

**AUDIT & GOVERNANCE COMMITTEE**  
**11 MARCH 2026**

**STATEMENT OF ACCOUNTS 2025/26**

**Report by the Deputy Chief Executive (Section 151 Officer)**

**RECOMMENDATION**

1. The Audit and Governance Committee is **RECOMMENDED** to
  - (a) **Endorse the proposed timetable for the production of the draft Statement of Accounts for 2025/26**
  - (b) **Ratify the accounting policies for 2025/26 as approved by the Deputy Chief Executive (Section 151 Officer) and included as an annex to this report.**

**Executive Summary**

2. This report sets out the approach taken to the preparation of the 2025/26 Statement of Accounts including:
  - The proposed timetable for the publication and public inspection of the Statement of Accounts for 2025/26.
  - Changes to the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom (the Code) for 2025/26.
  - The approved Significant Accounting Policies which describe how the Council has interpreted and applied the Code and form the basis of preparation of the accounts.

**Timetable for 2025/26 Statement of Accounts**

3. On 30 July 2024 the Minister of State responsible for Local Government and English Devolution made [a statement to parliament](#) setting out the Government's policy proposal for addressing the local government audit backlog.
4. Following this statement a cross-system letter set out that secondary legislation would be put in place to amend the Accounts and Audit Regulations (2015) to set a series of backstop dates up to and including financial year 2027/28 to allow full assurance to be rebuilt over several audit cycles.
5. For financial years 2025/26 to 2027/28, the date by which Category 1 bodies should publish 'draft' (unaudited) accounts is 30 June following the financial

year to which they relate. The audit backstop date for 2025/26 is 31 January 2027.

6. The Section 151 Officer must ensure there is sufficient information available to guarantee that the Statement of Accounts are true, fair, and free from material misstatement. The intention is to produce the draft Statement of Accounts for 2025/26 by mid-June 2026. The public inspection period will begin in mid-June 2026 following the publication of the accounts and run for six weeks.

## **Changes to the Code for 2025/26**

7. Local authorities in the UK are required to keep their accounts in accordance with 'proper (accounting) practices'. Public sector organisations responsible for locally delivered services are required by legislation to comply with the terms of the Code of Practice on Local Authority Accounting in the United Kingdom (the Code). This 2025/26 edition of the Code has been developed by CIPFA/LASAAC and has effect for financial years commencing on or after 1 April 2025.
8. The Code specifies the principles and practices of accounting required to prepare financial statements which give a true and fair view of the financial position and transactions of a local authority. The Code applies to local government organisations across the UK including local authorities, police bodies, fire services and other local public service bodies
9. The 2025/26 Code introduces a substantial and significant accounting change due to CIPFA/LASAAC having regard to HM Treasury's Thematic Review on Non-investment Assets. The main changes are:
  - For property, plant and equipment a revaluation is required at least once every five years, or on a five-year rolling basis, supported by indexation in intervening years. In the rare cases where no index is available, local authorities may use a desktop valuation in year three instead of indexation.
  - Intangible assets must be measured at historical cost.
  - A clarification that undertaking a full revaluation should not be a default process to demonstrate there has not been a material impairment of an asset.

## **Significant Accounting Policies 2025/26**

10. The Council's Statement of Accounts is prepared in accordance with the Code for the relevant financial year. The Council is required to adopt accounting policies that are set out in the Code which describe how the Council has interpreted and applied the Code.

11. The Code defines Accounting Policies as ‘the specific principles, bases, conventions, rules and practices applied by an authority in preparing and presenting financial statements.’
12. The significant accounting policies adopted by the Council are disclosed within three notes to the Core Financial Statements in the Statement of Accounts set out below and listed in full in Annex 1:
  - Summary of Significant Accounting Policies
  - Critical judgements in applying accounting policies
  - Assumptions made about the future and other major sources of estimation uncertainty.
13. The Code prescribes that ‘authorities shall apply the objective, underlying assumption and qualitative characteristics of useful financial information, in the selection and application of accounting policies and estimation techniques.’
14. The Code provides a detailed framework within which accounting policies must be set:
  - When the Code specifically applies to a transaction, other event or condition, the accounting policy or policies applied to that item shall be determined by applying the Code. Those policies need not be applied when the effect of applying them is immaterial.
  - Where the Code does not specifically apply to a transaction, other event or condition, management shall use its judgement in developing and applying an accounting policy that results in information that is:
    - a) relevant to the decision-making needs of users, and
    - b) reliable, in that the financial statements:
      - (1) represent faithfully the financial position, financial performance and cash flows of the authority
      - (2) reflect the economic substance of transactions, other events and conditions and not merely the legal form
      - (3) are neutral, i.e. free from bias
      - (4) are prudent, and
      - (5) are complete in all material respects.
  - In making the judgement management shall refer to, and consider the applicability of, the Code requirements dealing with similar and related issues. Management may also consider the most recent pronouncements of standard-setting bodies and accepted public or private sector practices to the extent, but only to the extent, that these do not conflict with the requirements of the Code.
  - An authority shall select and apply its accounting policies consistently for similar transactions, other events and conditions, unless the Code specifically requires or permits different treatment.

- An authority shall change an accounting policy only if the change is required by the Code or results in the financial statements providing reliable and more relevant information about the effects of transactions, other events and conditions on the authority's financial position, financial performance or cash flows.
  - Where an authority changes an accounting policy, it shall apply the changes retrospectively unless the Code specifies transitional provisions that shall be followed. A change in accounting policy shall be applied retrospectively by adjusting the opening balance of each affected component of net worth for the earliest period presented and the other comparative amounts disclosed for each prior period presented as if the new accounting policy had always been applied, except to the extent that it is impracticable to so do.
15. As set out in Annex 1 the council already complies with the changes to the Code for 2025/26 as it undertakes revaluations of property assets on a three-year rolling programme (ie. more frequently than required in the 2025/26 Code) and material changes to asset valuations are adjusted in the interim periods.

### **Approval of Accounting Policies**

16. The code states that the Chief Finance Officer is responsible for selecting suitable accounting policies and ensuring that they are applied consistently in the preparation of the statement of accounts. The Deputy Chief Executive (Section 151 Officer) has approved the Summary of Significant Accounting Policies for 2025/26 as set out in Annex 1. All significant accounting policies have been selected with reference to the Code.
17. The Council's auditors will review the adopted accounting policies as part of the audit of the statement of accounts. There is also an expectation that the auditors will be able to evidence that the accounting policies have been approved by the Audit and Governance Committee in its capacity as 'Those Charged with Governance'. The Audit and Governance Committee is therefore asked to ratify the accounting policies as set out in Annex 1.

### **Financial Implications**

18. There are no financial implications arising directly from the report.

Comments checked by:

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### **Legal Implications**

19. There are no legal implications arising directly from the measures set out. However, the Council will need to ensure that arrangements are put in place to comply with any amendments to the Local Audit and Accountability Act 2014, Accounts and Audit Regulations 2015 and statutory guidance, including the Code of Practice on Local Authority Accounting in England and Wales.

