co-ordinated the collation and submission of multiple datasets to the Cabinet Office, carrying out all necessary data quality checks in preparation for nationwide data matching.
- 3.4 Initial results from this NFI cycle are included in the outcomes reported at Appendix 2 in Quarter 1 of 2025/26, with early successes identified in the areas of Single Person Discounts and Blue Badge misuse.

- 3.5 Further outcomes from the exercise will be monitored and reported to Members through future committee updates.
- 4 Options/Alternatives**
- 4.1 The Audit Committee can either:
- a) choose to accept and note the progress achieved and performance by the Audit and Counter Fraud Team; or,
  - b) decline to accept and note the progress achieved and performance by the Audit and Counter Fraud Team and suggest an alternative approach.
- 5 Preferred Option**
- 5.1 The preferred option is that the Audit Committee accepts and notes the progress achieved and performance by the Audit and Counter Fraud Team.
- 6 Consultation**
- 6.1 N/A.
- 7 Financial Implications**
- 7.1 N/A.
- 8 Legal Services Comments**
- 8.1 N/A.
- 9 Co-operative Agenda**
- 9.1 N/A.
- 10 Human Resources Comments**
- 10.1 N/A.
- 11 Risk Assessments**
- 11.1 The 2024/25 Audit and Counter Fraud Plan was prepared, reviewed, and updated using a risk-based approach. The Terms of Reference for each agreed project are also determined using a risk-based methodology. (John Miller)
- 12 IT Implications**
- 12.1 N/A.
- 13 Property Implications**
- 13.1 N/A.
- 14 Procurement Implications**
- 14.1 N/A.

15      **Environmental and Health & Safety Implications**

15.1    N/A.

16      **Equity, Community Cohesion and Crime Implication**

16.1    N/A.

17      **Equality Impact Assessment Completed**

17.1    No.

18      **Forward Plan Reference**

18.1    N/A.

19      **Key Decision**

19.1    No.

20      **Background Papers**

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

File Ref:	Background papers are included as Appendices 1 & 2
Officer Name:	John Miller
Contact:	john.miller@oldham.gov.uk

21      **Appendices**

21.1    The following Appendices are available to support this Report:

- **Appendix 1:** Summary of Audit Reports & Outcomes – 1 April 2024 to 30 June 2025
- **Appendix 2:** Counter Fraud Results – 1 April 2024 to 31 March 2025 and Q1 2025/26

## Audit and Counter Fraud 2024/25 &amp; Q1 2025/26- Summary of Audit Reports/Outcomes - 1 April 2024 to 30 June 2025

Report Ref	Directorate	Audit Review/Counter Fraud Report	Report/Briefing Note	Quarter	Opinion
	2024/25				
1	Corporate Resources	2023/24 FFS– Council Tax & CTR	Report	Q1	Adequate
2	Corporate Resources	2023/24 FFS– Business Rates (NDR)	Report	Q1	Adequate
3	Corporate Resources	2023/24 FFS – Treasury Management	Report	Q1	Good
4	Corporate Resources	2023/24 FFS – Bank Reconciliations	Report	Q1	Good
5	Corporate Resources	2023/24 FFS – Payroll	Report	Q1	Inadequate
6	Corporate Resources	2023/24 FFS – Accounts Payable	Report	Q1	Adequate
7	Corporate Resources	2023/24 FFS – Accounts Receivable	Report	Q1	Adequate
8	People	2023/24 FFS – Direct Payments	Report	Q1	Inadequate
9	People	2023/24 FFS – Residential Care	Report	Q1	Inadequate
10	Corporate Resources	2023/24 FFS – Fixed Assets	Report	Q1	Adequate
11	People	2023/24 FFS – Children’s Social Care	Report	Q1	Inadequate
12	Corporate Resources	2023/24 FFS – Debt Recovery	Report	Q1	Inadequate
13	Place	Spindles Pre-Contract Procurement Review	Report	Q1	Adequate
14	Corporate Resources	IT Vulnerability Management (SCAS)	Report	Q1	Adequate
15	Corporate Resources	Local Elections - Postal Vote Packs	Report	Q1	Assurance
16	Corporate Resources	Local Elections Postal Vote Integrity Review	Report	Q1	Assurance
17	Corporate Resources	Parliamentary Elections - Postal Vote Packs	Report	Q1	Assurance
18	People	Supporting Families Assurance Statement	Grant Assurance	Q1	Assurance
19	People	Christchurch School	Report	Q2	Adequate
20	Place	Building Control	Report	Q2	Weak
21	Corporate Resources	VAT	Report	Q2	Adequate
22	Place	Pothole Fund Assurance Statement	Grant Assurance	Q2	Assurance
23	Corporate Resources	Postal Vote Integrity Review – Parliamentary	Report	Q2	Assurance
24	Corporate Resources	2024/25 FFS – Payroll	Report	Q3	Inadequate

