

POLICY, GOVERNANCE & FINANCE COMMITTEE



Agenda Item: Finance Report

Meeting Date: 30 March 2026

Contact Officer: Responsible Financial Officer

Should Members have any queries about this report advance notice would be appreciated, in writing, by 12 noon on the day of the meeting to allow for a full response at the meeting.

Background

Detailed income and expenditure statements for budgets which are the responsibility of this committee are enclosed. The period to which this report relates is 1 April to 31 December 2025.

The Committee is also requested to consider the Council's energy contract, the insurance provider for 2026-27 and potentially for the period to 31 March 2029 following receipt of quotes, loans in relation to the West Witney Project, membership of the Oxfordshire Association of Local Councils and the Council's investments.

Current Situation

A Management accounts

Detailed income and expenditure statements for budgets which are the responsibility of this committee are enclosed; these are the management accounts for this committee. The period to which this report relates is 1 April to 31 December 2025.

The cost centres for which this committee has **direct responsibility** are:

Cost centre (CC)	Service
102	Langdale Hall (Property)
106	Madley Park Community Centre
401	Civic activities
403	Planning (staffing)
407	Grants and donations
501	Property/ Investments
502	Town Hall Maintenance
505	Precept
506	Interest received
601	Works department
602	Central support
604	Works depot, vehicles , equipment etc

700	Strategic planning initiatives
701	Corporate management
702	Democratic representation and management
800	Capital Projects

In relation to the Committee's **oversight responsibilities** these are in the detailed management accounts and are as follows:

Committee	Cost centres
Parks and Recreation	201, 202, 203, 204, 205, 207, 208, 209, 211, 212, 213, 214, 215,216,217,218,230
Stronger Communities	402, 408
Halls, Cemeteries and Allotments	103, 104, 105,301,302, 303, 305
Climate and Biodiversity	206,250

Cost centres, comprising three digits, typically represent a discrete service entity, to which income and expenditure is allocated against previously agreed revenue budgets.

Within each cost centre income and expenditure is then allocated to a four-digit nominal ledger code; these codes are common across the cost centres. Nominal ledger codes further define the costs associated with the cost centre and correspond to a specific type of account, such as materials or staffing costs. Codes commencing with "1" are income codes; codes commencing with "4" are expenditure codes.

A report is regularly submitted to each of the standing committees and previous reports are available on the relevant committee section of the website.

The format of this report is as follows: the first two columns relate to the original budget from 2024/25 against the actual figures for last year. The middle columns relate to the current year's original budget, actual expenditure year to date, the projected budget to 31 March 2026, based on the estimates agreed during the budget cycle. The right-hand columns relate to the agreed estimates for 2026/27.

A full review of the budgetary position was undertaken during the budget cycle. This received detailed consideration at the last meeting of this committee and the subsequent Policy Governance and Finance Committee and full Council meetings. The RFO would refer members to the finance/ budget reports which were approved at those meetings for further information.

Members may wish to note the following:

1. There will be some codes where the year-to-date figure now exceeds the projected estimate for the whole year. This is to be expected as the projections were the best

estimates made in September/ October and clearly matters move on. Equally there will be other codes where not all the projected budgets will be required. Virements (transfers) between budgets will be made where these can be justified but overall there are no budget lines which cause particular concern.

2. As reported previously there was a change to Committee responsibilities earlier in the financial year which affecting the Climate & Biodiversity and Stronger Communities Committees.

Within the terms of reference for the Climate and Biodiversity Committee there are a number of responsibilities budgetary provision for which were previously under the remit of the Stronger Communities Committee. These are, referenced directly from the Committee terms of reference for 2025-26:

(b) To manage the Council's Environmental Spaces, including Amenity Areas...

c) To oversee the management of the Council's tree stock across the town;

h) To oversee the maintenance of the Council's infrastructure concerning planting displays (including hanging baskets).

