

To: Councillor Williams (Chair)
Councillors McGoldrick, Asare, Dennis, Keane,
McGrother, Mitchell, Moore and Stevens

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8 July 2025

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NOTICE OF MEETING - AUDIT AND GOVERNANCE COMMITTEE 16 JULY 2025

A meeting of the Audit and Governance Committee will be held on Wednesday, 16 July 2025 at 6.30 pm in the Council Chamber, Civic Offices, Reading. The Agenda for the meeting is set out below.

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2. MINUTES OF THE PREVIOUS MEETING HELD ON 9 APRIL 2025	5 - 12
3. QUESTIONS	
4. 2024/25 DRAFT STATEMENT OF ACCOUNTS	13 - 192
 This report updates the Committee that the draft 2024/25 Statement of Accounts has been published on the Council's website by the statutory deadline of 30 June, the formal public inspection period is scheduled to commence in early July and it outlines the timing of the external audit scrutiny.	
5. EXTERNAL AUDITOR UPDATE	193 - 236
 A representative from the Council's External Auditor, KPMG, will present the External Audit Plan and Strategy and answer any questions.	
6. CHIEF AUDITOR'S ANNUAL ASSURANCE REPORT 2024/25	237 - 258
 This report presents the annual assurance report of the Chief Auditor required by the Accounts and Audit Regulations and the Public Sector Internal Audit Standards.	
7. INTERNAL AUDIT QUARTERLY PROGRESS REPORT	259 - 276

This report provides an update on key findings emanating from Internal Audit reports issued since the last quarterly progress report.

8. IMPLEMENTATION OF AUDIT RECOMMENDATIONS TRACKER 277 - 294

This report sets out a summary of those high and medium risk Internal Audit recommendations which remain outstanding together with an updated management response.

9. ANNUAL TREASURY MANAGEMENT REVIEW 2024/25 295 - 308

This report fulfils the requirement in the Treasury Management Strategy to produce an Annual Outturn Report to review the Treasury Management activity which took place from 1st April 2024 to 31st March 2025.

10. ANNUAL GOVERNANCE STATEMENT 2024/25 309 - 336

A report on the draft Annual Governance Statement for 2024/25 for publication with the Council's financial statements.

**** Access to Civic Offices** - Please note that, from 13 January 2025, the Customer Main Entrance to the Civic Offices is moving from the front of the building to the back, because of construction work for the new Central Library. If you are attending the meeting in person, please enter via the new Customer Main Entrance in Simmonds Street. (The Council is asking customers not to come down Fobney Street to access the new Customer Entrance, due to heavy construction traffic in this area, and instead to walk via the pedestrian alleyway off Bridge Street next to the "Greek Van"). See map below:



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Agenda Item 2

AUDIT AND GOVERNANCE COMMITTEE MEETING MINUTES - 9 APRIL 2025

Present: Councillor Williams (Chair);
Councillors Asare, Dennis, Gittings, McGoldrick (Vice-Chair),
Mitchell, Moore and Stevens

32. MINUTES OF THE PREVIOUS MEETING HELD ON 21 JANUARY 2025

The Minutes of the meeting held on 21 January 2025 were confirmed as a correct record and signed by the Chair.

Further to Minute 24 (2) of the previous meeting and the recommendations of the Audit Report regarding employee gifts, hospitality and declarations of interest, it was reported that the Assistant Director for Legal and Democratic Services would be considering applying a more rigorous approach to registering declarations of interests and gifts & hospitality, and whether the process should include monitoring by the Audit & Governance Committee to ensure records were complete, and would bring a report back to a future meeting.

Resolved:

That it be noted that the Assistant Director for Legal and Democratic Services would be considering applying a more rigorous approach to registering declarations of interests and gifts & hospitality, and whether the process should include monitoring by the Audit & Governance Committee to ensure records were complete, and would bring a report back to a future meeting.

33. EXTERNAL AUDITOR UPDATE

The Committee received a covering report on behalf of the Council's External Auditor, KPMG, which had attached the final version of KPMG's ISA 260 report for 2023/24. Edward Mills from KPMG presented the ISA 260 year-end report and provided an update on the current process for 2024/25.

The ISA 260 report highlighted matters that were significant to the responsibility of those charged with oversight of the financial reporting process and other matters that came to the external auditor's attention during their audit work that might be of interest, and for no other purpose.

Resolved:

- (1) That KPMG's final 2023/24 ISA 260 year-end report be noted;**
- (2) That the progress made on the audit of the accounts for 2024/25 be noted.**

34. INTERNAL AUDIT QUARTERLY PROGRESS REPORT

AUDIT AND GOVERNANCE COMMITTEE MEETING MINUTES - 9 APRIL 2025

The Committee considered a report providing an update on the key findings emanating from the Internal Audit reports issued for the period 1 January to 31 March 2025 (Quarter 4).

The report summarised the findings, recommendations and management actions that had been put forward for each audit review and stated the overall assurance opinion level given by the Internal Audit team. A total of four audit reviews had been finalised in the period, as follows:

- Members' Allowances and Expenses (Substantial Assurance opinion given);
- The Eligibility, Risk and Review Group 'follow up' review (Reasonable Assurance opinion given);
- Continuing Health Care 'follow up' review (Reasonable Assurance opinion given);
- Supported Living (Limited Assurance opinion given);

In relation to Supported Living, the audit had found that more work was required within the tendering process, and with financial controls between the service and finance team relating to the placements process. Likewise, governance arrangements had been found lacking where providers outside of the framework were being used. The review process for service users was more robust, and most contracts were commissioned from the framework.

The report also detailed the audits that were currently in progress and gave a summary of the Corporate Investigations Team's work.

The Chief Auditor gave a brief verbal update on the status of the Audit Tracker at the meeting, a further report on which would be brought to the next meeting.

Resolved: **That the audit findings be noted, and the recommendations and management action underway, as set out in the Internal Audit & Investigations 2024/25 Quarter 4 Update Report, be endorsed.**

35. INTERNAL AUDIT PLAN 2025/2026

The Committee considered a report setting out the work Internal Audit was planning to undertake during the financial year 2025/2026. The report explained that internal audit was responsible for providing an annual formal opinion on the Council's control environment. The Audit Plan, which was attached at Appendix 1 to the report, would allow for the effective discharge of this responsibility. In accordance with the Accounts and Audit Regulations and the Public Sector Internal Audit Standards (PSIAS), the Committee was asked to approve and monitor progress against the internal Audit Plan. The report also had attached at Appendix 2 the Internal Audit Charter which set out the purpose, authority, responsibility and scope of internal audit. The PSIAS intended to ensure sound corporate governance and set out roles and responsibilities for internal audit services. The PSIAS required an Internal Audit Charter to be in place, which must be reviewed periodically and presented to the Committee for approval.

Resolved: That the Audit Plan and Internal Audit Charter for the period April 2025 to March 2026, be approved, as attached to the report at Appendices 1 and 2 respectively.

36. INFORMATION GOVERNANCE QUARTERLY UPDATE

The Committee considered a report outlining the action under way to improve the Council's policies, systems and processes for Information Governance, following several limited assurance reports in this area.

The report provided an update on: the action being taken to address the backlog of Subject Access Requests; the on-time responses to FOI requests, which stood at 90.3% in Quarter 3, a significant improvement from the 45.7% recorded in Quarter 2 of 2024/25; the Data Transparency pages for Contracts information review, which was considering changes to reflect the new requirements under the new Procurement Act; the work of the Information Governance (IG) Board; the Information Management Strategy, which set out the Council's approach to information management and governance; and uptake of the compulsory Cyber Security and GDPR training for all staff and Members, which now stood at 95.6% and 96% compliance respectively with IG Team carrying out bespoke training for colleagues without access to IT systems.

The report stated that, in respect of the FOI responses, the data reported would be based on the number of responses sent out within the timescale against the total number responded to within the reporting period. It was not a direct comparison against the number received but from Q3 onwards this would be how the data would be presented. There was further information on the performance of BFFC in responding to FOIs in a separate report, following a request at the previous meeting (see Minute 37 below).

The report stated that the current focus would be on continuing the work with the two groups of Data Stewards and use of the redactions software to start clearing the Subject Access Request backlog.

Resolved: That the progress being made to improve the Council's Information Governance be noted, thanks be recorded to the officers involved in getting the FOI responses over 90%, and the future actions outlined in the report be endorsed.

37. BRIGHTER FUTURES FOR CHILDREN FOI PERFORMANCE

Further to Minute 31 of the meeting held on 21 January 2025, the Committee received a report on the measures put in place to improve the timeliness of completion of responses to FOI requests by Brighter Futures for Children (BFFC). The report stated that there had been challenges in the changeover to the new Arcus system for managing FOI requests, which had adversely impacted response times, particularly in Quarter 2. There had also been other contributing factors to the slow response times set out in the report. These factors were being addressed by increasing oversight of the process by the Director of Education and the appointment of a Head of Performance in BFFC who would triage and have oversight of all new FOI requests. The measures that had been taken were already

paying dividends with the on-time response rate in Quarter 3 rising to 80%, compared with the disappointingly low figure of 38.1% in Quarter 2. Indications were also positive in the latest figures for Quarter 4 with 91.9% of responses being recorded within the permissible time limit as at 20 March 2025.

The report stated that weekly reminders were now sent to all managers on overdue and upcoming FOI requests with oversight at Head of Service and Senior Leadership Team Meetings. All Heads of Services attended Data Stewards meetings to track FOIs and assess any barriers to timely completion. Regular reminders had been incorporated into managers' briefings to emphasise the importance of FOIs and the risks of non-compliance, including encouragement to attend RBC drop-in sessions. Additionally, there had been clear targets and training/support needs identified in Annual Performance Reviews and one to one meetings for all staff required to handle FOIs to maintain BFFC's improved performance in this area.

Resolved: **That the measures put in place by Brighter Futures for Children to improve the timeliness of completion of responses to FOI requests be noted and endorsed.**

38. TRAFFIC REGULATION ORDERS - UPDATE

The Committee received a report that provided an update on progress and decision making in respect of the Traffic Regulation Orders (TRO) rectification process. The report explained that at Council on 15 October 2024 a summary of issues that related to certain TROs had been reported which meant that there were restrictions on the Highway that could not be enforced. A rectification process had been agreed (Minutes 19 and 20 refer) that involved advertising new, permanent TROs to address the issues that had been identified. As part of the Council reports, an Action Plan had been agreed, giving the Audit & Governance Committee delegated authority to receive reports about the implementation of the Plan and to monitor its effectiveness. The Council had also delegated authority to the Audit & Governance Committee to decide when to close the Restitution Scheme, which was not being recommended at this time for the reasons explained in the report. The original Action Plan and an updated Action Plan showing progress with the current RAG status were attached to the report at Appendices 1 and 2 respectively, and the report gave details of metrics around the claims received through the Restitution Scheme, the total number of which was lower than originally anticipated.

In line with the Action Plan, in November 2024 the Council had commissioned a review of structures, processes and working practices across those teams involved in the preparation and execution of Traffic Regulation Orders. The Association for Public Service Excellence (APSE) had been appointed to carry out the review and spent December 2024 reviewing relevant material, interviewing key staff and understanding current processes and had reported back to officers in January 2025, making recommendations to make governance, teams and processes robust for the future. A copy of the APSE review report was attached at Appendix 3 to the report along with a management response to the recommendations at Appendix 4.

Additionally, a detailed review of the restrictions and measurements to be included in the new draft TROs had been completed, considering the issues identified in the October 2024

report to Council. A thorough review of each of the TRO Articles had been completed and a commentary on their status was included at paragraph 3.13 of the report. Enforcement was restarting after the making of each TRO and a two-week period of warning notices were being issued, as applicable. As part of the rectification scheme, officers were also identifying areas where signing and lining relating to the restrictions required improvement. These works would be undertaken following statutory consultation, subject to a decision to make the TRO and before enforcement activity commenced. It was reported at the meeting that, due to some delays on finalising the wording for TROs 4 and 7 since the report had been written, it was now anticipated that these TROs would be made in May 2025 rather than April 2025 as stated in the report.

The report provided an update on a new 'Digital TRO' project which had been initiated. This project sought to implement a map-based TRO management system that would not only improve the availability, ease of reference and consistency of Highway TROs, but would provide a significant risk mitigation against future TRO inaccuracies. The starting point for this new system was expected to be the creation of three themed Boroughwide TROs, covering all waiting restrictions, moving traffic restrictions and speed limits respectively, with comprehensive overarching TRO Articles applying to each. This was a substantial project, which would take around 18 months to introduce.

The report stated that the Council had many existing ways in which staff could speak up if they were aware of errors, poor practice or improvements that could be made, but recognised more could be done to publicise these channels. A 'Speaking Up' campaign had been launched providing greater information about the channels through which concerns could be raised. The campaign fully addressed the relevant recommendations recently set out by the Chair of the Committee on Standards in Public Life in the report 'Recognising and Responding to Early Warning Signs in Public Sector Bodies' which was designed to support public leaders to reflect on how they could equip staff to identify and resolve problems or issues that might get in the way of delivering the core purpose of an organisation.

It was noted that the APSE report raised issues about the work and remit of the Traffic Management Sub-Committee and the management response did not currently address these recommendations. Members of the Committee stated that they thought that the Sub-Committee's consideration of local issues was appropriate and noted that it had been established that the TRO issues were not due to anything that the Sub-Committee could have prevented.

Resolved:

- (1) That the progress made by officers to address the issues reported to Council on 15 October 2024 and the ongoing actions be noted and thanks be recorded to the officers involved;**
- (2) That the Executive Director of Economic Growth and Neighbourhood Services update the management response to the APSE report to address the recommendations regarding the Traffic Management Sub-Committee;**

(3) That, at its next meeting, the Committee consider setting a deadline for closing the formal Restitution Scheme and the Committee's monitoring of the Action Plan.

39. CIPFA FINANCIAL MANAGEMENT CODE 2024/25

The Committee received a report on the Financial Management Code 2019 (FM Code) (Appendix 1), which had been introduced by the Chartered Institute of Public Finance & Accountancy (CIPFA). The Code set out the standards of financial management for local authorities. Local authorities had been expected to comply fully with the FM Code from 1 April 2021. The Guidance to the Code expected Authorities to be able to provide evidence that they had reviewed their financial management arrangements against the standards and that they had taken such action as might be necessary to comply with them. Effectively, an annual self-assessment exercise had been required to assess compliance with the FM Code from 1 April 2021.

The 2024/25 self-assessment had identified significant progress in the following key areas:

- i) The external audit of the 2020/21 Statement of Accounts had given an unqualified opinion, reinforcing the improvements seen in the 2019/20 Statement of Accounts which were also unqualified. In addition, the external audit processes for 2021/22, 2022/23 and 2023/24 had all now been completed in line with the published audit "backstop" deadlines, albeit with "disclaimed" opinions. The Council had therefore effectively caught up in respect of its prior years' Statement of Accounts processes.
- ii) Although the 2023/24 Statement of Accounts had received a disclaimed opinion, the external auditors had concluded that there were no significant weaknesses in arrangements to improving economy, efficiency and effectiveness for 2023/24; the 2022/23 conclusion had been that there was a significant weakness in this regard in relation to Children's Services.

The report stated that this year's self-assessment had identified that one standard (C - The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control) had gone from a previous rating of 'Green' to 'Amber'. All other standards remained as per the 2023/24 assessment. A proposed action plan, setting out the required actions to improve those standards rated 'Amber' to 'Green' was set out in Appendix 1.

A total of 11 standards (65%) had been RAG rated as Green with the remaining 6 (35%) as Amber. The results of the self-assessment indicated an overall rating of Amber.

Resolved: That the findings of the 2024/25 Financial Management Code Self-Assessment be noted.

40. TREASURY MANAGEMENT REVIEW QUARTER 3 2024/25

The Committee received a report on the activity of the Treasury Management function during the second quarter of the year for the period 1 October 2024 to 31 December 2024. The report stated that the CIPFA Code of Practice for Treasury Management 2021

recommended that the Committee should be updated on treasury management activities at least quarterly. The Committee was advised that there had been full compliance during this period with the Treasury Management Strategy Statement (TMSS), as agreed by Council on 27 February 2024.

The report had attached the MUFG Corporate Markets Economics Update; Borrowing and Investment Portfolios; and the list of approved countries for investments.

Resolved: That the Treasury Management Review Quarter 3 report for 2024/25 be noted.

41. HOUSING BENEFIT & COUNCIL TAX SUPPORT SCHEME - RISK BASED VERIFICATION POLICY

The Committee received a report stating that the Council intended to continue to use its Risk Based Verification (RBV) process in 2025/26 following the annual review of the Policy and that it was considered good practice for the Policy to be examined by the Audit and Governance Committee. The process had been introduced by the Council in June 2010 following a recommendation by the Department of Works and Pension. The process enabled processing of claims for Housing Benefit payments and Council Tax Support awards to be streamlined, thereby enabling customers to receive payments sooner. The approach also helped to mitigate risk and fraud entering the system. The Council's risk-based verification policy principles had remained unchanged from the previous year. The Risk-Based Verification Policy 2025/26 was appended to the report along with the previous year's Policy, but neither had been published because they contained exempt information as defined in Paragraph 7 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended).

Members of the Committee asked questions about whether there were proportionally more instances of fraud in the high risk category than in the low risk and what the savings made by the automated process were, in comparison to the cost of the software, and the Revenues and Benefits Manager said that she would need to look at the data to find the answers. The Chair also stated that he had a number of detailed questions about how the algorithm worked, which he would send in an email.

Resolved:

- (1) That the continued use of a Risk Based Verification approach to evidence supporting claims for Housing Benefit and Council Tax support in 2025/26 be noted;**
- (2) That the Risk-Based Verification Policy 2025/26, as attached at Appendix 1, be noted;**
- (3) That the Risk-Based Verification Policy 2024/25, as appended at Appendix 2, and that the policy had been effective for the period since initial implementation, be noted;**

AUDIT AND GOVERNANCE COMMITTEE MEETING MINUTES - 9 APRIL 2025

(4) **That the Revenues and Benefits Manager research the answers to the questions asked at the meeting and to be sent by the Chair, and the answers be circulated to members of the Committee.**

(The meeting commenced at 6.30pm and closed at 7.53 pm)

Audit and Governance Committee

16 July 2025



Title	2024/25 Draft Statement of Accounts
Purpose of the report	To note the report for information
Report status	Public report
Executive Director/ Statutory Officer Commissioning Report	Darren Carter – Director of Finance
Report author	Mark Sanders, Chief Accountant
Lead Councillor	Councillor Emberson, Lead Councillor for Corporate Services and Resources
Council priority	Not applicable, but still requires a decision
Recommendations	1. That the Committee notes the unaudited draft 2024-25 Statement of Accounts

1. Executive Summary

- 1.1. This report updates Committee that the draft 2024/25 Statement of Accounts has been published on the Council's website by the statutory deadline of 30 June. This is the first time the Council has met this requirement for nearly a decade and passes a significant milestone as we seek to play our part in the national recovery programme for external audit opinions.
- 1.2. The formal public inspection period is scheduled to commence in early July.
- 1.3. The report goes on to outline the timing of the external audit scrutiny, with the aim of reporting to the next committee in September a substantially completed process.
- 1.4. The Government has set a backstop date of 27 February 2026 for the external audit opinion to be issued.

2. Contribution to Strategic Aims

- 2.1. The external audit process includes the approval by Full Council of the annual Statement of Accounts results and the publication of accurate, transparent financial information which gives a true and fair view of Reading Borough Council's economic performance and financial stability. The Audit and Governance Committee plays an important role in reviewing the Council's processes for producing the accounts, and any associated audit reports.

3. Progress on publication

- 3.1. Reading's Draft 2024/25 Statement of Accounts has now been published on the Council's website and is available below as an appendix to this report:-

<https://www.reading.gov.uk/the-council-and-democracy/finance-and-legal-information/statement-of-accounts/>

3.2. The accounts comprise the Statement of Accounts for Reading Borough Council, and also the Reading Borough Council Group which includes the three significant subsidiaries Brighter Futures for Children, Reading Transport Limited and Homes for Reading.

3.3. The latest national position for published draft accounts, compiled by an independent local government finance specialist, showed that only 75% of Councils in England published by the statutory deadline, although this is a marked improvement from last year where only 30% achieved this.

LGimprove		Published Accounts Tracker							
		2023/24			Percentage		2024/25		
		Not published	Draft	Final	Disclaimer	Published	Finalised	Not Published	Draft Published Percentage Published
ILB		0	0	8	4	100%	100%	1	11 92%
OLB		0	4	3	13	100%	80%	6	14 70%
Met		1	1	19	15	97%	94%	13	23 64%
Unitary		1	6	25	30	98%	89%	13	49 79%
County		0	0	11	10	100%	100%	1	20 95%
Upper Tier		2	11	66	72	99%	91%	34	117 77%
Districts		2	12	52	98	99%	91%	46	118 72%
Total England		4	23	118	170	99%	91%	80	235 75%

Information as at 30 June 2025

3.4. This shows that local authorities are taking seriously the need to address the national backlog in external audit opinions, and we continue to work with our auditors KPMG to ensure this can happen as soon as possible.

3.5. Members will recall that, like most local authorities, the Council's accounts were disclaimed last year. This means that the opening balances for the 2024/25 Statement of Accounts, and in many cases prior year comparator figures will need an additional amount to work to gain audit assurance on them.

3.6. The National Audit Office has issued guidance around how this process will be resolved, with the Government offering a contribution towards the additional external costs that fall on councils in the form of an Audit Build-Back – Local Audit Grant. Reading will receive £95,564, which is a welcome contribution.

3.7. The Annual Governance Statement is presented for approval elsewhere on tonight's agenda and should be read alongside these draft accounts.

4. Audit Progress

4.1. The Council has already been working on the audit by supplying early data and explanations around processes and controls in accordance with the audit plan.

4.2. A joint planning workshop was held in the Spring which included an operational review of how the Council's and KPMG's teams worked together last year which identified a number of clarification points and improvements to help this year's audit run smoothly. The respective teams work well together and are improving how data is extracted, shared and used.

4.3. The main audit fieldwork will commence early in August and will continue through to mid-September, with some residual work continuing afterwards.

4.4. This will include specific work on the disclaimed opening balances and follow ups on work that was brought forward from the last audit.

4.5. The Council will be working in July to provide evidence for transactions that have already been sample picked and finalising all working papers.

5. Draft 2024/25 Statement of Accounts

- 5.1. The Council is required to prepare an annual Statement of Accounts and to arrange for them to be audited and reported in accordance with the Accounts and Audit Regulations 2015 and the 2024/25 Code of Practice on Local Authority Accounting in the United Kingdom, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Statement of Accounts presents the overall financial position of the Council and comprises: a narrative report and annual governance statement, comprehensive income and expenditure statement, balance sheet, movement in reserves statement, cash flow statement, collection fund statement, group accounts and supporting notes.
- 5.2. The Council has prepared the accounts on a going concern basis and has disclosed all material and required information in accordance with the Code of Practice.
- 5.3. The general fund balance has increased by £0.5 million to £8.9 million. Earmarked reserves have decreased from £57.8 million to £40.1 million which is in accordance with the forecast position assumed in the 2025/26 budget and Medium Term Financial Strategy. These figures included balances of £1.3 million held for individual maintained schools.
- 5.4. The cumulative Dedicated Schools' grant (DSG) deficit brought forward from the last financial year of £9.4 million has increased by £15.5 million, representing the deficit in 2024/25, to £24.9 million. In line with the School and Early Years Finance (England) Regulations 2020, the deficit reserve is classified as an unusable reserve instead of an earmarked reserve.
- 5.5. The Council instructed external valuers Sanderson Weatherall to carry out the land and buildings asset valuations in 2024/25 in line with the rolling programme of valuations which included a review of Beacon Assets for Council Dwellings. Valuations were completed in accordance with the professional standards of the Royal Institution of Chartered Surveyors (RICS) as per the planned timetable and revaluations have been processed to update carrying values at 31 March 2025 which are reflected in the 2024/25 draft Statement of Accounts
- 5.6. A new accounting standard was implemented from 1 April 2024; IFRS 16 Leases. The impact of this is to create a right of use asset and a lease liability on the balance sheet, instead of charging the lease payments to the comprehensive income and expenditure statement. A full review of council contracts and lease contracts was undertaken to determine those in scope of the accounting standard. The impact on the 2024/25 draft Statement of Accounts of the new accounting standard is relatively immaterial in respect of right of use assets, and the note in the Statement of Accounts reflects this assessment.
- 5.7. The Council has consolidated its subsidiary on the basis of unaudited draft accounts for Brighter Futures for Children, and on the latest trial balance information available from Reading Transport Ltd and Homes for Reading. Reading Transport Limited will be consolidated with their subsidiaries at the same time as they are audited and therefore the figures in our Group Accounts will need to be updated when their audit is complete.
- 5.8. All subsidiaries are expected to have their audits concluded in time for any potential amendments to Group Accounts to be considered. In the meantime, it is normal auditor to auditor protocol in group structures to exchange commentary and information to support the parent company's (RBC) audit and this work is underway.

6. Environmental and Climate Implications

- 6.1. None Arising

7. Community Engagement

- 7.1. This report will include where appropriate any feedback from public inspection of accounts.

8. Equality Implications

8.1. None arising.

9. Other Relevant Considerations

9.1. There are none.

10. Legal Implications

10.1. The Accounts and Audit Regulations 2015 (as amended) require the Council to produce and publish an annual Statement of Accounts in accordance with these regulations and “proper practice”.

10.2. Section 21 of the Local Government Act 2003 defines “proper practice” for this purpose to be the Chartered Institute of Public Finance and Accountability (CIPFA) Code of Practice on Local Authority Accounting (the Code) for the relevant year. The Code specified the principles, practices, format and content required in the preparation of the Statement of Accounts of the Accounts.

11. Financial Implications

11.1. The audit fees are reported within the detail of the report or appendices.

12. Timetable for Implementation

12.1. Not Applicable.

13. Background Papers

13.1. There are none.

Appendices

1. Draft unaudited 2024/25 Statement of Accounts



Aerial photo by www.jsaerial.co.uk



UNAUDITED STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2025

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Narrative Report

An introduction to Reading

Reading is the county town of Berkshire. It is situated in the Thames Valley between Slough and Bristol, 40 miles west of London.

Reading ranks amongst the UK's top 10 locations for economic success and wellbeing, when measured by factors such as employment levels, health, income and skills.

The town also offers a wealth of cultural, sporting and leisure opportunities including over 100 parks and open spaces.

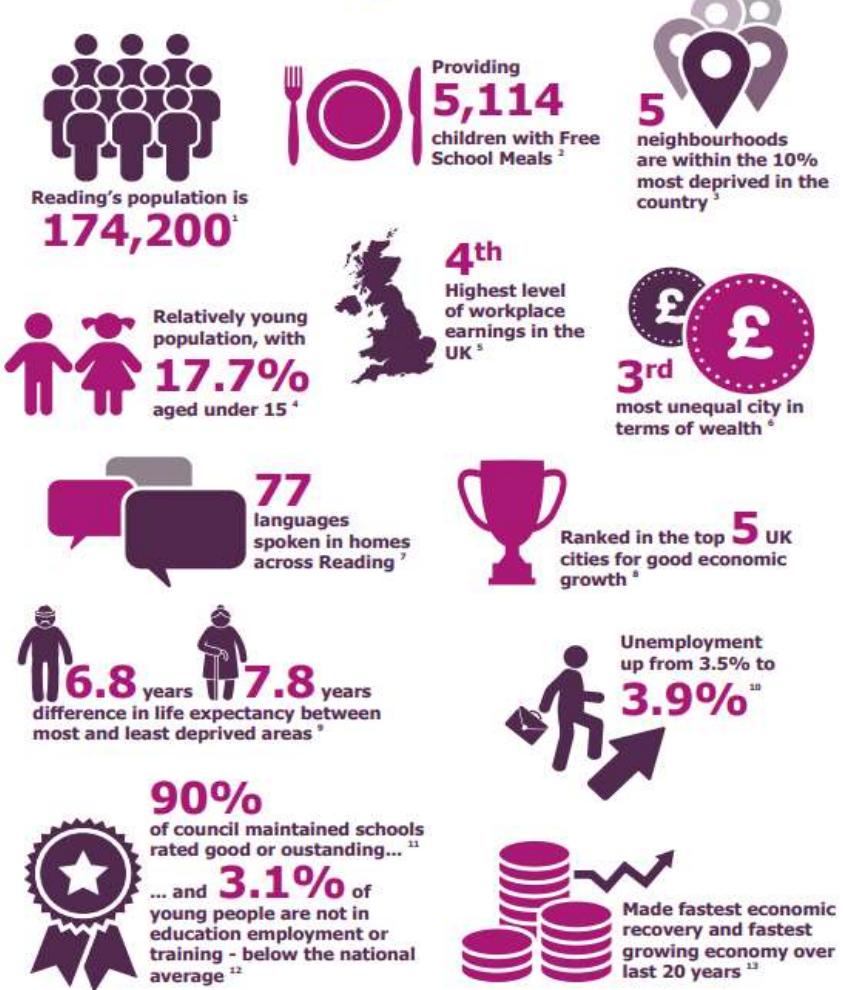
Every year it hosts the Reading Festival, one of the country's major music events, as well as the Reading Beer Festival, Reading Pride, and the Reading Half Marathon.

The town is a major transport interchange, continuing to benefit from its strategic location on the M4 corridor and proximity to Heathrow Airport and London. Reading is also home to the University of Reading and Reading College, with a large percentage of the local working population highly skilled.

However, prosperity has brought its own problems, with pressure on infrastructure, communities and the environment. The high cost of living and, in particular, the high cost of housing, have had a significant impact on local communities. Although Reading can undoubtedly demonstrate success and wealth, the town also contains wards amongst some of the most deprived in the country.

The following extracts from the Corporate Plan highlight our work to support and improve the lives of our residents.

Our Reading



1.ONS Census 2021 2. School Census 2022/24 3. Index of Multiple Deprivation 2019 ONS 4. ONS Census 2021 5. Centre for Cities 2022 6. Centre for Cities, girl coefficient 2016 7. ONS Census 2021 8. Demos-PwC Good Growth for Cities Index 2019 9. Institute of Health Equity/PHE 2018-2020 10. ONS Jun-22 to Jun-23 11. Ofsted 2023 12. DfE, Dec-23 13. Ernst & Young Economic Forecast

Our Achievements

We are proud of the achievements and investments we have delivered in 2024/25 and will continue to build on these successes. In the last year we have:



Refurbished Reading Station subway and High Bridge (a designated scheduled monument) on London Street / Duke Street.



Opened four new and improved playgrounds at Westfield Road Recreation Ground, Waterloo Meadows, Rivermead, and Victoria Park.



Added 13 new electric vehicles to Reading's refuse fleet, meaning refuse and recycling collections are now up to 92% electric.



Developed the new Community Wellness Outreach Service, alongside Health and Voluntary Sector colleagues, to carry out 4,878 health checks.



Increased the number of school places for children with special educational needs and disabilities in Reading from 564 to 940.



89% of schools in Reading have received strong Ofsted inspection outcomes and the Council's adult and community learning service, New Directions College, was rated 'Good' by Ofsted



Filled in 1,664 potholes.



Built 224 affordable new homes, including new homes for key workers.



Delivered 752 carer assessments and supported 2,520 people to live more independently by providing essential equipment and technology enabled care.



Received 4,226 referrals into Adult Social Care – and through effective work to promote independence only 11% needed to access long term care and support.



Opened a new 25-metre competition swimming pool and teaching and diving pool at Rivermead Leisure Centre.



Delivered a 30% reduction in energy consumption since 2019/20 and decarbonised energy sources at our leisure centres.



Supported the Business Improvement District in securing a £7.5m investment over 5-years to support the town centre, in addition to Council services.



Successfully implemented a voice automation option in our call centre, enabling residents to report issues such as a missed bin without having to wait to speak to someone.

Our Vision

"Our Vision is to help Reading realise its potential and to ensure that everyone who lives and works here can share the benefits of its success."

To make this vision happen, this Plan groups the Council's work into three themes:

- ***Healthy Environment***
- ***Thriving Communities***
- ***Inclusive Economy***

Within the Council, we are driven by the principles of TEAM Reading:



Together

We work together as one team with colleagues and partners to deliver great services

Our Foundations

Our foundations underpin how our services are delivered. They are:

- ***Customers first:*** Our Customer Experience Strategy puts our customers at the heart of service design and delivery, and we seek regular feedback through consultations and our residents' survey.
- ***Digital transformation:*** Both internally and externally, we're transforming how we work using the power of digital technology. We're modernising services and harnessing new technology to make it easier for residents to interact with us. We're improving our website, streamlining processes and making more services available online.
- ***Building self-reliance:*** We work with others to build the ability of individuals and communities to solve their own problems and withstand the shocks that come their way. We provide support to those who need it – but our first priority is always to help people live independently for as long as possible.
- ***Getting the best value:*** We strive for value for money in everything we do, and we are focussed on delivering the Council's three-year Savings and Investment Programme. But the best deal is not always the cheapest – it's the one that protects people, jobs, the environment and the budget. So, we're also evolving our procurement practices to enhance the social value in all we do.
- ***Collaborating with others:*** We are stronger in partnership and we collaborate with organisations from major corporations to local groups; with the business sector, charities, education institutions, health and social care, the police, faith groups, and the voluntary sector in Reading and across the Thames Valley to achieve our vision for Reading. We are building on the work done during the pandemic to consolidate partnerships and ensure a stronger network to support the most vulnerable.

Efficient

We drive efficiency and value for money in everything we do

Ambitious

We are ambitious in our plans and in what we want to achieve

Make a difference

We are here to make a difference to the residents, communities and businesses of Reading

Residents' Survey Results 2024



In 2024 we conducted a survey with a representative sample of 1,000 Reading residents about satisfaction with the Council and the services we provide. Key findings were:

- **60%** were 'very' or 'fairly' satisfied with the way Reading Borough Council runs things overall (compared to 55% nationally)
- **46%** agreed that Reading Borough Council provides value for money (compared to 38% nationally)
- **54%** agreed that Reading Borough Council acts on the concerns of local residents (compared to 47% nationally)

Our Vision and Priorities

Our Vision is to help Reading realise its potential and to ensure that everyone who lives and works here can share in the benefits of its success.

To deliver this vision we are focusing on the following five priorities over the next three years:

Promote more equal communities in Reading



Secure Reading's economic and cultural success



Deliver a sustainable and healthy environment and reduce Reading's carbon footprint



Safeguard and support the health and wellbeing of Reading's adults and children



Ensure Reading Borough Council is fit for the future



2024/25 Budget

The 2024/25 budget for Reading Borough Council was agreed by Council on 27 February 2024 and forms part of the Council's Medium Term Financial Strategy (MTFS).

Reading is a unitary authority and accounts for its expenditure in three categories:

General Fund Revenue Account

This includes day to day spending on all services. It is funded by the council taxpayer, government grant and other sources of income.

Housing Revenue Account (HRA)

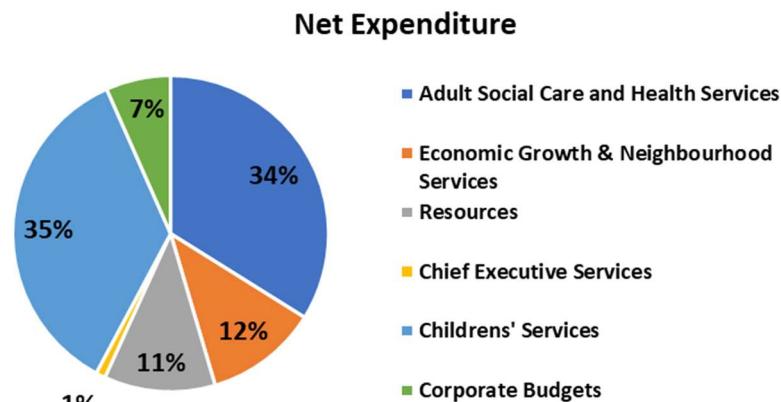
This is a ring-fenced budget for expenditure on the Council's Housing stock and is funded by council tenants' rents.

Capital

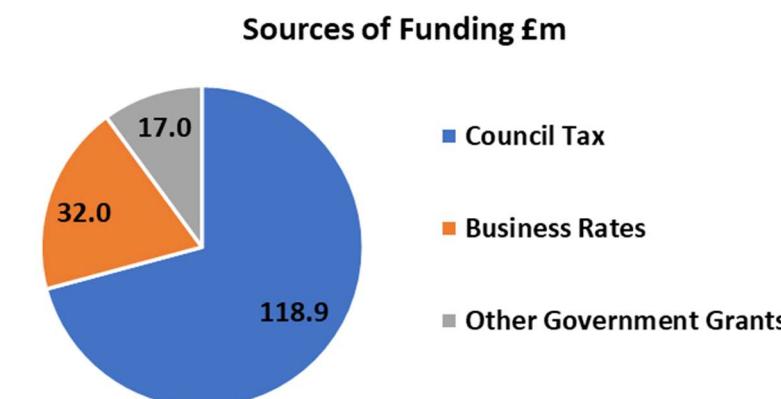
This is the expenditure incurred to make improvements to the Council's assets or for the purchase or creation of new assets. The Council has two capital programmes, one for the General Fund and one for the Housing Revenue Account. Capital is funded by grants, contributions from developers, capital receipts (the sale of capital assets), revenue and prudential borrowing.

For 2024/25, the Council has a net revenue budget of £167.9m, a General Fund Capital Programme of £69.6m, Housing Revenue Account budget of £54.1m and HRA Capital Programme of £33.7m.

The Chart below set out the relative proportions of the net budget spent in each of the key service areas for 2024/25.



The chart below shows the net funding for the General Fund revenue budget of £167.9m



Financial Performance 2024/25

General Fund Revenue

The financial outturn for 2024/25 was presented to Policy Committee on 21 July 2025.

There was a net adverse variance of £9.305m on General Fund revenue expenditure, and this will be funded from the Financial Resilience Reserve (£4.305m) and the Demographic & Cost-Led Pressures Reserve (£5m). The comparison of budget to actual for each service was broken down as follows:

£5.4m of ongoing savings were delivered against a target of £7.5m. £2.0m of non-delivered savings were carried forward.

The General Fund reserve balance was increased to £8.9m and General Fund earmarked reserves were £40.1m, giving total General Fund reserves of £49.0m.

Housing Revenue Account

Net expenditure on the Housing Revenue Account was £0.5m worse than expected. The final drawdown from reserves was £4.08m. The HRA reserve now stands at £32.8m.

Capital Expenditure

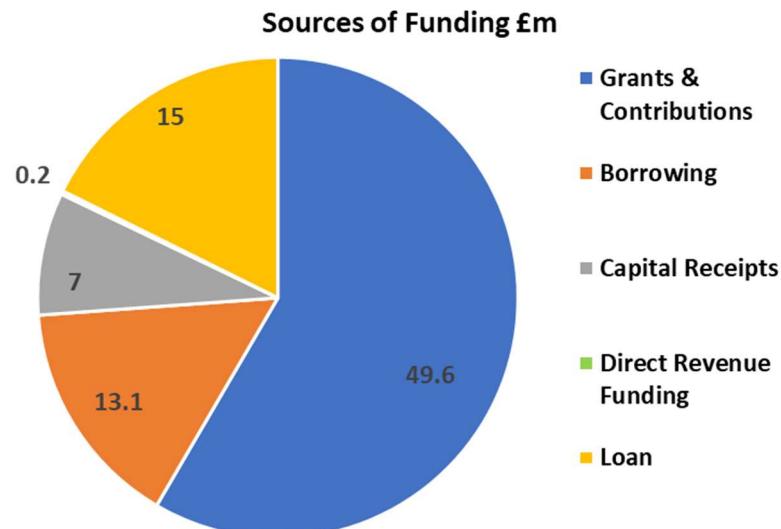
General Fund capital expenditure amounted to £56.7m and HRA capital expenditure was £28.2m, giving total capital expenditure for the year of £84.9m.

Capital expenditure for the year was £84.9m, including:

- Major Repairs – Existing Homes £12.5m
- New Build Housing £7.1m

- Bus Service Improvement £11.4m
- Highways Infrastructure £7.0m
- Acquisitions and Homes Provided under Local Authority Housing Fund £5.3m
- Leisure Centres £1.3m
- Replacement Vehicles and Maintenance £2.2m
- Delivery Fund £8.2m
- Corporate and Community Buildings £1.3m

Funding of General Fund capital expenditure:



Performance of Council owned companies

The Council's year-end Balance Sheet includes investments in limited companies and joint ventures. Its three principal interests are Brighter Futures for Children, Reading Transport Limited, and Homes for Reading. All three are wholly owned subsidiaries of the Council. A summary of the most recent audited accounts for 2024/25 is as follows:

	Reading Transport Ltd £'000	Homes for Reading £'000	Brighter Futures for Children £'000
Turnover	72,126	2,661	127,734
Profit/(Loss)	1,115	203	(10,124)

NB. The subsidiaries' accounts are currently unaudited and therefore subject to change.

Commercial Investments

Reading Borough Council has a small portfolio of investment properties:

Property	Annual Rental Yield Mar 25 £'000	Capital Value Mar 25 £'000	Purchase Price £'000
Kennet Wharf	689	10,000	21,276
Adelphi House	688	8,250	12,116
160-163 Friar St	744	8,000	11,884
Four 10 TVP	2,274	27,320	39,968

Schools and the High Needs Block

Schools maintained by the Council are recognised on the Balance Sheet as the balance of control lies with the Council.

The **Schools Earmarked Reserve** has been established to hold balances held by Schools under the delegation scheme. The Schools' surplus of £1.348m comprises the unspent revenue balances held by schools in surplus, offset by the overdrawn revenue balances of schools in deficit. This part of the balance can only be used by the Schools and is not available to the Council for general use.

The Balance Sheet

The balance sheet is a position statement at the end of the year. It shows what the Council owns (assets) and what it owes to others (liabilities).