25	Corporate Resources	Recruitment, Selection, and Disciplinary Procedures	Report	Q3	Inadequate
26	Corporate Resources	Corporate Risk Register	Report	Q3	Adequate
27	Corporate Resources	Delegated Decision Reports	Report	Q3	Inadequate
28	People	Miocare	Report	Q3	Adequate
29	People	Public Health Grant Commissioning	Report	Q3	Adequate
30	People	Horton Mill Community School	Report	Q3	Adequate
31	People	Contain Outbreak Management Fund	Grant Assurance	Q3	Assurance
32	Corporate Resources	Standards (Code of Conduct) Review	Report	Q4	Adequate
33	People	2024/25 FFS – Children’s Social Care	Report	Q4	Inadequate
34	Place	Fleet Management – Follow up	Report	Q4	Inadequate
35	Corporate Resources	Contracts Register – Follow up	Report	Q4	Inadequate
36	Corporate Resources	2024/25 FFS– Council Tax & CTR	Report	Q4	Adequate
37	Corporate Resources	2024/25 FFS– Business Rates (NDR)	Report	Q4	Adequate
38	Corporate Resources	Postal Vote Integrity Review – Parish Election	Report	Q4	Assurance
39	Corporate Resources	2024/25 FFS – Bank Reconciliations	Report	Q4	Good
40	People	Horton Mill Community Primary School	Report	Q4	Adequate
41	Corporate Services	IT Asset Management – Follow up	Report	Q4	Limited
42	Corporate Resources	National Cyber Security Centre Assessment Framework	Report	Q4	Reasonable
	<b>2025/26</b>				
1	Corporate Resources	2024/25 FFS – Accounts Receivable	Report	Q1	Reasonable
2	People	2024/25 FFS – Direct Payments	Report	Q1	Limited
3	People	2024/25 FFS – Residential Care	Report	Q1	Limited
4	Corporate Resources	2024/25 FFS – Debt Recovery	Report	Q1	Limited
5	Place	Housing Options	Report	Q1	Reasonable
6	People	St, Agnes C of E Primary School	Report	Q1	Reasonable
7	Corporate Resources	IT Supplier Management	Report	Q1	Limited
8	Corporate Resources	Cloud Service Management	Report	Q1	Limited
9	Corporate Resources	2024/25 FFS – Fixed Assets	Report	Q1	Reasonable
10	Corporate Resources	2024/25 FFS – Treasury Management	Report	Q1	Reasonable

11	People	Corporate Performance Management,	Report	Q1	Limited
12	Corporate Resources	Overtime Review	Report	Q1	Limited
13	People	Children's to Adults Social Care Transitions	Report	Q1	Limited
14	Corporate Resources	Procurement Act 2023	Report	Q1	Reasonable
15	Corporate Resources	2024/25 FFS – Income Control	Report	Q1	Reasonable
16	People	Whitegate End Primary School	Report	Q1	Reasonable
17	Corporate Resources	IT Physical Security & Environmental Controls	Report	Q1	Limited

#### Key:

Opinion	Description
Advisory	The work in this area is either not audit work in nature, such as provision of advice and consultancy, and/or is undertaken on behalf of third parties.
Assurance	The work in this area has been undertaken in order to provide assurance that, e.g. funding has been spent as intended and/or procedures and controls have operated effectively
Weak/No assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited
Inadequate/Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited
Adequate/Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Good/Substantial	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