Your officers have now made the necessary changes to the budget/cost centre structures which will relate to cost centre 402 – Community Infrastructure and specifically nominal ledger codes – 4017, 4036, 4037, 4039, 4040, 4066, 4067, 4888, 4890, 4892, 4893 and 4899. These have been transferred in whole or in part a new cost centre attached to the Climate and Biodiversity Committee. The virement in relation to the 2025/26 original budget amounted to £238,491.

Note that in relation to works team allocations, of which a total of £162,990 has been transferred in relation to the 2025/26 budget, the amounts will be subject to review over the next twelve months.

3. The Council has agreed a delegation to the Town Clerk/CEO to opt-to-tax the Burwell Hall (cost centre 105) if it was considered necessary in terms of input VAT recovery. However following further review this is not considered necessary at this point in relation to current capital works. The position is due for review early in the new financial year and will consider planned projects in relation to the Burwell Hall. Members will also recall that if an option-to-tax is made then it was agreed that the output tax would be absorbed by the Council so that the additional 20% cost would not be passed on to customers, the vast majority of which are not VAT-registered organisations.
4. Members are reminded of the change in relation to the treatment of property budgets. Previously where a property was leased out this was represented in the accounts against the site where the property was located.

This impacts on the Cemetery Lodge rent and insurance recharge (previously under the Tower Hill cemetery budget -301), the West Witney Sports Clubhouses/Pavilion and rents on bowls club pavilions (previously under West Witney – 203), and the Leys bowls pavilion (previously under the Leys – 202). The rationale for the change is that the previous treatment inadvertently had the impact of distorting revenue budgets in cost centres 202, 203 and 301 because whilst bringing in income to these cost centres none of the expenditure in these cost centres related to the properties in question. In governance terms it should also be noted that whilst clearly spending committees have an interest, property matters in relation to leases etc are primarily a matter for the Policy, Governance and Finance Committee (PGF). Consequently a new cost centre – 501 was created under PGF and this will consolidate all rented property income and expenditure. This cost centre will also include the Multi-Activity Hub at the Leys and the lease to Courtside CIC.

Current year budgets were vired from the old budget lines to the new cost centre 501 which has the impact of ensuring that like for like comparisons may more readily be made between 2025-26 and 2026-27.

The Langdale Hall (cc102) and Madley Park Hall (cc106), which have their own cost centres, have also been transferred to the Policy, Governance and Finance Committee.

5. The financial year end is on 31 March 2026. The accounts will be “closed down” during April 2026. This will involve a number of tasks. All purchase ledger invoices for 2025-26 will be entered and any remaining sales ledger invoices will be raised. Further adjustments will be made for accruals.

There are inevitably some coding errors which will have crept through the accounts and these will be corrected.

Reserve movements will be processed and as part of the year end process your officers will thoroughly re-examine the various budget lines and proposals will come forward following the financial year end (31 March 2026) for a number of underspends against specific codes to be transferred into the Earmarked Reserves (EMRs) to allow projects to continue and to provide for prudential reserves where expenditure has not been required this year but will be in future years. On specific nominal codes where expenditure is likely to be under-budget the revised budget was retained at the original. A proposal will come forward at final accounts stage for any difference between spend and budget to then be transferred to the earmarked reserve at year end. Over-spends on nominal budgets may also, where appropriate, be met from earmarked reserves. Any adjustments will be made at final accounts stage and will then reduce revenue expenditure for the year.

6. As of 31 December 2025 the Council's income and expenditure for the year to date was as follows:

Income - £3,492,031 (this being 75% of original budget and 71% of revised budget).
Expenditure - £2,256,107 (this being 40% of original budget and 47% of revised budget).

However the position will change greatly in the final quarter (January to March 2026) due to the capital programmes at cost centre 800 especially with the building works in relation to the West Witney Project, with part of the approved loan being drawn down during this period and expenditure in relation to the building contract. A detailed report in relation to this matter will be brought forward to the next meeting of this Committee. The Project is currently being delivered within the approved budgets.

B Energy contracts

Energy costs are significant part of the Council's expenditure. During the budget cycle the RFO commented: "there remains uncertainty regarding gas and electricity prices, and these could change depending on the increasingly unstable international circumstances."