Usable reserves and balances have been built up over time and can be used to fund future service costs or capital expenditure. Unusable reserves cannot be accessed and relate primarily to statutory accounting adjustments for capital transactions and pensions. A summary of the balance sheet as at 31 March 2025 is:

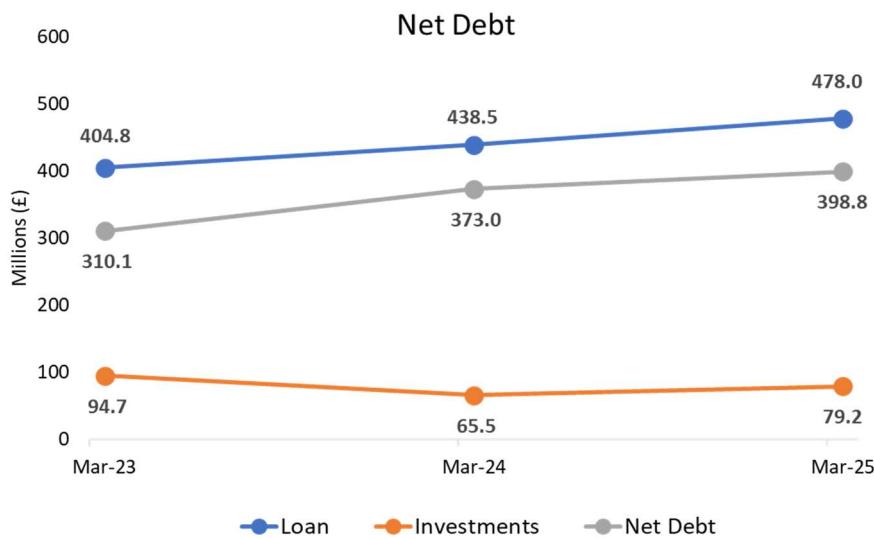
	March 2024 £'000	March 2025 £'000
Long-term Assets	1,254,841	1,295,961
Current Assets	107,247	106,767
Current Liabilities	(189,361)	(226,503)
Long-term Liabilities	(495,849)	(437,841)
Net Assets	676,878	738,384
Usable Reserves	(206,919)	(167,594)
Unusable Reserves	(469,959)	(570,790)
Total Reserves	(676,878)	(738,384)

Treasury Management

The Council has a small treasury management function, ensuring that funds are invested to achieve a return whilst maintaining adequate cash balances to meet liabilities as they fall due.

The position on loans and investments across the last 3-years is shown below:

New borrowing undertaken during 2024/25 totalled £253.500m. Principal repayments on loans totalling £214.000m were made. The net change in the gross borrowing position between 31 March 2024 and 31 March 2025 was an increase of £39.500m.



Pensions

The Council offers retirement pensions to its staff under a statutory scheme and makes contributions on their behalf to the Council's Local Government Pension Scheme which is administered by the Royal County of Berkshire Pension Fund.

Although pension benefits are not payable until employees retire, the Council has a commitment to make payments and must account for them in the year in which the future entitlements are earned. Accounting Standards require future pension liabilities to be recognised on the Council's balance sheet as the employing body rather than in the pension fund's accounts.

There is a net pensions deficit in the balance sheet of £62.2m at 31 March 25, the equivalent deficit figure for 2023/24 was £117.1m. In April 2023 the Council made an up-front payment of employer's contributions payable to the scheme of £17.4m for the three years 2023/24 to 2025/26 to secure a cashflow discount.

Looking ahead

A balanced budget for 2025/26 was set by Council in February 2025, including a budgeted net contribution from reserves of £3.945m and with planned savings of £11.559m and additional income of £4.576m across the 3-years of the MTFS.

A guide to the Financial Statements

The following form the main components of the Statement of Accounts:

The **Comprehensive Income and Expenditure Statement** shows the net cost of providing Council services in line with International Financial Reporting Standards.

The **Movement in Reserves Statement** shows the movement on different reserves and balances held by the Council, analysed between general, earmarked and unusable reserves.

The **Balance Sheet** shows the value of Council assets and liabilities at the year end.

The **Cashflow Statement** summarises changes in cash and cash equivalents during the year.

The **Expenditure and Funding Analysis** reconciles the full cost of providing services with the amounts funded by taxation.

The **Housing Revenue Account (HRA)** accounts for the Council's "landlord" role.

The **Group Accounts** summarise the financial position of the Council and its subsidiaries.

The **Annual Governance Statement** explains the arrangements put in place for corporate governance and for the general management of the Council's affairs.

The Notes provide more detail about individual transactions and balances.



A handwritten signature in black ink, appearing to read "DC" followed by a stylized surname.

Darren Carter
Director of Finance
Section 151 Officer
Reading Borough Council

Date – 30 June 2025

Annual Governance Statement 2024/2025

Annual Governance Statement 2024/25

EXECUTIVE SUMMARY

This Annual Governance Statement (AGS) provides an assessment of Reading Borough Council's governance arrangements for the financial year 1 April 2024 to 31 March 2025. The statement has been prepared in accordance with the Accounts and Audit Regulations 2015 and follows the current CIPFA/SOLACE guidance on delivering good governance in local authorities.

Key developments during 2024/25 include:

- Alignment with the Best Value Standards and Intervention Guidance 2024, demonstrating the Council's commitment to continuous improvement
- Key governance decision to bring children's services back in-house from Brighter Futures for Children Ltd
- A number of key regulatory inspections by the Care Quality Commission, OFSTED and Social Housing Regulator
- Continued financial challenges requiring robust governance oversight

INTRODUCTION: BEST VALUE GUIDANCE 2024 COMPLIANCE

This Annual Governance Statement has been significantly enhanced to demonstrate full compliance with the Best Value Standards and Intervention Guidance published in May 2024. The guidance emphasises seven key themes that define best value: Continuous Improvement, Leadership, Governance, Culture, Use of Resources, Service Delivery, and Partnerships and Community Engagement. Reading Borough Council has restructured this AGS to provide clear signposting to how the Council meets these best value requirements throughout all aspects of its governance framework. This approach ensures that both the public can clearly understand and assess the Council's adherence to best value principles.

Within this document are the themes from the Best Value compliance guidance:

- Theme 1: Continuous Improvement embedded throughout the Council's operations
- Theme 2: Leadership excellence and development initiatives
- Theme 3: Robust governance structures and decision-making processes
- Theme 4: Organisational culture promoting transparency and accountability
- Theme 5: Strategic use of resources for maximum public benefit
- Theme 6: Service delivery excellence and customer focus
- Theme 7: Partnerships and community engagement strategies

PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems and processes, culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate 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 ongoing process designed to identify and prioritise the risks to the achievement of Reading Borough 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.

COUNCIL PLAN AND STRATEGIC PRIORITIES

The Council approved its new Council Plan 2025-28 "Investing in Reading's Future" which sets out our vision for Reading as a place where all residents can enjoy a life of opportunity, choice and good health in a sustainable and prosperous community. The plan identifies three key themes:

Healthy Environment

- Climate emergency response and carbon reduction initiatives
- Environmental sustainability and green spaces
- Sustainable transport and infrastructure development

Thriving Communities

- Providing quality housing and working with partners to prevent homelessness
- Cultural and leisure opportunities for all residents
- Promote best practice across Reading's schools, helping to improve educational attainment and narrow the gap for disadvantaged and vulnerable children
- Reduce inequalities in health and life expectancy through our Public Health service and in partnership with the voluntary and community sector
- Reduce crime and antisocial behaviour, working with Thames Valley Police and other partners

Inclusive Economy

- Economic development and regeneration
- Skills development and employment opportunities
- Supporting local businesses and town centre vitality

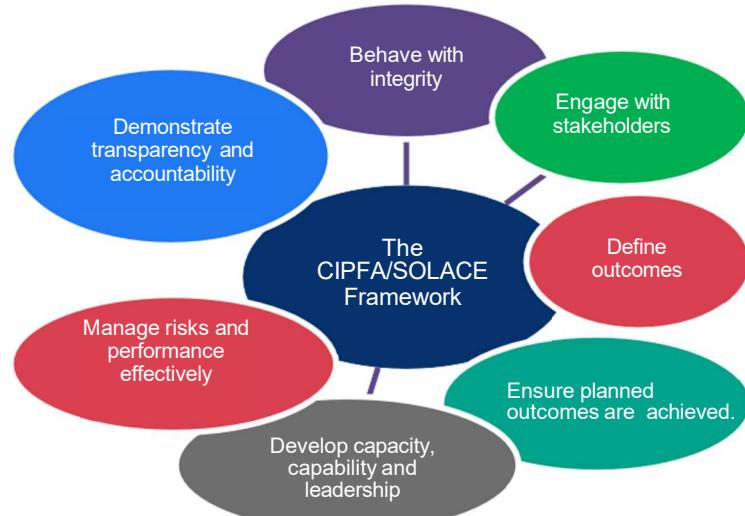
These themes are underpinned by "[Our Foundations](#)" explaining the ways we work:

- People first
- Digital transformation
- Building self-reliance
- Getting the best value
- Collaborating with others

HOW WE COMPLY WITH THE CIPFA / SOLACE FRAMEWORK

Part 2 of the Accounts and Audit Regulations 2015 requires local authorities to publish an Annual Governance Statement, and the subsequent CIPFA/SOLACE Delivery Good Governance in Local Government Framework (2016) requires the same authorities to be responsible for ensuring that:

- their business is conducted in accordance with all applicable statutes, regulations and policy
- public money is safeguarded and properly accounted for
- resources are used economically, efficiently and effectively to deliver agreed priorities and benefit local people.



KEY ELEMENTS OF THE COUNCIL'S GOVERNANCE FRAMEWORK

Key elements of the governance framework at Reading Borough Council are:

Committee Governance <ul style="list-style-type: none">• Four standing committees broadly aligned to the Council's departmental structure.• Provide leadership, develop and set policy.	Decision making <ul style="list-style-type: none">• All meetings are held in public and are mostly webcast and available to watch after the event.• Decisions are recorded on the Council website.• All Council decisions are supported by detailed officer reports which are open to the public unless they qualify as legally "exempt" from publication.	Risk management <ul style="list-style-type: none">• Risk registers identify operational and strategic risks.• Key risks are considered by Directorate Management Teams.• Strategic risks are reported to the Audit & Governance Committee quarterly and overseen by CMT.
Scrutiny and Review <ul style="list-style-type: none">• The Standards Committee investigates specific allegations of misconduct.• The Audit and Governance Committee is tasked with reviewing and considering improvements to corporate governance in general; and• All standing committees can undertake scrutiny of relevant functions where they think it appropriate.	Corporate Management Team (CMT) <ul style="list-style-type: none">• CMT are responsible for the overall management of the Council.• Head of Paid Service is the Chief Executive who is responsible for all Council staff and for leading CMT.• The Executive Directors lead most services which are delivered to the public.• Director of Finance is the Council's s.151 Officer and is responsible for safeguarding the Council's financial position and ensuring value for money.• Monitoring Officer is the Council's Assistant Director of Legal & Democratic Services who with the Chief Executive is responsible for ensuring legality and promoting high standards of public conduct.	

HOW WE COMPLY WITH THE CIPFA/SOLACE FRAMEWORK

The Council has arrangements in place to meet all relevant requirements of the CIPFA/SOLACE Framework. The seven “core principles” underpinning the Framework are set out below together with a summary of new or enhanced arrangements introduced in 2024/25.

Principle 1 - Behaving with integrity and respecting the rule of law:

Codes of Conduct for members and officers reinforce a public service ethos and high standards of behaviour in line with the Nolan principles. These are supported by more detailed guidance such as, Anti-Fraud, Bribery and Corruption Strategies, as well as Whistleblowing Procedures and a Procurement Code. The Monitoring Officer and Section 151 Officer both have specific responsibilities to ensure that Council decisions meet legal and financial requirements. The three principal statutory officers (and their deputies) meet regularly to review matters of significance for overall corporate governance. This supplements the work of CMT. The Statutory Officer Group will continue to meet regularly throughout the year to ensure the effective discharge of the Council’s business and functions.

2024/25 Enhancements:

- Updated Anti-Fraud, Bribery and Corruption Policy to address the new 'failure to prevent fraud offence' effective September 2025
- Enhanced whistleblowing awareness campaigns across all directorates
- Strengthened declaration of interests and gifts and hospitality processes
- Monitoring and reporting on mandatory training requirements

Principle 2 - Ensuring open and comprehensive stakeholder engagement:

The Council consults regularly with stakeholders, taxpayers and service users. The Consultation Hub on the Council’s website enables local people to find, participate in, and view outcomes from, any consultation activities that interest them. In addition, twenty different committees and forums are in place to represent local views on a range of subjects including transport, disabled access, children’s services and community safety. The Council publishes a twice-yearly residents’ newsletter and utilises online communication channels such as e-bulletins, Twitter, Facebook, and YouTube. Citizens also have rights to attend Council committees to ask questions, present petitions and speak on items of local importance. The Council provides a support function for councillors to allow them to hold local surgeries and to be able to process casework from residents. The Council commissions an annual resident survey, which provides feedback and trend data from a statistically significant sample of the population.

2024/25 Enhancements:

- Major consultations on the Local Plan and Draft Town Centre Public Realm Strategy
- Community engagement through allotment and burial ground changes
- Strengthened tenant engagement following Social Housing Regulator inspection
- Medium Term Financial Strategy engagement

Principle 3 - Defining outcomes in terms of sustainable economic, social and environmental benefits:

The Council Plan (see above) clearly articulates desired outcomes across the three strategic themes. Performance management arrangements ensure regular monitoring of progress against strategic objectives through committee reporting and quarterly performance reviews. The Council Plan also provides the framework for prioritisation of resources and is used to inform Service Planning and performance objectives for our staff. These key objectives are designed to be both financially and environmentally sustainable and have been developed in consultation with partners and local people. The Medium-Term Financial Strategy (MTFS) makes a realistic assessment of financial resources available to the Council to allocate to services and projects, and the Budget and Policy Framework approved by Council each year sets out revenue and capital spending limits, savings and efficiency targets as well as key improvement priorities for the forthcoming year. The Council uses key performance indicators (KPIs) and other methods such as regular performance and risk management reports at CMT, Policy Committee and Audit and Governance Committee to check budget and performance monitoring and to report progress against deliverables in the Council Plan.

2024/25 Enhancements:

- Market Position Statement 2024-2027 for Adult Social Care published
- Enhanced climate change adaptation framework implementation
- Improved integration of environmental considerations in decision-making

Principle 4 - Determining the intervention necessary to achieve intended outcomes:

CMT meet monthly to monitor performance. Monthly performance reports track the performance of priority Council activities and services through a suite of KPIs and consider risks, achievements, and issues. CMT monitors remedial actions being taken where slippage or under-performance occurs. Reporting on the delivery of major change programmes happens at series of cross-cutting internal Boards, the outcomes of which feed into the CMT performance reporting cycle. Senior management and councillors (Policy Committee), ensure the Council remains focused on achieving its agreed objectives and priorities. The four standing committees are responsible for ensuring that actions approved as part of the Budget and Policy Framework are delivered in each service area. The Financial and Performance Monitoring reports to Policy Committee summarise the financial position to date against budget and delivery of agreed savings targets.

2024/25 Enhancements:

- Decision to in-source Children's Services from Brighter Futures for Children Ltd
- Enhanced Strategic Housing & Landlord governance through the Strategic Housing Board
- Improved capital programme governance and business case assessment

Principle 5 - Developing capacity, including the capability of leadership and individuals within the Council:

The Council invests in leadership development and workforce planning to ensure sustainable service delivery. Corporate Management Team provides strategic leadership supported by directorate management teams. The TEAM Reading values underpin the way we work day-to-day. The Team Reading People Strategy sets out how we aim to achieve this and create an organisation that provides excellent services to Reading. Maximising capacity by working collaboratively is a key component of the Corporate Plan and several longstanding partnership working arrangements are in place. The Constitution sets out how the governance aspects of these arrangements should operate in practice. The Learning and Workforce Development Team has a specific role and remit to improve the capability and capacity of Council officers by offering a range of skills and qualification-based training opportunities.

2024/25 Enhancements:

- Permanent Executive Director and Assistant Director appointments made
- Enhanced governance boards across Adult Social Care, Children's Social Care and Housing services
- Strengthened statutory officers' collaboration and oversight
- Regular leader and manager briefings and development sessions held (SLG and Team Talk)
- Updating of mandatory training with improved monitoring and reporting

Principle 6 - Managing risks and performance through strong internal control and financial management:

Corporate risk registers are updated quarterly, with significant risks reviewed by senior management and members. Risk Management Training had been delivered to councillors providing guidance on how to review and challenge reports when received as part of promoting good governance. Internal Audit assess the overall quality of internal control and make recommendations for improvement as necessary. The Council has a strong track record in financial management, delivering services within budget and producing annual accounts within statutory deadlines.

2024/25 Enhancements:

- Enhanced risk management following regulatory inspections
- Improved business continuity planning including cyber resilience
- Strengthened governance oversight of major programmes and projects

Principle 7 Implementing good practices in transparency, reporting and audit to deliver effective accountability:

The Council follows Government guidance on providing clear and accurate information and has developed both its website and the format of Council reports to improve transparency and accessibility. Papers (including performance reports) and minutes of meetings, key decisions, and all items of expenditure and contracts awarded over £500 are published on the Council's website. All Council meetings are held in public, and minutes of meetings and webcasts are available on the Council's website. Public questions are allowed at Committees and at Council meetings.

2024/25 Enhancements:

- Improved transparency in Traffic Regulation Order processes following report to Council on maladministration of historic Orders
- Enhanced reporting on company governance arrangements
- Strengthened external audit cooperation and accounts preparation

BEST VALUE THEME 1: CONTINUOUS IMPROVEMENT

Organisational-Wide Approach to Improvement

Reading Borough Council has embedded continuous improvement as a core organisational principle throughout 2024/25. This is evidenced through:

Transformation Programmes:

- Establishment of transition programme for Children's Services to be delivered in-house, delivering estimated annual savings of £200-300k
- Housing services improvement programme overseen by Strategic Housing Board
- Adult Social Care transformation through the Striving for Excellence Board

External Review and Challenge:

- Inspecting Local Authority Children's Services (ILACS) (May 2024)
- Care Quality Commission inspection of Adult Social Care (December 2024)
- Social Housing Regulator inspection (February 2025)
- APSE review of Traffic Regulation Orders with comprehensive improvement plan implementation

Performance Monitoring:

- Quarterly strategic risk reporting to Audit and Governance Committee
- Directorate self-assessment processes with improvement action plans
- Enhanced budget monitoring and financial oversight arrangements

BEST VALUE THEME 2: LEADERSHIP

Vision and Strategic Direction

The Council's leadership demonstrates clear vision through the new Council Plan priorities, with strong political and managerial leadership working collaboratively to deliver outcomes for residents.

Leadership Development:

- Corporate Management Team provides strategic oversight and direction
- Statutory Officers Group ensures effective governance coordination
- Executive Directors provide strong directorate leadership with clear accountability

Key Leadership Achievements 2024/25:

- Successful navigation of major changes with council companies – Homes for Reading Ltd and Brighter Futures for Children Ltd
- Proactive response to regulatory inspection outcomes
- Clear decision-making on challenging financial priorities including current spending pressures and long-term decision making e.g. cemetery provision

BEST VALUE THEME 3: GOVERNANCE

Robust Democratic Structures

Reading Borough Council operates a committee system comprising four standing committees, providing democratic oversight and transparent decision-making:

- Policy Committee (strategic oversight)
- Adult Social Care, Children's Services and Education Committee
- Housing, Neighbourhoods and Leisure Committee
- Strategic Environment, Planning and Transport Committee

Governance Achievements 2024/25:

- Approved 2025/26 budget of £178.109m with clear financial strategy
- Implemented enhanced governance arrangements for major service transitions
- Strengthened company governance arrangements with review of wholly owned companies

Decision-Making Excellence:

- All committee meetings held in public with webcasting available
- Comprehensive officer reports supporting all decisions
- Clear audit trail for all governance decisions

BEST VALUE THEME 4: CULTURE

Values-Driven Organisation

The Council's culture is built on the foundation principles of TEAM Reading - promoting transparency, accountability, and continuous improvement.

Cultural Initiatives 2024/25:

- Enhanced whistleblowing awareness and speaking up culture
- Strengthened ethical standards through gifts and hospitality policy updates
- Culture workshops in Repairs and Property Services teams
- Improved staff engagement through transformation programmes

Accountability Measures:

- Zero member conduct complaints proceeding beyond initial assessment
- No proven fraud by councillors or staff
- Strong internal control environment with proactive issue identification

BEST VALUE THEME 5: USE OF RESOURCES

Financial Stewardship and Value for Money

Despite challenging financial circumstances, the Council has maintained strong financial governance arrangements:

Budget Management:

- £5.451m of savings were delivered in 2024/25, plus an additional £9.979m of in-year mitigations.
- General Fund reserves maintained at £49.035m.
- Cumulative Dedicated Schools Grant deficit of £24.904m.
- Net revenue budget of £178.109m for 2025/26 approved
- General balances and earmarked reserves are robust, risk assessed and maintained at appropriate levels in accordance with S.25 of the Local Government Finance Act 2003 and the Council's Medium Term Financial Strategy

Asset Management:

- Central Library redevelopment for housing provision
- Cemetery provision strategy extending capacity to 2044

Procurement Excellence:

- New end to end process implemented to support compliance with the Procurement Act 2023
- Hub and spoke procurement model approved for implementation
- Enhanced contract management arrangements and introduction of a new Procurement Board

BEST VALUE THEME 6: SERVICE DELIVERY

Customer-Focused Service Excellence

The Council has demonstrated commitment to service improvement across all areas:

Housing Services:

- 99% rent collection achieved despite cost-of-living pressures
- 104 new properties planned by 2026 to Passivhaus standards
- Comprehensive improvement plan addressing regulatory requirements

Adult Social Care:

- Market Position Statement 2024-2027 published
- Four new governance boards implemented under Striving for Excellence framework
- Peer challenge and support arrangements in place

Environmental Services:

- 54% reduction in borough carbon emissions since 2005
- 72.7% reduction in corporate emissions since 2008/09
- Enhanced winter service planning and highway maintenance

BEST VALUE THEME 7: PARTNERSHIPS AND COMMUNITY ENGAGEMENT

Collaborative Approach to Service Delivery

The Council works effectively with partners to deliver better outcomes for residents:

Community Partnerships:

- Over £636k in grants awarded to voluntary sector organisations
- Active participation in Reading's Economy and Destination Agency (REDA)
- Collaborative working with health & social care partners through Market Position Statement

Strategic Partnerships:

- Built better relationships with Reading Transport Limited
- Effective partnership working with Brighter Futures for Children Ltd during transition
- Regional collaboration with other local authorities through the Berkshire Prosperity Board

REVIEW OF EFFECTIVENESS

CMT is responsible for putting in place adequate governance arrangements and effective systems of internal control. The Council uses several ways to review and assess the effectiveness of governance arrangements, as set out below:

Assurances from Internal and External Audit

Internal Audit: Public Sector Internal Audit Standards require the Chief Auditor to provide an assessment of the overall adequacy and effectiveness of the Council's control environment. This opinion is expressed using a scale ranging from Substantial to Reasonable, then Limited and finally No Assurance.

The annual report and opinion of the Chief Internal Auditor for 2024/25 was presented to the Audit and Governance Committee on 16 July 2025. It states that the Council's internal control environment and systems of internal control in the areas audited were to be classed as "Reasonable Assurance". The following areas influenced the annual assurance opinion:

- The number of audits receiving a negative assurance opinion, as well as a combination of advisory work (not detailed audit reviews) and investigations undertaken. 18% of audits received limited or no assurance in 2024-25, compared to 44% in 2023-24, and 26% in 2022-23.

Issues Identified in 2024/2025	Planned Action
An audit found Commercial Properties (rent roll) discrepancies affecting billing accuracy. Better authorisation and verification controls are needed until the CPM system can generate invoices. Different budget responsibilities prevented a complete view of overall debt, making it hard to monitor and report on debt risk for commercial rents and leases.	Project initiated to start uploading all leases on CIVICA validating tenant information along with income data and lease details.
An audit of Supported Living found that the tendering process and financial controls for placements needed improvement, and governance was lacking for providers outside the framework.	Additional controls have been introduced to ensure that governance processes are being followed for any off-framework provider. The Council is in the process of procuring a new framework (March 2026) which will further reduce any need for off framework purchasing.
An audit of Residents Parking Enforcement found limited assurance of proper governance, risk management, and control systems. Issues included unclear responsibilities, poor data quality, and expired contracts, indicating the contracts might not be suitable.	A number of actions have been identified and planned in relation to record keeping and minutes. Work on contracts continues, including the commencement of a review of the current enforcement contract well ahead of its scheduled renewal in 2027.

An investigation found that the **East Reading Red Route TRO** and other TROs were not properly made or implemented. This meant the Council had no legal basis to issue Penalty Charge Notices (PCNs), making their enforcement and payment collection unlawful.

The Monitoring Officer issued a report under section 5 of the Local Government and Housing Act 1989 to report this maladministration to the Council. A scheme of Restitution and an Action Plan have been put in place, both of which are monitored by the Audit and Governance Committee.

External Audit: The Council's external auditor, KPMG, provides assurance on the accuracy of the year-end Statement of Accounts and the overall adequacy of arrangements for securing and improving value for money. In response to a national recovery programme to bring up to date the achievement of timely external audit opinions, the Government has implemented a series of backstop dates by when audit opinions must be issued. The Council received a disclaimed opinion from EY for 2021/22 and 2022/23, and a disclaimed opinion from KPMG for 2023/24 in compliance with the recovery programme.

In giving the 2023/24 opinion, KPMG also provided a small number of improvement recommendations in their [ISA 260](#) reported to the Council's Audit and Governance Committee in April 2025.

Value for money commentary was also provided for each of these years by the respective auditors. The latest Auditors Annual Report from KPMG for 2024/25 was reported to Council at its meeting 25 February 2025 which recognised an improvement in the arrangements concerning Children's Services with regard to the on-going continuous improvement plan and evidence of an increasingly joined up approach with other Councils and partners to tackle issues.

Compliance with the Financial Management Code

In 2019, CIPFA introduced the Financial Management Code (FM Code) with 17 standards for local authorities. Authorities must annually review and provide evidence of compliance since April 1, 2021.

The 2023/24 self-assessment showed progress:

- The 2020/21 accounts received an unqualified opinion, and audits for 2021/22, 2022/23, and 2023/24 were completed in line with published audit "backstop" deadlines, though with disclaimed opinions.
- Despite a disclaimed opinion for the 2023/24 Statement of Accounts, auditors found no major weaknesses in the Council's arrangements to improving economy, efficiency and effectiveness for 2023/24.

The Chief Auditor's Annual Assurance Report 2023/24 report gave a limited assurance opinion on the overall adequacy and effectiveness of the organisation's governance arrangements, risk management and internal control environment, leading to one standard being downgraded from Green to Amber. Overall, 11 standards were rated Green and 6 were rated Amber, resulting in an overall Amber rating for 2023/24.

Self-assessment and review of key performance indicators

The Council's Finance team works with Internal Audit to confirm that expected governance arrangements have been in place throughout the year. Management Assurance Statements, signed by senior officers, also confirm that Codes of Conduct, Financial Regulations and other corporate processes have operated as expected. In addition, the Chief Executive has implemented a Statutory Officers Group to monitor governance issues on a monthly basis with the Executive Director of Resources, Chief Finance Officer and Monitoring Officer.

The Council uses several key outcomes to confirm the adequacy of governance arrangements. These KPIs are outlined in the table on the following page.

Issues Identified	Performance in 2024/2025
Formal reports by s151 or Monitoring Officer	One – October 2024 at Council in relation to maladministration of historic Traffic Regulation Orders.
Number of Member Code of Conduct Complaints investigated	None beyond the initial filter stage. Report on referrals presented annually to Standards Committee.
Proven fraud carried out by councillors or members of staff	None in 2024/2025
Objections received from local electors	There was one objection raised during the year relating to the 2022/23 Statement of Accounts which was not upheld by the Council's External Auditor for those accounts Ernst & Young
Local Government Ombudsman referrals upheld	<p>Total number of LGSCO complaints/enquiries received - 59</p> <ul style="list-style-type: none"> • Cases referred back to Council – 12 • Cases closed after initial enquiries – 24 • Formal investigations – 15 (10 were upheld)
Housing Ombudsman	<ul style="list-style-type: none"> • Findings (outcomes) - 3 - Upheld – further 12 awaiting outcome from the HO • Orders (compensation, apology, specific actions etc.) - 3 • Determinations (cases decided upon by the HO) - 3 • Maladministration findings - 3
Internal audit reports	Four high risk areas identified as shown in the preceding table above
Information Commissioner referrals upheld	There was one case investigated by the ICO during the year which was not upheld.

Freedom of Information requests (performance)	1043 requests were received in 2024/2025. 74.5% were responded to within the statutory timeframe (20 days)
Annual Accounts	2021/22, 2022/23 signed off with a disclaimed opinion following limited external audit fieldwork undertaken. 2023/24 was also signed off with a disclaimed opinion, however this was mainly as a result of the unaudited opening balances brought forward from previous years. Significant external audit fieldwork was undertaken by KPMG in relation to 2023/24 'in-year' transactions.
Group activities ¹	No governance issues to address in 2024/25. The Council continues to receive appropriate information about the performance of its companies through the Policy Committee which acts as the designated shareholder committee for the Council

Inspections and Assessments

OFSTED Inspection of Children's Services (April-May 2024): A full inspection of Reading's children's services was conducted, with the following outcomes:

- The experiences and progress of children who need help and protection: Requires improvement to be good
- The experiences and progress of children in care: Good
- The experiences and progress of care leavers: Good
- The impact of leaders on social work practice with children and families: Requires improvement to be good
- Overall effectiveness: Requires improvement to be good

Key areas for improvement identified include:

- Quality of assessment, planning and provision for children in need
- Timely identification of risk for children
- Workforce development, training and support
- Response to children at risk of harm outside the home

¹ The Council operates several companies: Reading Transport Ltd – the operating company for Reading Buses, which itself has several subsidiaries. (100% share ownership). Homes for Reading Ltd – provision of private sector lettings. (100% share ownership). Brighter Futures for Children Ltd – provision of Children's Services. (Sole member). Reading Hampshire Property Partnership Ltd – provision of property and construction related consultancy and procurement. (49% share ownership). The Council also is involved in two other not for profit partnerships as a member: First, Reading REDA (Reading's Economy and Destination Agency) delivering economic development for the Borough UK. Secondly, IESE Ltd providing management consultancy.

His Majesty's Inspectorate of Probation (HMIP) Youth Justice Inspection (September 2024): Reading Youth Justice Service was inspected by HMIP in September 2024, receiving an overall outcome of 'Inadequate'. The inspection identified significant weaknesses across multiple areas requiring comprehensive improvement action.

Key recommendations for the service and the Youth Justice management Board included: quality assurance arrangements; supervision and practice oversight; comprehensive assessment and planning activity; appropriate focus on victim needs; the need for sufficient resourcing and structure for high-quality interventions; effective use of disproportionality action plan and access to quality education, training and employment opportunities.

A comprehensive improvement plan was developed in December 2024, structured around four pillars: Governance and Leadership, Staffing and Workforce Development, Partnership and Services, and Process, Systems and Quality of Practice. The improvement plan is overseen by sub-groups reporting to the Youth Justice Management Board, with specific timescales and responsible officers identified for each action.

The Care Quality Commission (December 2024) - conducted an onsite inspection of Adult Social Care between 16th to 19th December 2024 in relation to how we fulfil our statutory duties within the Care Act 2014. Report is pending. Enhanced governance arrangements through new Adult Social Care board structures and delivery against the service's established improvement plan have contributed to the preparation to this inspection.

The Social Housing Regulator (February 2025) - conducted an onsite inspection of Housing & Communities Landlord function in relation to how we fulfil our duties in delivering the Consumer Standards for Landlords. The Council was issued with a C3 consumer grading, confirming serious failings in the landlord's delivery of consumer standards outcomes. The inspection identified specific concerns regarding the Safety and Quality Standard, Transparency, Influence and Accountability Standard, and Neighbourhood and Community Standard.

Key findings included:

- 50% of homes surveyed in the last five years, with outdated understanding of property conditions
- Approximately 1,600 overdue repairs at time of inspection
- Serious failings in the provision of an effective and efficient repairs service
- Lack of meaningful tenant scrutiny opportunities
- Issues with anti-social behaviour (ASB) case management and supervision
- Specific concerns about PFI-managed properties, including lack of ASB risk assessments, and information for tenants on their website
- Failings in approach to complaint handling for both RBC and PFI managed properties

The Council has implemented a comprehensive improvement plan with monitoring through monthly provider improvement meetings with the Social Housing Regulator and regular progress reporting to the Housing, Neighbourhoods and Leisure Committee.

Joint Targeted Area Inspection (February 2025): A Joint Targeted Area Inspection of the partnership, focusing on the impact of domestic abuse on children aged 7yrs and under, took place over three weeks. The inspection identified strengths including timely decision-making at the front door, strong partnership working in pre-birth risk assessments, and skilled Family Help staff with a good understanding of the impact of domestic abuse. Ten areas for improvement were identified for the partnership, including hearing the child's voice, information sharing, a better understanding of the cumulative impact of domestic abuse, improved governance structures, better use of data and improved commissioning of domestic abuse services. A multi-agency action plan will be submitted to Ofsted in August 2025.

Association for Public Service Excellence (APSE) (February 2025) - reviewed the handling of Traffic Regulation Orders (TRO's). APSE recommended improvements to governance, team structures, and processes. The Highways department is struggling with workload due to vacancies and a lack of experienced applicants. More demands will come from digitising TROs and consolidating Orders, requiring strong systems to avoid errors like those in 2024. Clear information, policies, and plans can guide Elected Members and the public. Internal communication issues, like those with the Bus Lane introduction, show the need for better arrangements and early involvement in proposals.

The Local Government Association (LGA) - reviewed Brighter Futures for Children's Transformation Programme and the costs of Reading Borough Council's Children's services. They found that residential care costs were very high even though the number of children being looked after wasn't very high. This was due to complexity of need, a lack of local and in-house provision and a local and national reduction in foster carers, all of which are part of the current Transformation Plan. The review also suggested ways to manage budgetary pressures. Historic high staff turnover and the use of expensive agency workers were noted, but there had been improvement in this area. They highlighted the need to strengthen data quality, especially in Special Educational Needs and Disabilities (SEND), to improve the accuracy of school travel forecasting. More work is needed in integrating performance and cost management and reducing reliance on spreadsheets. In summary they found that the Children's Transformation Programme was focussed on the right areas and suggested it could be strengthened by expediting some areas and resourcing transformation on a permanent basis moving forward. They also found that there is a risk that demand might not match the budget or the Medium-Term Finance Strategy.

KEY GOVERNANCE ISSUES

Based on the review of effectiveness, several governance issues have been identified requiring ongoing attention:

Traffic Regulation Orders - On October 15, 2024, the Council reviewed a report that identified issues with historic Traffic Regulation Orders (TROs). These TROs were improperly made and implemented, making their enforcement and the collection of payments unlawful due to the Council's lack of legal authority to issue Penalty Charge Notices (PCNs). The report detailed the issues, financial and legal implications, and proposed next steps. A Scheme of Restitution and an Action Plan has been developed to address these issues, with progress reported to the Audit and Governance Committee to ensure councillor and public scrutiny.

A system has been established to review and monitor Traffic Regulation Orders (TROs) involving Network Services, Parking Enforcement, and Legal Services. This includes site inspections before and after TRO implementation to identify and correct errors. A new digital map-based TRO management system is being developed to improve accuracy and consistency. Governance improvements ensure better tracking and follow-up on decisions, enhancing transparency and accountability.

Children's Services - The Council will bring all services provided by Brighter Futures for Children Ltd (BFFC) in-house on 1 October 2025, to improve control, decision-making, integration, and reduce duplication. Expected benefits include better oversight, streamlined operations, enhanced collaboration, cost savings of £200,000-£300,000 annually, and improved service delivery for children and families in Reading.

Homes for Reading Ltd - Reading Borough Council has decided to close Homes for Reading Ltd, its wholly owned housing company, following extensive consultation with tenants. The decision was made due to changes in local authority lending rules, the housing market, and interest rates, which affected the company's viability. The 101 homes managed by Homes for Reading will be transferred to the Council's mainstream housing stock as tenants' leases end, providing affordable housing for key workers. The Council is committed to supporting tenants through this transition, ensuring they find suitable alternative accommodation.

Reading Hampshire Property Partnership Ltd - Reading Council's partner in this property services shared service, Hampshire County Council, has given notice to the Council that it no longer has the capacity to provide the support services required by the Council. All activity ceased by the end of March 2025. A report will progress to Policy Committee to seek approval for the closure of the Company.

Response to regulatory assessments - a number of areas have been inspected during 2024/25 and the Action Plans to address recommendations will need oversight during 2025/26.

Last year's Annual Governance Report highlighted eleven key areas for improvement. The table below sets out action taken to address these issues during 2023/24:

Issues Identified	Performance in 2024/2025
Review of procurement Hub and Spoke governance and practices to ensure all activities are aligned to the latest transformation / change programmes.	Consultation completed on corporate Hub and agreed model has begun implementation to resolve any performance and capability gaps. Introduction of a new operational governance model to compliment project framework and Procurement Act 2023.
Continue to embed monitoring arrangement to maximise completion of mandatory leading	Governance in place to report to Corporate Management Team. Mandatory learning completions have risen significantly and are now tracked every 3 months. Where necessary, individuals are provided with prompts to complete required mandatory learning in line with the new approach. Mandatory learning completions for GDPR rose to 96.6% at the end of March and 96.2% for cyber security (IT users)
Strengthen arrangements for monitoring and recording declarations of interests, gifts and hospitality	New processes in place and communicated to all staff.
Targeted work to improve response times to FOIs and enquiries and learning to be gathered from complaints	FOI performance has been reported to Audit and Governance Committee. There was a significant slip in Q2 due to the implementation of a system which requires additional work to provide the expected benefits. Work continues to improve performance and this continues to be reported to Audit and Governance.
Implement the recommendations following the Housing Repairs Task Force and improvement plan, and achieve/maintain all relevant safety standards for the housing stock	Task Force updates have been reported into Audit and Governance Committee noting significant improvements. One workstream remains outstanding linked to procurement which will be completed by September 2025. Actions will evolve into a continuous improvement plan and is linked with the response to the Regulatory inspection.
Review of the governance of the Climate Programme Board and reporting lines to ensure climate action is embedded across the organisation	The governance of the Climate Board was reviewed in 2024. 2025 is the year of development of the new climate emergency strategy for the borough and subsequent carbon plan 2025 to 2030. These documents will trigger a further review of the governance and terms of reference of the climate programme board. Climate implications are included in committee and capital and revenue bid templates. Additionally, carbon literacy training is being rolled out to all managers. The Council achieved bronze standard for carbon literacy and is A-rated for Climate Action (CDP).

CONCLUSION

The Council is satisfied that appropriate governance arrangements are in place, however it remains committed to maintaining and where possible improving these arrangements, by:

- Following receipt of the results of Adult Social Care's CQC assessment areas of improvement will be logged, monitored and actioned throughout 2025-26 via our internal governance boards. Progress will be reported into the Adults, Children's & Education Committee.
- Following the receipt of the Social Housing Regulator Inspection Report areas of improvement were immediately logged and planned for throughout 2025/26 via our internal governance boards. Progress will be reported to the Social Housing Regulator and reported into the Housing, Neighbourhoods and Leisure Committee.
- Continue with the procurement stream of the housing repairs and property services improvement plan to ensure that all contracts are up to date, are properly implemented and mobilised and have robust contract management in place.
- Reminder to all staff about the importance of the Speaking Up and Whistle Blowing Policy.
- Remind all staff that Declaration of Interests and Gifts and Hospitality declarations should be submitted where necessary and remind managers that the Register of Gifts and Hospitality is reviewed from time to time and is accurate and up to date.
- Traffic Regulation Orders – commissioning of the Digital TRO project, conclusion of the Scheme of Restitution and sign-off of the Action Plan at Audit and Governance Committee.

- The Council will transfer BFfC staff and property back to its control, novate contracts, and close the BFfC Company. Committee terms and the Council's Constitution will be updated, and the Independent Fostering Agency will transition to a Local Authority Fostering Service. An independently chaired Improvement Board will be established, with transition costs funded from earmarked reserves.
- Continue to implement the Children's Services Rapid Improvement Plan and the Partnership Improvement Plan to address the 10 areas of improvement following the partnership's Joint Targeted Area Inspection. Progress will be overseen by the Berkshire West Safeguarding Children's Partnership and ACE Committee.
- Continue to implement the Youth Justice Improvement Plan, monitored by the Youth Justice Management Board.
- Budget plans to be in place for the next MTFS period and planning will start soon for further savings to close the forecast Council budget gap
- Update the Council Anti-Fraud, Bribery and Corruption Policy to take into account the new 'failure to prevent fraud offence', which will come into effect on 1 September 2025. Under the Economic Crime and Corporate Transparency Act 2023, the "failure to prevent fraud" offence means large organisations can be criminally liable if they fail to prevent fraud committed by employees and associated persons, unless they can demonstrate reasonable fraud prevention procedures.

Cllr Liz Terry

Leader of Reading Borough Council

Date:

Jackie Yates

Chief Executive of Reading Borough Council

Date:

Independent Auditor's Report to the Members of Reading Borough Council

To follow

Statement of Responsibilities

Responsibilities of the Council

The Council is required to:

- 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 this Council, for 2024/25, the Chief Financial Officer is the Director of Finance.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Arrange for the approval of the Statement of Accounts at the conclusion of the audit. In this Council, the approval is delegated to the Audit and Governance Committee.

Responsibilities of the Chief Financial Officer

The Chief Financial Officer is responsible for the preparation of the Council's Statement of Accounts, in accordance with proper practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom (The Code).

In preparing this Statement of Accounts, the Chief Financial Officer has:

- Selected suitable accounting policies and then applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with the Local Authority Code.