#### Appendix 2

#### Audit and Counter Fraud 2024/25 and Q1 2025/26

Counter Fraud Results 1 April 2024 to 31 March 2025

Counter Fraud Team 2024/2025	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
Corporate Cases - Positive Results	39	55	48	23	165
Fraud and Error Overpayments identified as part of Corporate Cases (£)	£31,486.47	£20,709.20	£21,585.94	£31,742.91	£105,524.52
CTR cases amended as a result of an investigation	26	23	28	22	99
HB Fraud and Error Overpayments identified as part of a CTR investigation (£)	£26,589.12	£58,158.31	£28,707.94	£42,725.68	£156,181.05
CTR Fraud and Error Overpayments identified (£)	£49,820.21	£58,792.98	£53,182.98	£25,284.94	£187,081.11
Financial Outcomes	£107,895.80	£137,660.49	£103,476.86	£99,753.53	£448,786.68

Counter Fraud Team 2025/2026	Quarter 1
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Corporate Cases - Positive Results	65
Fraud and Error Overpayments identified as part of Corporate Cases (£)	£7,296.39
CTR cases amended as a result of an investigation	18
HB Fraud and Error Overpayments identified as part of a CTR investigation (£)	£117.26
CTR Fraud and Error Overpayments identified (£)	£25,883.94
<b>Financial Outcomes</b>	<b>£33,297.59</b>

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## Report to Audit Committee

# Proposed Audit Committee Work Programme for 2024/25 & 2025/26

**Portfolio Holder:** Councillor Abdul Jabbar MBE, Deputy Leader /  
Cabinet Member for Finance, Corporate Services & Sustainability.

**Officer Contact:** John Miller, Head of Internal Audit and Counter Fraud

**Report Author:** John Miller, Head of Internal Audit and Counter Fraud

**23 July 2025**

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### Purpose of Report

Attached to this report is the proposed Audit Committee Work Programme for 2025/26.

### Executive Summary

The proposed Audit Committee Work Programme is subject to regular review by the Committee. Attached at Appendix 1 is the suggested programme of work going forward.

The report will be presented by the Head of Internal Audit and Counter Fraud.

### Recommendations

That Members of the Audit Committee endorse the proposed Audit Committee Work Programme.

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## Audit Committee Work Programme for the 2025/26 Municipal Year

### Appendix 1

Meeting Date & Venue	Agenda Item	Summary of Report Issue
<b>2025/26</b>		
<b>Wednesday 23 July 2025 at 6.00 pm</b>	External Audit Update and Audit Strategy memorandum	A progress update from the Council's External Auditors Forvis Mazars and presentation of the Audit Strategy Memorandum.
	Internal Audit and Counter Fraud Progress Report Q4 2024/25 & Q1 2025/26.	An update report on the progress made by the Internal Audit Service.
	Private Report: Weak and Inadequate / Limited Opinion Reports	A report on Weak or Inadequate / Limited Audit Opinions issued for the Committee's consideration.
	Proposed Audit Committee Work Programme for 2025/26	This report detailing the proposed work programme for 2025/26 including actions required to support the approval of the Statement of Final Accounts which are not yet closed.
	2024/25 Annual Audit and Opinion Report to Audit Committee	This is the Annual Report of the Chief Internal Auditor on the overall Internal Control Environment of the Council for the financial year 2024/25.
	Draft 2024/25 Annual Statement of Accounts	This is the report to the Audit Committee on the draft Statement of Accounts which also details the outturn for the financial year 2023/24.
	Treasury Management Review 2024/25	The annual review of Treasury Management for 2024/25 by the Audit Committee.
	Self-Assessment of the work undertaken by the Audit Committee during 2024/25, and Annual Report to Council.	An assessment of the Committee's effectiveness during the year 2024/25 and draft Annual Report to full Council on the work of the Committee for the year including the Committee's action plan for self-development.
	Forvis Mazars – Enquiries of Management Forvis Mazars – Enquiries of TCWG Forvis Mazars – Enquiries of Internal Audit	Draft responses to provide key assurances to support the External Audit Process which are then discussed by the Committee.