Since then the international situation has deteriorated and the war in the Middle East has led to a general increase in prices. However the impact on the Council's energy budgets for 2026-27 has been minimised as your officers placed a contract with the Council's current energy providers on 2 March 2026 (a couple of days after the war commenced) based on contract sums offered prior to the start of the war.

The one area where the Council will be exposed to inflationary pressures in this regard will be in relation to the new depot at West Witney where colleagues are currently arranging the supply and this will no doubt be exposed to the current market conditions.

The energy contract prices across the Council's sites are as follows:

	2025-26		2026-27	
	Total of standing charges/day	Average unit cost (unweighted)	Total of standing charges/day	Average unit cost (unweighted)
Electricity (nine sites)	£8.08	22.42p	£21.62	21.67p
Gas (two sites)	£0.90	7.9p	£0.90	7.9p

Gas prices have remained the same. In relation to electricity there has been a substantial increase in standing charges, which is understood to be in line with national policy, but this has been partially offset by a reduction in unit charges amounting to 3.3%.

It is worth emphasizing that electricity is an area where your officers have successfully procured good rates in the past. The Council compares favourably to other local authorities. An article published in "The Times" on 14 November 2025 looked at electricity costs across principal authorities during the year to 31 March 2025, using an FOI request. 268 of the 400 (approx.) authorities responded. In Oxfordshire, the County Council paid 44.1p per unit (kWh) and Oxford City Council 29.1p per unit. Witney Town Council paid 21.7p per unit on its main contract that year and if it had been included in the survey then the price paid for electricity would have been 267th (=) in the rankings with only Mid Devon District Council lower, at 21.2p per unit. It may be that the scale of this Council's operations and factors affecting larger authorities have an impact but the result is that the Council has fared well in relation to its electricity contracts.

The Council's current supplier remains [100 Green](#) (formerly Green Energy UK), which supplies gas and electricity generated in the United Kingdom and not imported, and is from sustainable sources. This is in line with the Council's procurement policy. The company is a Which Recommended Provider.

Excluding the electricity budget set aside for the new works depot (£7,000) the budget for electricity and gas across the Council during is £49,379. Based on the new contract and current usage the cost of electricity and gas is projected to be £48,943 so the new contract is within the budgets agreed in February 2026.

Notwithstanding the above the volatility of another major war will likely cause significant inflationary pressures as the situation unfolds and I suspect further consideration of the impacts will be given during the course of this coming financial year.

C Insurance

The Council's Long-Term Agreement (LTA) with Zurich Municipal ends as of 31 March 2026. The LTA has guaranteed the same rate (insurance charge per £1K insured) for five years although premiums have risen according to the sums insured. As reported during the budget cycle the end of the LTA will result in significant increases and these were provided for in the budget.

The Council has sought quotes from the current insurance provider and two other companies. These are currently being considered, and clarification being sought as necessary. The RFO will report further at the meeting with their recommendation for the insurance contract for 2026-27 and whether any longer-term agreement should be entered in to.

D Loan in relation to the West Witney Project

Significant progress has been made in relation to the West Witney Project, which is now well into the building phase, and in accordance with the Council's decision to substantially fund the project by way of a loan and the approval by the Ministry of Housing, Communities and Local Government for borrowing a sum not exceeding £1,250,000 the following loans have been drawn down from the Public Works Loans Board (PWLB):

3 March 2026 - £900,000 over a 40- year period;

31 March 2026 - £60,000 over a 40- year period.

Further drawdowns will be made early in 2026-27 in accordance with the Council's decision of 2 February 2026, to draw down the full loan.

Members are reminded of the rationale of the loan being that the Council did not have sufficient funds to undertake the works without a loan and that, as the works in relation to creating and enhancing assets are estimated to have a lifetime of at least 40 years, then there is a logic to spreading the cost of these works over this period by way of a loan rather than all the costs being borne by today's Council taxpayers.