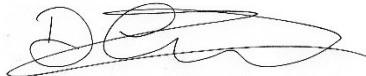
The Chief Financial Officer has also:

- Kept proper accounting records which were up to date.
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Approval of the Accounts

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

Darren Carter
Director of Finance (S151 Officer)
30 June 2025



Financial Statements

Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement (CIES) shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation (or rents). Authorities raise taxation (and rents) to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

	2023/24 Restated						2024/25			
	Gross Expenditure	Gross Income	Net Expenditure	Service Area	Note	Gross Expenditure	Gross Income	Net Expenditure		
	£'000	£'000	£'000			£'000	£'000	£'000		
Page 53	113,693	(61,963)	51,730	Communities and Adult Social Care		130,500	(68,738)	61,762		
	41,683	(23,220)	18,463	Resources		48,830	(26,210)	22,620		
	1,775	(236)	1,539	Chief Executive Services		1,895	(425)	1,470		
	50,575	(50,585)	(10)	Corporate		43,090	(50,835)	(7,745)		
	182,169	(116,492)	65,677	Children, Education and Early Help Services		209,653	(120,671)	88,982		
	93,890	(44,769)	49,121	Economic Growth and Neighbourhood Services		98,813	(42,973)	55,840		
	45,252	(46,418)	(1,166)	Housing Revenue Account		45,480	(50,503)	(5,023)		
	529,037	(343,683)	185,354	Costs of Services		578,261	(360,355)	217,906		
	21,543			Other Operating Expenditure	10				2,071	
	23,581			Financing and Investment Income and Expenditure	11				13,512	
	(188,840)			Taxation and Non-Specific Grant Income	12				(214,819)	
	41,638			(Surplus) or Deficit on Provision of Services					18,670	
	340			(Surplus) or Deficit on Revaluation of Available for Sale Financial Assets					(268)	
	(21,623)			Remeasurements of the Net Defined Benefit Liability	44				(57,860)	
	21,717			(Surplus) or Deficit on Revaluation of Property, Plant and Equipment					(22,048)	
	434			Other Comprehensive Income and Expenditure					(80,176)	
	42,072			Total Comprehensive Income and Expenditure					(61,506)	

Please Note: This table and all others within this document are subject to some rounding of figures. Where necessary some previous year figures may have been restated to match 2024/2025 reporting structure

Movement in Reserves Statement

The Movement in Reserves Statement shows the movement from the start of the year to the end on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The Statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax (or rents) for the year. The Net Increase/Decrease line shows the statutory General Fund Balance and Housing Revenue Account Balance movements in the year following those adjustments.

2024/25	REVENUE RESERVES						CAPITAL RESERVES			Total Usable Reserves	Unusable Reserves	Total Reserves
	General Fund balance	Earmarked General Fund Reserves	Total General Fund balances	Housing Revenue Account (HRA)	Earmarked HRA Reserves	Total HRA Balances	Capital Receipts Reserve	Major repairs Reserve	Capital Grants Unapplied Account			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2024	(8,394)	(57,751)	(66,145)	(27,388)	(9,524)	(36,912)	(32,670)	(11,786)	(59,406)	(206,919)	(469,959)	(676,878)
(Surplus)/Deficit on provision of services	17,300	-	17,300	1,370	-	1,370	-	-	-	18,670		18,670
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	-	-	(80,176)	(80,176)
Total Comprehensive Income and Expenditure	17,300	-	17,300	1,370	-	1,370	-	-	-	18,670	(80,176)	(61,506)
Adjustments between accounting basis and funding basis under regulations	10,132	-	10,132	2,041	-	2,041	15,824	346	1,959	30,301	(30,301)	-
Net (increase)/decrease before transfers to/(from) earmarked reserves	27,432	-	27,432	3,410	-	3,410	15,824	346	1,959	48,971	(110,477)	(61,506)
Transfers to/(from) earmarked reserves	(27,943)	17,621	(10,322)	(268)	933	666	-	-	10	(9,647)	9,647	-
(Increase)/decrease for the year	(511)	17,621	17,110	3,143	933	4,076	15,824	346	1,969	39,325	(100,831)	(61,506)
Balance at 31 March 2025	(8,905)	(40,130)	(49,035)	(24,245)	(8,591)	(32,836)	(16,846)	(11,440)	(57,437)	(167,594)	(570,790)	(738,384)

2023/24 Restated	REVENUE RESERVES						CAPITAL RESERVES			Total Usable Reserves	Unusable Reserves	Total Reserves
	General Fund balance	Earmarked General Fund Reserves	Total General Fund balances	Housing Revenue Account (HRA)	Earmarked HRA Reserves	Total HRA Balances	Capital Receipts Reserve	Major repairs Reserve	Capital Grants Unapplied Account			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2023	(8,221)	(70,132)	(78,353)	(35,334)	(9,916)	(45,250)	(31,584)	(8,749)	(61,704)	(225,640)	(493,310)	(718,950)
(Surplus)/Deficit on provision of services	36,803	-	36,803	5,175	-	5,175	-	-	-	41,978		41,978
Other Comprehensive Income and and Expenditure	-	-	-	-	-	-	-	-	-	-	94	94
Total Comprehensive Income and Expenditure	28,993	-	28,993	5,175	-	5,175	-	-	-	34,168	94	42,072
Adjustments between accounting basis and funding basis under regulations	(18,655)	-	(18,655)	3,163	-	3,163	(1,086)	(3,037)	2,298	(17,317)	17,317	-
Net (increase)/decrease before transfers to/(from) earmarked reserves	18,148	-	18,148	8,338	-	8,338	(1,086)	(3,037)	2,298	24,661	17,411	42,072
Transfers to/(from) earmarked reserves	(18,321)	12,381	(5,940)	(392)	392	-	-	-	-	(5,940)	5,940	-
Net (increase)/decrease for the year	(173)	12,381	12,208	7,946	392	8,338	(1,086)	(3,037)	2,298	18,721	23,351	42,072
Balance at 31 March 2024	(8,394)	(57,751)	(66,145)	(27,388)	(9,524)	(36,912)	(32,670)	(11,786)	(59,406)	(206,919)	(469,959)	(676,878)

Balance Sheet

2023/24 Restated £'000	Balance Sheet	Note	2024/25 £'000
1,007,223	Property, Plant & Equipment	22	1,051,468
137,168	Infrastructure	23	137,097
3,376	Heritage Assets	24	3,273
57,580	Investment Property	25	57,260
7,228	Intangible Assets	26	9,077
23,080	Long-term Investments	29	23,347
19,186	Long-term Debtors	34	14,439
1,254,841	Non-Current Assets		1,295,961
125	Assets held for sale		-
204	Financial Assets Held for Sale		186
441	Inventories	31	568
82,308	Short-term Debtors	34	72,212
24,169	Cash and Cash Equivalents	33	33,801
107,247	Current Assets		106,767
(79,518)	Short-term Borrowing	29	(122,182)
(94,888)	Short-Term Creditors	35	(89,412)
(7,346)	Revenue Receipts in Advance	35	(7,534)
(6,256)	Short-Term Provisions	36	(6,101)
(1,325)	PFI Short-Term Liabilities and Deferred Income	42	(1,274)
(28)	Deferred Income		-
(189,361)	Current Liabilities		(226,503)
-	Long-Term Provisions	36	-
(357,485)	Long-Term Borrowing	29	(355,485)
(117,072)	Liability relating to defined benefit pension scheme	44	(62,179)
(20,518)	PFI Long-Term Liabilities and Deferred Income	42	(19,205)
(774)	Other Long Term Liabilities		(972)
(495,849)	Long Term Liabilities		(437,841)
676,878	Net Assets		738,384
(206,919)	Usable Reserves	37	(167,594)
(469,959)	Unusable reserves	38	(570,790)
(676,878)	Total Reserves		(738,384)

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

2023/24	Cash Flow	2024/25
Restated		Note
£'000		£'000
41,638	Net (surplus) or deficit on the provision of services	18,668
(52,245)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	45 (58,498)
33,334	Adjustments for items included in the net surplus on the provision of services that are investing and financing activities	45 55,724
22,727	Net cash flows from Operating Activities	15,894
35,365	Investing Activities	46 13,238
(28,054)	Financing Activities	47 (38,764)
30,038	Net (increase) or decrease in cash and cash equivalents	(9,632)
54,207	Cash and cash equivalents at the beginning of the reporting period	24,169
(30,038)	Net increase or (decrease) in cash and cash equivalents	9,632
24,169	Cash and cash equivalents at the end of the reporting period	33,801

Notes to the Statement of Accounts

Note 1 – Significant Accounting Policies

i. General Principles

The Statement of Accounts summarises the Council's transactions for the 2024/25 financial year and its position as at 31 March 2025.

The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015 (as amended), which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the CIPFA 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 Statement of Accounts has been prepared on a “going concern” basis.

ii. Events after the Reporting Period

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.

Where an event occurring after the balance sheet date provides evidence of conditions that existed at the balance sheet date, the amounts recognised in the statement of accounts are adjusted.

Where an event that occurs after the balance sheet date is indicative of conditions that arose after the balance sheet date, the amounts recognised in the statement of accounts are not adjusted, but where this would have a material effect, it is disclosed in the notes to the accounts.

Events taking place after the date of authorisation for issue are not reflected in the statement of accounts.

iii. 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. In particular:

Revenue from contracts with service recipients, whether for services or the provision of goods is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.

Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.

Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure based on the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

When **revenue or expenditure is recognised**, but the cash has not transferred, a debtor or creditor for the relevant amount is included 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 might not be collected.

The Council has set a general de minimis level for accruals that are calculated manually at year end, this is to avoid additional time and cost in the preparation of the accounts. The level has been set at £5,000 for 2024/25 and is reviewed annually.

iv. Interest Income & Expense

Interest income and expenses are accrued on a time basis by reference to the principal outstanding and the effective interest rate applicable.

Interest expense on a qualifying asset can be capitalised.

v. Exceptional Items

Exceptional items are material items which derive from individual events that fall within the ordinary activities of the Council and are identified as exceptional items by virtue of their size, nature or incidence. These items are disclosed separately in the accounts.

vi. Cash and Cash Equivalents

Cash is represented by cash in hand and on-demand deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Cash equivalents are highly liquid investments that mature in not more than seven days from the acquisition date and are readily convertible to known amounts of cash with insignificant risk of value change.

In the Balance Sheet, 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.

iv. Council tax and non-domestic rates

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including Government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e. the collection fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the collection fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

Accounting for Council Tax and NDR

The council tax and NDR income included in the comprehensive income and expenditure statement is the Council's share of accrued income for the year. However, regulations determine the amount of Council Tax and NDR that must be included in the Council's general fund. Therefore, the difference between the income included in the comprehensive income and expenditure statement and the amount required by regulation to be credited to the general fund is taken to the collection fund adjustment account and included as a reconciling item in the movement in reserves statement.

The Balance Sheet includes the Council's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made, the asset is written down and a charge made to the financing and investment income and expenditure line in the comprehensive income and expenditure statement. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

vii. Employee Benefits

Benefits Payable during employment

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave, paid sick leave, bonuses and non-monetary benefits (e.g., cars) for current employees and are recognised as an expense for services in the year in which employees render service to the authority. 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 following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the surplus or deficit on the provision of services, but then reversed out through the Movement in Reserves Statement to the accumulated absences account so that holiday entitlements are charged to revenue in the financial year in which the holiday absence 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 in exchange for those benefits. Costs are charged on an accruals basis to the Corporate Support Services segment in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of the benefits or when the Council recognises the 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 year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pension Reserve to remove the notional debits and credits for termination benefits related to pensions enhancements 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 may be members of one of three separate pension schemes:

- a) The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE).
- b) The Local Government Pension Scheme (LGPS), administered by the Royal Borough of Windsor and Maidenhead.
- c) The National Health Service Pension scheme.

All the above schemes provide defined benefits to members (e.g., retirement lump sums and pensions).

However, the arrangements for the Teachers' Pension Scheme and the NHS Pension Scheme mean that liabilities for these benefits cannot be identified to the Council. These schemes are, therefore, accounted for as if they are Defined Contributions Schemes and no liability for future payment of benefits is recognised in the Balance Sheet. Children, Education and Early Help Services and Adult Care and Health Service lines in the Comprehensive Income and Expenditure Statement are charged with the employer's contributions payable to the Teachers' and NHS Pension schemes in year.

The Local Government Pension Scheme

The Local Government Pension Scheme (LGPS) is accounted for as a defined benefits scheme.

The liabilities of the Royal County of Berkshire Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method, i.e., an assessment is made of the future payments that will be made in relation to retirement benefits earned to date by scheme members based on assumptions about mortality rates, employee turnover, etc., and projected earnings of current members.

Liabilities are measured on an actuarial basis discounted to present value using the projected unit method. The discount rate used is determined in reference to the market yields of high-quality corporate bonds at 31 March.

The assets of the Royal County of Berkshire 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 pensions liability is analysed into the following components:

Service costs comprising:

Current Service Cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.

~~Increases in Liabilities resulting years of the service earned in the year – are allocated in the Comprehensive Income and Expenditure Statement to the revenue accounts for the service 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 – debited to the surplus or deficit on the provision of services in the comprehensive income and expenditure statement [note that the treatment of past service costs will depend on the decisions of the authority about how they are allocated to service segments].

Net interest on the net defined benefit liability (asset), - i.e. net interest expense for the Authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time 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 (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments

Contributions paid to the Royal County of Berkshire Pension Fund - cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

The return on Plan Assets - excluding amounts included in net interest on the net defined benefit liability (asset) – 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.

Pensions Reserve - the amount chargeable to the General Fund for providing pensions for employees is the amount payable for the year in accordance with the statutory requirements governing each pension scheme. Where this amount does not match the amount charged to the Surplus or Deficit on the Provision of Services for the year the difference is taken to the Pensions Reserve via the Movement in Reserves Statement.

The negative balance that arises on the Pensions Reserve thereby measures the beneficial 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.

Discretionary Benefits - The Council has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and are accounted for on the same basis as Defined Benefit Schemes, and using the same policies as applied to the Local Government Pension Scheme.

viii. Financial Instruments

Financial instruments 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 carried at their amortised cost.

Financial Liabilities

Financial liabilities are recognised on the balance sheet when the authority 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 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 recognized.

For most of the borrowings that the authority has, this means that the amount presented in the balance sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the comprehensive income and expenditure statement is the amount payable for the year according to the loan agreement.

The fair value for PWLB and non-PWLB loans are defined in Note 30.

However, the bonds issued by the Council are carried at a lower amortised cost than the outstanding principal and interest is charged at a marginally higher effective rate of interest than the rate payable to bondholders, as a material amount of costs incurred in its issue is being financed over the life of the stock.

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 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 Comprehensive Income and Expenditure Statement, 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. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement 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. The authority holds financial assets measured at:

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- amortised cost, and
- fair value through profit or loss (FVPL)

The Council's business model is to hold investments to collect contractual cash flows 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 using the effective interest rate. Any gains and losses that arise on the derecognition of a financial asset are credited or debited to the financing and investment income and expenditure line in CIES.

Financial assets measured at Fair Value through Other Comprehensive Income (FVOCI)

Financial assets that are measured at FVOCI 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.

The Council holds shares in the Municipal Bonds Agency. The characteristics of the instrument would result in the instrument being classed as Fair Value through Profit and Loss with unrealised gains and losses being taken to the CIES. However, the business model for holding the instrument is to hold for the long-term rather than for trading. Consequently, the instrument has been designated as Fair Value through Other Comprehensive Income.

All gains and losses due to changes in fair value are accounted for through a reserve account (the Financial Instruments Revaluation Reserve) with the balance debited or credited to the CIES when the instrument is disposed of.

Financial Assets measured at Fair Value Through Profit and Loss (FVTPL)

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 and any gains/losses that arise on the derecognition of the asset are recognised.

 Any gains/losses that arise on the derecognition of the asset are debited/credited to the Financing and Investment Income and Expenditure line in the CIES.


Government Grants and Contributions

Whether paid on account, by instalment or in arrears, Government grants and third-party contributions are recognised as due to the Council when there is reasonable assurance that:

- the Council will comply with the conditions attached to the payments; and
- the contributions or grants will be received.

Income is only recognised in the Comprehensive Income and Expenditure Statement once any conditions attached to the contribution or grant have been met. A condition can stipulate how an asset purchased with grant can be used, or a service provided, with the risk of having to repay the grant to the awarding body if the conditions are not complied with.

Grants and contributions received where the conditions have not been satisfied are carried on the Balance Sheet as creditors. When conditions are satisfied or there are no conditions, the grant or contribution is credited to the relevant service line (for revenue grants and contributions) or Taxation and Non-Specific Grant (for 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.

A Business Improvement District (BID) scheme applies across the whole of the Council. The scheme is funded by a BID levy paid by non-domestic ratepayers. The Council acts as principal under the scheme, and accounts for income received and expenditure incurred (including contributions to the BID project) within the relevant services within the Comprehensive Income and Expenditure Statement.

The Council has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds (chargeable developments for the Council) with appropriate planning consent. The Council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects (these include transport, flood defences and schools) to support the development of the area.

Income from CIL charges, with the exception of amounts applied in accordance with the CIL regulations to meet administrative expenses, must be applied to fund infrastructure to support the development of the area in accordance with the Community Infrastructure Levy Regulations 2010, as amended.

Where CIL charges to be applied to fund capital expenditure have been received prior to the commencement date for the chargeable development, the CIL charges shall be recognised initially in the Grants Receipts in Advance Account until such a time that the chargeable development commences and then the charges are recognised as income. Where CIL charges have been recognised as income in the Comprehensive Income and Expenditure Statement, but have yet to be applied to fund infrastructure, the CIL charges shall be transferred to Usable Reserves (Capital Grants Unapplied Account). When the CIL charges are applied to capital expenditure the CIL charges shall be transferred from the General Fund (or the Capital Grants Unapplied Account) to the Capital Adjustment Account.

Where CIL charges are to be applied to fund revenue expenditure (such as but not limited to administration expenses), the CIL charges shall not be transferred out of the General Fund.

x. Inventories

Inventories are included in the Balance Sheet at the lower of cost and net realisable value.

xi. Interests in Companies and Other Entities

Companies

The Council has interests in three subsidiary companies, which:

- are carried on the Council Balance Sheet at historic cost less any provision for impairment; and

- where material and actively trading they have been consolidated into the Council's Group Accounts on a line-by-line basis after first re-aligning accounting policies with the Council where appropriate and eliminating intra-Group transactions.

Schools

Schools maintained by the Council are recognised on the Balance Sheet as the balance of control lies with the Council. Consequently, all those schools' assets, liabilities, reserves and cash flows are recognised in the Council's financial statements (and not the Group Accounts). Voluntary Aided and Voluntary Controlled schools are not recognised on the Council's Balance Sheet as the balance of control for those schools lies with the respective dioceses. Academies are also not recognised on the Balance Sheet as they are controlled by Academy Trusts.

xii. Investment Property

Investment properties are those that are used solely to earn rentals 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, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted 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 posted to the capital adjustment account and (for any sales proceeds greater than £10,000) the capital receipts reserve.

xiii. Leases

Council as Lessee

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. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Under **International Financial Reporting Standard 16 (IFRS 16)**, which we adopted on 1 April 2024, there is now no distinction between operating and finance leases for lessees. A right-of-use asset and corresponding lease liability are recognised at the commencement of the lease (or 1 April 2024 if later). The lease liability is measured at the present value of the lease payments, discounted at the lessee's incremental borrowing rate specific to the term and start date of the lease. The incremental borrowing rate is based on the relevant Public Works Loan Board (PWLB) rate for new loans on an annuity basis.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured, with a corresponding adjustment to the right-of-use asset, when there is a change in future lease payments resulting from a rent review, change in an index or rate such as inflation, 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; any lease payments already made less any lease incentives received; initial direct costs; and any dilapidation or restoration costs. The right-of-use asset is subsequently depreciated on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the asset – applied to write down the lease liability, and;
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Council as Lessor

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Finance Leases

Where the Council 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 and replaced by a long-term debtor in the Balance Sheet valued on the future income due under the finance lease.

Income from lessees is apportioned between:

- a charge to write down the lease debtor for the acquisition of the leased item; and
- finance income (i.e., interest) which is 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 will be 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 Unapplied Capital Receipts Reserve in the Movement in Reserves Statement. When the future

rentals are paid, the element for the charge for the acquisition of the interest in the property is used to write down the lease asset. 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 appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

xiv. Overhead and support service recharges

The costs of overheads and support services are charged to service segments in accordance with the Council's arrangements for accountability and financial performance.

xv. 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 authority'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.

xvi. 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.

Measurement

Assets are initially valued at cost comprising:

- the purchase price.
- 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; and
- an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located (where appropriate).

The Council does not have a de minimis level for capitalisation of assets.

The Council does not capitalise borrowing costs incurred while assets are under construction.

The cost of assets acquired other than by purchase is deemed to be their 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.

~~Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the taxation and non-specific grant income and expenditure line of the comprehensive income and expenditure statement unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the donated assets account. Where gains are credited to the comprehensive income and expenditure statement, they are reversed out of the general fund balance to the capital adjustment account in the movement in reserves statement.~~

Assets are held on the Balance Sheet according to the following valuations bases:

Asset type	Valuation basis
Infrastructure, community assets, vehicles, plant and equipment	Depreciated historic cost. Infrastructure is subject to statutory override and shown at net book value.
Council Offices	Current Value, determined as the amount that would be paid for the asset
Council Dwellings	Current value determined using Existing Use Value for Social Housing (EUV-SH)
School Buildings	Current value, but because of their specialist nature, are measured at depreciated replacement cost which is used as an estimate of current value.
Assets under Construction	Historic cost
Surplus Assets	Fair value, estimated at highest and best use from a market participant's perspective.
All other Property, Plant and Equipment assets	Current value, determined as the amount that would be paid for an asset based on its Existing Use Value (EUV)

Where there is no market-based evidence of current value due to the specialised nature of the asset, Depreciated Replacement Cost (DRC) is used as an estimate of current value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amounts are not materially different from the 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 Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service, adjusted for depreciation that would have been charged if the loss had not been recognised.

Where decreases in value are identified, they are accounted for by:

- 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 service 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 annually at year-end to determine whether there is any indication they may have been impaired. Where indications exist and 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:

- Initially as a charge against the Revaluation Reserve where there is a credit balance for the asset to the extent of the credit balance; and
- Then as a charge to the relevant service line in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service 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 on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful economic lives. An exception is made for assets without a determinable finite useful life i.e., Freehold Land and certain selected 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 a qualified valuer.
- **Vehicles, Plant, Furniture and Equipment** – straight-line allocation over their useful economic lives, as estimated at the time of purchase by a suitably qualified officer. Assets acquired under finance leases are depreciated over their lease term.
- **Infrastructure** – straight-line allocation over 5 to 40 years depending on the type of asset.

Where an item of property, plant or equipment comprises major components whose cost is significant in relation to the total cost of the item, those components are depreciated separately.

Revaluation gains are also depreciated with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based upon the historical cost; this amount being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an asset held for sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses in the Surplus or Deficit on the Provision of Services. Depreciation is not charged on assets held for sale.

If assets no longer meet the criteria to be classified as assets held for sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as held for sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as assets held for sale. When an asset is disposed of or decommissioned, 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. Receipts from disposals (if any) 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.

Where a receipt from the disposal of an asset exceeds £10,000 the income is recognised as a capital receipt. Receipts for assets disposed of at less than £10,000 are credited to the relevant service line in the Comprehensive Income and Expenditure Statement.

The balance of receipts remains within the 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 appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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 appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Heritage Assets

Heritage assets are considered tangible assets which have historical geophysical, artistic, scientific, technology or environmental qualities held for their contribution to culture and knowledge.

Heritage assets are measured in the Balance Sheet at insurance value based on market value. Impairment reviews are carried out annually to assess any physical depletion of the assets.

Any impairment is recognised and measured in accordance with the authority's general policies on impairment. Heritage assets held by the Council are deemed to have indefinite lives and are not depreciated. Disposals will be treated in the same manner as other Property, Plant and Equipment.

The exception to this is the Abbey Ruins which are held at historic cost less depreciation/impairment.

Componentisation

The component is a part of a larger asset that is separately identified and depreciated, for the purposes of assisting more accurate financial reporting and asset management.

Significant Component Factors:

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- Different useful life from the Parent Asset
- Different value to the Parent Asset
- Economic/service benefit to the Council that is materially different to the rest of the asset.

The Componentisation takes place at acquisition, valuation and enhancement of the parent asset.

xvii. Service Concessions

Service concessions e.g., Private Finance Initiatives (PFI) and similar contracts are contracts to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the contractor. The Council recognises the assets used under the contracts on its Balance Sheet within Property, Plant and Equipment, because ownership of the property, plant and equipment will pass to the Council at the end of the contract terms for no additional charge.

The original recognition of these assets at current 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 Authority.

The amounts payable to the PFI operators each year are analysed into five elements:

- **Fair value of services** received during the year – debited to the relevant service in the CIES.
- **Finance cost** – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line on the CIES.
- **Contingent rent** – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the CIES.
- **Payment towards liability** – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease).
- **Lifecycle replacement costs** – a proportion of the amount's payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

viii. Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are recognised where the Council has a legal or constructive obligation arising from a past event that will probably require settlement by a transfer of economic benefits (cash or service potential), and where a reliable estimate can be made of the amount required to settle the obligation.

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 a payment for expenditure against a provision is made, the expenditure is charged directly to that provision. All provisions are reviewed each year. 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, this 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.

No provision is made for debts that are secured except in exceptional circumstances. Of all remaining debts, excluding financial instruments where an expected credit loss model is applied, the Council makes a provision for bad debts based upon continuous reviews of likely recovery undertaken by service managers and supporting finance staff.

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.

No liability is recognised if an outflow of economic resources is not probable or quantifiable. Such situations are not recognised in the Balance Sheet but are disclosed as contingent liabilities where the outflow of resources may be significant and is possible.

Contingent Assets

A contingent asset arises where an event has taken place that gives the authority 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 authority.

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.

ix. Reserves

~~ix~~

The Council sets aside specific amounts for future policy purposes or to fund contingencies. Reserves are created by appropriating amounts from the General Fund Balance and/or the Housing Revenue Account Balance in the Movement in Reserves Statement.

When expenditure to be financed from the Reserve is incurred, it is charged to the appropriate Service line 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 to the General Fund Balance or Housing Revenue Account Balance in the Movement in Reserves Statement so that there is no overall charge against Council Tax in respect of the costs incurred.

Certain reserves are kept managing the accounting processes for non-current assets, financial instruments, local taxation, retirement and employee benefits and do not represent usable resources for the Council. Reserves are further explained in the relevant notes to the accounts.

xx. Revenue Expenditure Funded from Capital Under Statute (REFCUS)

Legislation requires defined items of revenue expenditure charged to services within the Comprehensive Income and Expenditure Statement to be treated as capital expenditure. All such expenditure is transferred from the General Fund Balance via the Movement in Reserves Statement to the Capital Adjustment Account and is included in the Capital Expenditure and Capital Financing disclosure in Note 28.

During the period 1 April 2016 to 31 March 2030 the Council is allowed under guidance published by MHCLG the flexible use of capital receipts on areas of revenue cost to reform which generate ongoing savings to the Council. In the case where revenue spend is identified as meeting the criteria to use flexible capital receipts the Council will meet the cost of the reform through capital receipts generated during the same financial year. Where the Council has determined to meet this cost from capital receipts a transfer to the Capital Adjustment Account reverses the amounts charged to the Comprehensive Income and Expenditure Statement via the Movement in Reserves Statement so there is no impact on the level of Council Tax.

xxi. Value Added Tax (VAT)

The Comprehensive Income and Expenditure Statement excludes amounts relating to VAT. It is included as an expense only if it is not recoverable from His Majesty's Revenue and Customs. VAT receivable is excluded from income within the Comprehensive Income and Expenditure Statement.

Note 2 – Accounting Standards Issued but Not Yet Adopted

The Code of Practice requires that the Council discloses the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This requirement applies to accounting standards that come into effect for financial years commencing on or before 1 January of the financial year in question (i.e., on or before 1 January 2025 for 2024/25). The 2025/26 Code will highlight the following amendments: IAS21 Effects of Changes in Foreign Exchange Rate and IFRS 17 Insurance Contracts. These changes are likely to have a material effect on the accounts. There will also be changes to the measurement of non-investment assets, and the impact of this has not yet been quantified.

Note 3 – Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1 Accounting Policies, the Council has made judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are as follows:

There is a high degree of uncertainty regarding future levels of funding for Local Government. The Council's medium term financial strategy assesses the ongoing pressures from reduced funding and increased demand for services, which are mitigated by further savings and use of reserves. The Council takes the view that this uncertainty is not yet sufficient indication that the value of the Council's assets might need to be impaired due to reduced levels of service provision or the need to close associated facilities.

The Council is engaged in two PFI contracts. After an assessment under the requirements of IFRIC 12, it has been determined that both arrangements are controlled by the Council. The Accounting Policies relating to PFI schemes have therefore been applied to these two contracts with the associated assets recognised within the Council's year-end Balance Sheet.

The Council has a number of properties for which it receives rental income. The nature of these holdings has been assessed against the Code requirements for Investment Properties in line with IAS 40 Investment Property, and the definition of this asset class. Properties that are held principally for the rental incomes received, or for increases in the capital value of the building, have been treated as Investment Properties, with the income and expenditure resulting from them included within the 'Investment Income' line in the Comprehensive Income and Expenditure Statement (CIES).

The Council has completed a school-by-school assessment across the different schools operated within the Borough to determine the individual accounting treatments. Judgements have been made to determine the arrangements in place and the accounting treatment of the Non-Current Assets. As a result, the Council recognises school assets for Community schools on the Balance Sheet. The Council does not recognise assets relating to Academies, Voluntary Aided (VA), Voluntary Controlled (VC) or Free Schools as the view has been adopted that these entities were deemed to be owned by the relevant Dioceses or Trust following consultation and review. School assets are recognised as a disposal from the Council's Balance Sheet on the date on which a school converts to Academy status, not on the date of any related announcement, nor is any impairment recognised by the Council prior to conversion.

The Council has to determine whether individual leases are Operating or Finance in nature, based upon assessment criteria as outlined in IAS 17 Leases and IFRIC 4 Determining whether or not an arrangement contains a lease. The relevant accounting policy applied to the lease is based upon the outcome of this assessment. The requirements for determining the treatment of leases are changing in 2024/25 when IFRS 16 comes into force and currently an assessment is being made to the 2023/24 position to establish what impact this will have.

Based upon the criteria described in the Code, the Council has undertaken a detailed review to assess the extent of Group accounting relationships. The Council has identified the entities that it consolidates, on the basis of materiality, in relation to the financial statements. Reading Transport Limited (RTL), Homes for Reading (HfR) and Brighter Futures for Children (BFfC) are deemed to constitute a material Group interest and these wholly owned subsidiaries have been consolidated within the Group Accounts. The Council has several interests in other entities which have been deemed as falling outside the scope of consolidation on the grounds of significant influence and control in line with the Code. Furthermore, the Council's interests in these entities in aggregate are not sufficiently substantial to warrant consolidation within the Group Accounts.

In 2018/19 the Council transferred a number of staff to the newly established Council subsidiary, Brighter Futures for Children Ltd. As part of the transfer agreement the Council provided an indemnity to the company in respect of all costs, liabilities, contributions and expenses which relate to any deficits in the Local Government Pension Fund from time to time. Management's view is that this indemnity provides a constructive obligation on the Council to meet the post-employment benefits of staff who transferred to the company at the transfer date of 1 December 2018. Accordingly, the Council has accounted for the liabilities arising in Note 44 and in accordance with IAS 19.

Note 4 – Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are based upon historical experience, current trends, and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2025 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Property, Plant and Equipment

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £1.126m for every year that useful lives had to be reduced.

Valuation of HRA dwellings

The valuation of HRA Dwellings has been split between land and buildings. Land values do not depreciate. The proportion of total HRA Dwellings value attributable to land has been derived by multiplying the residential land rate per hectare by the hectarage occupied by HRA Dwellings; the remaining balance of the total value is attributable to buildings and is depreciated. The annual depreciation charge would increase by £0.184m for a 1% shift in the overall proportion of HRA Dwellings value in favour of buildings over land and would reduce by the same for a 1% shift in favour of land value over buildings.

Pension Liability

Estimation of the net liability to pay pensions depends on complex judgements relating to the discount rate 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 these assumptions and judgments and has provided the sensitivity analysis shown below for 2024/25:

Impact on the defined benefit obligation	Increase in assumption £'000	Decrease in assumption £'000
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(8,370)	8,575
Rate of increase in salaries (increase or decrease by 0.1%)	551	(546)
Rate of inflation (increase or decrease by 0.1%)	8,264	(8,069)
Longevity (increase or decrease by 1 year)	20,042	(19,311)

The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £8.370m. See Note 44 for more details of the LGPS Pension Scheme.

Arrears

At 31 March 2025, the Council had a balance of sundry debtors of £16.8m (net of impairments). A review of significant balances suggested that an impairment of doubtful debts of £9.4m was appropriate. If collection rates were to deteriorate, a 1% increase in the value of impairments for doubtful debts would require an additional £94,130 to set aside as an allowance.

Service Concessions

Estimates of the future payments due to contractors are based on assumptions regarding inflation and satisfactory performance as determined by the terms laid out within the contract. Inflation increases will lead to the Council having to pay over more to the contractor and therefore amounts disclosed will be understated. If the contractor's performance is below the service level that has been built into the financial model linked to the Scheme, the contractor will have penalty charges levied against it and therefore the Council's costs will be lower than disclosed. Estimates may also be impacted by other assumptions (e.g., waste volumes). A 1% increase in the amount payable to the contractors due to inflation would result in an estimated additional annual cost of approximately £117,000.

Business ratepayer appeals

Business ratepayers may lodge appeals against the rateable value given to their properties on the current rating list. The Council makes a provision for this in the Collection Fund, estimated as the expenditure required to settle outstanding appeals based on the likely outcome of those appeals. The provision at 31 March 2025 was £10.223m, which is shared between the Council, Central Government and the Fire Authority. The Council's share of this provision totals £5.009m. The provision at 31 March 2025 has been calculated based on appeals submitted and analysis of appeals submitted in other areas. The eventual outcome of all outstanding appeal cases cannot be assessed with certainty. A 1% variance between actual and expected outcomes would increase the Council's share of potential appeals by £50,000.

Note 5 – Material Items of Income and Expense

For the purposes of this Note, the Council considers material items to be those greater than £2m. The Council incurred the following material expenditure:

- £10.5m (£9.7m 2023/24) to RE3 Ltd for waste collection and disposal under the waste collection service concession.
- £58.9m (£60.6m 2023/24) to BFfC for provision of Children's Services.
- £8.2m (£8.0m 2023/24) to Affinity (Reading) Ltd under a service concession to refurbish council-owned housing at North Whitley.
- £3.9m (£4.0m 2023/24) to Reading Transport Ltd for providing free travel under the Concessionary Fares Scheme.
- £2.7m (£2.8m 2023/24) to Northgate Public Services (UK) Ltd for the provision of IT services.

Note 6 – Events After the Reporting Period

Events taking place after 30 June 2025 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.

In July 2024, the Council decided that its 100% owned subsidiary Homes for Reading will be closed and the Company's properties are to be transferred to the Council's Housing Revenue Account. This is to happen on a phased basis as existing tenancies come to an end. Property valuations will be determined at the point of transfer.

Note 7 – Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from annual resources (Government Grants, Rents, Council Tax and Business Rates).

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 generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2023/24 Restated			2024/25		
Net Expenditure Chargeable to the GF and HRA			Net Expenditure Chargeable to the GF and HRA		
Balances £'000	Adjustments £'000	Net Expenditure in the CIES £'000	Balances £'000	Adjustments £'000	Net Expenditure in the CIES £'000
52,751	(1,021)	51,730	Page 81	Communities and Adult Social Care Resources	62,360 (598) 61,762
21,275	(2,812)	18,463		Chief Executive Services	23,641 (1,021) 22,620
1,783	(244)	1,539		Corporate	1,559 (89) 1,470
16,753	(16,763)	(10)		Children, Education and Early Help Services	5,430 (13,175) (7,745)
67,135	(1,458)	65,677		Economic Growth and Neighbourhood Services	82,069 6,913 88,982
25,264	23,857	49,121		Housing Revenue Account	27,689 28,151 55,840
6,661	(7,828)	(1,167)		Cost of Services	3,225 (8,248) (5,023)
191,622	(6,269)	185,353		Other Income and Expenditure	205,973 11,933 217,906
(165,134)	21,419	(143,715)		(Surplus) or Deficit on Provision of Services	(169,288) (29,948) (199,236)
26,488	15,150	41,638			36,685 (18,015) 18,670
				Opening General Fund and HRA Balances as at 1 April	(103,057)
				Movement on DSG deficit to Unusable Reserves	(15,499)
				Transfer from Capital Grants Unapplied to Earmarked Reserve	
				26,488 (Surplus) or Deficit on Provision of Services (Statutory Basis)	36,685
				Closing General Fund and HRA Balances as at 31 March	(81,871)

Please Note: This table and all others within this document are subject to some rounding of figures. Where necessary some previous year figures may have been restated to match 2024/2025 reporting structure

Note 7a – Note to the Expenditure and Funding Analysis

Capital Statutory Adjustments £'000	2023/24 Restated					Capital Statutory Adjustments £'000	2024/25				
	Net Pension Statutory Adjustments £'000	Salary Accruals £'000	Other Adjustments £'000	Total Adjustments £'000	Capital Statutory Adjustments £'000	Net Pension Statutory Adjustments £'000	Salary Accruals £'000	Other Adjustments £'000	Total Adjustments £'000		
517	(2,241)	11	693	(1,021)	Communities and Adult Social Care	513	(79)	24	(1,056)	(598)	
211	(3,038)	15	-	(2,812)	Resources	383	(101)	23	(1,326)	(1,021)	
-	(241)	(3)	-	(244)	Chief Executive Services	-	(7)	(1)	(81)	(89)	
(9,282)	(745)	-	(6,737)	(16,763)	Corporate	(5,865)	(699)	-	(6,611)	(13,175)	
3,682	(5,197)	58	-	(1,458)	Children, Education and Early Help Services	8,293	(147)	2	(1,234)	6,913	
24,012	(3,721)	27	3,537	23,857	Economic Growth and Neighbourhood Services	25,750	(122)	13	2,510	28,151	
(1,518)	(1,424)	2	(4,888)	(7,828)	Housing Revenue Account	(1,029)	(19)	(1)	(7,198)	(8,248)	
17,623	(16,607)	110	(7,396)	(6,269)	Net Cost of Services	28,044	(1,173)	60	(14,997)	11,933	
21,406	-	-	137	21,543	Other Operating Expenditure	1,927	-	-	144	2,071	
8,917	6,934	-	7,732	23,583	Financing and investment income	300	4,140	-	9,061	13,501	
(28,914)	-	-	5,208	(23,707)	Taxation and non - specific grants	(47,645)	-	-	2,125	(45,521)	
Difference between GF/HRA (surplus)/ deficit and CIES (surplus) /deficit											
19,032	(9,673)	110	5,681	15,150		(17,374)	2,967	60	(3,668)	(18,015)	

Net Change for Capital Statutory Adjustments This column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

- Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- Financing and investment income and expenditure – the statutory charges for capital financing i.e., Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from total amounts receivable in the year to total amount receivable without conditions or for which conditions were satisfied. 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 in the year.

Net Change for the Pensions Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

- For services this represents the removal of the employer pension contributions made by the Council as allowed by statute and the 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.

Net Change for Salary Adjustments

This relates to short-term employee benefits are those due to be settled wholly within 12 months of the year-end. The accrual is charged to the surplus or deficit on the provision of services, but then reversed out through the Movement in Reserves Statement to the accumulated absences account so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs. (See Accounting Policies)

Other Differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

P • 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.

8 • The charge under Taxation and Non-Specific Grant Income and Expenditure represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

Note 7b – Segmental Analysis of Income and Expenditure

Segmental income	Total Income per CIES £'000	Less Grants in Note 21 £'000	Net Income
			£'000
Communities and Adult Social Care	(68,738)	(24,269)	(44,469)
Resources	(26,210)	(4,749)	(21,460)
Chief Executive Services	(425)	-	(425)
Corporate	(50,835)	(50,447)	(388)
Children, Education and Early Help Services	(120,671)	(119,818)	(853)
Economic Growth and Neighbourhood Services	(42,973)	(5,259)	(37,714)
Housing Revenue Account	(50,503)	(4,036)	(46,467)
	(360,355)	(208,578)	(151,776)

The Segmental Analysis of Income and Expenditure provides analysis of the revenue generated from external customers, which has been included in column 1 of the Expenditure and Funding Analysis.

The definition of the single entity local authority financial statements has been adapted to include the transactions of local authority-maintained schools as if these transactions were recognised in the local authority group accounts. Consequently, the income and expenditure of local authority-maintained schools for the year is included in the nature of expenses disclosure above as if this were a disclosure of the group accounts.

Voluntary aided and foundation school employees are not the employees of the Council, however, in terms of the Code, they are required to be consolidated into the single entity financial statements of the Council. Accordingly, employee costs relating to voluntary aided and foundation schools are disclosed above.

Note 7c – Expenditure and Income Analysed by Nature

This note provides a subjective analysis of the Council's main income and expenditure statement:

2023/24 Restated £'000	Nature of Expenditure or Income	2024/25 £'000
132,291	Council employees	151,941
11,396	Voluntary Aided Schools	13,444
143,687	Sub total	165,385
39,745	Depreciation, amortisation, impairment	38,801
22,939	Interest payments	24,338
345,743	Other service expenses	374,535
36,371	Business Rates Tariff	37,642
30,323	Net Loss on Asset Disposals	1,927
-	Payments to Housing Capital Receipts Pool	4
618,807	Total Expenditure	642,632
(148,349)	Revenue from external customers and other service income	(151,777)
(8,273)	Interest and investment income	(11,147)
(175,695)	Income from Council Tax and NDR	(184,722)
(244,852)	Government grants and contributions	(276,316)
-	Net Gain on Asset Disposals	-
(577,169)	Total Income	(623,962)
41,638	(Surplus) or Deficit for Year	18,670

Note 8 – 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 arrive at the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance - The General Fund is the statutory fund into which all the receipts of an authority are required to be paid and out of which all liabilities of the authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year.