## Audit Committee Work Programme for the 2025/26 Municipal Year

### Appendix 1

<b>Wednesday 22 October 2025, 6.00 pm</b>	Update on External Audit Matters.	An update produced by the External Auditor of issues to be brought to the attention of this Committee.
	Audit Completion Report	This report details the Audit Completion report on completion of the audit.
	Private Report: Weak and Limited Opinion Reports	A report on Weak or Limited Audit Opinions issued for the Committee's consideration.
	Treasury Management Mid-Year Review 2024/25	The planned scrutiny of the 2024/25 Treasury Management Mid-Year review before submission to Cabinet.
	Internal Audit and Counter Fraud Progress Report Q2 2024/25	An update report on the progress made by the Internal Audit Service.
	Proposed Audit Committee Work Programme for 2024/25	This report detailing the proposed work programme for 2023/24 including actions required to support the approval of the 2023/24 Statement of Accounts.
	Local Code of Corporate Governance	This is an update to the previously agreed Local Code of Corporate Governance.
	External Audit of Teachers' Pensions Agency Return	This report considers the feedback following the external audit of the Teachers' Pension Agency return.
	Housing Benefit Subsidy Audit	This report considers the feedback on the external audit of the Housing Benefit Subsidy Grant claim.
	Private Report; Senior Information Risk Owner update	This updates the Audit Committee on the key matters relating to data protection and information security breaches.
	Private Report; Update on the Corporate Risk Register	A report on the Corporate Risk Register to 30 September 2025.

## Audit Committee Work Programme for the 2025/26 Municipal Year

### Appendix 1

<b>Wednesday 4 February 2026, 6.00pm</b>	External Audit Update	A progress update from the Council's External Auditors Forvis Mazars.
	Treasury Management Strategy Statement 2026/27	This report sets out the proposed Treasury Management Strategy for 2026/27 to support the Corporate Objectives of the Council.
	Internal Audit Progress Report Q3 2025/26	This is the routine report on the progress made against the agreed audit and counter fraud plan.
	Private Report: Weak and Inadequate Opinion Reports	A report on Weak or Inadequate Audit Opinions issued for the Committee's consideration.
	Updated Audit Committee Work Programme for 2024/25.	A report detailing the proposed work programme for 2024/25.
	Private Report; Senior Information Risk Owner update	This updates the Audit Committee on the key matters relating to data protection and information security breaches to 30 December 2024.
<b>Wednesday 25 March 2026, 6.00pm</b>	External Audit Update	A progress update from the Council's External Auditors Forvis Mazars and presentation of the Audit Strategy Memorandum.
	Q3 Treasury Management Update	A report outlining Treasury Management activity in Quarter 3 of 2024/25.
	2025/26 Final Accounts – Proposed Accounting Policies and Critical Judgements	In line with best practice, approval is sought for the significant accounting policies and critical judgements to be adopted in preparation for the completion of the 2024/25 Statement of Accounts.
	External Audit of Teachers' Pensions Agency Return 2024/25	This report considers the feedback following the external audit of the Teachers' Pension Agency return.
	Private Report: Weak and Inadequate Opinion Reports	A report on Weak or Inadequate Audit Opinions issued for the Committee's consideration.

## Audit Committee Work Programme for the 2025/26 Municipal Year

### Appendix 1

	Housing Benefit Subsidy Audit 2024/25	This report considers the feedback on the external audit of the Housing Benefit Subsidy Grant claim.
	Internal Audit Charter 2026/27	An updated Internal Audit Charter for the financial year 2026/27.
	2026/27 Internal Audit and Counter Fraud Plan	The proposed plan of work for the financial year 2026/27 to enable review by the Committee.
	Audit Committee Work Programme for 2025/26 and a proposed programme for the future financial year – 2026/27.	A report detailing the remainder of the 2025/26 work programme and proposed work programme for 2026/27.
	Private Report; Update on the Corporate Risk Register	An update on the Corporate Risk Register.