Members should note that the war in the Middle East has had an adverse impact on interest rates. The Council has held back from actually drawing down the loan until required as the expectation had been that rates would fall this year, evidenced by a decrease on the 40-year rates decreasing from 6.20% (19 November 2025) to 6.08% (29 December 2025) The loan taken on 3 March 2026 was at 5.97% but at rates struck on 24 February 2026. The war in the Middle East started on 28 February 2026 and since then interest rates have risen. The rate on the second instalment, agreed on 24 March 2026, was 6.41%.

To give Members an indication of the financial impact of the impact of increasing rates, the £900,000 advanced on 3 March 2026 will cost £75,894 in terms of repayment in the first year; had this loan had been taken out on 31 March 2026 the repayments would have been £79,829, an extra £3,935.

It is obviously very difficult to predict how interest rates will change in the next few months but your officers will monitor the situation.

E Membership of the Oxfordshire Association of Local Councils

The Council is a member of the Oxfordshire Association of Local Councils (OALC). This organisation is part of the National Association of Local Councils. The two organisations provide representation for town and parish councils at local and national level, essential information and advice, and training for Members and officers. The Council has benefited from the membership over many years and sets aside a budget in its Democratic Representation and Management (DRM) cost centre (code 4024/702). In accordance with the Council's policy to be a member of the OALC the subscription for 2026-27 has therefore been paid in the sum of £4,508 (2025-26 - £4,217).

F Investments

At each meeting members receive the latest updates in relation to the Council's investments.

The Council holds the following investments:

1. Public Sector Deposit Fund (CCLA Investment Management Ltd.) – Value of as of 28 February 2026 - £1,219,461 (*Value of £1,191,071 as of 31 July 2025*) an increase of £28,390 over the six months, which was reinvested.
2. The Local Authorities' Property Fund (CCLA Fund Managers Ltd.) – Value as of 28 February 2026 = £58,776 (*Value as of 30 July 2025 = £58,825*). This represents a decrease in value of £49 over the six months. Income is credited to the Council on a quarterly basis; the sum of £658.70 was credited on 31 October 2025 and £662.93 was credited on 30 January 2026.

Impact Assessments

The Town Council has a duty to consider the effects of its decisions, functions and activities on equality, biodiversity and crime & disorder. Consideration should also be given to effects on the environment, given the Council's Climate Emergency declaration in 2019.

- a) Equality – no implications directly resulting from this report.
- b) Biodiversity - no implications directly resulting from this report.
- c) Crime & Disorder - no implications directly resulting from this report.
- d) Environment & Climate Emergency - no implications directly resulting from this report.

Risk

In decision making Councillors should consider any risks to the Council and any action it can take to limit or negate its liability.

The provision of regular financial reports is part of the Council's risk management system.

Social Value

Social value is the positive change the Council creates in the local community within which it operates. Social value is not quantified in the financial reports but clearly the creation of social value is dependent on setting adequate budgets to meet the Council's objectives.

Financial implications

This report forms part of the Council's due diligence and a process in line with its Financial Regulations. The financial implications are detailed above and also in the attached appendices.

This report forms part of the Council's mechanisms for budgetary control, as it enables income and expenditure incurred to be reviewed and to be compared with the Council's budgets.

Recommendations

Members are invited to note the report and:

1. To approve the report and the management accounts of the Committee's services to 31 December 2025.
2. To note and endorse the action of officers in agreeing the energy contract with 100 Green for the year commencing 1 April 2026, as detailed in the report.
3. To note the two loans totalling £960,000 in relation to the West Witney Project borrowed from the Public Works Loans Board (3 March 2026 - £900,000 over 40 years; 31 March 2026 - £60,000 over 40 years), drawn down in accordance with the loan approval of the Ministry of Housing, Communities and Local Government and the Council's resolutions of 23 June 2025 and 2 February 2026.
4. To note and endorse the renewal of the subscription to the Oxfordshire Association of Local Councils for the year commencing 1 April 2026 in the sum of £4,508.
5. To approve the report on investments to the period to 28 February 2026.

The RFO will report further at the meeting in relation to the insurance arrangements for 2026-27 and their recommendation regarding this.