Housing Revenue Account Balance - The Housing Revenue Account Balance reflects the statutory obligation to maintain a revenue account for local authority council housing provision in accordance with Part VI of the Local Government and Housing Act 1989. It contains the balance of income and expenditure as defined by the 1989 Act that is available to fund future expenditure in connection with the Council's landlord function or (where in deficit) that is required to be recovered from tenants in future years.

Capital Receipts Reserve - The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

Major Repairs Reserve - The Council is required to maintain the Major Repairs Reserve, which controls an element of the capital resources limited to being used on capital expenditure on HRA assets or the financing of historical capital expenditure by the HRA. The balance shows the capital resources that have yet to be applied at the year-end.

Capital Grants Unapplied - The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies, but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

2024/25	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000
Adjustments to the Revenue Resources						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:						
Pension cost (transferred to (or from) the Pensions Reserve)	(2,839)	(128)				2,967
Financial Instruments (transferred to the Financial Instruments Adjustments Account)	-	-				-
Council tax and NDR (transfers to or from the Collection Fund)	(2,185)	-				2,185
Holiday pay (transferred to the Accumulated Absences reserve)	(61)	1				60
Equal pay settlements (transferred to the Unequal Pay / Back Pay Account)	-	-				-
Charges for depreciation and impairment of non-current assets	(23,173)	(13,007)				36,180
Impairment losses on Property plant and equipment	-	-				-
Reversal of impairment of subsidiary Holding.	-	-				-
Movements in the market value of investment properties	(320)	-				320
Amortisation of intangible assets	(2,620)	-				2,620
First time recognition of IFRS 16	311	-				(311)
Revenue expenditure funded from capital under statute	(13,588)	-				13,588
Amounts of non-current assets write off on disposal or sale as part of the gain/loss on disposal	(7,054)	(2,942)				9,996
Capital grants and contributions unapplied	47,655	-			(47,655)	-
Total Adjustments to Revenue Resources	(3,874)	(16,076)	-	-	(47,655)	67,605
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	3,966	4,103	(8,069)			-
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	-	-	-			-
Posting of Housing Revenue Account resource from revenue to the Major Repairs Reserve	-	12,770	-	(12,770)		-
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	9,975	1,085	-			(11,060)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	69	158	-			(227)
Total Adjustments between Revenue and Capital Resources	14,010	18,116	(8,069)	(12,770)	-	(11,287)
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	7,280	-		(7,280)
Capital receipts not linked to sales	-	-	16,900	-		(16,900)
Capital receipts pooling	(4)	-	4			-
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	-	13,116		(13,116)
Application of capital grants to finance capital expenditure	-	-	-	-	49,614	(49,614)
Cash payments in relation to deferred capital receipts	-	-	(291)	-		291
Total Adjustments to Capital Resources	(4)	-	23,893	13,116	49,614	(86,619)
Other adjustments						
Total Adjustments	10,132	2,041	15,824	346	1,959	(30,301)

2023/24	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
Adjustments to the Revenue Resources	£000	£000	£000	£000	£000	£000
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:						
Pension cost (transferred to (or from) the Pensions Reserve)	8,873	800				(9,673)
Financial Instruments (transferred to the Financial Instruments Adjustments Account)	(340)	-				340
Council tax and NDR (transfers to or from the Collection Fund)	(5,683)	-				5,683
Holiday pay (transferred to the Accumulated Absences reserve)	(108)	(2)				110
Equal pay settlements (transferred to the Unequal Pay / Back Pay Account)						
Charges for depreciation and impairment of non-current assets	(24,644)	(14,892)				39,536
Impairment losses on Property plant and equipment	1,895	4				(1,899)
Reversal of impairment of subsidiary Holding.						-
Movements in the market value of investment properties	(1,107)	-				1,107
Amortisation of intangible assets	(2,108)	-				2,108
Revenue expenditure funded from capital under statute	(8,839)	-				8,839
Amounts of non-current assets write off on disposal or sale as part of the gain/loss on disposal	(24,934)	(892)				25,826
Capital grants and contributions unapplied	28,914	-				(28,914)
Total Adjustments to Revenue Resources	(28,081)	(14,982)	-	-	(28,914)	71,977
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	2,681	1,739	(4,420)			
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)						
Posting of Housing Revenue Account resource from revenue to the Major Repairs Reserve	-	14,892		(14,892)		
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	9,010	764				(9,774)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	5,545	750				(6,295)
Total Adjustments between Revenue and Capital Resources	17,236	18,145	(4,420)	(14,892)	-	(16,069)
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	5,079			(5,079)
Use of the Major Repairs Reserve to finance new capital expenditure	-	-		11,855		(11,855)
Application of capital grants to finance capital expenditure		-			31,212	(31,212)
Cash payments in relation to deferred capital receipts	-	-	(1,744)			1,744
Total Adjustments to Capital Resources	-	-	3,335	11,855	31,212	(46,402)
Other adjustments						
Total Adjustments	(10,845)	3,163	(1,085)	(3,037)	2,298	9,505

Note 9 – Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure.

	Balance at 31 March 2023 Restated	Transfers Out	Transfers In	Balance at 31 March 2024	Transfers Out	Transfers In	Balance at 31 March 2025
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
General Fund Reserves:							
Emergency Planning Reserve	(1,308)	308	-	(1,000)	51	-	(949)
Communications Reserve	(200)	74	-	(126)	20	-	(106)
Housing Benefit Subsidy Loss Reserve	(625)	625	-	-	-	-	-
Public Health Reserve	(1,067)	-	(452)	(1,519)	-	(178)	(1,698)
Schools Deficit Liability Reserve	(1,004)	-	(297)	(1,301)	-	-	(1,301)
Climate Change Reserve	(226)	4	-	(222)	68	-	(153)
Legal & Taxation Reserve	(1,360)	1,442	(308)	(226)	162	(291)	(354)
Commercial Property Liabilities Reserve	(2,800)	24	-	(2,776)	808	-	(1,968)
Revenue Grants Unapplied Reserve	(17,547)	8,086	(1,999)	(11,459)	4,992	(666)	(7,133)
Self Insurance Reserve	(3,198)	578	(562)	(3,182)	698	(562)	(3,046)
IT & Digital Reserve	(2,591)	-	-	(2,591)	2,591	-	-
Cyber Security Risk Reserve	-	-	-	-	532	(2,591)	(2,059)
Transformation Reserve	(6,584)	5,034	-	(1,551)	702	(300)	(1,149)
Capital Financing Smoothing Reserve	(9,360)	7,126	(4,488)	(6,722)	6,722	-	-
Redundancy Reserve	(345)	104	-	(241)	241	-	-
Demographic & Cost-Led Pressures Reserve	(2,000)	-	(3,000)	(5,000)	5,000	-	-
Abortion Capital Costs Reserve	(825)	724	-	(101)	10	-	(91)
Collection Fund Smoothing Reserve	(2,780)	14	(792)	(3,557)	2,884	(2,092)	(2,765)
Better Care Fund Reserve	(1,820)	750	(806)	(1,877)	466	-	(1,411)
Joint Legal Team Reserve	(126)	126	-	-	-	(408)	(408)
Financial Resilience Reserve	(10,114)	6,099	(4,221)	(8,236)	4,816	(7,322)	(10,742)
DEGNS Strategic Reserve	(155)	155	-	-	-	-	-
Archives Projects Reserve	(9)	81	(72)	-	-	-	-
Energy Reserve	(1,287)	787	-	(500)	500	-	-
Ministry of Justice Liability Order Reserve	(119)	-	-	(119)	119	-	-
Pay & Inflation Reserve	-	1,000	(4,000)	(3,000)	1,330	-	(1,670)
Health & Safety Reserve	(71)	-	-	(71)	42	-	(29)
Project Management Office Reserve	(210)	47	-	(163)	-	-	(163)
Hardship Fund	(500)	67	-	(433)	86	-	(347)
Schools	(1,585)	979	(1,174)	(1,780)	1,666	(1,234)	(1,348)
Elections Reserve	-	-	-	-	-	(41)	(41)
Pooled Investment Fund Reserve	-	-	-	-	-	(1,200)	(1,200)
Total General Fund	(69,814)	34,234	(22,170)	(57,751)	34,505	(16,884)	(40,130)
Housing Revenue Account Reserves:							
North Whitley PFI	(9,916)	392	-	(9,524)	933	-	(8,591)
Total Housing Revenue Account	(9,916)	392	-	(9,524)	933	-	(8,591)
Total Earmarked Reserves	(79,730)	34,626	(22,170)	(67,275)	35,438	(16,884)	(48,721)

The Council holds these Reserves for the following purposes:

The **Emergency Planning Reserve** has been created to cover for unforeseen emergencies not budgeted for.

The **Communications Reserve** has been created to allow for investment in communications strategies and engaging with the public.

The **Housing Benefit Subsidy Loss Reserve** has been created to provide for any potential claw back from Central Government of housing benefit subsidy following audit of the annual housing subsidy claim.

The **Public Health Reserve** has been created in line with the conditions of the Public Health grant to carry forward unspent grant to support Public Health expenditure.

The **Schools Deficit Liability Reserve** has been created to fund potential deficits of schools that may become academies in the future.

The **Climate Change Reserve** was established to allow for revenue investment to address the climate emergency.

The **Legal and Taxation Reserve** has been set-up as a contingency to help meet unbudgeted legal costs and/or liabilities arising from litigation and other previously unbudgeted legal liabilities and taxation matters.

The **Commercial Property Liabilities Reserve** was set-up to manage urgent liabilities associated with the Council's property.

The **Revenue Grants Unapplied Reserve** has been formed to hold Revenue Grant balances where the conditions for use have been met but relevant expenditure has not yet been incurred. The Grant balance will be transferred out to match relevant expenditure incurred in future years.

The **Self-Insurance Reserve** was formed to meet estimated liabilities in connection with internally held risks related to the Council's Insurance programme.

The **IT and Digital Reserve** was set up to provide for the replacement of IT and Digital equipment which has passed its useful economic life, to improve operational efficiency.

The **Cyber Security Risk Reserve** was set up to mitigate against potential cyber security risks.

The **Transformation Reserve** was set up to allow for potential slippage in the delivery of capital receipts to fund transformation as well as funding transformation projects.

The **Capital Finance Smoothing Reserve** has been formed to smooth funding across the period of the Medium-Term Financial Strategy.

The **Redundancy Reserve** was set up to fund future costs of redundancy.

The **Demographic and Cost-Led Pressures Reserve** has been formed to provide for potential cost pressures arising from demographic or other demand-led services.

The **Abortive Capital Costs Reserve** was set up to provide for the cost of feasibility studies which do not progress into Capital Schemes.

The **Collection Fund Smoothing Reserve** has been setup to provide for the potential downturn in the economy that would reduce the level of Business Rates/Council Tax.

The **Better Care Fund Reserve** is to meet costs relating to the Hospital Discharge Scheme.

The **Joint Legal Team Reserve** is to fund specific invest to save projects.

The **Financial Resilience Reserve** is to provide the Council with financial resilience in respect of implications from future local government funding reform including the business rates reset.

The **DEGNS Strategic Reserve** is to address acknowledged strategic challenges facing the Directorate including in the areas of capital programme delivery, driving forward major regeneration projects and securing funding, supporting Reading's economic recovery from the impacts of the Covid-19 pandemic and delivery of directorate savings plans.

The **Archives Projects Reserve** is to hold specific archives partnership funds.

The **Energy Reserve** is to mitigate against fluctuations in energy prices.

The **Ministry of Justice Liability Order Reserve** is to fund overpaid liability orders.

The **Pay & Inflation Reserve** is to mitigate against potential additional pay & inflationary pressures.

The **Health & Safety Reserve** is to fund a temporary Risk Management Officer.

The **Project Management Office Reserve** is to fund temporary support to the Project Management Office.

The **Hardship Fund** is to fund hardship relief.

The **Pension Liabilities Reserve** was created to cover potential future Pension Fund Liabilities arising from Employer contribution rate fluctuations and/or from organisational change.

The **Procurement Training Reserve** previously was used to fund specific procurement related training.

The **Schools Reserve** holds individual accumulated schools' balances, e.g. The unspent revenue balances held by schools in surplus, offset by the overdrawn revenue balances of schools in deficit. The balance of a School in surplus can only be used by the School and is not available to the Council for general use.

The **North Whitley PFI Reserve** has been established within the HRA balance to ensure that the contracted payment can be sustained over the contract period.

The **Elections Reserve** is a smoothing reserve for elections over a rolling 5 year cycle.

The **Pooled Investment Fund Reserve** has been established to mitigate against any fluctuations in the fair value of pooled investments.

Note 10 – Other Operating Expenditure

2023/24		2024/25
£'000		£'000
137	Levies	140
-	Payments to the Government Housing Capital Receipts Pool	4
21,406	(Gains)/Losses on the disposal of non-current assets	1,927
21,543	Total	2,071

Note 11 – Financing and Investment Income and Expenditure

2023/24		2024/25
Restated		
£'000		£'000
16,005	Interest payable and similar charges	20,198
6,934	Net interest on the net defined benefit liability (asset)	4,140
(3,246)	Interest receivable and similar income	(6,172)
(5,027)	Income and expenditure in relation to investment properties	(4,475)
8,917	Changes in the fair value of Investment Properties	320
-	Other investment income	(500)
23,581	Total	13,512

Note 12 – Taxation and Non-Specific Grant Income

2023/24		2024/25
£'000		£'000
(110,996)	Council Tax Income	(117,587)
(64,698)	Non-Domestic rates income	(67,135)
36,371	Non-Domestic Rates Tariff and Levy	37,642
(20,603)	Non-Ringfenced Government Grants	(20,083)
(28,914)	Capital Grants and Contributions	(47,655)
(188,840)	Total	(214,819)

Note 13 – Officers' Remuneration

The Corporate Management Team (CMT) is responsible for the day-to-day management and direction of the Council. The remuneration paid to the Members of CMT is as follows:

2024/25 Senior Officers' Remuneration

2024/25	Post Holder Information	Salary, fees and allowances* (£)	Expenses allowances (£)	Compensation for loss of office (£)	Total remuneration (£)	Employer's pension contributions (£)	Total remuneration including pension contributions (£)
	Chief Executive (Jackie Yates)	182,391	-	-	182,391	29,547	211,938
	Director of Finance (S151 Officer)	129,836	-	-	129,836	21,033	150,869
	Executive Director of Communities & Adult Social Care Services	150,021	-	-	150,021	24,303	174,324
	Executive Director Of Resources	149,766	-	-	149,766	24,262	174,028
	Executive Director for Economic Growth & Neighbourhood Services 1*	131,703	-	-	131,703	21,336	153,039
	Interim Director of Public Health Berkshire West 2*	53,459	-	-	53,459	-	53,459
	Director of Public Health Berkshire West 3*	94,516	-	-	94,516	15,312	109,827
	Executive Director of Children's Services	133,945	-	-	133,945	21,699	155,644
	Assistant Director of Legal & Democratic Services (Monitoring Officer)	101,356	-	-	101,356	16,420	117,776
		1,126,993	-	-	1,126,993	173,913	1,300,906

1* Acted up in the role for the entire year, but became permanent on 31/03/2025

2* Left the role on 12/07/2024 and was on an agency contract

3* Started the role on 01/07/2024

2023/24 Senior Officers' Remuneration

2023/24	Post Holder Information	Salary, fees and allowances* (£)	Expenses allowances (£)	Compensation for loss of office (£)	Total remuneration (£)	Employer's pension contributions (£)	Total remuneration including pension contributions (£)
	Chief Executive (Jackie Yates)	177,942	-	-	177,942	28,827	206,769
	Director of Finance (S151 Officer)	127,255	-	-	127,255	20,615	147,870
	Executive Director of Communities & Adult Social Care Services	135,985	-	-	135,985	22,030	158,015
	Executive Director Of Resources	146,423	-	-	146,423	23,721	170,144
	Executive Director for Economic Growth & Neighbourhood Services 1*	23,345	-	-	23,345	3,703	27,048
	Acting Executive Director for Economic Growth & Neighbourhood Services 2*	34,216	-	-	34,216	5,575	39,791
	Executive Director for Economic Growth & Neighbourhood Services 3*	76,878	-	61,010	137,888	11,726	149,614
	Interim Director of Public Health Berkshire West 4*	220,589	-	-	220,589	-	220,589
	Executive Director of Children's Services	127,386	-	-	127,386	20,637	148,023
	Assistant Director of Legal & Democratic Services (Monitoring Officer)	97,426	-	-	97,426	16,598	114,024
		1,167,445	-	61,010	1,228,454	153,431	1,381,886

^{1*} Left the role on 04/06/2023

^{2*} Acted up in the role for 2 separate periods: both 05/06/2023 to 14/09/2023 and 04/03/2024 to 31/03/2024

^{3*} Started 4/9/2023 & left role on 01/03/2024

^{4*} Started the role on 17/04/23 but on an Agency Contract

50k Banding

The Council's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts. These numbers exclude the employees shown in the senior employees' disclosure note above:

2023/24			Number of Employees			2024/25		
2023/24 Restated			2023/24			2024/25		
Schools	Non-schools	Total	Schools	Non-schools	Total	Schools	Non-schools	Total
31	64	95	£50,001 to £55,000	45	82	127		
15	32	47	£55,001 to £60,000	24	53	77		
9	42	51	£60,001 to £65,000	15	38	53		
6	13	19	£65,001 to £70,000	6	21	27		
5	12	17	£70,001 to £75,000	6	15	21		
4	3	7	£75,001 to £80,000	4	8	12		
4	7	11	£80,001 to £85,000	4	6	10		
3	6	9	£85,001 to £90,000	3	4	7		
3	3	6	£90,001 to £95,000	4	4	8		
-	3	3	£95,001 to £100,000	2	1	3		
2	3	5	£100,001 to £105,000	-	2	2		
-	-	-	£105,001 to £110,000	-	4	4		
-	2	2	£110,001 to £115,000	2	2	4		
-	-	-	£115,001 to £120,000	-	1	1		
-	-	-	£120,001 to £125,000	-	-	-		
1	-	1	£125,001 to £130,000	-	-	-		
-	-	-	£130,001 to £135,000	-	-	-		
-	1	1	£135,001 to £140,000	1	-	1		
-	-	-	£140,001 to £145,000	-	-	-		
-	-	-	£145,001 to £150,000	-	-	-		
-	-	-	£150,001 to £155,000	-	1	1		
83	191	274	Total	116	242	358		

Note 14 – Exit Packages

Exit package cost band (including special payments)	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 (£)	
	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25
	£0 - £20,000	-	-	18	23	18	23	95,628
£20,001 - £40,000	-	-	2	4	2	4	45,893	117,802
£40,001 - £60,000	-	-	-	-	-	-	-	-
£60,001 - £80,000	-	-	1	-	1	-	61,010	-
£80,001 - £100,000	-	-	-	-	-	-	-	-
£100,001 - £150,000	-	-	-	-	-	-	-	-
£150,001 - £200,000	-	-	-	-	-	-	-	-
£200,001 - £250,000	-	-	-	-	-	-	-	-
Total	-	-	21	27	21	27	202,531	230,565
Add: Amounts provided for in CIES not included in bandings								-
Total cost included in CIES							202,531	230,565

As a result of various changes being implemented by the Council, a number of individuals have received Exit Packages, including redundancy compensation. The preceding table (and prior year comparators) shows those amounts paid during the year (including the costs borne by the Council for the additional contribution to the Pension Funds where this was part of the Exit Package).

Where the total salary and compensation for loss of office payable to an individual in the course of the year exceeds £50,000, the individual is also included within the amounts disclosed above.

Note 15 – Members' Allowances

Payments to Members are made under the provisions of the Local Authorities (Members Allowances) (England) Regulations 2003.

Co-optees' Allowances are payable to non-Councillor members sitting on the Standards Committee or any other sub-committee formed by the Standards Committee.

The total amounts paid to Members and Co-opted Officers during 2024/25 was as follows:

2023/24 £'000		2024/25 £'000
444	Basic Allowances	458
171	Special Responsibility Allowance	177
2	Travelling and Subsistence Allowance	1
3	Co-optees' Allowance	1
620		636

Note 16 – Related Parties

The Council is required to disclose material transactions during the year with related parties. Parties are considered to be related to the Council if either of the parties has the power (either via voting rights, family ties or financially) to influence operational or financial policy decisions of the other.

The key personnel responsible for the major strategic decisions within the Council are:

- Elected Members;
- Chief Executive;
- Members of the Corporate Management Team (CMT). Additional details of these Officers are provided in Note 13.

Members are required to complete the Register of Members' Interests. The Council retains and updates a full copy of this document. It is available to view during office hours at the Council's Offices. From the Register, it has been identified that:

Three Members sit on the Board of Readibus. This Charity has been established to provide a Scheme for the transportation of elderly and temporarily or permanently disabled people within Reading and the surrounding district. The Council is the major grant funding body for Readibus. In total during 2024/25, the Council incurred costs of £650k (2023/24: £665k) with Readibus.

Transactions with Central Government

Central Government has an effective general control over the operations of the Council. It is responsible for providing the statutory framework within which the Council operates, provides a significant portion of the Council's funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties. Details of the transactions with other Government departments include items reported within Note 21 Grant Income, Note 28 Capital Expenditure, Note 34 Debtors and Note 35 Creditors.

Transactions with Bodies where the Council can exhibit 'significant influence'

The Council holds 49% of the shareholding of Reading-Hampshire Property Partnership (RHPP); this is a Joint Venture between the Council and Hampshire County Council and provides services to support work on property, notably the Primary School Expansion Programme. The Council has been assessed as being able to exert significant influence over the organisation but as transactions with RHPP total £1.35m (2023/24: £2.95m) and the entity has no assets, RHPP has been excluded from the Group Accounts on materiality grounds.

One Member (the current lead Councillor) and the Chief Executive are on the Board of Reading's Economic & Destination Agency (REDA), a community interest company that manages the Town Centre Business Improvement District and various other Economic and Business Development activities. All the staff working for the company are seconded from the Council. Although the company's constitution provides that Council connected director's votes are diluted to a weight of less than 20% should they numerically exceed that, the Council does exhibit some influence as the majority of the turnover is derived directly or indirectly from the Council.

Par

For 2024/25 the transactions with REDA totaled £1.88m, however this income does not originate from the Council, it is principally from the two Business Improvement Districts. The Council is simply collecting the levy as part of the Business Rates on REDA's behalf and paying it over. The Council's direct contribution is £20k.

Note 17 – External Audit Costs

KPMG were appointed as our external auditors for the financial year 2024/25 and beyond. Our previous external auditors were EY. The amounts payable by the Council to EY and KPMG for external audit services are as follows, in some cases there will be a credit following a previous year's estimate:

2023/24 £'000		2024/25 £'000
Certification of grant claims and returns for the following years		
56	Financial Year 2021-22	51
92	Financial Year 2022-23	(22)
98	Financial Year 2023-24	(25)
-	Financial Year 2024-25	73
Certification of Pooling Returns for the following years		
-	Financial Years 2017-18 to 2023-24	73
-	Financial Year 2024-25	7
Fees payable in regard to external audit services for the following years		
290	Financial Year 2019-20	-
290	Financial Year 2020-21	(76)
42	Financial Year 2021-22	-
42	Financial Year 2022-23	-
222	Financial Year 2023-24	34
-	Financial Year 2024-25	335
1,132	Total	451

Note 18 – Trading Operations

The Council operates a trading account for the service below:

Building Control - Trading Account

The Local Authority Building Control Regulations 2010 require the disclosure of information regarding the setting of charges for the administration of the building control function. However, certain activities cannot be charged for such as providing statutory advice or liaising with other statutory authorities. The statement shows the total cost for operating the building control unit for chargeable activities.

2023/24 £'000	2024/25 £'000
Building Control Trading Account	
(255)	Turnover
414	Expenditure
159	(Surplus)/Deficit
	212

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Previously we reported Building Services in this area, however in 2024/25 this was subsumed into the HRA and does not offer services externally in the commercial market, so is not deemed to be a trading unit.

Note 19 – Pooled Budgets

Reading is party to two partnership schemes established under Section 75 of the National Health Service Act 2006. These enable the establishment of joint working arrangements between NHS bodies and local authorities to enable them to work collaboratively to provide services.

1) Berkshire Community Equipment Stores

The Community Equipment Stores Agreement uses NRS Healthcare as an agent to provide the services. The six Berkshire Unitary Authorities and the Berkshire Clinical Commissioning Groups are members of the agreement with West Berkshire Council as the lead partner.

2023/24 £'000		2024/25 £'000
Funding Within the Pooled Budget		
(886)	Reading Borough Council - Adult Services	(858)
(126)	Reading Borough Council - Children's Services	(121)
(4,316)	Other Berkshire Councils	(4,313)
(7,801)	Berkshire Clinical Commissioning Groups	(7,090)
(13,129)		(12,382)
Expenditure Within the Pooled Budget		
129	Management Fund Costs	129
13,000	Nottingham Rehab Supplies Equipment	12,253
13,129		12,382
-	Net (Surplus)/Deficit within the scheme .	-

2) Better Care Fund

Reading Borough Council and Berkshire West Clinical Commissioning Group are partners in the provision of services with the primary purpose to ensure vulnerable clients are placed at the centre of their own care and support packages and to provide fully integrated health and social care. The services included within the BCF include support to carers, reablement, intermediate care and long-term support packages.

2023/24 £'000		2024/25 £'000
Funding Provided to the Pooled Budget		
(4,299)	Reading Borough Council	(4,304)
(12,449)	Berkshire West ICB	(15,256)
(16,748)		(19,560)
Expenditure within the Pooled Budget		
11,228	Reading Borough Council	13,715
4,996	Berkshire West ICB	5,279
16,224		18,994
(524)	(Surplus) for the pooled budget in 24/25	(566)

Note 20 – Dedicated Schools Grant

School funding is provided to Local Authorities by means of a ring-fenced grant from the Department for Education. The split between individual schools is by a formula agreed by local schools through the Schools' Forum; the Forum also agrees the split between the total amount devolved to schools and the amount retained by the Council for central expenditure.

These accounts have been produced in accordance with the Schools and Early Years Finance (England) Regulations 2020, which required local authorities to carry forward overspends of Dedicated School Grant (DSG)*. Further regulations which came into force on 29 November 2020 and mandated that any deficit must **not** be charged to the local authorities' revenue account but instead must be recorded in a separate account solely for the purposes of recording deficits relating to its schools' budget.

These regulations also mean that the use of funding from the revenue account to make good any deficit can only be made upon approval from the Secretary of State. This reflects the statutory requirement that a deficit must be carried forward to be funded from future DSG income.

As of 31 March 2025, the cumulative DSG deficit is £24.90m. The statutory instrument, which prevents the deficit from being offset against useable reserves, expires on 31 March 2026. These accounts have been prepared on the basis the Government will find a solution towards dealing with the overspends before then as part of the Comprehensive Spending Review. The Government indicated in June 2025 that it will commence a phased transition process which will include working with local authorities to manage the SEND process including deficits, and that the statutory override is expected to be extended until the end of 2027-28.

*Such DSG deficits have accumulated over a number of years and are now common amongst upper tier councils responsible for SEND provision and have come about as a result of national policy decisions about the SEND system for which the grant is “far from sufficient to meet this demand” (Reference: [Select Committee Report into Local Authorities in Financial Distress](#)).

Details of the deployment of DSG amounts receivable are as follows:

	Central Expenditure £'000	Individual Schools Budget £'000	Total £'000
Final DSG for 2024/25 before Academy recoupment			(181,011)
Academy figure recouped for 2024/25			76,128
Total DSG after Academy recoupment for 2024/25			(104,882)
Plus: Brought forward from 2023/24			-
Less: Carry forward to 2025/26 agreed in advance			-
Agreed initial budgeted distribution in 2024/25	(22,824)	(82,058)	(104,882)
In year adjustments	-	(151)	(151)
Final budgeted distribution for 2024/25	(22,824)	(82,210)	(105,034)
Less: Actual central expenditure	38,773		38,773
Less: Actual ISB deployed to schools		81,759	81,759
Plus: Local Authority contribution for 2024/25	-	-	-
In-year Carry-forward to 2025/26	15,949	(450)	15,499
DSG deficit within Unusable Reserves at the end of 2023/24			9,404
Addition to DSG deficit within Unusable Reserves at the end of 2024/25			15,499
Total of DSG deficit within Unusable Reserves at the end of 2024/25			24,903
New DSG position at the end of 2024/25			24,903

Note 21 – Grant Income

Grants and contributions, including donated assets, shall not be recognised until there is reasonable assurance that:

- the Council will comply with the conditions attached to the payments; and
- the contributions or grants will be received.

Grants and contributions relating to capital and revenue expenditure are accounted for on an accruals basis and recognised immediately (when the two criteria above are met) in the Comprehensive Income and Expenditure Statement as income, except to the extent that the grant or contribution has a condition(s) (as opposed to restrictions) relating to initial recognition that the Council has not satisfied. Grants and contributions that satisfy the recognition criteria above, but which have a condition attached that remains to be satisfied are recognised initially in the relevant Grants Receipts in Advance Account.

General grants and contributions (comprising Revenue Support Grant, NDR redistribution and non-ringfenced government grants) are disclosed as one or more items on the face of the Comprehensive Income and Expenditure Statement.

Revenue grants and contributions that are not general grants described above are credited to service revenue accounts, support services, trading accounts and the Housing Revenue Account.

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2024/25 as follows:

2023/24 £'000		2024/25 £'000
(14,674)	Credited to Taxation and Non Specific Grant Income	(14,666)
(2,487)	Business Rates Reliefs	(2,652)
(1,453)	Revenue Support Grant	(1,255)
-	New Homes Bonus	(979)
(1,241)	Funding Guarantee Grant	(214)
(307)	Services Grant	(318)
(4,143)	Other Non Specific Revenue Grants	(5,866)
(24,772)	Capital Grants*	(41,789)
(49,076)	Total Grants	(67,738)

2023/24 £'000		2024/25 £'000
	<u>* Capital Grants and Contributions</u>	
(2,645)	Levelling Up Funds (LUF)	(10,070)
(6,237)	Bus Service Improvement Plan	(7,113)
(948)	Housing Infrastructure Fund (school)	(4,309)
(1,653)	Community Infrastructure Levy - Contributions	(4,802)
-	Zero Emissions Bus Regional Areas (ZEBRA)	(4,736)
(247)	Affordable Housing Homes England Funding	(3,227)
(5,056)	Schools Standards Fund	(2,930)
(2,613)	LTP - Integrated Transport Block Grant	(2,613)
-	Housing Partner Contribution	(1,609)
(1,302)	Disabled Facilities Grant	(1,486)
(2,490)	S106 Contributions	(1,065)
(789)	Pothole Action Fund	(817)
(23)	Salix Low Carbon Skills Fund	(777)
(2,427)	Local Authority Housing Fund	(477)
(558)	Active Travel	(183)
(779)	LEVI Capital Fund - Local Electric Vehicle Infrastructure	(87)
(561)	DCLG Brownfield Land release grant for Minster Quarter Scheme	-
(15)	Leisure Procurement Lottery Funding	-
(571)	Other Capital grants	(1,356)
(28,914)	Total	(47,655)

2023/24		2024/25
£'000		£'000
Credited to Services		
	Grants	
(92,168)	Dedicated Schools Grant (DSG)	(103,765)
(42,242)	Housing Benefit Subsidy	(40,127)
(10,653)	Public Health Grant	(11,016)
(7,499)	Social Care Grant	(9,948)
(4,001)	Pupil Premium Grant	(4,004)
(3,997)	North Whitley PFI - Housing	(3,997)
(2,693)	Improved Better Care Fund	(2,693)
(2,261)	DWP Household Support Fund	(2,261)
(2,200)	Market Sustainability Fund	(2,492)
(2,149)	Unaccompanied Asylum-Seeking Children Funding	(2,151)
(2,042)	Preventing Homelessness Grant	(2,054)
(1,698)	Core Schools Budget Grant	(1,456)
(19)	Teachers Pension Grant	(1,453)
(4,100)	Bus Service Improvement Plan	(1,384)
(1,376)	ESFA Funded Adult Education Grant	(1,350)
(1,250)	Universal Infants Free School Meals	(1,182)
(640)	Teachers Pay Grant	(1,097)
(1,057)	PFI Central Berkshire Waste Disposal	(1,057)
(1,347)	Rough Sleeping Accommodation Project	(882)
(820)	Rough Sleeping Initiative	(800)
(803)	Rough Sleeping Drug and Alcohol Treatment	(802)
(174)	Supporting Families	(768)
(470)	Supplementary Substance Misuse Treatment & Recovery Grant	(766)
(497)	Asylum Dispersal Grant	(683)
(559)	Sixth Form Funding	(669)
(378)	Discharge Fund	(629)
(315)	Afghan Citizens Resettlement Scheme & Afghan Relocation and	(574)
(257)	SEND Programmes	(557)
(529)	Primary PE and Sport Premium	(529)
(49)	Holiday Activities and Food Programme	(521)
(166)	Shared prosperity Fund (Revenue)	(492)
(494)	Housing Benefit Admin Subsidy	(484)
(168)	Rough Sleeping Winter Pressures	(458)
(363)	Homes for Ukraine Sponsor Thank You Grant	(440)
(507)	Recovery Premium Grant	(126)
(971)	Early years Supplementary Grant	-
(4,864)	Other Grants	(4,911)
(195,776)	Total Grants	(208,578)

Note 22 – Property, Plant and Equipment

The following non-current assets are subject to revaluation as set out below:

Asset type	Valuation basis	Date of valuation	Valuation frequency
Council dwellings	Existing Use Value – Social Housing	31 March 2025	Annual
Other land and buildings	Existing Use Value	31 March 2025	Five-yearly
Surplus Assets	Fair value	31 March 2025	Annual

Other land and buildings and surplus asset valuations were undertaken by the external Valuer Sanderson Weatherall LLP, under the direction of Ian Vivian, MRICS. The valuation date is the 31 March 2025 for all valuations completed.

Vehicles, plant, and equipment are valued at depreciated historic cost, as a proxy for current value on the basis that these are low value assets and/or have short lives. There is one exception which is the plant and equipment of the two Waste Disposal Assets in which the Council has a share of the interest. These assets are subject to valuation as outlined in the valuation information provided below.

Revaluations

The Council carries out a rolling programme that ensures that all property, plant, and equipment required to be measured at current value is revalued at every five years. All valuations have been carried out externally as detailed above.

Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimate set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant and equipment are based on current prices where there is an active second-hand market or latest list prices adjusted for the condition of the asset.

The significant assumptions applied in estimating the current values of property, plant and equipment are:

Amenity land rate £40k per Hectare
Low value land rate £4,000k per Hectare
High value land rate £5,500k per Hectare
Industrial land rate £3,000k per hectare

For DRC Valuations:

Assessments are modelled on the core build cost derived from BCIS that is relevant to property type
Contingency of 5% and Professional Fees of 12.5% applied

For Valuations using MEA:

The MEA is adopted when the actual area is lower

The actual area is adopted where the MEA is larger

MEA based on DFE guidance per pupil per m²

For Valuations based on Comparable/Capitalised rent:

Running Yields and Net Initial Yields are based on value plus buyer's costs

Net Initial Yields excludes acquisition costs

Formulae as in Parry's Tables: rent annually in arrears

Stamp Duty is progressive and derived from the set "HMRC (UK excl Scotland, 2019)"

Cap Adj running yield is based on cumulative capital invested

Dual rate sinking fund at 4% with correction and tax at 40%

The following statement shows the progress of Reading Borough Council's rolling programme for the revaluation of property, plant, and equipment. The table below shows the summary of assets revalued at each date and is an extract from the Gross Book Values from the Property, Plant and Equipment note.

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	Council Dwellings NBV £'000	Other Land & Buildings NBV £'000	Vehicles, Plant & Equipment NBV £'000	Surplus Assets NBV £'000	Total NBV £'000
Carried at Historical Cost		-	16,663		16,663
Carried at Present Value (IFRS16 RoU Assets)		530	49		579
Valued at Current Value as at:					
Prior to 31 March 2021		281			281
31 March 2021		35,030	841		35,871
31 March 2022		57,075			57,075
31 March 2023		52,387			52,387
31 March 2024		128,420			128,420
31 March 2025	567,149	96,252		22,609	686,010
Total	567,149	369,976	17,553	22,609	977,287

All asset valuations were carried out by Sanderson Weatherall LLP.

Property, Plant and Equipment 2024/25

Movements to 31 March 2025	Council	Land and	Vehicles, Plant	Community	Surplus Assets	Assets Under	Total Property,
	Dwellings	Buildings	& Equipment	Assets			Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
at 1 April 2024	550,571	376,062	37,985	9,258	23,772	47,277	1,044,926
Adjustment owing to initial application of IFRS16		1,073	70				1,143
Revised Opening Balance at 1 April 2024	550,571	377,135	38,055	9,258	23,772	47,277	1,046,068
Additions	19,747	3,891	2,444	123	41	33,309	59,555
Revaluation increases/(decreases) recognised in the Revaluation Reserve	12,682	8,095	-	-	1,269	-	22,046
Derecognition – disposals	(2,909)	(6,590)	(899)	-	(814)	-	(11,211)
Reclassifications and transfer	(488)	9,299	1,100	-	(1,607)	(12,922)	(4,618)
Other movements in cost or valuation	(12,455)	(7,215)	-	-	(53)	-	(19,722)
at 31 March 2025	567,149	384,615	40,701	9,381	22,609	67,664	1,092,118
Accumulated Depreciation and Impairment							
at 1 April 2024	-	(14,068)	(20,824)	(2,094)	-	(717)	(37,702)
Depreciation charge	(12,532)	(10,393)	(3,173)	(53)	(10)	-	(26,161)
Impairment (losses)/reversals recognised							
On the Surplus/Deficit on the Provision of Services	-	2,131	-	-	(47)	-	2,084
Derecognition – disposals	77	476	849	-	4	-	1,406
Reclassifications and transfers	-	-	-	-	-	1	1
Other movements in depreciation and impairment	12,455	7,215	-	-	53	-	19,722
at 31 March 2025	-	(14,639)	(23,148)	(2,147)	-	(716)	(40,650)
Net Book Value							
at 31 March 2024	550,571	361,995	17,161	7,164	23,772	46,560	1,007,223
at 31 March 2025	567,149	369,976	17,553	7,234	22,609	66,948	1,051,468

Property, Plant and Equipment 2023/24

Movements to 31 March 2024	Council Dwellings	Land and Buildings	Vehicles, Plant & Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
at 1 April 2023	569,136	357,651	29,875	9,020	27,781	81,188	1,074,648
Additions	18,442	6,618	4,913	238	-	25,989	56,201
Revaluation increases/(decreases) recognised in the Revaluation							
Reserve	(34,392)	9,547	-	-	2,077	-	(22,768)
Derecognition – disposals	(916)	(2,218)	(488)	-	(2,101)	-	(5,723)
Reclassifications and transfer	12,921	19,851	3,685	-	(3,896)	(59,900)	(27,339)
Other movements in cost or valuation	(14,620)	(15,387)	-	-	(88)	-	(30,095)
at 31 March 2024	550,571	376,062	37,985	9,258	23,772	47,277	1,044,926
Accumulated Depreciation and Impairment							
at 1 April 2023	-	(21,944)	(18,583)	(2,057)	-	(708)	(43,292)
Depreciation charge	(14,644)	(10,198)	(2,628)	(37)	(53)	-	(27,560)
Impairment (losses)/reversals recognised							
From the Surplus/Deficit on the Provision of Services	-	1,952	-	-	(53)	-	1,899
Derecognition – disposals	24	710	388	-	34	-	1,155
Reclassifications and transfers	-	25	-	-	(16)	(9)	-
Other movements in depreciation and impairment	14,620	15,387	-	-	88	-	30,095
at 31 March 2024	-	(14,068)	(20,824)	(2,094)	-	(717)	(37,702)
Net Book Value							
at 31 March 2023	569,136	335,707	11,292	6,963	27,781	80,480	1,031,359
at 31 March 2024	550,571	361,995	17,161	7,164	23,772	46,560	1,007,223

Note 23 – Infrastructure Assets

Movements on Balances	2023/24 £'000	2024/25 £'000
Net Book Value at 1 April	132,985	137,168
Additions	9,636	9,680
Derecognition	(21,258)	-
Reclassifications	27,672	2,241
Depreciation	(11,867)	(11,992)
Impairment	-	-
Adjustments	-	-
Net Book Value at 31 March	137,168	137,097

Property, Plant and Equipment (PPE)	2023/24 £'000	2024/25 £'000
Infrastructure Assets	137,168	137,097
PPE excluding Infrastructure Assets	1,007,223	1,051,468
Net Book Value at 31 March	1,144,392	1,188,565

In accordance with the Temporary Relief offered by the Update to the Code on infrastructure assets 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 to the users of the financial statements.

The Council is unable to provide sufficient evidence of the value of replaced components of infrastructure assets when they are derecognised. This is particularly the case in relation to roads, though the issue impacts all infrastructure assets. This can lead to issues relating to the reporting of gross historical cost and accumulated depreciation.

This is particularly the case with older infrastructure assets that were either built, developed, or adopted prior to when accounting requirements for their recognition were first introduced. Given the uncertainties attached to the original costs of such historical structures, a consistent methodology cannot be applied to faithfully disclose the derecognition values for such assets. The nature of infrastructure assets is such that there would not usually be an open market in which to conduct any exchange or to derive an accurate value. In this respect, the ownership of existing infrastructure assets would remain with the Council or any subsequent public authority responsible for holding and maintaining them.

The Council has determined in accordance with Regulation 30M (England) 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.

Note 24 – Heritage Assets

2023/24	Heritage Assets	Reading	Civic	Other	Total 2024/25
		Abbey	Regalia		
£'000	£'000	£'000	£'000	£'000	£'000
2,541	Opening Balance	1,774	1,424	179	3,376
(110)	Depreciation	(111)	-	-	(111)
-	Acquisitions	-	-	-	-
19	Additions	8	-	-	8
927	Revaluations	-	-	-	-
-	Disposals	-	-	-	-
3,376	Closing Balance	1,671	1,424	179	3,273

Heritage assets include:

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- Reading Abbey Quarter: in 2009 the remains of Reading Abbey were closed to the public. This was due to their deteriorating condition making them unsafe for visitors. The 'Reading Abbey Revealed' project was conceived by Reading Borough Council in 2010 to develop the Abbey Quarter. In December 2015 the project secured Heritage Lottery funding of £1.77m. This was match-funded by Reading Council with £1.37m from ring-fenced development contributions. This made a total of £3.15m. The Ruins re-opened to the public on 16 June 2018 and the project ran until 2020. From 1st April 2019, the Abbey Ruins are held on the balance sheet at historic cost. This is a change of accounting policy from prior year where the Ruins balance was based on a land valuation from 2007 (prior to the commencement of restoration works) plus the cost of additional works carried out since the valuation. The change of accounting policy is to ensure the costs of bringing the Ruins into their current state is appropriately represented in the Accounts. In line with this change of accounting policy, the Works are now depreciated. Further information at <https://www.readingabbeyquarter.org.uk/>
- Civic Regalia: the collection contains around 200 items, mainly donated by individuals or organisations local to the area, and includes a George III Coronation Mace bearing the Royal Arms & Crown (dated 1769) and the Mayor's Robes and Chain. The collection is held on the balance sheet at Insurance Valuation; there was a full revaluation of the Regalia carried out in FY23/24.
- Father Willis Organ: the organ was built by Henry Willis in 1864 for the old Town Hall, which dates from 1785. The organ was rebuilt by Willis for the new Hall in 1882. The Organ is held on the Balance Sheet at the cost of the restoration works in 1999.

- Art Works: the John Piper photolithograph prints are of the Reading Tapestries – the two tapestries, Reading Townscape and Rural Reading, were commissioned by Reading Borough Council to celebrate the opening of the New Civic Offices in 1970. The tapestries are held in secure storage, with reproductions of the same hanging in the Council Chamber, Civic Offices. The prints are held on the Balance Sheet at a value based on previous sales.

Note 25 – Investment Properties

2023/24		2024/25
£'000		£'000
(5,294)	Rental income from Investment Property	(4,680)
268	Direct operating expenses arising from Investment Property	205
-	Other Income and Expenditure	-
(5,027)	Net (Gain) / Loss	(4,475)

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance, or enhancement. The above items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

2023/24		2024/25
£'000		£'000
67,775	Opening balance	57,580
(1,278)	Transfers Out	-
(8,917)	Net gains / (losses) from fair value adjustments	(320)
57,580	Closing balance	57,260

The fair value of the Council's investment property is measured annually at each reporting date. All valuations are carried out externally by Sanderson Weatherall LLP, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The table above summarises the movement in the fair value of investment properties over the year.

Note 26 – Intangible Assets

Reading Borough Council accounts for Software as Intangible Assets to the extent that the software is not an integral part of a particular IT system, accounted for as a hardware, plant and equipment.

Our Intangible assets include both purchased and internally generated software, including the ICT infrastructure, the corporate website, and related intellectual properties on the site.

The carrying amount of Intangible Assets is amortised on straight-line basis over the useful life of the Asset. The amortisation of £2.620 million was charged to revenue in 2024/25 (£2.108 million in 2023/24).

The movement on intangible asset balances during the year is as follows:

2023/24 £'000	Intangible Asset	2024/25 £'000
14,675	Gross Book Value at 1 April	18,042
(8,706)	Accumulated Amortisation at 1 April	(10,814)
5,968	Net Book Value at 1 April	7,228
	Changes in year	
2,422	Additions	2,158
-	Transfers Out/Impairment	(31)
945	Transfer In	2,342
(2,108)	Amortisation	(2,620)
7,228	Net Book Value at 31 March	9,077
18,042	Gross Book Value at 31 March	22,480
(10,814)	Accumulated Amortisation at 31 March	(13,403)
7,228	Closing Balance	9,077

All software is generated at historical cost. We own a number of software licences across the Council, which are written off to revenue over their expected useful lives.

Note 27 – Capital Commitments

At 31 March 2025, the Council has entered into a number of contracts for the construction or enhancement of property, plant and equipment in 2024/25 and future years at a cost of £45.4m. The major commitments are as follows:

2023/24 £'000		2024/25 £'000
-	New Build Day Opportunities and Sheltered Housing	19,370
1,876	New Build Housing and Respite Facility	8,710
9,134	Leisure Centre Procurement - GLL	8,120
375	Levelling Up Delivery Plan - New Library at the Civic Centre	6,326
317	Schools Capital Programme	1,636
10,197	Bus Service Improvement	1,048
678	Levelling Up Delivery Plan - Hexagon Theatre	146
3,902	Dee Park Regeneration - School	-
376	Green Park Station	-
26,855	Total	45,356

Note 28 – Capital Expenditure and Capital Financing

The total capital expenditure for the year is shown in the table below, along with the source of financing. Where capital expenditure is financed through borrowing, the expenditure results in an increase in the Capital Finance Requirement (CFR), the movement in the CFR is shown in the second part of the note below.

2023/24 £'000		2024/25 £'000
615,614	Opening Capital Finance Requirement	628,515
	Capital investment:	
65,836	Property, plant and equipment and Infrastructure	70,378
-	Investment property	-
2,422	Intangible assets	2,158
8,839	Revenue Expenditure Funded through Capital Under Statute	13,588
19	Heritage assets	8
-	Long term debtor	-
-	Long term investment	-
77,116		86,132
	Sources of finance:	
(3,334)	Capital receipts	(6,989)
(31,212)	Government grants and other contributions	(49,614)
(6,296)	Sums set aside from revenue	(227)
(11,855)	Major Repairs Reserve	(13,116)
(1,744)	Application of capital receipts to reduce debt	(5,920)
(54,441)		(75,866)
(9,774)	Minimum Revenue Provision	(11,060)
628,515	Closing Capital Finance Requirement	627,721
2023/24 £'000		2024/25 £'000
	Movements in year:	
24,419	Increase in underlying need to borrow (unsupported by Government financial assistance)	16,186
-	Assets acquired under finance leases	-
-	Assets acquired under PFI contracts	-
(1,744)	Capital receipts applied to reduce existing Capital Financing Requirement	(5,920)
-	Revenue reserves applied to reduce existing Capital Financing Requirement	-
(8,585)	Statutory provision for repayment of debt (Minimum Revenue Provision)	(9,436)
(1,189)	Statutory provision for PFI and finance lease debt (Minimum Revenue Provision)	(1,249)
-	Statutory provision for Right of Use asset debt (Minimum Revenue Provision)	(375)
12,901	Increase/(decrease) in Capital Finance Requirement	(794)

Note 29 – Financial Instruments

Financial Instruments are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument. These are analysed below:

2023/24		2024/25	
Non-current	Current	Non-current	Current
£'000	£'000	£'000	£'000
Financial Assets			
Fair value through profit and loss			
13,895	-	Investments	14,162
-	13,585	Cash and cash equivalents	-
9,125	-	Investments in subsidiaries	9,125
60	-	Investment in Energy Company	60
Amortised cost			
19,186	29,358	Debtors	14,438
10,584		Cash and cash equivalents	(19)
42,266	53,526	Designated as fair value through other comprehensive income	37,786
42,266	53,526	Total Financial Assets	37,786
Financial Liabilities			
Amortised cost			
(357,485)	(79,518)	Loans outstanding	(355,485)
(20,518)	(1,325)	PFI lease liability	(19,205)
-	(34,588)	Creditors	-
		Bank overdraft	(32,068)
(378,002)	(115,431)	Designated as fair value through other comprehensive income	(374,689)
(378,002)	(115,431)	Total Financial Liabilities	(374,689)
(155,524)			

- The Council's investment with the CCLA pooled investment fund is classified as fair value through profit or loss as there are no contractual payments comprising solely interest and principal and it is not being held as part of a business model to sell financial assets.
- Investment in subsidiaries include Homes for Reading Ltd and Reading Transport Ltd, see Group Accounts.
- Under the Code of Practice, both short and long term PFI lease liabilities are included on the Balance Sheet as long-term liabilities.

The value of debtors and creditors reported in the table above are solely those amounts meeting the definition of a financial instrument. The balances of debtors and creditors reported in the Balance Sheet and Notes 34 and 35 also include balances which do not meet the definition of a financial instrument, such as tax-based debtors and creditors.

Investments in equity instruments designated at fair value through other comprehensive income

The Council invested £64,000 in 60,000 shares in Municipal Bonds Agency plc (MBA) when the MBA was first established in 2015/16. The Council has designated the holding as fair value through comprehensive income as it does not hold the shares for short-term trading. Based on the latest available audited accounts to 30 November 2024, the net worth of the company as an overall loss of £1.164m. There have been no dividends declared for the 2024/25 financial year. On this basis the value of the Council's holding of £64,000 has been written out to the Financial Instruments Revaluation Reserve.

Income, Expense, Gains and Losses

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

2024/25	Financial Liabilities Measured at amortised cost £'000	Financial Assets Measured at amortised cost £'000	Fair value through other comprehensive income £'000	Fair value through profit and loss £'000	Total £'000
Realised (Gains)/Losses					-
Unrealised (Gains)/Losses				(768)	(768)
Net (Gains)/Losses on Financial Instruments in Surplus/Deficit on Provision of Services	-	-	-	(768)	(768)
Interest expense	20,198				20,198
Fee expense				86	86
Impairment Losses				-	-
Total expense in Surplus/Deficit on the Provision of Services	20,198	-	-	86	20,284
Interest income		(5,389)			(5,389)
Dividend income/distributions				(783)	(783)
Total Income in Surplus/Deficit on the Provision of Services	-	(5,389)	-	(783)	(6,172)
Total (Gain)/Loss in Surplus/Deficit on Provision of Services	20,198	(5,389)	-	(1,465)	13,345
Interest revenue					-
(Gains) on Revaluation					-
Losses on Revaluation					-
(Surplus)/Deficit arising on Revaluation of Financial Assets in Other Comprehensive Income and Expenditure	-	-	-	-	-
Net (Gain)/Loss for the Year	20,198	(5,389)	-	(1,465)	13,345

2023/24	Financial Liabilities Measured at amortised cost £'000	Financial Assets Measured at amortised cost £'000	Fair value through other comprehensive income £'000	Fair value through profit and loss £'000	Total £'000
Realised (Gains)/Losses					-
Unrealised (Gains)/Losses				340	340
Net (Gains)/Losses on Financial Instruments in Surplus/Deficit on Provision of Services	-	-	-	340	340
Interest expense	16,005				16,005
Fee expense				90	90
Impairment Losses				-	-
Total expense in Surplus/Deficit on the Provision of Services	16,005	-	-	90	16,095
Interest income		(2,439)			(2,439)
Dividend income/distributions				(807)	(807)
Total Income in Surplus/Deficit on the Provision of Services	-	(2,439)	-	(807)	(3,246)
Total (Gain)/Loss in Surplus/Deficit on Provision of Services	16,005	(2,439)	-	(377)	13,189
Interest revenue					-
(Gains) on Revaluation					-
Losses on Revaluation					-
(Surplus)/Deficit arising on Revaluation of Financial Assets in Other Comprehensive Income and Expenditure	-	-	-	-	-
Net (Gain)/Loss for the Year	16,005	(2,439)	-	(377)	13,189

Note 30 – Fair Value

The basis of valuation of each class of asset and liability measured at fair value is set out below. There has been no change in the valuation techniques used during the year. All assets and liabilities have been valued using fair value techniques based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information.

Description of asset or liability	Valuation Hierarchy	Basis of Valuation	Observable and unobservable inputs	Key sensitivities
Borrowing from Public Works Loans Board (PWLB) and Lender Option Borrower Option loans (LOBOs) and Service Concessions	Level 2	The fair values have been estimated by discounting the remaining cashflows or the borrowing using the PWLB certainty rate for new loans	Not required	Not required
Property Fund	Level 2	Closing bid price where bid and offer prices are published	Adjusted for net capital current assets	Estimated acquisition and disposal costs - 5%
Long-term loans	Level 3	Capital value of unpaid loan	Council accounting records	None
Investment property	Level 3	Investment method of valuation	Assumed void periods, estimated rental value. Existing lease terms and rentals	Estimated acquisition and disposal costs - 5%
Non-current assets held for sale and surplus assets	Level 3	Mostly development land which has been valued by staff in the Council's Property Services division who are RICS qualified valuers on a five year rolling programme. Some based on offers received, with adjustments for conditions.	Development land values, site constraints, variables in market evidence, build & site clearance costs, planning permissions/requirements, costs of sale	Planning permissions, estimated disposal costs of 5%

Sensitivity of assets valued at level 3

Having analysed historical data and current market trends, the Council's advisers have determined that the valuation methods described above are likely to be accurate to within the following ranges and have set out below the consequent potential impact on the closing value of investments held at 31 March 2025.

2024/25	Assessed valuation range		Value at 31 March 2025 £'000	Value on increase £'000	Value on decrease £'000
	+	-			
Investment property	5%	5%	57,260	60,123	54,397
Surplus assets	0%	5%	22,609	22,609	21,479
Total				79,869	82,732
					75,876

2023/24	Assessed valuation range		Value at 31 March 2024 £'000	Value on increase £'000	Value on decrease £'000
	Restated	+			
Investment property	5%	5%	57,580	60,459	54,701
Surplus assets	0%	5%	23,772	23,772	22,583
Total				81,352	84,231
					77,284

Fair value hierarchy

The valuation of assets and liabilities measured at fair value has been classified into three levels, according to the quality and reliability of information used to determine fair values.

Level 1 Assets and liabilities at level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 comprise quoted equities, quoted fixed securities, quoted index linked securities and unit trusts.

Level 2 Assets and liabilities at level 2 are those where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value.

Level 3 Assets and liabilities at level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

Transfers between level 1 and 2

There were no transfers between levels 1 and 2 during the year.

Reconciliation of fair values within Level 3

2024/25	Transfers into Level 3 £'000	Transfers out of Level 3 £'000	Purchases £'000	Sales £'000	Unrealised gains and losses £'000	Realised gains and losses £'000	31 March 2025 £'000
57,580 Investment property	-	-	-	-	(320)	-	57,260
23,771 Surplus assets	-	(1,607)	41	(814)	1,218	-	22,609
81,351 Total	-	(1,607)	41	(814)	898	-	79,869

2023/24	Transfers into Level 3 £'000	Transfers out of Level 3 £'000	Purchases £'000	Sales £'000	Unrealised gains and losses £'000	Realised gains and losses £'000	31 March 2024 £'000
67,775 Investment property	-	-	-	-	(10,195)	-	57,580
27,781 Surplus assets	-	(3,897)	-	(2,101)	1,988	-	23,771
88,344 Total	-	(3,897)	-	(2,101)	(8,207)	-	81,351

Note 31 – Inventories

The Council holds stock and materials (such as recycling boxes and maintenance supplies) for its services. At the end of the year, that stock was valued as below:

	Balance at 1 April 2024 £'000	Movement in 2024/25 £'000	Balance at 31 March 2025 £'000
Refuse bins	130	(38)	92
Building Maintenance Stocks	186	123	309
Other	125	42	167
Total	441	128	568

Note 32 – Nature and Extent of Risks Arising from Financial Instruments

Overall procedures for managing risk

The Council's overall risk management procedures focus on the unpredictability of financial markets and seek to minimise potential adverse risks on the resources available to fund services. The Council has put in place formal policies and procedures for the effective management and control of its treasury management activities. Risk management is carried out by a central treasury team, under policies approved by the Council in the annual treasury management strategy and the annual investment strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risks and the investment of surplus cash.

The procedures in place comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management and statutory investment guidance issued under the Local Government Act 2003 and associated secondary legislation. The Council, in complying with this framework, acknowledges that effective management and control of risk are the prime objectives of its treasury management activities and responsibility for these lie clearly with the Council. The key policy documents are available on the Council's website.

The main risks to the Council's treasury activities are:

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

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to Council customers. This risk is minimised through the Annual Investment Strategy available on the Council website which requires that deposits are only made with UK financial institutions where they meet a credit rating of A- from the three major credit rating agencies. The Investment Strategy also imposes a maximum sum to be invested within each rating category. The Investment Strategy is contained with the Council's Treasury Management Strategy.

No more than £20m is held with any one institution regardless of standing or duration.

The Council's maximum exposure to credit risk in relation to its investments in financial instruments cannot be assessed generally as the risk of any institution failing to make interest payments or repay principal will be specific to each institution. In addition, the Council has no history of default from such institutions. Consequently, the Council has not considered it necessary to establish an expected loss allowance for such investments.

Credit Risk - Treasury Investments

The table below summarises the credit risk exposures of the Council's treasury investment portfolio by credit rating:

Credit Rating	2023/24		2024/25	
	Long Term £'000	Short Term £'000	Long Term £'000	Short Term £'000
Banks or Building Societies rated A- or higher		1,719		423
Unrated Local Authorities				
Public Corporations	35,721		30,092	
Total	35,721	1,719	30,092	423
Credit Risk Non applicable*				
Money Market Funds		13,500		33,650
Property Funds	15,000		15,000	
Total Investments	50,721	15,219	45,092	34,073

*Credit risk is not applicable to shareholdings and pooled funds where the council has no contractual right to receive any sum of money.

Loss allowances on treasury investments have been calculated by reference to historic default data published by credit rating agencies. The estimated loss is negligible as the investments mature within 12 months; therefore, no loss allowance has been provided.

Credit and Counterparty Risk – Trade Debtors

For the sundry debtor element of the trade debtor balance the Council applies a simplified approach permitted under the Code and recognises a loss allowance equal to lifetime expected losses. The expected credit losses on these assets are estimated using a provision matrix based on historical credit loss experience adjusted for factors specified to individual debtors, general economic conditions and assessment of both the current and forecast direction of conditions at the reporting date. A loss allowance for expected losses is not recognised on a financial asset where the counterparty is Central Government or a local authority for which relevant statutory provisions prevent default.

The remaining balance of trade debtors comprises year-end accruals for which no loss allowance has been provided.

In measuring the expected credit losses, significant trade receivable balances are assessed individually for impairment where specific information regarding recoverability of the debt is available. Trade receivables not assessed individually have been assessed collectively based on shared risk characteristics and days past due.

Trade receivables are written off (i.e. derecognised) when there is no reasonable expectation of recovery.

On the above basis, the expected loss allowance for trade receivables at the year-end is as follows:

At March 2025	Total £'000	Not past due (0-30 days) £'000		1-3 months £'000	3-6 months £'000	over 6 months £'000
Debtors collectively assessed	12,688	5,285		2,012	1,024	4,367
Loss rate		1.56%		6.73%	12.00%	47.50%
Total Lifetime Expected Credit Losses	(2,415)	(82)		(135)	(123)	(2,075)

At March 2024	Total £'000	Not past due (0-30 days) £'000		1-3 months £'000	4-5 months £'000	over 5 months £'000
Debtors collectively assessed	12,227	4,818		923	414	6,073
Loss rate		23.47%		16.16%	22.15%	47.30%
Total Lifetime Expected Credit Losses	(4,244)	(1,131)		(149)	(92)	(2,872)

Credit risk - long-term debtors

For long-term debtors, recognition of 12-month expected credit losses or lifetime expected credit losses depends on whether there has been a significant increase in credit risk in these items since initial recognition.

As at 31 March 2025, the gross carrying amount of long-term debtors measured at amortised cost was £14.438m (£19.186m at 31 March 2024). Of the balance at 31 March 2025, £14.074m are intra-group loans to wholly owned subsidiaries of the Council. The Council is of the view that the assets of the companies would be sufficient to cover the liabilities without impairment of the loans. Therefore, no credit loss allowance has been recognised in respect of long-term debtors.

Liquidity risk

Liquidity risk is the risk that the Council will have insufficient funds in its bank account to make the payments necessary to meet its financial obligations.

The Council has a comprehensive cash flow management system which seeks to ensure that cash is available as needed. If unexpected movements happen, the Council has ready access to borrowings from the money markets, the Public Works Loans Board and its treasury investment portfolio which is considered to be liquid. There is no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments.

The contractual maturity of the Council's financial liabilities (including interest payments where applicable) is as follows:

	Approved minimum limits	Approved maximum limits	Actual 31 March 2025	Actual 31 March 2024	Actual 31 March 2025	Actual 31 March 2024
					£'000	£'000
Less than 1 year	0.00	100.00%	25.00%	17.79%	119,500	78,000
Between 1 and 2 years	0.00	20.00%	2.82%	0.46%	13,500	2,000
Between 2 and 5 years	0.00	20.00%	0.94%	3.76%	4,500	16,500
Between 5 and 10 years	0.00	30.00%	3.66%	4.10%	17,500	18,000
Between 10 and 20 years	0.00	40.00%	11.72%	13.00%	56,000	57,000
Between 20 and 30 years	0.00	50.00%	21.76%	23.72%	104,000	104,000
Between 30 and 40 years	0.00	60.00%	21.55%	21.21%	103,000	93,000
Over 40 years	0.00	60.00%	12.55%	15.96%	60,000	70,000
Total			100.00%	100.00%	478,000	438,500

As of 31 March 2025, the Council holds £33.820m (£13.585m as at 31 March 2024) of liquid financial assets that can be withdrawn or sold at short notice if required to meet cash outflows on financial liabilities.

Market Risks

Interest rate risk

The Council is exposed to interest movements on its borrowings and investments. Movements in interest rates can have a complex effect on the Council depending on how variable and fixed interest rates move across differing financial instruments periods. For instance, a rise in interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise.
- Borrowings at fixed rates – the fair value of the liabilities will fall.
- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- Investments at fixed rates – the fair value of the investment will fall.

Investments measured at historic cost and loans borrowed are not carried at fair value on the Balance Sheet, 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 and affect the General Fund balance.

The Council has limited interest rate risk from its short-term borrowing which needs to be regularly refinanced as part of the strategy to benefit from low short-term interest rates. This risk is mitigated by the ability of the Council to switch from short-term to long-term borrowing should the UK enter a period of rising interest rates.

As part of a balanced portfolio, the interest rate risk is further mitigated by the following:

- i. Maturing short-term investments can be used to pay down debt, should it become cost-effective to do; and
- ii. Having a substantial part of the loan debt portfolio with maturity dates spread evenly over the next 30 years at fixed interest rates reducing the refinancing risk.

The treasury team will monitor the market and forecast interest rates within the year to adjust exposures appropriately. For instance, during periods of falling interest rates and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long-term returns, similarly the drawing of longer-term fixed rate borrowing would be postponed.

At 31 March 2025, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	£'000
Increase in interest payable on variable rate borrowings	-
Increase in interest receivable on variable rate investments	393
Impact on surplus/deficit on the provision of services	393
Decrease in fair value of fixed rate investments	-
Impact on Other comprehensive income and expenditure	-
Decrease in fair value of fixed rate borrowing liabilities (no impact on the surplus or deficit on the provision of services or other comprehensive income and expenditure)	(28,773)

The impact of a 1% fall in interest rates would be as above but with the movements being reversed. The above sensitivity analysis is based on the loans and investments as at 31 March 2025.

Note 33 – Cash and Cash Equivalents

31 March 2024		31 March 2025
	£'000	£'000
13,348	Bank current accounts (including unpresented bank items)	5,530
(2,764)	Cash held by the Council	(5,549)
13,585	Short term deposits with banks and building societies	33,820
24,169	Total	33,801

Note 34 – Debtors

Long term debtors

The Council has a number of debtors who are due to repay amounts owed to the Council over a number of years. The balances at the end of the financial year, and the movement during the year are shown below:

2024/25	Balance at 1 April 2024	New advances recognised	Advances repaid	Transfer (to)/from short term or other	Balance at 31 March 2025
	£'000	£'000	£ '000	£'000	£'000
Amounts due from Subsidiary undertakings	18,800	-	-	(4,726)	14,074
Other long term debtors	386	-	-	(21)	365
	19,186	-	-	(4,747)	14,439

Short Term Debtors

The outstanding debtors due within one year recognised by the Council at the 31 March, net of impairments for bad debts, were:

31 March 2024 Restated £'000	31 March 2025	
	£'000	£'000
Central Government Bodies		
8,707	HMRC	4,182
5,088	Other Central Government	6,357
7,277	Other Local Authorities	3,112
1,831	NHS Bodies	972
15	Public Corporations	5
Other Entities and Individuals		
1,852	Business Rates payers	2,178
6,263	Council Tax payers	6,474
1,630	Housing Benefits Overpayments	1,607
2,160	Housing Rents	2,178
20,077	Group Subsidiaries	28,339
27,408	Other Sundry Debtors	16,808
82,308	Total Debtors	72,212

31 March 2024 Restated £'000	31 March 2025 £'000
Other Entities and Individuals	
(4,374)	Business Rates payers
(15,185)	Council Tax payers
(3,636)	Housing Benefits Overpayments
(3,467)	Housing Rents
(8,852)	Other Sundry Debtors
(35,514)	Total Impairment Allowance
	(37,377)

Note 35 – Creditors

The creditors that the Council has an obligation to pay in the next twelve months are as follows:

Restated 2023/24 £'000		2024/25 £'000
Central Government Bodies		
(2,925)	HMRC – PAYE and NI	(2,340)
(18,021)	Other	(15,897)
(604)	Other Local Authorities	(677)
(1,120)	NHS Bodies	(248)
Other Entities and Individuals		
(21,042)	Group Subsidiaries	(19,362)
(6,656)	Business Rates payers	(8,064)
(3,928)	Council Tax payers	(3,710)
(1,729)	Housing rent	(1,729)
(2,032)	Accumulated Absences	(2,092)
(36,829)	Other creditors	(35,294)
(94,888)	Total	(89,412)
(7,346)	Receipts in Advance	(7,534)
(102,234)	Total	(96,946)

Note 36 – Provisions

	Balance at 1 April 2024	Amounts Used in 2024/25	Additional Provisions Made in 2024/25	Balance at 31 March 2025
	£'000	£'000	£'000	£'000
Provision for NNDR Appeals	(4,988)	-	(21)	(5,009)
Insurance	(1,077)	165	-	(912)
Other	(191)	11	-	(180)
Total	(6,256)	176	(21)	(6,101)

Business Rates (NNDR) Appeals - due to the localisation of Business Rates, which became effective from 1 April 2013, the Council has set aside a provision for any potential liabilities as a result of any Business Rate Payers' appeals against rateable valuations.

Insurance Provision - a provision has been made to meet known and anticipated liabilities on claims under the Council's insurance arrangements.

Note 37 – Usable Reserves

The Usable Reserves of the Council are as follows:

31 March 2024	31 March 2025
£'000	£'000
(8,394)	General Fund (GF)
(27,388)	Housing Revenue Account (HRA)
(9,524)	HRA Earmarked Reserves
(57,751)	GF - Earmarked Reserves
(11,786)	Major Repairs Reserve
(59,406)	Capital Grants Unapplied
(32,670)	Capital Receipts Reserve
(206,919)	Total
	(167,594)

Major Repairs Reserve (HRA)

31 March 2024 £'000		31 March 2025 £'000
(8,749)	Balance 1 April	(11,786)
(14,892)	Depreciation and amortisation	(12,770)
11,855	Application to finance capital expenditure	13,116
(11,786)	Balance 31 March	(11,440)

**Table is subject to rounding*

Capital Grants Unapplied

31 March 2024 £'000		31 March 2025 £'000
(61,704)	Balance 1 April	(59,406)
(28,914)	Capital grants recognised in year	(47,655)
31,212	Capital grants and contributions applied	49,614
-	Capital Contribution applied to Revenue via EM Reserve	10
(59,406)	Balance 31 March	(57,437)

Capital Receipts Reserve

31 March 2024 £'000		31 March 2025 £'000
(31,585)	Balance 1 April	(32,670)
(4,420)	Capital receipts in year	(8,069)
(1,744)	Deferred receipts realised	(291)
-	Capital receipts pooled	4
-	Capital Receipts re Loan repayment	(5,629)
5,079	Capital receipts used for financing capital expenditure	6,989
	Capital receipts used to reduce CFR	5,920
-	Other movement	16,900
(32,670)	Balance 31 March	(16,846)

Note 38 – Unusable Reserves

The Unusable Reserves of the Council are as follows:

31 March 2024		31 March 2025
Restated		
£'000		£'000
(228,452)	Revaluation Reserve	(245,272)
(383,573)	Capital Adjustment Account	(424,605)
128,707	Pension Reserve	67,961
(1,504)	Deferred Capital Receipts Reserve	(1,213)
2,257	Collection Fund Adjustment Account	4,441
2,032	Accumulated Absences Account	2,092
1,105	Pooled Fund Adjustment Account	838
64	Financial Instrument Revaluation Reserve	64
9,405	Dedicated Schools Grant	24,904
(469,959)	Total	(570,790)

Revaluation Reserve

2023/24		2024/25
£'000		£'000
(256,997)	Balance at 1 April	(228,452)
(15,591)	Upward revaluation of assets	(26,741)
37,308	Downward revaluation of assets and impairment losses	4,693
21,717	Surplus or deficit on revaluation of non-current assets not posted to the Comprehensive Income and Expenditure Statement (*)	(22,048)
5,134	Difference between fair value depreciation and historic cost depreciation	3,813
1,695	Accumulated gains on assets disposed	1,415
-	Other movements	-
6,829	Amount written off to the Capital Adjustment Account	5,228
(228,452)	Balance at 31 March	(245,272)

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its property, plant and equipment and intangible assets.

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, or
- disposed of and the 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.

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 additions to those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or subsequent costs as depreciation, impairment losses and amortisation are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert current and 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 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

2023/24 £'000		2024/25 £'000
(395,855)	Balance at 1 April	(383,573)
37,637	Charges for depreciation and impairment of non-current assets	36,181
-	Reversal of impairment of subsidiary holding	-
2,108	Amortisation of intangible assets	2,620
8,839	Revenue expenditure funded from capital under statute	13,588
25,826	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	9,996
74,410	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	62,385
(6,829)	Adjusting Amounts written out of the Revaluations Reserve	(5,228)
67,581	Net written out amount of the cost of non-current assets consumed in year	57,157
(3,334)	Use of Capital Receipts Reserve to finance new capital expenditure	(6,989)
(11,855)	Use of the Major repairs reserve	(13,116)
(31,212)	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement which have been applied to capital expenditure	(49,614)
(9,774)	Statutory provision for the financing of capital investment charged against the General Fund and HRA balance	(11,060)
(6,296)	Capital expenditure charged against the General Fund and HRA balances	(227)
(62,472)	Capital financing applied in year:	(81,006)
8,917	Movement in the fair value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	320
-	First time Recognition of Leased In Assets at peppercorn rent (Donated Assets/IFRS16)	(311)
(1,744)	Other Movements	(17,191)
(383,573)	Balance at 31 March	(424,605)

Pension Reserve

2023/24		2024/25
£'000		£'000
160,003	Balance at 1 April	128,707
(33,258)	Actuarial gains and losses on scheme assets and liabilities	(57,860)
21,888	Reversal of charges to the Comprehensive Income and Expenditure Statement	18,471
(19,926)	Employer's pension contributions	(21,357)
128,707	Balance at 31 March	67,961

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 Comprehensive Income and Expenditure Statement 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 pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

Normally the Pension Reserve would directly offset the Pension Liability (£62.179m), however the Council made an up-front payment of employer's contributions payable to the scheme of £17.4m for the three years 2023/24 to 2025/26 to secure a cashflow discount. This has resulted in a difference between the value of the Pensions Reserve and the Net Pension Liability on the Balance Sheet as shown in the table below. After the payment in 2025/26 the Pension Liability and the Pension Reserve will match at the 24/25 year end.

Pensions Reserve and Liabilities Recognised in the Balance Sheet	2024/25
	Total
	£'000
Balance on the Pension Reserve for LGPS	67,961
2025/26 Upfront payment	(5,782)
Balance on the net pensions liability for LGPS	62,179

Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but 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.

2023/24 £ '000		2024/25 £'000
(3,248)	Balance 1 April	(1,504)
1,744 Transfer to the Capital Receipts Reserve upon receipt of cash		291
- Other movements		-
(1,504)	Balance 31 March	(1,213)

Collection Fund Adjustment Account

2023/24 £'000		2024/25 £'000
(3,427)	Balance at 1 April	2,257
Amount by which Council Tax and NNDR credited to the Comprehensive Income and 5,684 Expenditure Statement is different from amounts calculated for the year in accordance with statutory requirements		2,184
2,257	Balance at 31 March	4,441

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and non-domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from council taxpayers and business rates payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

Accumulated Absences Account

2022/23 £'000		2023/24 £'000
1,922	Balance at 1 April	2,032
(1,922)	Settlement or cancellation of accrual made at the end of the preceding year	(2,032)
2,032	Amounts accrued at the end of the current year	2,092
2,032	Balance at 31 March	2,092

The 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.

Pooled Fund Adjustment Account

2023/24 £'000		2024/25 £'000
765	Balance at 1 April	1,105
340	Unrealised gains/(losses) on adjustment in fair value of financial instruments	(268)
1,105	Balance at 31 March	838

Financial Instruments Revaluation Reserve

2023/24 £'000		2024/25 £'000
64	Balance at 1 April	64
-	Downward revaluation of investments	-
64	Balance at 31 March	64

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.
- disposed of and the gains are realised.

Dedicated Schools Grant

2023/24 £'000		2024/25 £'000
3,463	Balance at 1 April	9,405
5,942	(Surplus)/Deficit on the DSG for the year	15,499
9,405	Balance at 31 March	24,904

See also Note 20 – when the DSG Reserve is in deficit, it is shown in the Unusable Reserves.

Note 39 – Contingent Liabilities

Municipal Mutual Insurance (MMI)

The Council's previous insurer, Municipal Mutual Insurance (MMI), went into a solvent run-off in September 1992 and is subject to a contingent scheme of arrangement which became effective in January 1994. In November 2012 the Directors of the company resolved to trigger the Scheme of Arrangement as a solvent run-off could no longer be foreseen. Ernst and Young, the Scheme Administrator, imposed an initial levy of 15% in January 2014 under the terms of the scheme. A further levy of 10% was imposed by the Scheme Administrator in April 2016 and based on information currently held; the final aggregate levy may be up to 28%. The Council has sufficient resources in the Earmarked Insurance Reserve to cover any further anticipated levy.

Duty of Care Claims

The Council has received a number of claims with regard to its duties to care for both elderly and young to which the Council asserts it discharged its duties fully and diligently. Should any of these claims progress, and ultimately prove to be founded, potential exists for compensation payments to become due. It is not possible at this stage to reliably place an estimate on any potential liability or quantum that may be ascribed to these claims.

Wholly Owned Companies - Pension Liabilities

In 2018/19 the Council transferred a number of staff to the newly established Council subsidiary, Brighter Futures for Children Ltd. As part of the transfer agreement the Council has agreed that, where the company defaults on any obligations due under this agreement, the Council will, following receipt of written notice, make good any payments due. To date no such defaults have occurred or are anticipated.

Business Rates Appeals

The Council has estimated that its share of the total maximum exposure to Business Rate Payers' appeals is £8.807m. A provision of £5.009m has been made within the accounts as a prudent but realistic estimate of the level of these appeals that will actually materialise. The remaining £3.798m has therefore been included as a contingent liability.

Note 40 – Contingent Assets

The Council has a potential claim against a contractor in relation to the management and delivery of specific capital projects. The Council is currently in the process of mediation to attempt a negotiated settlement.

Note 41 – Leases

Authority as Lessee - Finance Leases

The Council has applied IFRS 16 Leases (Right of Use) from 1 April 2024. See Accounting Policies Note 1 for details of IFRS16 and the changes that brings.

Right of Use Assets

The following table shows the change in value of right of use assets held under leases by the Council.

	Land and Buildings £'000	Vehicles, Plant and Equipment £'000	Community Assets £'000	Surplus £'000	Total £'000
Balance at 1 April 2024	10,125	60	532	2,095	12,811
Reclassifications	2,095	-	-	(2,095)	-
Depreciation	(1,022)	(21)	-	-	(1,043)
Additions	122	10	-	-	133
Revaluations	3,820	-	-	-	3,820
Disposals	-	-	-	-	-
Balance at 31 March 2025	15,140	49	532	-	15,721

Transactions under Leases

The Council incurred the following expenses and cash flows in relation to leases.

	2023/24 £'000	2024/25 £'000
Comprehensive income and expenditure statement		
Interest expense on lease liabilities	-	44
Expense relating to short-term leases	2	2
Expense relating to exempt leases of low-value items	37	69
Variable lease payments not included in the measurement of lease liabilities	41	103
Income from subletting right of use assets	-	-
Gains or losses arising from sale and leaseback transactions	-	-
Cash flow statement		
Total cash outflow for leases	205	434

Expenses for short-term leases where period of arrangement is for less than one month are not disclosed.

Maturity analysis of lease liabilities

The lease liabilities are due to be settled over the following time banks (measured at the undiscounted amounts of expected cash payments)

	2023/24 £'000	2024/25 £'000
Less than one year	419	251
One to five years	498	251
More than five years	5	-
Total undiscounted liabilities	921	503

Table is subject to rounding

Authority as Lessor - Finance Leases

The Council has leased buses to Reading Transport Ltd. The Council's gross investment in the lease is made up of the minimum lease payments expected to be received over the remaining term and the residual value of the assets when the lease(s) come to an end. The minimum lease payments comprise settlement of the long-term debtor for the interest in the assets and the finance income which will be earned by the Council in future years while the debt is still outstanding. The gross investment is disclosed below:

2023/24		2024/25
£ '000		£ '000
Finance lease debtor		
	(net present value of minimum lease payments):	
291	Current	-
1,213	Non-Current	1,213
139	Unearned Finance Income	110
-	Unguaranteed Residual Value of Assets	-
1,643	Gross investment in the lease	1,323

The gross investment in the lease and the minimum lease payments will be received over the following periods:

2023/24		2024/25	
Gross investment in the lease	Minimum Lease Payments	Gross investment in the lease	Minimum Lease Payments
£ '000	£ '000	£ '000	£ '000
320	320	Payments due within one year	
1,323	1,323	Payments due later than one year and not later than five years	1,323
-	-	Payments due later than five years	-
1,643	1,643	Total due	1,323
			1,323

Authority as Lessor - Operating Leases

The Council leases out a number of buildings, facilities and pieces of land to businesses, charities and individuals. The forecast minimum lease payments receivable in future years are:

2023/24 £ '000		2024/25 £ '000
6,787	Payments due within one year	5,531
19,142	Payments due later than one year and not later than five years	12,411
13,858	Payments due later than five years	8,291
39,787	Total due	26,233

Note 42 – Service Concession Arrangements

The Council is involved in two PFI schemes. One is with FCC (RE3 Limited) for the shared Waste PFI with Bracknell Forest Borough Council and Wokingham Borough Council and the other with Affinity (Reading) Limited for the North Whitley Housing PFI scheme.

The Short Term and Long Term PFI Liabilities appear on the balance sheet as per table below:

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5

2023/24 £'000	Balance Sheet	2024/25 £'000
(1,325)	PFI Short Term	(1,274)
(20,518)	PFI Long Term	(19,204)
(21,843)	Total	(20,478)

These two figures are explained in greater detail in the note below and are summarised as follows:

2023/24 £'000	PFI Liabilities - Long Term	2024/25 £'000
(16,269)	Housing PFI - Liability Outstanding	(15,548)
(717)	Annual Income Stream - Waste PFI	(602)
(3,532)	Waste PFI - Liability Outstanding	(3,054)
(20,518)	Total	(19,204)

2023/24 £'000	PFI Liabilities - within 1 year	2024/25 £'000
(771)	Housing PFI - Reimbursement of CAPEX	(720)
(115)	Waste PFI - Annual Income Stream	(115)
(473)	Waste PFI - Repayment in year	(439)
34	Adjusting Journals	
(1,325)	Total	(1,274)

a) North Whitley Housing PFI scheme

2024/25 was the twenty first year of a 30-year PFI contract to manage and maintain 1,246 dwellings on the North Whitley estate to defined availability and quality standard (1,250 dwellings remained as at 31 March 2024). The contract does not provide for transfer of the assets to the contractor or any other third party at the end of the contract on 9 May 2034.

Property, Plant and Equipment

The Housing PFI assets used to provide services at North Whitley estate are recognised on the Council's Balance Sheet, the value of land & buildings is £119.9m at 31 March 2025 (£109.9m at 31 March 2024).

Payments

The Council makes an agreed payment to the contractor which is increased annually by the annual change in the retail prices index measure of inflation. Payments can be increased or decreased for performance and availability. Payments remaining to be made under the contract at 31 March 2025 are as follows:

Service cost £'000	2024/25		
	Reimbursement of capital expenditure £'000	Interest £'000	Total £'000
4,305	720	3,390	8,415 within 1 year
18,189	5,367	11,999	35,555 within 2-5 years
20,279	10,181	9,182	39,642 within 6-10 years
-	-	-	- within 11-15 years
-	-	-	- within 16-20 years
42,773	16,269	24,571	83,613

Service cost	2023/24		
	Reimbursement of capital expenditure	Interest	Total
	£'000	£'000	£'000
4,212	771	3,251	8,234 within 1 year
17,797	4,227	12,766	34,790 within 2-5 years
24,540	11,735	11,695	47,970 within 6-10 years
436	307	110	853 within 11-15 years
-	-	-	- within 16-20 years
46,986	17,040	27,822	91,848

NB. The prior year comparatives have been restated due to the impact of updated inflation figures on the future payments.

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide; the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed. The liability outstanding to be paid to the contractor for capital expenditure incurred is as follows:

2023/24 £'000	2024/25 £'000
(17,756)	Opening balance (17,040)
716	Repayment of liability 771
(17,040)	Closing Balance (16,269)

b) Waste PFI Scheme

This is the eighteenth year of a 25-year waste disposal contract between Reading, Wokingham and Bracknell Forest Councils on the one hand, and RE3 Limited on the other, which expires in 2031/32. Under the contract, RE3 has built a waste transfer station, materials recycling facility, civic amenity site and offices on Council-owned land at Smallmead and a waste transfer station and civic amenity site at Longshot Lane in Bracknell. All three councils have roughly equal rights to use the assets.

The contract specifies the minimum standards for the services to be provided by the contractor, RE3 Ltd, with deductions if facilities are unavailable or performance is below the standards set out in the contract. Under the terms of the contract, existing assets (buildings, plant and equipment) transferred to the contractor for the duration of the contract. The contractor is responsible for the design, build, financing and operation of all the facilities.

At the end of the contract period all the facilities transfer to the Council at no additional cost.

Value of assets under the PFI contract

2023/24			2024/25		
Land & Buildings	Plant & Equipment	Total	Land & Buildings	Plant & Equipment	Total
£'000	£'000	£'000	£'000	£'000	£'000
11,847	991	12,838	Opening Balance	11,717	916 12,632
-	-	-	Revaluations	-	- -
(130)	(75)	(206)	Depreciation	(130)	(75) (205)
-	-	-	Impairment	-	- -
-	-	-	Additions	-	- -
11,717	916	12,632	Closing balance	11,586	841 12,426

Payments

Payments

The Council makes payments to the contractor which cover the charge for services provided, repayment of the liabilities and interest on those liabilities. Payments remaining to be made under the contract at 31 March 2025 are set out below:

2023/24				2024/25			
Service cost	Reimbursement of capital expenditure	Interest	Total	Service cost	Reimbursement of capital expenditure	Interest	Total
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
2,386	602	478	3,465	within 1 year	2,835	252	439 3,526
11,640	791	2,047	14,478	within 2-5 years	11,889	637	2,206 14,731
6,997	159	1,446	8,603	within 6-10 years	3,913	62	848 4,824
-	-	-	-	within 11-15 years	-	-	- -
21,023	1,552	3,971	26,546		18,637	951	3,493 23,081

NB. The prior year comparatives have been restated due to the impact of updated inflation figures on the future payments.

The contract generates an annual income stream from third party income forecast as follows:

2023/24		2024/25
£'000		£'000
(115)	Within one year	(115)
(460)	2 to 5 years	(460)
(257)	6 to 10 years	(142)
-	11 to 15 years	-
(832)	Total	(717)

The movement on value of the liabilities outstanding at the year-end are disclosed below:

2023/24		2024/25
£'000		£'000
(4,444)	Opening balance	(3,971)
473	Repayment	478
(3,971)	Closing balance	(3,494)

Note 43 – Pension Schemes Accounted for as Defined Contribution Schemes

Teachers employed by the Council are members of the Teachers' Pension Scheme administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE). The Scheme provides teachers with specified benefits upon their retirement and the Council contributes towards the cost by making contributions based on a percentage of scheme members pensionable salaries.

The Scheme is a defined benefit scheme. The Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The notional fund is valued every four years. The Scheme has in excess of 3,700 participating employers and consequently the Council is not able to identify its share of the underlying 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 £7.714m to the Teachers Pensions Agency in respect of teachers' retirement benefits, representing 28.7% of pensionable pay (in 2023/24 £5.953m was paid representing 23.7% of pensionable pay). There were no contributions payable at the year-end. The expected contributions to the Teachers' Pension Scheme for 2025/26 are £8.019m (representing 28.7% of pensionable pay).

Note 44 – Defined Benefit Pension Scheme

Local Government Pension Schemes

As part of the terms and conditions of employment the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not be payable until employees retire, the Council has a commitment to make the payments for those benefits and to disclose them when employees earn their future entitlement.

The Council participates in two post-employment schemes:

1. The Royal Berkshire Pension Fund, which is part of the Local Government Pension Scheme (LGPS) and is administered by the Royal Borough of Windsor and Maidenhead. This is a defined benefit 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. The Council is responsible for the liabilities of the Council and a share (16.69%) of liabilities of the former Berkshire County Council.
2. Arrangements for the award of discretionary post-retirement benefits upon early retirement - this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension payments as they fall due.

Transactions relating to post-employment benefits

The Council recognises the cost of post-employment benefits in the reported cost of services when they are earned by employees rather than when the benefits are eventually paid as pensions. However, the charge the Council is required to make against council tax is based on the cash payable in the year, so the real cost of post-employment benefits is reversed out of the General Fund via the Movement in Reserves Statement. During the year the following transactions have been made in the Comprehensive Income and Expenditure Statement and General Fund Balance via the Movement in Reserves Statement.

i. Impact on Comprehensive Income & Expenditure Account

2023/24		2024/25	
Funded £'000	Unfunded £'000	Funded £'000	Unfunded £'000
Comprehensive Income and Expenditure Statement			
Cost of Services			
		Service cost comprising:	
14,381	-	Current service cost	13,709
50	-	Past service cost	-
-	-	(Gain) / loss from settlements and / or transfers	117
523	-	Administration expenses	505
		Other Operating Expenditure:	
		Financing and Investment Income and Expenditure	
6,934	-	Net interest expense	4,140
21,888	-	Total charged to Surplus and Deficit on Provision of Services	18,471

2023/24		2024/25	
Funded £'000	Unfunded £'000	Funded £'000	Unfunded £'000
Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement			
Remeasurement of the net defined benefit liability comprising:			
(21,098)	-	Return on plan assets, excluding the amount included in the net interest expense	16,631
-	-	Other Actuarial (gains)/losses on assets	-
(8,685)	-	Actuarial (gains)/losses arising from changes in demographic assumptions	(1,645)
(6,164)	351	Actuarial (gains)/losses arising from changes in financial assumptions	(95,776) (417)
2,338	-	Other movements in the liability/(asset)	(1,588)
-	-	Impact of asset ceiling*	24,935
(33,609)	351	Total charged to Other Comprehensive Income and Expenditure Statement	(57,443) (417)
(11,721)	351	Total charged to Comprehensive Income and Expenditure Statement	(38,972) (417)

***Asset Ceiling (Onerous Funding Commitment)** Employers with a funding deficit at the last valuation will be paying secondary contributions to make good the deficit over the recovery period. Under IFRS, there can therefore be a minimum funding requirement to make secondary contributions.

It is possible that these secondary contributions, once paid, lead to a future accounting surplus that cannot be realised due to the asset ceiling. In such cases the requirement to make these contributions leads to an additional accounting liability known as the Onerous Funding Commitment. As a result of the asset ceiling, an increase in the pension liabilities has been recognised by the Council to reflect the current commitment to pay employer's contributions to recover a deficit in the Pension Fund that has been assessed as greater than the net pension liability established under Accounting Code requirements.

2023/24		2024/25	
Funded £'000	Unfunded £'000	Funded £'000	Unfunded £'000
Movement in Reserves Statement			
(21,888)	-	(18,471)	-
- Reversal of net charges to made to the Surplus or Deficit on the Provision of Services for post empoyment benefits in accordance with the Code			
Actual amount charged against the General Fund balance for pensions in the year:			
30,296	-	14,205	-
-	1,265	-	1,299
8,408	1,265	(4,266)	1,299

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Reconciliation between the fair value of assets and liabilities and the balance sheet liability

Pensions Assets and Liabilities Recognised in the Balance Sheet					
2023/24			2024/25		
Funded £'000	Unfunded £'000	Total £'000	Funded £'000	Unfunded £'000	Total £'000
(648,954)	(11,517)	(660,471)	Present value of the defined obligation	(575,323)	(9,801) (585,124)
543,399	-	543,399	Fair value of plan assets	547,880	- 547,880
-	-	-	Impact of Asset Ceiling*	(24,935)	- (24,935)
(105,555)	(11,517)	(117,072)	Net (liability) / asset arising from the defined benefit obligation	(52,378)	(9,801) (62,179)

As per the section on the Pensions Reserve within note 38, in April 2023/24, the Council made an upfront payment of employer's contributions payable to the scheme of £17.4m for the three years 2023/24 to 2025/26 to secure a cashflow discount. This has resulted in a difference between the value of the pensions reserve and the net pension liability on the balance sheet. This difference will return to zero in 2025/26.

iii. Reconciliation of the Present Value of the Scheme Liabilities

Reconciliation of present value of the scheme liabilities (Defined Benefit Obligation)								
2023/24						2024/25		
Funded	Unfunded	Total	Funded	Unfunded	Total			
£'000	£'000	£'000	£'000	£'000	£'000			
(636,650)	(12,431)	(649,081)	Opening present value of liabilities			(648,954)	(11,517)	(660,471)
(14,381)	-	(14,381)	Current service cost			(13,709)	-	(13,709)
(30,648)	-	(30,648)	Interest cost			(32,838)	-	(32,838)
(5,190)	-	(5,190)	Contributions from scheme participants			(5,735)	-	(5,735)
Remeasurement gain/(loss):								
8,685	-	8,685	Actuarial gains/(losses) arising from changes in demographic assumptions			1,645	-	1,645
6,164	(351)	5,813	Actuarial gains/(losses) arising from changes in financial assumptions			95,776	417	96,193
(2,338)	-	(2,338)	Other			1,588	-	1,588
(50)	-	(50)	Past service cost			-	-	-
-	-	-	Loss on curtailments/settlements			-	-	-
-	-	-	Liabilities assumed on entity combinations			-	-	-
25,454	1,265	26,719	Benefits paid			28,095	1,299	29,394
-	-	-	Liabilities extinguished on settlements			(1,191)	-	(1,191)
(648,954)	(11,517)	(660,471)	Closing present value of liabilities			(575,323)	(9,801)	(585,124)

iv. Reconciliation of the Movement of the Fair Value of the Plan Assets

Movements in the Fair Value of Scheme Assets					
2023/24			2024/25		
Funded £'000	Unfunded £'000	Total £'000	Funded £'000	Unfunded £'000	Total £'000
489,078	-	489,078	543,399	-	543,399
23,714	-	23,714	Interest income	28,698	- 28,698
-	-	-	Remeasurement gain/(loss)	-	-
21,098	-	21,098	Return on plan assets, excluding the amount included in the net interest expense	(16,631)	- (16,631)
30,296	1,265	31,561	Contributions from employer	14,205	1,299 15,504
5,190	-	5,190	Contributions by employees into the scheme	5,735	- 5,735
(25,454)	(1,265)	(26,719)	Net benefits paid out	(28,095)	(1,299) (29,394)
-	-	-	Gains on settlements	1,074	- 1,074
(523)	-	(523)	Administration expense	(505)	- (505)
-	-	-	Other (if applicable)	-	-
543,399	-	543,399	Closing fair value of assets	547,880	- 547,880

Basis for estimating assets and liabilities

Liabilities have been estimated on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. Both the LGPS and unfunded discretionary benefits liabilities have been valued by Barnett Waddingham, an independent firm of actuaries with estimates for the Berkshire Pension Fund being based on the latest full (triennial) valuation as at 31 March 2022.

In June 2023, the High Court handed down a decision in the case of Virgin Media Limited v NTL Pension Trustees II Limited and others relating to the validity of certain historical pension changes due to the lack of actuarial confirmation required by law. In July 2024, the Court of Appeal dismissed the appeal brought by Virgin Media Ltd against aspects of the June 2023 decision. The conclusions reached by the court in this case may have implications for other UK defined benefit plans. The Royal Borough of Windsor and Maidenhead are monitoring developments in terms of whether there is expected to be any impact on LGPS Funds and will consider if there are any implications for the Royal Berkshire Pension Fund. As a result, Reading Council does not consider it necessary to make any allowance for the potential impact of the Virgin Media case in its financial statements.

v. Principal Assumptions

The principal assumptions used by the actuary are set out below.

2023/24 Years	Life expectancy assumptions	2024/25 Years
Longevity at 65 for current pensioners		
20.8	Men	20.7
23.6	Women	23.6
Longevity at 65 for future pensioners		
22.0	Men	22.0
25.0	Women	25.0
Financial assumptions		
4.9	Discount rate	5.9
2.9	Pension increases (CPI)	2.9
3.9	Salary increases	3.9

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The estimation of the defined benefit obligation is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes, while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

The Royal Berkshire Pension Scheme entered into a longevity insurance contract to cover all members of the Fund who had started receiving their pension by the end of July 2009 and their dependents. The fund will, in effect, pay inflation-linked fixed premiums to the Insurer who, in exchange, will pay the actual pension amounts due; this removes the longevity risk to the Fund in respect of the members covered. The contract is treated as a negative asset within the Fund's accounts.

vi. Scheme Assets

2023/24 £'000		2024/25 £'000
373,803	Equities	370,692
71,376	Other Bonds and Target Return Portfolio	80,038
49,466	Property	45,903
5,004	Cash	9,978
68,080	Infrastructure	64,020
(24,330)	Longevity insurance	(22,751)
543,399	Total	547,880

Sensitivity Analysis

The above figures are based on the Actuary's best estimates for future movements in inflation and life expectancy. The impact on the Pension Fund of slight changes to these assumptions is shown below:

Impact on the defined benefit obligation	Increase in assumption £'000	Decrease in assumption £'000
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(8,370)	8,575
Rate of increase in salaries (increase or decrease by 0.1%)	551	(546)
Rate of inflation (increase or decrease by 0.1%)	8,264	(8,069)
Longevity (increase or decrease by 1 year)	20,042	(19,311)

Asset and Liability Matching Strategy

In order to manage future liability risk, the Royal County of Berkshire Pension Fund entered into a longevity insurance contract with Swiss Re which covered all of the members of the Fund who had started receiving their pension by the end of July 2009 and their dependents. This contract effectively means that the Fund will pay inflation-linked fixed premiums to Swiss Re and in exchange Swiss Re will pay the actual pension amounts due, thus removing the longevity risk to the Fund in respect of the members covered.

Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. As at the 2022 triennial valuation, the Council's liabilities were 75% funded. The Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 21 years and this will shorten in future years. Funding levels are monitored on an annual basis.

vii. Estimate of contributions for 2024/25

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2026 are £14.144m.

Note 45 – Cash Flow from Operating Activities

Operating activities within the cashflow statement include the following cashflows relating to interest:

2023/24		2024/25
£'000		£'000
(3,246)	Interest received	(6,172)
16,005	Interest paid	24,338
-	Dividends paid	(500)
12,759	Total	17,666

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

2023/24		2024/25
£'000		£'000
(39,536)	Depreciation	(36,181)
(7,018)	Impairment and downward valuations	-
(2,108)	Amortisation	(2,620)
(15,442)	(Increase)/decrease in creditors	5,069
17,522	Increase/(decrease) in debtors	(12,032)
(47)	Increase/(decrease) in inventories	127
21,309	Movement in pension liability	(2,967)
(25,486)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(9,996)
(1,439)	Other non-cash movements charged to the surplus or deficit on provision of services	102
(52,245)	Total	(58,498)

The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

2023/24		2024/25
£'000		£'000
4,420	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	8,069
28,914	Any other items for which the cash effects are investing or financing cash flows	47,655
-	Proceeds from short-term (not considered to be cash equivalents) and long-term investments	-
33,334	Total	55,724

Note 46 – Cash Flow from Investing Activities

2023/24		2024/25
£'000		£'000
68,278	Purchase of property, plant and equipment, investment property and intangible assets	69,243
-	Purchase of short-term and long-term investments	-
-	Other payments for investing activities	-
(4,420)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(8,360)
-	Proceeds from short-term and long-term investments	-
(28,493)	Other receipts from investing activities	(47,645)
35,365	Net Cash Flows from Investing Activities	13,238

Note 47 – Cash Flow from Financing Activities

2023/24		2024/25
£'000		£'000
(101,340)	Cash receipts of short-term and long-term borrowing	(254,664)
-	Other receipts from financing activities	(1,568)
1,074	Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance-Sheet PFI contracts	1,532
67,340	Repayments of short-term and long-term borrowing	214,000
4,872	Council Tax and NNDR share	1,936
(28,054)	Net Cash Flows from Financing Activities	(38,764)

Housing Revenue Account

Housing Revenue Account Income and Expenditure Statement

The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with the Code, rather than the amount to be funded from rents and grants. The Council charges rents to cover expenditure in accordance with regulations; however, these may be different from the accounting cost. The increase or decrease in the year, on the basis on which rents are raised, is shown in the Movement on the HRA Statement.

2023/24 Restated £'000	Expenditure	2024/25 £'000
10,833	Repairs and Maintenance	12,532
18,809	Supervision and Management	19,084
359	Rents, Rates, Taxes and other charges	403
14,888	Depreciation, impairment and revaluation losses of non-current assets	13,007
-	HRA share of Non-Distributed Costs (IAS past service costs, curtailments and Settlements)	4
21	Debt Management Costs	30
44,910	Total Expenditure	45,061

2023/24 Restated £'000	Income	2024/25 £'000
(40,693)	Dwelling Rents	(44,323)
(49)	Non-Dwelling rents	(39)
(3,997)	PFI Credit	(3,994)
(1,598)	Charges for services and facilities	(1,756)
(80)	Other	(390)
(46,418)	Total Income	(50,503)

2023/24		2024/25
Restated		
£'000		£'000
44,910	Total Expenditure	45,061
(46,418)	Total Income	(50,503)
(1,507)	Net Expenditure of HRA Services	(5,442)
342	HRA share of costs of Corporate and Democratic core	419
(1,165)	Net Expenditure of HRA Services as reported in CIES	(5,023)
(847)	(Gains)/loss on sale of HRA Fixed Assets	(1,161)
8,981	Interest Payable and Similar Charges	9,365
(2,416)	HRA Interest and Investment Income	(1,958)
624	Net Interest on the defined benefit liability/asset	147
5,176	(Surplus) or deficit for Year on HRA Services	1,370

Movement on the HRA Statement

Analysis of the amounts included within 'Adjustments between accounting basis and funding basis under regulations' and 'Transfers to or from reserves' within the Movement in the HRA Statement:

2023/24	Movement on the HRA Statement	2024/25
Restated		
£'000		£'000
35,336	Balance on the HRA at the end of the previous year	27,388
5,176	(Surplus) or deficit on the HRA Income and Expenditure Statement	1,370
3,163	Adjustments between accounting basis and funding basis under statute	2,041
8,340	Net (increase) or decrease before transfers to or from other reserves	3,410
-	Contribution to Pension Reserve	665
(392)	Transfers to/(from) other reserves - PFI Smoothing Reserve	(932)
7,947	(Increase) or decrease on the HRA for the year	3,144
(27,388)	Balance on the HRA at the end of the current year	(24,244)
(9,524)	Earmarked reserves - PFI Smoothing Reserve	(8,592)
(36,913)	Total HRA Reserves	(32,836)

2023/24 Restated £'000	Adjustments between accounting basis	2024/25 £'000
(14,124)	Transfers to/(from) the Capital Adjustment Account	(11,923)
847	Gain or (loss) on sale of non-current assets	1,161
800	Contributions to or (from) the Pension Reserve	538
750	Capital Expenditure funded from the HRA	158
(2)	Transfers to/(from) the Accumulated Absences Account	1
14,892	Transfers to/(from) Major Repairs Reserve	12,770
3,163	Net additional amount required by statute to be debited or (credited) to the HRA Balance for the year	2,707

Note 1 – Analysis of Council Housing Stock

At 31 March 2025, the Council was responsible for managing a housing stock of 6,824 dwellings, including 1,246 within the North Whitley PFI scheme (31 March 2024: 6,852 dwellings, 1,250 in the PFI scheme). These dwellings are of the following types:

31 March 2024			31 March 2025		
<u>Flats</u>	<u>Houses</u>	<u>Total</u>	<u>Flats</u>	<u>Houses</u>	<u>Total</u>
2,985	3,867	6,852	Total number and type of dwellings		
			2,955	3,869	6,824

Note 2 – Housing Revenue Account Capital Expenditure

During 2024/25, the Council incurred £28.2m capital expenditure on land, houses and other properties within the HRA (2023/24: £31.6m). The details of expenditure and the methods of financing are detailed below:

31 March 2024 £'000	31 March 2025 £'000
Capital Investment	
18,581	19,747
13,057	8,488
-	-
31,638	28,235
Total Capital Expenditure within the HRA	
Sources of Funding	
(11,810)	(9,159)
(101)	(394)
(11,855)	(13,116)
(750)	(158)
(7,123)	(5,408)
(31,638)	(28,235)
Total Funding	

Note 3 – Balance Sheet Value of HRA Operational Assets

31 March 2024 £'000	31 March 2025 £'000
Operational Assets	
550,571	567,149
5,447	5,796
-	1,958
Non Operational Assets	
34,497	40,993
1,277	2,049
591,792	617,945
Total	

Dwellings are initially valued at open market value assuming vacant possession. The vacant possession value of the HRA tenanted dwellings was £1,730m at 31 March 2025 (£1,668m at 31 March 2024). The difference between the vacant possession value and the Balance Sheet value of dwellings within the HRA reflects that tenancies are held on a secure basis without vacant possession.

The Balance Sheet value is determined by applying the Government prescribed discount factor (the vacant possession discount factor) to the vacant possession value of the stock. The vacant possession discount factor was 33% (33% in 2023/24).

Note 4 – Depreciation and Impairment

31 March 2024			31 March 2025		
Depreciation £'000	Impairment £'000	Total £'000	Depreciation £'000	Impairment £'000	Total £'000
(14,644) -		(14,644)	Council Dwellings	(12,532)	(12,532)
(233)	-	(233)	Other Land and Buildings' Properties	(459)	(1) (460)
(15)	4	(11)	Surplus Assets	(5)	(10) (15)
(14,892)	4	(14,888)	Total	(12,996)	(11) (13,007)

NB. A positive entry indicates an impairment reversal.

Note 5 – Transactions relating to Retirement Benefits

31 March 2024		31 March 2025	
	£'000		£'000
(1,476)		Current Service Cost	(41)
5		Past Service Costs	-
-		(Gain)/loss from settlements	4
47		Administration expenses	18
624		Net interest expense	147
(800)		Total	128
(800)		Movement on Pension Reserve	128

Applying IAS 19 to the Housing Revenue Account (HRA) has no overall effect on the HRA balance as the debit to the Income and Expenditure Account is reversed out by an appropriation from the Pensions Reserve in the Statement of Movement of HRA Balances.

Note 6 – Total Capital Receipts Generated during the year

31 March 2024 £'000	31 March 2025 £'000
(1,739)	Council Houses (2,351)
-	Other Property (478)
(1,739)	Total (2,828)

During the year, the Council disposed of 22 dwellings to tenants under the Right to Buy scheme. These disposals, along with other Non Dwelling HRA Property sales (2) and shared ownership sales (2), generated total capital receipts of £4.1m. £1.3m of RTB receipts is recognised within the General Fund for the allowable Authority share of the 22 RTB sales. £0.004m of funds were due to Central Government as the Council's contribution to the Central Housing Pool.

Note 7 – Rent Arrears and Bad Debt Provision

	2023/24 £'000	2024/25 £'000
Arrears by Tenant		
Current Tenants	1,598	1,576
Former Tenants	1,027	1,290
Total Arrears	2,625	2,866

The specific provision for the possible non-collection of all rent related charges at 31 March is £1.960m, which represents 68% of the total outstanding arrears. The calculation assesses the potential for future impairment based on an analysis of arrears with and without arrangements with current and former tenants. These are then further analysed on an age outstanding basis and provisions made on established percentages, relating to the age of debt outstanding.

Collection Fund

Introduction

The Collection Fund Statement is a record of revenue expenditure and income relating to the Council's role as a Billing and Precepting Authority for Council Tax and Non-Domestic Rates (NDR) in accordance with the requirements of Section 89 of the Local Government Finance Act 1988. Its primary purpose is to show the transactions in relation to the collection from taxpayers of tax due and its distribution to other authorities, major preceptors and the Government. Collection Fund Statement items are only included within the Comprehensive Income and Expenditure Account and Balance Sheet when they relate to the Council's own entitlements or commitments as distinct from those of Local Government or Central Government partners. Amounts owed to or owing by taxpayers at the Balance Sheet date are therefore not shown in the Council's Balance Sheet with the exception of the proportion of Council Tax to which the Council itself is entitled.

It also shows how the Council Tax income is distributed between Reading Borough Council, Thames Valley Police and the Royal Berkshire Fire Authority, and the Non-Domestic Rates (NDR) income is distributed between Reading Borough Council, Central Government and the Royal Berkshire Fire Authority.

Billing authorities in England are required by statute to maintain a separate fund for the collection and distribution of amounts due in respect of Council Tax and Non-Domestic Rates (NDR). The fund key features relevant to accounting for Council Tax in the core financial statements are:

- While the Council Tax income for the year credited to the Collection Fund is the accrued income for the year, regulations determine when it should be released from the Collection Fund and transferred to the General Fund of the Billing Authority or paid out of the Collection Fund to the other major preceptors.
- Council Tax income included in the Comprehensive Income and Expenditure Account for the year shall be the accrued income for the year. The difference between the income included in the Comprehensive Income and Expenditure Account and the amount required by regulation to be credited to the Collection Fund shall be taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

Since the collection of Council Tax and Non-Domestic Rates Income is in substance an agency arrangement:

- Cash collected by the Billing Authority from Council Tax debtors belongs proportionately to the Billing Authority and the other major preceptors. There will therefore be a debtor/creditor position between the Billing Authority and each of the other major preceptors to be recognised since the net cash paid to each of the other major preceptors in the year will not be its share of the cash collected from Council Tax taxpayers.
- Cash collected from NDR taxpayers by Billing Authorities (net of the cost of collection allowance) belongs to the Government, the Council as a preceptor and the other major preceptors. The amount not yet paid to them at the Balance Sheet date shall be included in the Balance Sheet as a creditor; similarly, if cash paid to the Government and the other major preceptors exceeds the cash collected from NDR taxpayers (net of the Billing Authority's cost of collection allowance), the excess shall be included in the Balance Sheet as a debtor.

Council Tax

This section summarises how the money we collected through Council Tax is distributed between the other major precepting authorities and ourselves.

The Collection Fund Income and Expenditure Account - Council Tax		2023/24 £'000	2024/25 £'000
Income			
Council Tax Receivable		(131,303)	(140,340)
Transfer for Transitional Relief, S13A Reliefs and discount for prompt payment		(576)	(580)
		(131,879)	(140,920)
Contributions to previous year estimated deficit			
Reading Borough Council		-	(1,701)
Royal Berkshire Fire Authority		-	(70)
Thames Valley Police		-	(227)
		-	(1,998)
Total Income		(131,879)	(142,918)
Expenditure			
Precepts, Demands and Shares			
Reading Borough Council		111,086	118,884
Royal Berkshire Fire Authority		4,565	4,793
Thames Valley Police		14,820	15,873
		130,471	139,550
Distribution of previous year estimated surplus			
Reading Borough Council		1,723	-
Royal Berkshire Fire Authority		70	-
Thames Valley Police		230	-
		2,023	-
Change in allowance for impairments		1,515	2,894
Total Expenditure		134,009	142,444
(Surplus)/Deficit for the year		2,130	(474)
Opening Balance (Surplus)/Deficit at 1 April		(1,369)	761
Closing Balance (Surplus)/Deficit at 31 March		761	287

Business Rates (Non-Domestic Rates)

This section summarises how the money we collected through Business Rates is distributed between the other major precepting authorities; Central Government and ourselves.

The Collection Fund Income and Expenditure Account - Business Rates		2023/24 £'000	2024/25 £'000
Income			
Business Rates receivable (net of discretionary and mandatory relief)		(130,808)	(138,276)
Transitional Protection Payments		(7,439)	(694)
		<u>(138,247)</u>	<u>(138,970)</u>
Contributions to previous year estimated deficit			
Central Government		-	(2,524)
Reading Borough Council		-	(2,473)
Royal Berkshire Fire Authority		-	(50)
		<u>-</u>	<u>(5,047)</u>
Total Income		(138,247)	(144,017)
Expenditure			
Precepts, Demands and Shares			
Central Government		67,440	73,670
Reading Borough Council		66,091	72,196
Royal Berkshire Fire Authority		1,349	1,473
		<u>134,880</u>	<u>147,339</u>
Distribution of previous year estimated surplus			
Central Government		2,543	-
Reading Borough Council		2,492	-
Royal Berkshire Fire Authority		51	-
		<u>5,086</u>	<u>-</u>
Change in allowance for impairments		373	1,197
Interest		58	430
Provision for appeals		5,489	42
Cost of collection allowance		289	290
Transitional protection payment		-	-
		<u>6,209</u>	<u>1,959</u>
Total Expenditure		146,175	149,298
(Surplus)/Deficit for the year		7,928	5,281
Opening Balance (Surplus)/Deficit at 1 April		(4,963)	2,965
Closing Balance (Surplus)/Deficit at 31 March		2,965	8,246

Notes to the Collection Fund

Business Rates

The Council collects business rates for its area based on rateable values (as determined by the Valuation Office Agency) and multipliers set by Central Government, which are set out below.

Non-domestic rateable value and multipliers	2023/24	2024/25
Non-domestic rateable value at 31 March	£341,140,036	£334,627,052
Business rate multiplier - standard rate	51.2p	54.6p
Business rate multiplier - small businesses	49.9p	49.9p

Council Tax

Council Tax is charged on residential properties based upon valuation bandings established when the system was introduced in 1993. The number of properties in each band and calculation of the taxbase (adjusted to reflect relevant discounts and exemptions) was approved by Full Council in the January preceding the start of the respective financial year and is summarised in the table below.

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Band	2024/25 Valuation band limits	£	Calculated No. of chargeable dwellings No.	Ratio to band D	Equated No. of dwellings
					No.
AA	Band A entitled to disabled relief reduction		3	5/9	2
A	Up to and including - 40,000		4,830	6/9	3,220
B	40,001 - 52,000		11,226	7/9	8,731
C	52,001 - 68,000		25,640	8/9	22,791
D	68,001 - 88,000		10,228	9/9	10,228
E	88,001 - 120,000		5,372	11/9	6,565
F	120,001 - 160,000		3,099	13/9	4,476
G	160,001 - 320,000		1,791	15/9	2,985
H	More than - 320,001		74	18/9	148
			62,264		59,149
	Adjustments for estimates of new build and non-collection				(204)
			Council Tax Base		58,945

Group Accounts

Introduction

The Council has reviewed its relationships with its partner organisations to determine whether there are any entities that should be considered as part of the Council's 'group'. Three wholly owned organisations have been identified as needing to be consolidated within the Group:

- Reading Transport Limited (RTL).
- Homes for Reading (HfR).
- Brighter Futures for Children (BFfC)

In addition to the above companies:

RTL has ten wholly owned subsidiaries, Newbury and District Limited (N&D); The Greater Omnibus Company Limited; Reading Rovers Limited; Reading Minibuses Limited; Reading Buses Limited; Newbury Buses Limited; Reading Transport Pensions Trustees Limited; Thames Valley Buses Limited; Courtney Bodyworks Limited; and Courtney ATF Ltd which have been consolidated into the Council's Group Accounts.

RTL was founded in 1986 to meet the requirements of the Transport Act and provides local bus services within the Greater Reading and West Berkshire areas, along with holidays and excursions, and the provision of drivers and buses for private hire. Reading Borough Council owns 100% of the share capital and is able to control the operating, governance and financial policies of the company. In addition, the Council has two representatives on the Board of Directors.

HfR was established in April 2016 as a wholly owned subsidiary, to provide quality rented housing in the Greater Reading area and help alleviate local housing need for both market and submarket tenants. HfR acquire and let both freehold and leasehold properties ranging from street properties (individual, multiple or a block) through to new build properties under construction. The aim is to achieve an optimum mix of market rent lettings and submarket rent lettings across its property portfolio so that it can satisfy its social obligations whilst remaining a commercially viable entity.

In July 2024, the Council decided that Homes for Reading will be closed and the Company's properties are to be transferred to the Council's Housing Revenue Account. This is to happen on a phased basis as existing tenancies come to an end. Property valuations will be determined at the point of transfer.

BFfC was established on 5 April 2018 to deliver Children's Social Care Services, Education, Special Education and Disabilities, School Support Services and Early Help. It began trading on 3 December 2018. The overall objective is to deliver the best possible opportunities for the children of Reading.

On 28 January 2025, the Council decided to bring the BFfC contract to an end and bring back its children's services in house. Services and staff will transfer back to Reading Borough Council on 1 October 2025 with contracts being novated to the Council to ensure continuity of service provision.

Group Financial Statements

The Council is required to produce financial statements for the group, together with supporting notes, where there is a material difference to the single entity statement. The following statements have been prepared:

The **Group Comprehensive Income and Expenditure Statement**, which brings together the Comprehensive Income and Expenditure Statement produced by the Council and the Profit and Loss Statements produced by Reading Transport Limited, Homes for Reading and Brighter Futures for Children.

The **Group Movement in Reserves Statement**, which combines the in-year movements of the financial reserves of the Council, with those of the Group entities, providing the overall change in the Council's total reserves.

The **Group Balance Sheet**, which recognises the year end position for all the group entities.

The **Group Cashflow Statement**, which consolidates the cashflow statements for the Council, HfR, BFFC and the RTL.

The **Notes to the Group Accounts**, where the balances are materially different to those in the single entity accounts.

Group Accounting Policies

The Accounting policies for the subsidiary companies are not materially different to those of the Council, as set out in Note 1 to the Main Accounts.

Basis of accounts production

The group accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

As required by Chapter 9 of the Code, the Council has consolidated the above subsidiaries on a line-by-line basis. Intra -group transactions have been eliminated before consolidation on a line-by-line basis, and the accounts of the subsidiaries have been restated where they use different accounting policies to the Council, as required by the Code.

Critical Judgements in Applying Group Accounting Policies

Group accounts have been prepared using the following financial information:

Reading Borough Council.	Unaudited financial statements for 2024/25 and prior years.
BFFC	Unaudited financial statements for 2024/25 and prior years.
HfR	Trial Balance for 2024/25 and Unaudited financial statements for prior years.
RTL	Trial Balance for 2024/25 and Unaudited financial statements for prior years.

Group Comprehensive Income and Expenditure Statement

2023/24 Restated			Service Area	2024/25		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
113,692	(61,962)	51,730	Communities and Adult Social Care	130,501	(68,738)	61,763
41,683	(23,220)	18,463	Resources	48,830	(26,210)	22,620
1,775	(236)	1,539	Chief Executive Services	1,895	(425)	1,470
50,575	(50,585)	(10)	Corporate Support Services	43,090	(50,835)	(7,745)
233,811	(162,817)	70,994	Children, Education and Early Help Services	268,297	(166,774)	101,524
90,098	(39,818)	50,280	Economic Growth and Neighbourhood Services	94,975	(39,135)	55,840
58,619	(55,766)	2,853	Reading Transport Limited (RTL)	67,910	(63,300)	4,611
102	(2,535)	(2,433)	Homes for Reading (HFR)	44	(2,050)	(2,006)
46,360	(46,112)	248	Housing Revenue Account	46,296	(50,206)	(3,910)
636,715	(443,051)	193,664	Group Cost of Services	701,839	(467,673)	234,166
Page 172	13,482		Other Operating (Income)/Expenditure			(5,476)
	21,858		Financing and Investing Income and Expenditure			15,542
	(188,840)		Taxation and Non-Specific Grant Income			(214,818)
	1,997		Corporation Tax payable			722
	42,161		Group (Surplus)/Deficit on Provision of Services			30,136
	340		(Surplus)/Deficit on Revaluation of Available for Sale Financial Assets			(370)
	22,321		(Surplus)/Deficit on Revaluation of Non-Current Assets			(22,048)
	(31,222)		Remeasurement of Pension Fund Liabilities			(67,987)
	-		Deferred Tax on Pension Liability and Corporation Tax Adjustment			-
	(8,561)		Other Group Comprehensive Income and Expenditure			(90,406)
	33,600		Total Group Comprehensive Income and Expenditure			(60,269)

Group Movement in Reserves Statement 2024/25

2024/25	REVENUE RESERVES						CAPITAL RESERVES			Total Council Usable Reserves	Total Council Unusable Reserves	Total Council Reserves	Council's share of subsidiaries' Reserves	Total Group Reserves
	General Fund	General Fund Earmarked Reserves	Total General Fund Balances	Housing Revenue Account (HRA)	HRA Earmarked Reserves	Total HRA Balances	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied					
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance 1 April 2024	(8,394)	(57,751)	(66,145)	(27,388)	(9,524)	(36,912)	(32,670)	(11,786)	(59,406)	(206,919)	(469,959)	(676,878)	(19,111)	(695,990)
Movements in 2024/25: Surplus/Deficit on the Provision of Services	(49,753)	-	(49,753)	1,370	-	1,370	-	-	-	(48,383)	-	(48,383)	78,519	30,136
Other Comprehensive Income/Expenditure	-	-	-	-	-	-	-	-	-	(80,176)	(80,176)	(10,230)	(90,406)	
Total Income/Expenditure Consolidation adjustments between Group and Council Accounts	(49,753)	-	(49,753)	1,370	-	1,370	-	-	-	(48,383)	(80,176)	(128,559)	68,290	(60,269)
Net Increase/Decrease Adjustments between Funding and Accounting	17,300	-	17,300	1,370	-	1,370	-	-	-	18,670	(80,176)	(61,505)	1,236	(60,269)
10,132	-	10,132	2,041	-	2,041	15,824	346	1,959	30,302	(30,301)	-	-	-	-
Net Increase/Decrease before Transfers to/from Reserves	27,432	-	27,432	3,410	-	3,411	15,824	346	1,959	48,972	(110,477)	(61,505)	1,236	(60,269)
Transfers to/from Reserves	(27,943)	17,621	(10,322)	(268)	933	665	-	-	10	(9,647)	9,647	-	-	-
Group adjustment	-												(823)	(823)
Net Increase/Decrease for Year	(511)	17,621	17,110	3,143	933	4,076	15,824	346	1,969	39,325	(100,831)	(61,506)	1,236	(60,269)
Balance 31 March 2025	(8,905)	(40,130)	(49,035)	(24,245)	(8,591)	(32,836)	(16,846)	(11,440)	(57,437)	(167,595)	(570,790)	(738,385)	(18,698)	(757,081)

Group Movement in Reserves Statement 2023/24

2023/24 Restated	REVENUE RESERVES						CAPITAL RESERVES			Total Council Usable Reserves	Total Council Unusable Reserves	Total Council Reserves	Council's share of subsidiaries' Reserves	Total Group Reserves
	General Fund	General Fund Earmarked Reserves	Total General Fund Balances	Housing Revenue Account (HRA)	HRA Earmarked Reserves	Total HRA Balances	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied					
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000					
Balance at 31 March 2023	(8,221)	(70,132)	(78,352)	(35,334)	(9,916)	(45,250)	(31,584)	(8,749)	(61,704)	(225,640)	(493,310)	(718,952)	(10,639)	(729,590)
Movements in 2023/24: Surplus/Deficit on the Provision of Services Other Comprehensive Income/Expenditure	(17,602)	-	(17,602)	5,175	-	5,175	-	-	-	(12,427)	-	(12,427)	54,929	42,502
Total Income/Expenditure Consolidation adjustments between Group and Council Accounts	(17,602)	-	(17,602)	5,175	-	5,175	-	-	-	(12,427)	94	(12,333)	45,935	33,602
Net Increase/Decrease Adjustments between Funding and Accounting	36,805	-	36,805	5,175	-	5,175	-	-	-	41,980	94	42,074	(8,472)	33,602
Net Increase/Decrease before Transfers to/from Reserves Transfers to/from Reserves	18,151	-	18,152	8,338	-	8,338	(1,086)	(3,037)	2,298	(17,315)	17,315	-	-	-
Balance 31 March 2024	(8,394)	(57,751)	(66,145)	(27,388)	(9,524)	(36,912)	(32,670)	(11,786)	(59,406)	(206,920)	(469,959)	(676,879)	(19,111)	(695,990)

Group Balance Sheet

2023/24 Restated		2024/25	
£'000	Balance Sheet	Note	£'000
1,035,369	Property, Plant and Equipment	1	1,089,745
137,168	Infrastructure		137,097
3,376	Heritage Assets		3,273
87,905	Investment Property	2	83,490
8,027	Intangible Assets		9,572
8,234	Pension Assets		6,040
20,194	Long-Term Investments		20,461
386	Long-Term Debtors		366
1,300,659	Group Non-Current Assets		1,350,044
204	Financial Assets Held for Sale		186
125	Assets Held for Sale		-
940	Inventories		1,318
70,632	Short-Term Debtors	3	53,743
34,034	Cash and Cash Equivalents		44,031
105,935	Group Current Assets		99,277
(79,518)	Short-Term Borrowing		(122,181)
(97,515)	Short-Term Creditors	4	(98,364)
(6,256)	Short-Term Provisions		(9,661)
(1,325)	PFI Short-Term Liabilities and Deferred Income		(1,274)
(288)	Deferred Income		(495)
-	Grants Received in Advance - Capital		-
(184,902)	Group Current Liabilities		(231,976)
-	Long-Term Provisions		-
(357,485)	Long-Term Borrowing		(355,484)
(117,072)	Pensions Liabilities		(62,179)
(45,980)	Other Long-Term Liabilities	5	(42,602)
(5,165)	Deferred Tax re Pension Scheme		-
(525,702)	Group Long-Term Liabilities		(460,265)
695,990	Net Group Assets		757,081
(226,029)	Usable Reserves		(186,291)
(469,961)	Unusable Reserves		(570,790)
(695,990)	Total Group Reserves		(757,081)

Group Cash Flow Statement

2023/24		2024/25	
Restated	£'000	Cash Flow	Note
	£'000		£'000
42,501		Net (surplus) or deficit on the provision of services	30,136
(53,906)		Adjustments to net surplus or deficit on the provision of services for non-cash movements	6 (74,463)
33,334		Adjustments for items included in the net surplus on the provision of services that are investing and financing activities	6 56,015
21,929		Net cash flows from Operating Activities	11,688
35,365		Investing Activities	6a 13,238
(24,241)		Financing Activities	6b (34,923)
33,053		Net (increase) or decrease in cash and cash equivalents	(9,997)

67,087	Cash and cash equivalents at the beginning of the reporting period	34,034
(33,053)	Net increase or (decrease) in cash and cash equivalents	9,997
34,034	Cash and cash equivalents at the end of the reporting period	44,031

Note 1 – Group Property, Plant and Equipment

The following non-current assets are subject to revaluation as set out below:

Asset type	Valuation basis	Date of valuation	Valuation frequency
Council dwellings	Existing Use Value – Social Housing	31-Mar	Annual
Other land and buildings	Existing Use Value	31-Mar	Five -yearly
Surplus Assets	Fair value	31-Mar	Annual

Other land and buildings and surplus asset valuations were undertaken by the external Valuer Sanderson Weatherall LLP, under the direction of Ian Vivian, MRICS. The valuation date is the 31 March 2025 for all valuations completed.

Vehicles, plant, and equipment are valued at depreciated historic cost, as a proxy for current value on the basis that these are low value assets and/or have short lives. There is one exception in Reading Borough Council which is the plant and equipment of the two Waste Disposal Assets in which the Council has a share of the interest. These assets are subject to valuation as outlined in the valuation information provided below.

Group Property, Plant and Equipment 2024/2025

2024/25	Council dwellings £'000	Other land and buildings £'000	Vehicles, furniture, plant and equipment £'000	Community assets £'000	Surplus assets £'000	Assets under construction £'000	Total £'000
Cost or valuation 2024/25							
at 1 April 2024	550,571	382,648	96,758	9,258	23,772	47,284	1,110,291
Adjustment owing to initial application of IFRS16	-	1,073	70	-	-	-	1,143
Revised Opening Balance 1 April 2024	550,571	383,721	96,828	9,258	23,772	47,284	1,111,434
Opening Balance Adjustment	-	-	-	-	-	-	-
Additions	19,747	3,891	12,774	123	41	33,309	69,885
Revaluation Adjustments Recognised in the Revaluation Reserve	12,682	8,095	-	-	1,269	-	22,046
Derecognition and Disposals	(2,909)	(6,590)	(899)	-	(814)	-	(11,211)
Reclassifications and Transfers	(488)	9,299	1,100	-	(1,607)	(12,922)	(4,618)
Other Movements in Cost or Valuation*	(12,455)	(7,215)	-	-	(53)	-	(19,722)
At 31 March 2025	567,149	391,201	109,804	9,381	22,609	67,670	1,167,814
Accumulated Depreciation and Impairment							
at 1 April 2024	-	(17,156)	(54,957)	(2,094)	-	(717)	(74,923)
Opening Balance Adjustment	-	-	-	-	-	-	-
Depreciation Charge for Year	(12,532)	(10,441)	(3,326)	(53)	(10)	-	(26,362)
Impairments Recognised in the Provision of Services	-	2,131	-	-	(47)	-	2,084
Derecognition and Disposals	77	476	849	-	4	-	1,406
Reclassifications and Transfers - Roundings	-	-	-	-	-	-	4
Other Movements in Depreciation and Impairment	12,455	7,215	-	-	53	-	19,722
At 31 March 2025	-	(17,776)	(57,434)	(2,147)	-	(717)	(78,069)
Net book value 31 March 2025	567,149	373,425	52,370	7,234	22,609	66,954	1,089,745
Net book value 31 March 2024	550,571	365,492	41,802	7,164	23,772	46,567	1,035,369

* This table is subject to roundings

Group Property, Plant and Equipment 2023/2024

2023/24 Restated	Council dwellings £'000	Other land and buildings £'000	Vehicles, furniture, plant and equipment £'000	Community assets £'000	Surplus assets £'000	Assets under construction £'000	Total £'000
Cost or valuation 2023/24							
at 1 April 2023	569,136	364,240	86,331	9,021	27,781	81,195	1,137,703
Opening Balance Adjustment	-	-	-	(1)	-	-	(1)
Additions	18,442	6,618	7,230	238	-	25,989	58,518
Revaluation Adjustments Recognised in the Revaluation Reserve	(34,392)	9,547	-	-	2,077	-	(22,768)
Derecognition and Disposals	(916)	(2,218)	(488)	-	(2,101)	-	(5,723)
Reclassifications and Transfers	12,921	19,851	3,685	-	(3,896)	(59,900)	(27,339)
Other Movements in Cost or Valuation*	(14,620)	(15,387)	-	-	(88)	-	(30,095)
At 31 March 2024	550,571	382,651	96,758	9,258	23,772	47,284	1,110,294
Accumulated Depreciation and Impairment							
at 1 April 2023	-	(25,032)	(52,716)	(2,057)	-	(708)	(80,513)
Opening Balance Adjustment	-	-	-	-	-	-	-
Depreciation Charge for Year	(14,644)	(10,198)	(2,628)	(37)	(53)	-	(27,560)
Impairments Recognised in the Provision of Services	-	1,952	-	-	(53)	-	1,899
Derecognition and Disposals	24	710	388	-	34	-	1,155
Reclassifications and Transfers	-	25	-	-	(16)	(9)	-
Other Movements in Depreciation and Impairment	14,620	15,387	-	-	88	-	30,095
At 31 March 2024	-	(17,156)	(54,956)	(2,094)	-	(717)	(74,923)
Net book value 31 March 2024	550,571	365,495	41,802	7,164	23,772	46,567	1,035,369
Net book value 31 March 2023	569,136	339,208	33,615	6,964	27,781	80,487	1,057,190

Note 2 – Investment Property

The tables below summarise the movement in the fair value of investment properties over the year, together with the income and expenditure relating to these properties which has been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

2023/24			2024/25		
RBC	HfR	Total	RBC	HfR	Total
£'000	£'000	£'000	£'000	£'000	£'000
67,775	30,900	98,675			
-	-	-	Opening Balance		
-	-	-	Additions	-	-
(1,278)	-	(1,278)	Disposals	-	(4,250)
(8,917)	(575)	(9,492)	Reclassifications and transfers	-	(4,250)
			Net gains and losses from fair value adjustments	(320)	155
			Closing Balance	57,260	26,230
57,580	30,325	87,905			83,490

Note 3 – Debtors

Debtors due within one year

2023/24		2024/25	
£'000		£'000	
13,810	Central Government bodies	12,255	
7,277	Other local authorities	3,112	
1,831	NHS bodies	972	
47,714	Other entities and individuals	37,404	
70,632	Total	53,743	

Note 4 – Creditors

Creditors due within one year

Restated 2023/24 £'000		2024/25 £'000
(22,490)	Central Government Bodies	(19,747)
(604)	Other Local Authorities	(677)
(1,120)	NHS Bodies	(248)
(73,301)	Other Entities and Individuals	(77,692)
(97,515)	Total	(98,364)

Note 5 – PFI and Other Long-Term Liabilities

Page 181	2023/24			2024/25		
	RBC £'000	Subsidiaries £'000	Group Total £'000	RBC £'000	Subsidiaries £'000	Group Total £'000
	(16,269)	-	(16,269)	RBC - North Whitley PFI scheme	(15,548)	-
	(4,249)	-	(4,249)	RBC - Waste PFI scheme	(3,656)	-
	-	(18,784)	(18,784)	RTL - Finance Lease and HP contracts	-	(15,991)
	(774)	(5,904)	(6,678)	Accruals and Deferred Income	(972)	(6,434)
	(21,292)	(24,688)	(45,980)	Total	(20,176)	(22,425)
						(42,602)

Note 6 – Cash Flow from Operating Activities

Operating activities within the cashflow statement include the following cashflows relating to interest:

2023/24		2024/25
£'000		£'000
(3,997)	Interest received	(5,025)
16,191	Interest paid	
-	Dividends paid	20,584
12,194	Total	15,559

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

2023/24		2024/25
Restated		
£'000		£'000
(39,599)	Depreciation	(36,334)
(7,018)	Impairment and downward valuations	-
(2,108)	Amortisation	(2,620)
(15,517)	(Increase)/decrease in creditors	(849)
16,617	Increase/(decrease) in debtors	(16,910)
34	Increase/(decrease) in inventories	378
21,309	Movement in pension liability	(2,967)
(25,826)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(9,996)
(1,796)	Other non-cash movements charged to the surplus or deficit on provision of services	(5,165)
(53,904)	Total	(74,463)

The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

2023/24		2024/25
£'000		£'000
4,420	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	8,360
28,914	Any other items for which the cash effects are investing or financing cash flows	47,655
-	Proceeds from short-term (not considered to be cash equivalents) and long-term investments	-
33,334	Total	56,015

Note 6a – Cash Flow from Investing Activities

2023/24		2024/25
£'000		£'000
68,278	Purchase of property, plant and equipment, investment property and intangible assets	69,243
-	Purchase of short-term and long-term investments	-
-	Other payments for investing activities	-
(4,420)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(8,360)
-	Proceeds from short-term and long-term investments	-
(28,493)	Other receipts from investing activities	(47,645)
35,365	Net cash flows from investing activities	13,238

Note 6b – Cash Flow from Financing Activities

2023/24		2024/25
£'000		£'000
(68,970)	Cash receipts of short-term and long-term borrowing	(256,234)
-	Other receipts from financing activities	-
4,887	Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance-Sheet PFI contracts	5,375
34,970	Repayments of short-term and long-term borrowing	214,000
4,872	Council Tax and NNDR share	1,936
(24,241)	Net cash flows from financing activities	(34,923)

Glossary Of Terms

For compliance with the Code of Practice the following definitions have been adopted:

ACCOUNTING PERIOD

The period of time covered by the accounts, normally a period of twelve months commencing on 1 April. The end of the accounting period is commonly referred to as the Balance Sheet date.

ACCOUNTING POLICIES

The principles, rules and procedures used in the preparation of the accounts.

ACCRUALS

The recognition of income and expenditure as goods and services are provided, not when cash is received or paid.

ACTUARIAL GAINS AND LOSSES

For a defined benefit pension scheme, the changes in actuarial surpluses or deficits 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.

ASSET

A resource controlled by the Council because of past events and from which economic benefits or service potential is expected. Assets can be:

- Intangible – assets of non-physical form, e.g., patents, goodwill, trademarks and copyrights
- Property, plant and equipment – assets which give the Council benefits for more than one year
- Community – assets held in perpetuity which may have restrictions on their disposal
- Infrastructure – assets such as highways and footways
- Non-operational – assets not directly used for service provision
- Heritage – assets held solely for historical, artistic, or environmental qualities

A current asset will be consumed or cease to have material value within the next financial year (e.g., cash and stock).

ASSETS UNDER CONSTRUCTION

Capital expenditure on assets where the work is incomplete.

AUDIT OF ACCOUNTS

An independent examination of the Council's financial affairs.

BALANCE SHEET

A statement of the recorded assets, liabilities and other balances at the end of the accounting period.

BORROWING

Using cash provided by another party to pay for expenditure, on the basis of an agreement to repay the cash at a future point, usually incurring additional interest charges over and above the original amount.

BUDGET

The forecast of net revenue and capital expenditure over the accounting period.

CAPITAL EXPENDITURE

Expenditure on the acquisition of a fixed asset, which will be used in providing services beyond the current accounting period, or expenditure which adds to and not merely maintains the value of an existing fixed asset.

CAPITAL FINANCING

Funds raised to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

CAPITAL PROGRAMME

Capital schemes that the Council intends to carry out over a number of financial years. The Capital Programme is approved annually by the Council alongside the budget.

CAPITAL RECEIPT

The proceeds from the disposal of land or other fixed assets. Proportions of capital receipts can be used to finance new capital expenditure, within rules set down by the government but they cannot be used to finance revenue expenditure.

CLAW-BACK

Where average council house rents are set higher than the Government's prescribed average limit rent, used in the calculation of rent rebates, the percentage difference reduces the amount of rent rebate subsidy due to the a Council, i.e., it is "clawed-back" by the Government.

CIPFA

The Chartered Institute of Public Finance and Accountancy is the professional body that sets accounting codes of practice that the Council follows.

COLLECTION FUND

A separate fund that records the income and expenditure relating to Council Tax and non-domestic rates.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

The account of the Council that reports the net cost for the year of the functions for which it is responsible and demonstrates how that cost has been financed from local taxation, grants and other income.

CONSISTENCY

The concept that the accounting treatment of like items within an accounting period and from one period to the next are the same.

CONTINGENT ASSET

A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's accounts.

CONTINGENT LIABILITY

A contingent liability is either:

- A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control; or
- A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount of the obligation cannot be measured with sufficient reliability.

CORPORATE AND DEMOCRATIC CORE

The corporate and democratic core comprises all activities that local authorities engage in specifically because they are elected, multi-purpose authorities. The cost of these activities is thus over and above those which would be incurred by a series of independent single purpose, nominated bodies managing the same services.

CREDITORS

Amounts owed by the Council for work done, goods received, or services provided but for which payment has not been made by the end of that accounting period.

CURRENT SERVICE COST (PENSIONS)

Officers employed during the year will have earned one or more years of pensionable service. The current service cost is the increase in the value of the pension scheme's liabilities arising from the employee service during the period.

DEBTORS

Amounts due to the Council for works done, goods received, or services provided but which remain unpaid by the end of that accounting period.

DEDICATED SCHOOLS GRANT (DSG)

A Central Government grant paid to the County Council for use for expenditure on schools.

DEFINED BENEFIT PENSION SCHEME

Pension schemes in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.

DEPRECIATION

The measure of the cost of wearing out, consumption or other reduction in the useful economic life of the Council's fixed assets during the accounting period, whether from use, the passage of time or obsolescence through technical or other changes.

DISCRETIONARY BENEFITS (PENSIONS)

Retirement benefits, which the employer has no legal, contractual or constructive obligation to award and are awarded under the Council's discretionary powers such as the Local Government (Discretionary Payments) Regulations 1996.

EVENTS AFTER THE BALANCE SHEET DATE

Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.

EXCEPTIONAL ITEMS

Material items which derive from events or transactions that fall within the ordinary activities of the Council, and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

EXPECTED RETURN ON PENSION ASSETS

For a funded defined benefit scheme, this is the average rate of return, including both income and changes in fair value but net of scheme expenses, which is expected over the remaining life of the related obligation on the actual assets held by the scheme.

FAIR VALUE

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction, or a liability settled.

GENERAL FUND

The Main revenue account of the Council covering all services but excluding Housing landlord functions.

GOING CONCERN

The concept that the Statement of Accounts is prepared on the assumption that the Council will continue in operational existence for the foreseeable future in particular that the revenue accounts and Balance Sheet assume no intention to curtail significant the scale of operations.

GOVERNMENT GRANTS

Grants made by the Government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the Council. These grants may be specific to a particular scheme or may support the revenue spend of the Council in general.

HOUSING BENEFITS

A system of financial assistance to individuals towards certain housing costs administered by authorities and subsidised by Central Government.

HOUSING REVENUE ACCOUNT (HRA)

A separate account to the General Fund, which includes the income and expenditure arising from the provision of housing accommodation by the Council.

IMPAIRMENT

A reduction in the value of a fixed asset to below its recoverable amount, the higher of the asset's fair value less costs to sell and its value in use.

INFRASTRUCTURE ASSETS

Fixed assets belonging to the Council that cannot be transferred or sold on which expenditure is only recoverable by the continued use of the asset created. Examples are highways, footpaths and bridges.

INTANGIBLE ASSETS

An intangible (non-physical) item may be defined as an asset when access to the future economic benefits it represents is controlled by the reporting entity. This Council's intangible assets comprise computer software licences.

INTEREST COST (PENSIONS)

For a defined benefit scheme, the expected increase during the period of the present value of the scheme liabilities because the benefits are one period closer to settlement.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

Accounting Standards applicable to local authorities from 2010/11 onwards.

INVESTMENTS (PENSION FUND)

The investments of the Pension Fund will be accounted for in the statements of that fund. However, authorities are also required to disclose, as part of the disclosure requirements relating to retirement benefits, the attributable share of the pension scheme assets associated with their underlying obligations.

LIABILITY

A liability is where the Council owes payment to an individual or another organisation.

- A current liability is an amount which will become payable or could be called in within the next accounting period, e.g., creditors or cash overdrawn.
- A deferred liability is an amount which by arrangement is payable beyond the next year at some point in the future or to be paid off by an annual sum over a period of time.

LIQUID RESOURCES

Current asset investments that are readily disposable by the Council without disrupting its business and are either:

- Readily convertible to known amounts of cash at or close to the carrying amount; or
- Traded in an active market.

LONG-TERM CONTRACT

A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or a combination of assets or services which together constitute a single project), where the time taken to substantially complete the contract is such that the contract activity falls into more than one accounting period.

MATERIALITY

The concept that the Statement of Accounts should include all amounts which, if omitted, or mis-stated, could mean the use of the accounts might come to a difference opinion on the matters contained in the accounts. An item could be material in nature or in value.

MINIMUM REVENUE PROVISION (MRP)

The minimum amount which must be charged to the revenue account each year in order to provide for the repayment of loans and other amounts borrowed by the Council.

NET CURRENT PLACEMENT COSTS

The cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e., the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

NET BOOK VALUE

The amount at which fixed assets are included in the Balance Sheet, i.e., their historical costs or current value less the cumulative amounts provided for depreciation.

NET DEBT

The Council's borrowings less cash and liquid resources.

NON-DISTRIBUTED COSTS

These are overheads for which no user directly benefits and as such are not apportioned to services.

NON-DOMESTIC RATES (NDR)

The Non-Domestic Rate is a levy on businesses, based on a national rate in the pound set by Central Government and multiplied by the assessed rateable value of the premises they occupy. In England it is collected by the Council on behalf of itself, Central Government and major preceptors. In Scotland it is collected by the Council on behalf of Central Government and then redistributed back to support the cost of services.

NON-OPERATIONAL ASSETS

Fixed assets held by the Council but not directly occupied, used or consumed in the delivery of services. Examples are investment properties, assets under construction or assets surplus to requirements pending sale or redevelopment.

OPERATIONAL ASSETS

Fixed assets held and occupied, used or consumed by the Council in the pursuit of its strategy and in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

PAST SERVICE COST (PENSIONS)

For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

PENSION SCHEME LIABILITIES

The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities measured during the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

PRECEPT

The levy made by precepting authorities by billing authorities, requiring the latter to collect income from Council Tax on their behalf.

PRIOR YEAR ADJUSTMENT

Material adjustments applicable to previous years arising from changes in accounting policies or from the correction of fundamental errors. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.

PROVISION

An amount set aside in the accounts for future liabilities or losses which are certain or very likely to occur but the amounts or dates of when they will arise are uncertain.

PUBLIC WORKS LOAN BOARD (PWLB)

A Central Government Agency, which provides loans for one year and above to authorities at interest rates similar to those at which the government can borrow itself.

RATEABLE VALUE

The annual assumed rental of a hereditament, which is used for NNDR purposes.

RELATED PARTIES

The definition of related parties in IPSAS 20. For the Council's purposes related parties are deemed to include the Council's Members, the Chief Executive, its Directors and their close family and household members.

RELATED PARTY TRANSACTIONS

The CIPFA Code of Practice requires the disclosure of any material transactions between the Council and related parties to ensure that stakeholders are aware when these transactions occur and the amount and implications of such.

REMUNERATION

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by the employer are excluded.

RESERVES

Money set aside to meet the cost of specific future expenditure. These can be either:

- Usable – those which can be used to provide services
- Unusable – those which cannot be used to provide services

RESIDUAL VALUE

The net realisable value of an asset at the end of its useful life.

RETIREMENT BENEFITS

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

REVENUE EXPENDITURE

The day-to-day expenses of providing services.

REVENUE EXPENDITURE FUNDED BY CAPITAL UNDER STATUTE (REFCUS)

Expenditure which ordinarily would be revenue but is statutorily defined as capital. Examples of REFCUS include grants of a capital nature to voluntary organisations and back pay expenditure capitalised under Secretary of State Direction.

REVENUE SUPPORT GRANT

A grant paid by Central Government to authorities, contributing towards the general cost of their services.

STOCKS

Items of raw materials and stores a Council has procured and holds in expectation of future use. Examples are consumable stores, raw materials and products and services in intermediate stages of completion.

TEMPORARY BORROWING

Money borrowed for a period of less than one year.

TRUST FUNDS

Funds administered by the Council for such purposes as prizes, charities, specific projects and on behalf of minors.

USEFUL ECONOMIC LIFE (UEL)

The period over which the Council will derive benefits from the use of a fixed asset.

Audit and Governance Committee

16 July 2025



Title	External Auditor Update - KPMG
Purpose of the report	To note the report for information
Report status	Public report
Executive Director/ Statutory Officer Commissioning Report	Darren Carter – Director of Finance
Report author	Mark Sanders, Chief Accountant
Lead Councillor	Councillor Emberson, Lead Councillor for Corporate Services and Resources
Council priority	Not applicable, but still requires a decision
Recommendations	<ol style="list-style-type: none">1. That the Committee notes KPMG's External Audit Plan & Strategy for the year ended 31 March 2025

1. Executive Summary

- 1.1. A representative from KPMG will be attending the meeting to present the plan and answer any questions.

2. Contribution to Strategic Aims

- 2.1. The external audit process includes the approval of the annual Statement of Accounts results and the publication of accurate, transparent financial information which gives a true and fair view of Reading Borough Council's economic performance and financial stability.

3. Environmental and Climate Implications

- 3.1. None Arising

4. Community Engagement

- 4.1. This report will include where appropriate any feedback from public inspection of accounts.

5. Equality Implications

- 5.1. None arising.

6. Other Relevant Considerations

- 6.1. There are none.

7. Legal Implications

- 7.1. The Accounts and Audit Regulations 2015 (as amended) require the council to produce and publish an annual Statement of Accounts in accordance with these regulations and "proper practice".

7.2. Section 21 of the Local Government Act 2003 defines “proper practice” for this purpose to be the Chartered Institute of Public Finance and Accountability (CIPFA) Code of Practice on Local Authority Accounting (the Code) for the relevant year. The Code specified the principles, practices, format and content required in the preparation of the Statement of Accounts of the Accounts.

8. Financial Implications

8.1. The audit fees are reported within the detail of the report or appendices.

9. Timetable for Implementation

9.1. Not Applicable.

10. Background Papers

10.1. There are none.

Appendices

1. External Audit Plan & Strategy for the year ended 31 March 2025

External Audit Plan & Strategy for the year ended 31 March 2025

Reading Borough Council

Report to the Audit & Governance Committee

July 2025

Introduction

To the Audit Committee of Reading Council

We are pleased to have the opportunity to meet with you on 16 July to discuss our audit of the consolidated financial statements of Reading Council for the year ended 31 March 2025

This report provides the Audit & Governance Committee with an opportunity to review our planned audit approach and scope for the 2024/25 audit. The audit is governed by the provisions of the Local Audit and Accountability Act 2014 and in compliance with the NAO's 2024/25 Code of Audit Practice, auditing standards and other professional requirements.

This report outlines our risk assessment and planned audit approach. Our planning activities are largely complete, but we will communicate any significant changes to the planned audit approach.

We provide this report to you in advance of the meeting to allow you sufficient time to consider the key matters and formulate your questions.

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Value for Money risk assessment	18
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The engagement team

Jonathan Brown is the engagement partner on the audit. He has over 20 years of industry experience.

Jon shall lead the engagement and is responsible for the audit opinion.

Other key members of the engagement team include Edward Mills, manager and Raghav Sikka, audit in charge.

Yours sincerely,



Jonathan Brown

Partner - KPMG LLP

16 July 2025

How we deliver audit quality

Audit quality is at the core of everything we do at KPMG and we believe that it is not just about reaching the right opinion, but how we reach that opinion. We consider risks to the quality of our audit in our engagement risk assessment and planning discussions.

We define 'audit quality' as being the outcome when audits are:

- Executed consistently, in line with the requirements and intent of applicable professional standards within a strong system of quality controls and
- All of our related activities are undertaken in an environment of the utmost level of objectivity, independence, ethics and integrity.

We depend on well planned timing of our audit work to avoid compromising the quality of the audit. This is also heavily dependent on receiving information from management and those charged with governance in a timely manner.

We aim to complete all audit work no later than 2 days before audit signing.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Jon Brown, the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with the response, please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Tim Cutler (tim.culter@kpmg.co.uk). After this, if you are still dissatisfied with how your complaint has been handled you can raise your complaint as per the following process [Complaints](#).

Impact of backstop on our audit

Ongoing measures to resolve the backlog

As previously reported the Government has introduced measures to resolve the legacy local government financial reporting and audit backlog.

Last year amendments were made to the Accounts and Audit Regulations and NAO's Code of Audit Practice which allowed auditors to give disclaimed opinions over any open, incomplete audits up to the period ending 31 March 2023. These were required to be delivered by 13th December 2024. For the Council this had the impact of disclaimed audit opinions for two financial years to and including 2022/23 (as issued by the previous auditors). We issued a disclaimed audit opinion for 2023/24 on 28 February 2025 to comply with the backstop date relevant to our audit.

Impact on our audit of the financial statements

As explained in previous reporting to the Audit & Governance Committee the level of rebuilding assurance related to the years prior to our appointment was limited in 2023/24. This was because we concluded there was insufficient time before the February 2025 backstop to complete our audit to obtain sufficient appropriate audit evidence, and, in our view, this was pervasive to the prior year financial statements as a whole.

The impact of the above means that for the financial year 2024/25 elements of the opening balances and 2023/24 comparatives are still impacted by previous disclaimers and as such our audit opinion is likely to be modified in relation to this matter.

Work is ongoing in the sector to develop guidance to help support appropriate audit procedures for audits where further work on is required to build back assurance.

Areas to conclude from 2023/24.

We faced delays in receipt of certain information that impacted our ability to obtain sufficient appropriate evidence over certain account balances. We have held and continue to hold discussions with management to conclude these areas in 2024/25 and include:

- Opening balances;
- Movements in usable and unusable reserves for the year ended 31 March 2024.

The specific areas were: short term debtors; cash & cash equivalents; investment property and opening balances; including other service expenses, revenue from external customers and other service income and government grants; and contributions, the balance of, and movements in, usable and unusable reserves.

We anticipate resolution of many of these within this financial year and will update the Committee on our progress.

Value for Money

The amendments to the Accounts and Audit Regulations do not impact on our responsibilities in relation to the Authority's Value for Money arrangements. We are responsible for forming a view on the arrangements that the Authority has in place to secure economy, efficiency and effectiveness in its use of resources and as such our work will proceed as normal.

Overview of planned scope including materiality

Our materiality levels

We determined materiality for the Council's financial statements at a level which could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. We used a benchmark of expenditure which we consider to be appropriate given the sector in which the entity operates, its ownership and financing structure, and the focus of users.

We considered qualitative factors such as stability of legislation, senior management turnover and settled financial position when determining materiality for the financial statements as a whole.

To respond to aggregation risk from individually immaterial misstatements, we design our procedures to detect misstatements at a lower level of materiality £9.75m / 75% of materiality driven by our expectations of an increased level of undetected or uncorrected misstatements in the period. We also adjust this level further downwards for items that may be of specific interest to users for qualitative reasons, such as officers' remuneration.

Our materiality figures are based on 2023/24 final accounts. We will consider the necessity to update this on receipt of the final accounts.

We will report misstatements to the Audit & Governance Committee including:

- Corrected and uncorrected audit misstatements above £650k.
- Errors and omissions in disclosure (Corrected and uncorrected) and the effect that they, individually in aggregate, may have on our opinion.
- Other misstatements we include due to the nature of the item.

Control environment

The impact of the control environment on our audit is reflected in our planned audit procedures. Our planned audit procedures reflect findings raised in the previous year and management's response to those findings.

Group Materiality

Materiality for the financial statements as a whole

£13m

(2024: £12m)
2% of Expenditure

Performance Materiality

£9.75m

(2024: £7.8m)
75% of materiality

Misstatements reported to the Audit & Governance Committee

£650k

(2024: £560k)

Council Materiality

£11m

2% of Council Expenditure
(2024: £10m)



Overview of planned scope including materiality (cont.)

Timing of our audit and communications

- We will maintain communication led by the engagement partner and manager throughout the audit. We set out below the form, timing and general content of our planned communications:
- Kick-off meeting with management in March 2025 where we outlined our audit approach and discuss management's progress in key areas;
- Audit & Governance Committee meeting in July 2025 where we present our final audit plan having been agreed with management;
- Status meetings with management on a regular basis where we communicate progress on the audit plan, any misstatements, control deficiencies and significant issues;
- Closing meeting with management in October 2025 where we discuss the auditor's report and any outstanding deliverables;
- Audit & Governance Committee meeting when the audit is substantially complete, where we communicate audit misstatements and significant control deficiencies; and
- Regular private meetings with the Committee chair at a frequency to their preference.

Using the work of others and areas requiring specialised skill

We outline below where, in our planned audit response to audit risks, we expect to use the work of others such as Internal Audit or require specialised skill/knowledge to perform planned audit procedures and evaluate results.

Others	Extent of planned involvement or use of work
Internal Audit	We will review the work of internal audit as part of our risk assessment procedures but will not place reliance on their work.
KPMG IT Audit	We will work closely with the IT Audit team, as part of risk assessment, procedures over the system change and data migration.
KPMG REVA	We will work alongside our property valuation team to ensure their involvement in the review of Reading's property portfolio is timely.
KPMG Pensions Centre of Excellence	The pensions audit team will perform all planning, risk assessment and substantive procedures over the LGPS account balances. A KPMG actuary will review and assess the underlying assumptions within the entity's year end actuarial report.

Significant risks and Other audit risks

Our risk assessment draws upon our understanding of the applicable financial reporting framework, knowledge of the business, the sector and the wider economic environment in which Reading operates.

We also use our regular meetings with senior management to update our understanding and take input from sector specialists and internal audit reports.

Due to the current levels of uncertainty there is an increased likelihood of significant risks emerging throughout the audit cycle that are not identified (or in existence) at the time we planned our audit. Where such items are identified we will amend our audit approach accordingly and communicate this to the Audit & Governance Committee.

Value for money

We are required to provide commentary on the arrangements in place for ensuring Value for Money is achieved at the Council and report on this via our Auditor's Annual Report. This will be published on the Council's website and include a commentary on our view of the appropriateness of the Council's arrangements against each of the three specified domains of Value for Money: financial sustainability; governance; and improving economy, efficiency and effectiveness.

We have reported the result of our risk assessment procedures below.

Significant risks

1. Valuation of land and buildings
2. Valuation of investment property
3. Management override of controls
4. Valuation of post retirement benefit obligations
5. Fraud risk from expenditure recognition

Other audit risks

6. Adoption of IFRS 16
7. Non-capital expenditure is inappropriately recognised as capital

Audit risks and our audit approach (cont.)

1

Valuation of land and buildings

The carrying amount of revalued Land & Buildings differs materially from the fair value

Change vs prior year



Significant audit risk

Page 201

The Code requires that where assets are subject to revaluation, their year end carrying value should reflect the appropriate current value at that date. The Authority has adopted a rolling revaluation model which sees all land and buildings (£370 million NBV in the 24/25 unaudited financial statements) revalued over a five year cycle. The Council revalues at least 20% of its operational assets per financial year (£130 million in 23/24) which is the area of audit focus.

This creates a risk that the carrying value of assets not revalued in year differs materially from the year end current value.

A further risk is presented for those assets that are revalued in the year, which involves significant judgement and estimation on behalf of the valuer.



Planned response

We will perform the following procedures designed to specifically address the significant risk associated with the valuation:

- We will critically assess the independence, objectivity and expertise of the Council's valuers used in developing the valuation of the Council's properties at 31 March 2025;
- We will inspect the instructions issued to the valuers for the valuation of land and buildings to verify they are appropriate to produce a valuation consistent with the requirements of the CIPFA Code.
- We will compare the accuracy of the data provided to the valuers for the development of the valuation to underlying information;
- We will evaluate the design and implementation of controls in place for management to review the valuation and the appropriateness of assumptions used;
- We will challenge the appropriateness of the valuation of land and buildings; including any material movements from the previous revaluations. We will challenge key assumptions within the valuation as part of our judgement;
- We will agree the calculations performed of the movements in value of land and buildings and verify that these have been accurately accounted for in line with the requirements of the CIPFA Code;
- We will utilise our own valuation specialists to review the valuation report prepared by the Council's valuers to confirm the appropriateness of the methodology utilised; and
- Disclosures: We will consider the adequacy of the disclosures concerning the key judgements and degree of estimation involved in arriving at the valuation.

Audit risks and our audit approach (cont.)

2

Valuation of investment property

The carrying amount of revalued investment property differs materially from the fair value

Change vs prior year



Significant audit risk

The Code defines an investment property as one that is used solely to earn rentals or for capital appreciation or both. Property that is used to facilitate the delivery of services or production of goods as well as to earn rentals or for capital appreciation does not meet the definition of an investment property. The Council's investment property portfolio is £57.3 million per the unaudited 2024/25 financial statements.

There is a risk that investment properties are not being held at fair value, as is required by the Code. At each reporting period, the valuation of the investment property must reflect market conditions. Significant judgement is required to assess fair value and management experts are often engaged to undertake the valuations.

We were unable to fully conclude in this area in prior year due to the yield percentages used by your valuer. We will aim to resolve this in the current audit year.



Planned response

We will perform the following procedures designed to specifically address the significant risk associated with the valuation:

- We will critically assess the independence, objectivity and expertise of the valuers used in developing the valuation of the Council's investment property at 31 March 2025;
- We will inspect the instructions issued to the valuers to verify they are appropriate to produce a valuation consistent with the requirements of the CIPFA Code;
- We will compare the accuracy of the data provided to the valuers for the development of the valuation to underlying information;
- We will evaluate the design and implementation of controls in place for management to review the valuation and the appropriateness of assumptions used;
- We will challenge the appropriateness of the valuation; including any material movements from the previous revaluations. We will challenge key assumptions within the valuation as part of our judgement;
- We will agree the calculations performed of the movements and verify that these have been accurately accounted for in line with the requirements of the CIPFA Code;
- We will utilise our own valuation specialists to review the valuation report prepared by the Council's valuers to confirm the appropriateness of the methodology utilised; and
- Disclosures: We will consider the adequacy of the disclosures concerning the key judgements and degree of estimation involved in arriving at the valuation

Audit risks and our audit approach (cont.)

3

Management override of controls(a)

Fraud risk related to unpredictable way management override of controls may occur

Change vs prior year



Significant audit risk

- Professional standards require us to communicate the fraud risk from management override of controls as significant.
- Management is 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.
- We have not identified any specific additional risks of management override relating to this audit.



Planned response

Our audit methodology incorporates the risk of management override as a default significant risk.

- Assess accounting estimates for biases by evaluating whether judgements and decisions in making accounting estimates, even if individually reasonable, indicate a possible bias.
- Evaluate the selection and application of accounting policies.
- In line with our methodology, evaluate the design and implementation of controls over journal entries and post closing adjustments.
- Assess the appropriateness of changes compared to the prior year to the methods and underlying assumptions used to prepare accounting estimates.
- Assess the business rationale and the appropriateness of the accounting for significant transactions that are outside the Council's normal course of business, or are otherwise unusual.
- Test the operating effectiveness of controls over journal entries and post closing adjustments.
- We will analyse all journals through the year using data and analytics and focus our testing on those that meet our high risk criteria.

Note: (a) Significant risk that professional standards require us to assess in all cases.

Audit risks and our audit approach (cont.)

4

Valuation of post retirement benefit obligations

An inappropriate amount is estimated and recorded for the defined benefit obligation

Change vs prior year



Significant audit risk

Page 204

- The valuation of the post retirement benefit obligations involves the selection of appropriate actuarial assumptions, most notably the discount rate applied to the scheme liabilities, inflation rates and mortality rates. The selection of these assumptions is inherently subjective and small changes in the assumptions and estimates used to value the Council's pension liability could have a significant effect on the financial position of the Council.
- The effect of these matters is that, as part of our risk assessment, we determined that post retirement benefits obligation has a high degree of estimation uncertainty. The financial statements disclose the assumptions used by the Council in completing the year end valuation of the pension deficit and the year on year movements.
- We have identified this in relation to the following pension scheme memberships: Local Government Pension Scheme
- Also, recent changes to market conditions have meant that more councils are finding themselves moving into surplus in their Local Government Pension Scheme (or surpluses have grown and have become material). The requirements of the accounting standards on recognition of these surpluses are complicated and requires actuarial involvement.



Planned response

We will perform the following procedures:

- Understand the processes the Council have in place to set the assumptions used in the valuation;
- Evaluate the competency, objectivity of the actuaries to confirm their qualifications and the basis for their calculations;
- Perform inquiries of the accounting actuaries to assess the methodology and key assumptions made, including actual figures where estimates have been used by the actuaries, such as the rate of return on pension fund assets;
- Agree the data provided by the audited entity to the Scheme Administrator for use within the calculation of the scheme valuation;
- Evaluate the design and implementation of controls in place for the Council to determine the appropriateness of the assumptions used by the actuaries in valuing the liability;
- Challenge, with the support of our own actuarial specialists, the key assumptions applied, being the discount rate, inflation rate and mortality/life expectancy against externally derived data;
- Confirm that the accounting treatment and entries applied by the Council are in line with IFRS and the CIPFA Code of Practice; and
- Consider the adequacy of the Council's disclosures in respect of the sensitivity of the deficit or surplus to these assumptions.

Audit risks and our audit approach

5

Fraud risk from expenditure recognition

Liabilities and related expenses for purchases of goods or services are not recorded in the correct accounting period

Change vs prior year



Significant audit risk

Practice Note 10 states that the risk of material misstatement due to fraudulent financial reporting may arise from the manipulation of expenditure recognition is required to be considered.

The Council has a statutory duty to balance their annual budget. Where a Council does not meet its budget this creates pressure on the Council's usable reserves and this in turn provides a pressure on the following year's budget. This is not a desirable outcome for management.

We consider this would be most likely to occur through understating accruals, for example to push back expenditure to 2025-26 to mitigate financial pressures.



Planned response

We will perform the following procedures in order to respond to the significant risk identified:

- We will evaluate the design and implementation of controls for developing manual expenditure accruals at the end of the year to verify that they have been completely and accurately recorded;
- We will inspect a sample of invoices of expenditure, in the period around 31 March 2025, to determine whether expenditure has been recognised in the correct accounting period and whether accruals are complete;
- We will select a sample of year end accruals and inspect evidence of the actual amount paid after year end in order to assess whether the accruals have been accurately recorded;
- We will inspect journals posted as part of the year end close procedures that decrease the level of expenditure recorded in order to critically assess whether there was an appropriate basis for posting the journal and the value can be agreed to supporting evidence; and
- We will perform a retrospective review of prior year accruals in order to assess the completeness with which accruals had been recorded at 31 March 2024 and consider the impact on our assessment of the accruals at 31 March 2025. We will also compare the items that were accrued at 31 March 2024 to those accrued at 31 March 2025 in order to assess whether any items of expenditure not accrued for as at 31 March 2025 have been done so appropriately.

Audit risks and our audit approach

Revenue – Rebuttal of Significant Risk

Professional standards require us to make a rebuttable presumption that the fraud risk from revenue recognition is a significant risk. Due to the nature of the revenue within the sector we have rebutted this significant risk. We have set out the rationale for the rebuttal of key types of income in the table below.

Description of Income	Nature of Income	Rationale for Rebuttal
Council tax	This is the income received from local residents paid in accordance with an annual bill based on the banding of the property concerned.	The income is highly predictable and is broadly known at the beginning of the year, due to the number of properties in the area and the fixed price that is approved annually based on a band D property: it is highly unlikely for there to be a material error in the population.
Business rates	Revenue received from local businesses paid in accordance with an annual demand based on the rateable value of the business concerned.	The income is highly predictable and is broadly known at the beginning of the year, due to the number of businesses in the area and the fixed amount that is approved annually: it is highly unlikely for there to be a material error in the population.
Fees and charges	Revenue recognised from receipt of fixed fee services, in line with the fees and charges schedules agreed and approved annually.	The income stream represents high volume, low value sales, with simple recognition. Fees and charges values are agreed annually. We do not deem there to be any incentive or opportunity to manipulate the income.
Grant income	Predictable income received primarily from central government, including for housing benefits.	Grant income at a local authority typically involves a small number of high value items and an immaterial residual population. These high value items frequently have simple recognition criteria and can be traced easily to third party documentation, most often from central government source data. There is limited incentive or opportunity to manipulate these figures.

Audit risks and our audit approach

6

Adoption of IFRS 16

An inappropriate amount is estimated and recorded for lease liabilities and right of use assets

Change vs prior year



Other audit risk

The Council has adopted IFRS 16 as per CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom (2024/25) with an implementation date of 1 April 2024.

We anticipate the following challenges in the first year of implementation.

- Completeness of lease listing used in transition computations.
- Inadequate lease disclosures as per IFRS 16.
- Inaccurate computation of lease liabilities and right of use assets.
- Training needs for new/existing staff

The Council's 24/25 unaudited financial statements state a value of £15.7 million for this adjustment.



Planned response

We will perform the following procedures in order to respond to the other audit risk identified:

- Obtain the full listings of leases and reconcile to the general ledger.
- Review a sample of the lease agreements to determine the terms of the leases and confirm correct classification.
- Review the appropriateness of the discount rate used in the lease computations.
- Review the transition adjustments passed by the Council
- Review the disclosures made on the financial statements against requirements of IFRS16.

Audit risks and our audit approach

7

Non-capital expenditure is inappropriately recognised as capital expenditure

Change vs prior year



Other audit risk

Although we have rebutted the presumed significant risk in relation to fraudulent expenditure recognition, capital accounting requirements are complex and may contain an element of judgement in determining which costs in a project can be capitalised and which need to be expensed.

Given the size of the Council's capital programme (£59.2 million estimated 24/25), we have identified an Other Audit Risk regarding revenue expenditure being inappropriately recognised as capital expenditure.



Planned response

We will perform the following procedures in order to respond to the risk identified:

- Evaluate the design and implementation of controls for classifying expenditure as capital;
- Scan the list of capital programmes for schemes which indicate an increased risk that the spend may be revenue in nature; and
- Test a sample of capital expenditure incurred by the Council to ensure it is correctly capitalised.

Subsidiary audit

Entity	Reporting Framework	Component Materiality	Significant risks
Reading Transport Limited	FRS102	NA	<p>We will communicate with your other external auditors in due course, however we do not anticipate a significant change in approach from the previous year.</p> <p>There are no Group significant risks applicable to this entity.</p>
Homes for Reading	FRS102	NA	<p>We will communicate with your other external auditors in due course, however we do not anticipate a significant change in approach from the previous year.</p> <p>Our Group significant risk/s of valuation of investment property applies to this entity. As there are no other risks identified in the component and the valuer is the same as the Council, we have opted to audit the relevant assets at Group level.</p>
Brighter Futures for Children	FRS102	TBC	<p>We will communicate with your other external auditors in due course, however we do not anticipate a significant change in approach from the previous year.</p> <p>We anticipate issuing Group Instructions to the component auditor due to the financial size of Brighter Futures for Children.</p>

Mandatory communications

Type	Statements
Management's responsibilities (and, where appropriate, those charged with governance)	<p>Prepare financial statements in accordance with the applicable financial reporting framework that are free from material misstatement, whether due to fraud or error.</p> <p>Provide the auditor with access to all information relevant to the preparation of the financial statements, additional information requested and unrestricted access to persons within the entity.</p>
Auditor's responsibilities	<p>Our responsibilities set out through the NAO Code (communicated to you by the PSAA) and can be also found on their website, which include our responsibilities to form and express an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.</p>
Auditor's responsibilities – Fraud	<p>This report communicates how we plan to identify, assess and obtain sufficient appropriate evidence regarding the risks of material misstatement of the financial statements due to fraud and to implement appropriate responses to fraud or suspected fraud identified during the audit.</p>
Auditor's responsibilities – Other information	<p>Our responsibilities are communicated to you by the PSAA and can be also found on their website, which communicates our responsibilities with respect to other information in documents containing audited financial statements. We will report to you on material inconsistencies and misstatements in other information.</p>
Independence	<p>Our independence confirmation at page 25 discloses matters relating to our independence and objectivity including any relationships that may bear on the firm's independence and the integrity and objectivity of the audit engagement partner and audit staff.</p>

Mandatory communications - additional reporting

Going concern

Under NAO guidance, including Practice Note 10 - A local authority's financial statements shall be prepared on a going concern basis; this is, the accounts should be prepared on the assumption that the functions of the authority will continue in operational existence for the foreseeable future. Transfers of services under combinations of public sector bodies (such as local government reorganization) do not negate the presumption of going concern.

However, financial sustainability is a core area of focus for our Value for Money opinion.

Additional reporting

Your audit is undertaken to comply with the Local Audit and Accountability Act 2014 which gives the NAO the responsibility to prepare an Audit Code (the Code), which places responsibilities in addition to those derived from audit standards on us. We also have responsibilities which come specifically from acting as a component auditor to the NAO. In considering these matters at the planning stage we indicate whether:

Work is completed throughout our audit and we can confirm the matters are progressing satisfactorily 	We have identified issues that we may need to report 	Work is completed at a later stage of our audit so we have nothing to report 
--	--	--

We have summarised the status of all these various requirements at the time of planning our audit below and will update you as our work progresses:

Type	Status	Response
Our declaration of independence		No matters to report. The engagement team and others in the firm, as appropriate, have complied with relevant ethical requirements regarding independence.
Issue a report in the public interest		We are required to consider if we should issue a public interest report on any matters which come to our attention during the audit. We have not identified any such matters to date.
Provide a statement to the NAO on your consolidation schedule		This "Whole of Government Accounts" requirement is fulfilled when we complete any work required of us by the NAO to assist their audit of the consolidated accounts of DLUHC.
Provide a summary of risks of significant weakness in arrangements to provide value for money		We are required to report significant weaknesses in arrangements. Work to be completed at a later stage.
Certify the audit as complete		We are required to certify the audit as complete when we have fulfilled all of our responsibilities relating to the accounts and use of resources as well as those other matters highlighted above.

Reading Borough Council

Value for money

Our approach

Year ended 31 March 2025

Value for money

Our value for money reporting requirements have been designed to follow the guidance in the Audit Code of Practice.

Our responsibility is to conclude on significant weaknesses in value for money arrangements.

The main output is a narrative on each of the three domains, summarising the work performed, any significant weaknesses and any recommendations for improvement.

We have set out the key methodology and reporting requirements on this slide and provided an overview of the process and reporting on the following page.

Risk assessment processes

Our responsibility is to assess whether there are any significant weaknesses in the Council's arrangements to secure value for money. Our risk assessment will consider whether there are any significant risks that the Council does not have appropriate arrangements in place.

In undertaking our risk assessment we will be required to obtain an understanding of the key processes the Council has in place to ensure this, including financial management, risk management and partnership working arrangements. We will complete this through review of the Council's documentation in these areas and performing inquiries of management as well as reviewing reports, such as internal audit assessments.

Reporting

Our approach to value for money reporting aligns to the NAO guidance and includes:

- A summary of our commentary on the arrangements in place against each of the three value for money criteria, setting out our view of the arrangements in place compared to industry standards;
- A summary of any further work undertaken against identified significant risks and the findings from this work; and
- Recommendations raised as a result of any significant weaknesses identified and follow up of previous recommendations.

The Council will be required to publish the commentary on its website at the same time as publishing its annual report online.

Financial sustainability

How the body manages its resources to ensure it can continue to deliver its services.

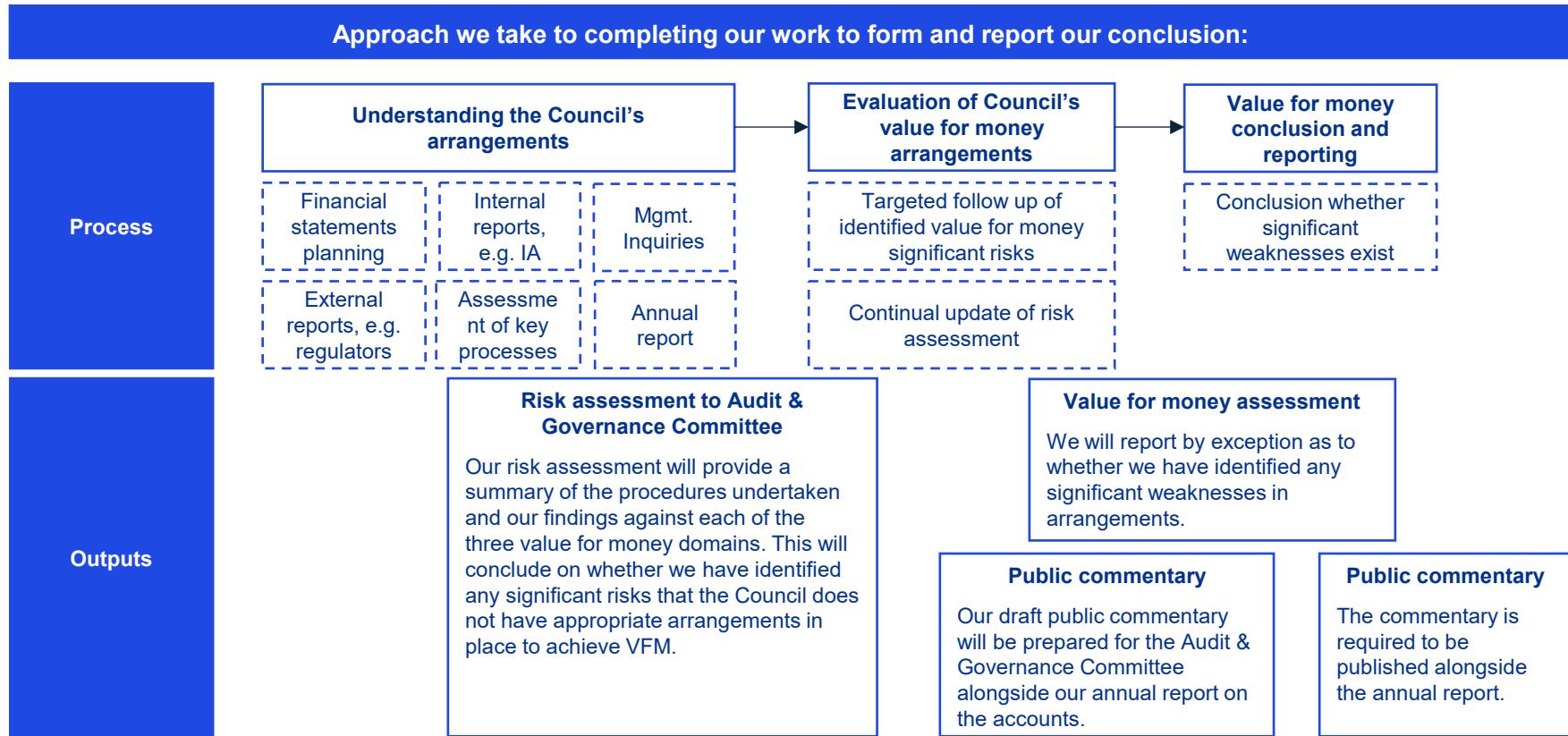
Governance

How the body ensures that it makes informed decisions and properly manages its risks.

Improving economy, efficiency and effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services.

Value for money



Summary of risk assessment

Summary of risk assessment

As set out in our methodology we have evaluated the design of controls in place for a number of the Council's systems, reviewed reports from external organisations and internal audit and performed inquiries of management. These procedures are consistent with prior year.

Based on these procedures the table below summarises our assessment of whether there is a significant risk that appropriate arrangements are not in place to achieve value for money at the Council for each of the relevant domains:

Domain	Risk of significant weakness identified?
Financial sustainability	One risk identified
Governance	None identified
Improving economy, efficiency and effectiveness	One risk identified

We have identified two risks of significant weakness associated with financial sustainability and improving economy, efficiency and effectiveness.

We have not raised any recommendations at this stage of our work.

We have not raised any performance improvement observations as a result of our work to date.

Response to risk of significant weakness

The table overleaf sets out the details of the risk that has been identified and the procedures we intend to perform in order to respond to the risk. We will report on our conclusion from these procedures as part of our year end report to the Audit & Governance Committee.

Summary of risk assessment

Response to risk of significant weakness

The table below sets out the details of the risk that has been identified and the procedures we intend to perform in order to respond to the risk. We will report on our conclusion from these procedures as part of our year end report to the Audit & Governance Committee:

No.	Risk Area	Description of risk	Procedures to be performed
1	Economy, efficiency and effectiveness	The recent challenging reporting from Ofsted and the Regulator of Social Housing indicates that there is a risk that the Council does not have in place adequate arrangements to achieve economy, efficiency and effectiveness of services in the period.	We will perform the following procedures: <ol style="list-style-type: none">1. Consider the recent reports and receive and evaluate other 24/25 reports when they are able to be provided;2. Investigate and challenge management as to the drivers behind the reports and arrangements currently in place; and3. Understand management's response to the reports, the action plan and future proposed arrangements.
2	Financial sustainability	The 2024/25 outturn suggests a £9.3 million adverse variance to Budget. Larger budget deficits can be an indication of weakness in arrangements around financial sustainability.	We will perform the following procedures: <ol style="list-style-type: none">1. Consider the Council's arrangements and structures to monitor and deliver a balanced budget;2. Understand the process for identifying savings and other available levers to the Council;3. Review recent budget monitoring and performance throughout the period to date; and4. Conduct interviews with senior management to understand the feasibility of on-going recovery plans and measures to support financial sustainability.

Value for money arrangements

Financial sustainability

In assessing whether there was a significant risk of financial sustainability we reviewed:

- The processes for setting the 2024/25 financial plan to ensure that it is achievable and based on realistic assumptions;
- How the 2024/25 efficiency plan was developed and monitoring of delivery against the requirements;
- Processes for ensuring consistency between the financial plan set for 2024/25 and the workforce and operational plans;
- The process for assessing risks to financial sustainability;
- Processes in place for managing identified financial sustainability risks; and;
- Performance for the year to date against the financial plan.

Risk assessment conclusion

Based on the risk assessment procedures performed we have not identified a risk of significant weakness associated with financial sustainability.

Summary of risk assessment

Setting the current year financial plan

The Council set a balanced budget for the 24/25 financial year, recognising in the Medium Term Financial Plan that savings were required in order to achieve this, with total assumed savings in the budget of £8.5 million. The 2024/25 Quarter 4 Performance Report states that that 73% of the total identified savings were achieved, however there is an adverse net variance of £9.3 million.

The primary drivers for the adverse variance to budget to date were primarily due to Adult Social Care (net pressure of £3.8 million) and Children's Social Care of £6.4 million. This is consistent with the Council's internal reporting and risk register, as well as identified pressure points in the previous financial year. The Council has reserves from which it can draw down and intends to fund the deficit through use of the Demographic & Cost Led Pressures Reserve of £5 million and the Financial Resilience Reserve of £4.3 million, leaving a balance of £10.7 million in the latter and removes the former reserve.

This means total reserves have dropped from £66 million in 23/24 to £49 million, which includes some reserves that are not transferrable for deficit funding. A similar deficit in the next financial year could utilise the Financial Resilience Reserve in full.

Although the Council is not currently at risk of exhausting its reserves position, similar deficits will continue to worsen the Council's finances and as a result, we are identifying this as an area with a risk of significant weakness, requiring further investigation to understand the recovery plan for Reading going forwards.

Value for money arrangements

Financial sustainability

In assessing whether there was a significant risk of financial sustainability we reviewed:

- The processes for setting the 2024/25 financial plan to ensure that it is achievable and based on realistic assumptions;
- How the 2024/25 efficiency plan was developed and monitoring of delivery against the requirements;
- Processes for ensuring consistency between the financial plan set for 2024/25 and the workforce and operational plans;
- The process for assessing risks to financial sustainability;
- Processes in place for managing identified financial sustainability risks; and;
- Performance for the year to date against the financial plan.

Approval of Financial Plans

Guidance is issued (in line with practice noted in the previous year) by Finance to Assistant Directors on an annual basis, typically shortly after the previous financial year end. This includes guidance for Budget Managers to propose a budget with efficiencies, supported by Finance Business Partners. Business cases are reviewed and challenged by the Corporate Management Team (CMT) and are then taken through a Lead Member group challenge process.

Supported business cases are included within the MTFS reporting package and scrutinised at the Policy Committee. Following the finalisation of proposals, a final budget is produced and approved through the Policy Committee and up to full Council. KPMG have reviewed documentation and Committee minutes confirming appropriate consideration and challenge of proposals. The 2024/25 Budget & Medium-Term Financial Strategy 2024/25-2026/7 was approved by Council on 27 February 2024.

The Council's plans for 25/26 include an increase in Council Tax (2.99%) and Adult Social Care Precept (2%) and this together with an increase in the Band D equivalent taxbase equates to £7.3 million additional income, but note the budget also requires £7 million of savings and a reserves drawdown of £3.9 million to achieve a balanced budget. We will review these plans as part of our concluding report.

Monitoring of Financial results

All approved savings proposals generate a monthly savings tracker that is reported monthly as part of the budget monitoring process and included within the Quarterly Performance and Monitoring Report, reported through the Policy Committee. The Corporate Management Team also have a monthly meeting dedicated to performance, which we have also reviewed and judged the budgetary process to have an appropriate level of scrutiny, comparable with similar authorities of this size.

Internal audit have provided 'Reasonable Assurance' over the Council's core financial systems, which is the first report on the new financial ledger, as noted through the quarterly update provided to the 21 January 2025 Audit & Governance Committee.

Value for money arrangements

Governance

In assessing whether there was a significant risk relating to governance we reviewed:

- Processes for the identification, monitoring and management of risk;
- The design of the governance structures in place at the Council;
- Controls in place to prevent and detect fraud;
- The review and approval of the 2024/25 financial plan by the Council, including how financial risks were communicated;
- How compliance with laws and regulations is monitored;
- Processes in place to monitor officer compliance with expected standards of behaviour, including recording of interests, gifts and hospitality; and
- How the Council ensures decisions receive appropriate scrutiny.

Risk assessment conclusion

Based on the risk assessment procedures performed we have not identified a risk of significant weakness associated with governance.

Summary of risk assessment

Approach to identifying, monitoring and management of risk

The Council's guiding governance document is the Constitution. This is built on with the Council's risk management policy and procedure, which further formalises the risk management structures within the authority and cements its approach to risk assessment.

There are five levels of risk register operated within the Council, the highest being the Strategic Risk Register. A 5 x 5 scoring matrix is used by the Council to score risks on the Strategic Risk Register (Impact x Likelihood). The Strategic Risk Register has 11 risks identified, the mostly highly rated include: inability to deliver a balanced budget, SEND provision, climate mitigation, cyber risk and safeguarding of vulnerable adults and children. Our review of the risk register found that this was sufficiently detailed to effectively manage key risks and we identified evidence of review within the Audit & Governance Committee throughout the year.

Given the recent Ofsted report referenced later in the report, it is positive that the Council had already recognised this on the Risk Register. The risk had reduced since Q4 23/24 from 16 to 9, however since the recent inspection the risk has moved back to 16, recognising the outcome and need to deliver the improvement plan. There were actions in place before the report was issued in order to continue to reduce the risk.

The Council's arrangements for risk management remain appropriate for an entity of its size and nature and the risk assessment policies in place are considered effective in monitoring and assessing risk.

Value for money arrangements

Governance

In assessing whether there was a significant risk relating to governance we reviewed:

- Processes for the identification, monitoring and management of risk;
- The design of the governance structures in place at the Council;
- Controls in place to prevent and detect fraud;
- The review and approval of the 2024/25 financial plan by the Council, including how financial risks were communicated;
- How compliance with laws and regulations is monitored;
- Processes in place to monitor officer compliance with expected standards of behaviour, including recording of interests, gifts and hospitality; and
- How the Council ensures decisions receive appropriate scrutiny.

Fraud, Laws and Regulation and Officer compliance

The effectiveness of internal controls is monitored by the Audit & Governance Committee, through reporting from Internal Audit and Counter Fraud. The programme of work for each organisation is approved at the start of the financial year by the Audit & Governance Committee, following input by the CMT. Any recommendations raised by Internal Audit or the Counter Fraud teams are reported to the Audit & Governance Committee. Our review of the Audit & Governance Committee papers confirmed that there were appropriate discussions and follow up of recommendations for both Internal Audit and Counter Fraud. We noted in the Internal Audit & Investigation Q4 Report that the majority of the reports issued to date have reasonable assurance, however we will review all internal audit reports (and meet with them if further information is required) and outstanding actions as part of our final conclusion.

The Council retains a suite of policies (in line with other comparable local authorities), which clearly outline the expected behaviour of Councillors and officers in relation to areas such as Staff and Councillor Codes of Conduct and Members' Allowances. Specific guidance is in place for teams and managers via standards of behaviour for these roles. Overall compliance with legislation, laws & regulations are monitored by management. The authority has a dedicated Whistleblowing email and includes guidance on conflicts of interest and gifts & hospitality in the Code of Conduct.

Value for money arrangements

Improving economy, efficiency and effectiveness

In assessing whether there was a significant risk relating to improving economy, efficiency and effectiveness we reviewed:

- The processes in place for assessing the level of value for money being achieved and where there are opportunities for these to be improved;
- The development of efficiency plans and how the implementation of these is monitored;
- How the performance of services is monitored and actions identified in response to areas of poor performance;
- How the Council has engaged with partners in development of the organisation and system wide plans and arrangements;
- The engagement with wider partnerships and how the performance of those partnerships is monitored and reported; and
- The monitoring of outsourced services to verify that they are delivering expected standards.

Risk assessment conclusion

Based on the risk assessment procedures performed we have identified a risk of significant weakness associated with Improving economy, efficiency and effectiveness.

Summary of risk assessment

Assessing Value for Money and Opportunities for Improvement

The Council had a target of £7.5 million regarding cost savings for the financial year 2024/25. In the Q3 Performance and Monitoring Report, 72% have been delivered, which 26% categorised as non-deliverable. Efficiencies are built into the budgeting process as previous outlined above. This compares to £5.3 million savings in 2023/24 of which the Council achieved £4.2 million.

Cost saving performance is part of the regular reporting to the Council and Corporate Management Team, which allows the Council to assess the level of value for money being achieved. The Policy Committee also provide additional oversight and budgets are reviewed and managed on a regular quarterly basis through key performance indicators reported, with any expected significant variances escalated.

Monitoring of Performance of Services

Performance reporting and monitoring of efficiency plans has not changed significantly since our previous report, with reporting lines and documentation in line with other similar local authorities. We have reviewed the in-depth reporting. The Audit & Governance Committee review the Strategic Risk Register quarterly and Council also have oversight of the position annually through the Budget and the associated Chief Finance Officer's Report on the Robustness of the Council Budget.

The Corporate Plan also includes performance measures, key projects and initiatives and other non-financial metrics which also are reported to the Policy Committee as part of the Quarterly Performance and Monitoring Report. All collated information is subject to initial scrutiny by the CMT.

Value for money arrangements

Improving economy, efficiency and effectiveness

In assessing whether there was a significant risk relating to improving economy, efficiency and effectiveness we reviewed:

- The processes in place for assessing the level of value for money being achieved and where there are opportunities for these to be improved;
- The development of efficiency plans and how the implementation of these is monitored;
- How the performance of services is monitored and actions identified in response to areas of poor performance;
- How the Council has engaged with partners in development of the organisation and system wide plans and arrangements;
- The engagement with wider partnerships and how the performance of those partnerships is monitored and reported; and
- The monitoring of outsourced services to verify that they are delivering expected standards.

Benchmarking

The Council operate limited benchmarking activities on a case by case basis and review national benchmarking performed by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Government Association (LGA). We will explore this area further as part of our overall conclusion.

We have reviewed the CIPFA outputs for the Council. Current benchmarking on the CIPFA Financial Resilience Index is based on 2023-24 data, however we expect the inputs to be similar for 2024/25 and its indicators of financial stress suggest the authority is generally lower-medium risk compared to its Nearest Neighbours and other Unitary Authorities. The Council's 'Level of Reserves' metric has deteriorated per the Index and is no longer considered 'Lower Risk'.

View from the regulators

The Council is subject to a number of inspections by the regulator. The latest Children's services inspection from Ofsted was 22 April 2024, however picks up a theme of a number of years, whereby the Children's services are assessed as 'Requires improvement to be good'. Our investigation into this matter in 23/24 showed evidence of improvement in this area and we concluded it was not a significant weakness.

However, a 'joint area child protection inspection' was carried out by Ofsted and partner organisations in March 2025, which states significant weaknesses were identified in the multi-agency approach to prevention, help and support for children and their families who are victims of domestic abuse in Reading.

Additionally, a recent judgment by the Regulator of Social Housing released in April 2025, rated Reading's services as C3, which suggests 'serious failings' and 'significant improvement' is needed.

We will report our investigation as to whether the above constitute a significant weakness in arrangements, however for risk assessment we have identified this as a risk area. This may have implications to the Governance area, depending on the outcome of this investigation.

Value for Money Recommendations

Below we have set out our findings from following up recommendations raised in prior periods:

#	Issue, Impact and Recommendation	Management Response / Officer / Due Date	Update as of June 2025
1	<p>Issue</p> <p>As part of the financial statements audit and internal audit's annual assurance report, deficiencies were found in the Employee Gifts & Hospitality and Declarations of Interest register.</p> <p>Impact</p> <p>The Council may be vulnerable to conflicts of interest. There is a risk of undue influence over decisions where undeclared interests, gifts or hospitality are not identified. This also exposes the Council to accusations of undue influence, where decisions are made without these considerations, regardless of whether this has or has not been exercised.</p> <p>Recommendation</p> <p>The Council should apply a more rigorous approach to declarations of interests and gifts & hospitality, with centralised and regularly updated/reviewed registers.</p> <p>To ensure these are kept up-to-date, these could be tracked through the Audit and Governance Committee.</p>	<p>The Council will review and improve the arrangements for managing Employee Gifts & Hospitality and the Declarations of Interest register. Progress on implementing audit findings will continue to be included in regular performance reports to the Audit and Governance Committee.</p> <p>Officer: Monitoring Officer</p> <p>Due Date: 31/3/25</p>	<p>The Council has updated its Gifts and Hospitality Policy which is available on the Council's intranet site. New processes are in place and communicated to all staff.</p>

Appendix

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Audit team and rotation

Your audit team has been drawn from our specialist local government audit department and is led by key members of staff who will be supported by auditors and specialists as necessary to complete our work. We also ensure that we consider rotation of your audit partner and firm.

	Jon is the partner responsible for our audit. They will lead our audit work, attend the Audit & Governance Committee and be responsible for the opinions that we issue.		Ed is the manager responsible for our audit. He will co-ordinate our audit work, attend the Audit & Governance Committee and ensure we are co-ordinated across our accounts and VFM work.		Raghav is the in-charge responsible for our audit for the second year. They will be responsible for our on-site fieldwork. They will complete work on more complex sections of the audit.
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To comply with professional standard we need to ensure that you appropriately rotate your external audit partner. There are no other members of your team which we will need to consider this requirement for:



This will be Jon's second year as your engagement lead. They are required to rotate every five years, extendable to seven with PSAA approval.

Audit cycle & timetable

Our schedule February 2025–February 2026

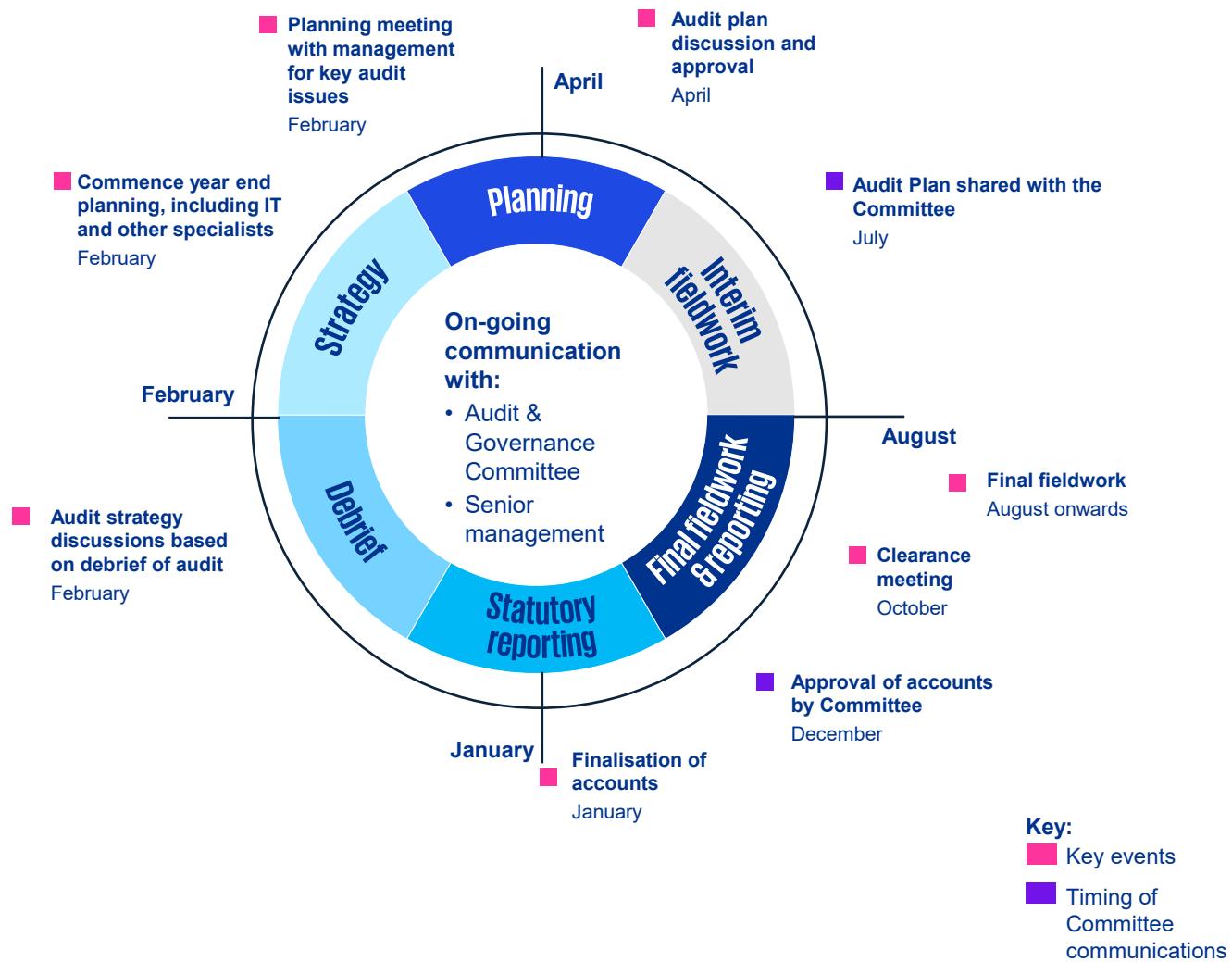
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We have worked with management to generate our understanding of the processes and controls in place at the Council in its preparation of the Statement of Accounts.

We have agreed with management an audit cycle and timetable that reflects our aim to sign our audit report by February 2026.

Our timings also differ this year as we re-acclimate the audit to the typical audit cycle.

Given the large amount of consultation happening in regard to the scope and timing of local government this audit **schedule may be subject to change**.



Fees

Audit fee

Our fees for the year ended 31 March 2025 are set out in the PSAA Scale Fees communication and are shown below.

Entity	2024/25 (£'000)	2023/24 (£'000)
Statutory audit	335	296
Agreed fee variations	-	24
VFM risk investigation	TBC	3
TOTAL	335	323

The fees also assume no risks of significant weakness are identified as part of the Value for Money risk assessment. Additional fees in relation to these areas will be subject to the fees variation process as outlined by the PSAA.

Billing arrangements

Fees will be billed in accordance with the milestone completion phasing that has been communicated by the PSAA.

Basis of fee information

Our fees are subject to the following assumptions:

- The Council's audit evidence files are completed to an appropriate standard (we will liaise with you separately on this);
- Draft statutory accounts are presented to us for audit subject to audit adjustments;
- Supporting schedules to figures in the accounts are supplied;
- The Council's audit evidence files are completed to an appropriate standard (we will liaise with management separately on this);
- A trial balance together with reconciled control accounts are presented to us;
- All deadlines agreed with us are met;
- We find no weaknesses in controls that cause us to significantly extend procedures beyond those planned;
- Management will be available to us as necessary throughout the audit process; and
- There will be no changes in deadlines or reporting requirements.

We will provide a list of schedules to be prepared by management stating the due dates together with pro-formas as necessary.

Our ability to deliver the services outlined to the agreed timetable and fee will depend on these schedules being available on the due dates in the agreed form and content.

Any variations to the above plan will be subject to the PSAA fee variation process.

Confirmation of Independence

We confirm that, in our professional judgement, KPMG LLP is independent within the meaning of regulatory and professional requirements and that the objectivity of the Partner and audit staff is not impaired.

To the Audit & Governance Committee members

Assessment of our objectivity and independence as auditor of [entity name]

Professional ethical standards require us to provide to you at the planning stage of the audit a written disclosure of relationships (including the provision of non-audit services) that bear on KPMG LLP's objectivity and independence, the threats to KPMG LLP's independence that these create, any safeguards that have been put in place and why they address such threats, together with any other information necessary to enable KPMG LLP's objectivity and independence to be assessed.

This letter is intended to comply with this requirement and facilitate a subsequent discussion with you on audit independence and addresses:

- General procedures to safeguard independence and objectivity;
- Independence and objectivity considerations relating to the provision of non-audit services; and
- Independence and objectivity considerations relating to other matters.

General procedures to safeguard independence and objectivity

KPMG LLP is committed to being and being seen to be independent. As part of our ethics and independence policies, all KPMG LLP partners/directors and staff annually confirm their compliance with our ethics and independence policies and procedures including in particular that they have no prohibited shareholdings. Our ethics and independence policies and procedures are fully consistent with the requirements of the FRC Ethical Standard. As a result we have underlying safeguards in place to maintain independence through:

- Instilling professional values.
- Communications.
- Internal accountability.
- Risk management.
- Independent reviews.

We are satisfied that our general procedures support our independence and objectivity.

Independence and objectivity considerations relating to the provision of non-audit services

Summary of non-audit services

Facts and matters related to the provision of non-audit services and the safeguards put in place that bear upon our independence and objectivity, are set out on the table overleaf.

Confirmation of Independence

Discloser	Description of scope of services	Principal threats to Independence	Safeguards Applied	Basis of fee	Value of Services Delivered in the year ended 31 March 2025 £m	Value of Services Committed but not yet delivered £m
1	Housing benefit grant certification	Management Self review Self interest	<ul style="list-style-type: none"> Standard language on non-assumption of management responsibilities is included in our engagement letter. The engagement contract makes clear that we will not perform any management functions. The work is performed after the audit is completed and the work is not relied on within the audit file. Our work does not involve judgement and are statements of fact based on agreed upon procedures. 	Fixed	-	49*
2	Teachers Pensions certification	Management Self review Self interest	<ul style="list-style-type: none"> Standard language on non-assumption of management responsibilities is included in our engagement letter. The engagement contract makes clear that we will not perform any management functions. The work is performed after the audit is completed and the work is not relied on within the audit file. Our work does not involve judgement and are statements of fact based on agreed upon procedures. 	Fixed	-	6*

*provisional figure based on prior year. Final fee to be agreed with our grants team.

Confirmation of Independence (cont.)

Summary of fees

We have considered the fees charged by us to the Council for professional services provided by us during the reporting period.

Fee ratio

The ratio of non-audit fees to audit fees for the year is anticipated to be <10%. We do not consider that the total non-audit fees create a self-interest threat since the absolute level of fees is not significant to our firm as a whole.

2024/25	
	£'000
Statutory audit	335
Other Assurance Services	55
Total Fees	390

Independence and objectivity considerations relating to other matters

There are no other matters that, in our professional judgment, bear on our independence which need to be disclosed to the Audit and Risk Committee.

Confirmation of audit independence

We confirm that as of the date of this letter, in our professional judgment, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the partner and audit staff is not impaired.

This report is intended solely for the information of the Audit & Governance Committee of the Council and should not be used for any other purposes.

We would be very happy to discuss the matters identified above (or any other matters relating to our objectivity and independence) should you wish to do so.

Yours faithfully

KPMG LLP

KPMG's Audit quality framework

Audit quality is at the core of everything we do at KPMG and we believe that it is not just about reaching the right opinion, but how we reach that opinion.

To ensure that every partner and employee concentrates on the fundamental skills and behaviours required to deliver an appropriate and independent opinion, we have developed our global Audit Quality Framework.

Responsibility for quality starts at the top through our governance structures as the UK Board is supported by the Audit Oversight Committee, and accountability is reinforced through the complete chain of command in all our teams.

- **Commitment to continuous improvement**
 - Comprehensive effective monitoring processes
 - Significant investment in technology to achieve consistency and enhance audits
 - Obtain feedback from key stakeholders
 - Evaluate and appropriately respond to feedback and findings
- **Performance of effective & efficient audits**
 - Professional judgement and scepticism
 - Direction, supervision and review
 - Ongoing mentoring and on the job coaching, including the second line of defence model
 - Critical assessment of audit evidence
 - Appropriately supported and documented conclusions
 - Insightful, open and honest two way communications
- **Commitment to technical excellence & quality service delivery**
 - Technical training and support
 - Accreditation and licensing
 - Access to specialist networks
 - Consultation processes
 - Business understanding and industry knowledge
 - Capacity to deliver valued insights



Statement on the Effectiveness of our system of quality management

Based on the annual evaluation of the Firm's System of Quality Management as of 30 September 2023, the System of Quality Management provides the Firm with reasonable assurance that the objectives of the System of Quality Management are being achieved.

Our full Statement on the effectiveness of the System of Quality Management of KPMG UK LLP as at 30 September 2023 can be found [here](#).

The extract below is the Statement on the Effectiveness of our system of quality management taken from our Transparency Report:

As required by the International Auditing and Assurance Standards Board (IAASB)'s, International Standard on Quality Management (ISQM1), the Financial Reporting Council (FRC)'s International Standard on Quality Management (UK) 1 (ISQM (UK) 1), and KPMG International Limited Policy, KPMG UK LLP (the "Firm" and/or "KPMG UK") has responsibility to design, implement and operate a System of Quality Management for audits or reviews of financial statements, or other assurance or related services engagements performed by the Firm.

The objectives of the System of Quality Management are to provide the Firm with reasonable assurance that:

- The Firm and its personnel fulfil their responsibilities in accordance with professional standards and applicable legal and regulatory requirements, and conduct engagements in accordance with such standards and requirements; and
- Engagement reports issued by the Firm or engagement partners are appropriate in the circumstances.

KPMG UK outlines how its System of Quality Management supports the consistent performance of quality engagements in the 2023 Transparency Report.

Integrated quality monitoring and compliance programmes enable KPMG UK to identify and respond to findings and quality deficiencies both in respect of individual engagements and the overall System of Quality Management.

If deficiencies are identified when KPMG UK performs its annual evaluation of the System of Quality Management, KPMG UK evaluates the severity and pervasiveness of the identified deficiencies by investigating the root causes, and by evaluating the effect of the identified deficiencies individually and in the aggregate, on the System of Quality Management, with consideration of remedial actions taken as of the date of the evaluation.

Based on the annual evaluation of the Firm's System of Quality Management as of 30 September 2023, the System of Quality Management provides the Firm with reasonable assurance that the objectives of the System of Quality Management are being achieved.



Understanding of IT



Summary

The release of ISA 315 (UK) revised brought an increased focus on Understanding of IT in the audit, and it continues to be an area of focus.

Stakeholders now expect auditors to not only understand IT in detail, but also to consider the impact of the findings from their risk assessment procedures on their planned audit approach.

Why is Understanding of IT so important?

Businesses continue to embrace increasingly complex and sophisticated IT systems and place more and more reliance on automated IT processing not simply for a competitive advantage, but also for "business as usual" operations.

This increased reliance means that to effectively audit accounts, balances and transactions, auditors are required to understand and challenge more around how those IT system and process work.

Therefore, Understanding of IT is a crucial building block of our audit strategy and influences our planned audit approach at every stage.

This is true regardless of whether controls reliance is planned or the audit is expected to be fully substantive in nature.

What kind of things might we identify?

As part of our risk assessment procedures, we perform:

- An assessment of the formality, or otherwise, of certain financially relevant IT processes
- An evaluation of the design and implementation of related general IT controls
- An evaluation of the design and implementation of automated process level controls

As a result of these procedures, we may identify IT control deficiencies or IT process informalities that may have an impact on our planned audit approach.

Additionally, we may identify findings related to the wider control environment or threats to the accuracy or completeness of the information used by both entity management and auditors alike.

What does this mean for our audits?

Auditors are being asked to consider the findings from their risk assessment procedures over IT in relation to the planned audit approach.

The findings may impact any area of the audit, however there are three main areas of focus where we anticipate that most impact as a result of identifying IT deficiencies or IT process informality;

- Increased risk to data integrity
- Additional fraud risk factors
- Additional high-risk criteria to be used in journals analysis

It is important to understand that these findings may have an impact regardless of planned reliance on automated controls and general IT controls.

Group audit – Revised requirements



Key Changes

Impact on our audit

Page 234	Risk-based approach	<ul style="list-style-type: none">More granular risk assessment, and greater emphasis on the group auditor's overall responsibility for identifying and assessing the risks to the group financial statements (group FS).We lead the identification and assessment of risks to the group FS with involvement from component auditors as appropriate. Consequently, the nature of risk assessment procedures we perform has changed and their extent has increased.The approach to identifying and assessing risks to the group FS is more consistent, and risks are more clearly linked to the components in which they arise. For your audit, the Council and BFFC remain the only in scope component.
	Approach that is more responsive to risks to the group FS	<ul style="list-style-type: none">New requirement for the group auditor to take overall responsibility for determining the nature, timing and extent of audit procedures to be performed to respond to risks to the group FS.We lead the design of the response to risks to the group FS with involvement from component auditors as appropriate, which means a more targeted, consistent response to identified risks to the group FS.We exercise more judgment in determining the components at which audit work will be performed and the type of work performed. Compared to the prior year, there is no change to the number of components at which audit work will be performed, and we have changed the type of work performed on the financial information of some components in scope.As we are prescribing required work at a more granular level, there may be increased work for component auditors, particularly in year one, to align the requirements of the group audit and local statutory audits.
	Enhanced quality management	<ul style="list-style-type: none">Enhanced leadership, direction, supervision and review responsibilities of the group engagement partner to proactively manage and achieve audit quality in a group audit.We determine the resources needed to perform the group audit, including the nature, timing and extent to which component auditors are to be involved in audit work at components. When making this judgement, we evaluate whether we can be sufficiently and appropriately involved in the work of component auditors
	Strengthened communication	<ul style="list-style-type: none">Reinforcing/strengthening requirements for more robust and frequent communications and interactions between the group auditor and component auditors during the audit.Interactions and two-way communications between the group and component auditor are strengthened, including in relation to our respective responsibilities and how these will be met; relevant ethical requirements, including independence standards; determining the competence and capabilities of the component auditor; and determining the nature and extent of our involvement in their work.

ISA (UK) 600 Revised: Summary of changes



Area	Summary of changes and impact	Effect on audit effort
Risk-based approach	The nature and extent of risk assessment procedures performed by the group auditor at group level may increase, which may include further inquiries of group and/or component management and those charged with governance; analytical procedures, attendance of walkthroughs at components, and inspection and/or observation of additional component information. Consequently, while we will continue to work across the group audit to be as efficient in our interactions with you as possible, group and component management will typically receive additional, and more specific/granular requests, for information from both the group and component auditors.	
Group auditor responsibilities	Through a more targeted audit response to address the group Risks of Material Misstatement, we may perform audit work and communicate with component management at a greater number of components within the group, and we may request less information from component management at certain components where we previously performed full scope audits for the Group audit, if we determine that a full scope audit is no longer necessary. While statutory audit requirements will still apply, this change may be beneficial for overall audit effort where a statutory audit is not required.	
Flexibility in defining components	You may also see changes in the planned scope and timing of the audit in communications to group management and those charged with governance, such as changes to the identification of components and the work to be performed on their financial information, and/or changes to the nature of the group auditor's planned involvement in the work to be performed by component auditors. The impact will be greater where there are more components.	
Quality management	Enhanced leadership, direction, supervision and review responsibilities of the group engagement partner may result in the group engagement partner needing to engage more extensively with group management, your component management and component auditors throughout the audit.	
Robust communication	If the group auditor determines that the increased work effort is needed, this determination will impact how much, and the type of, information you will need to provide to the group auditor or component auditors. The group auditor is required to prescribe required work at a more granular level. This may mean there is increased work for component auditors, particularly in year one, to align the requirements of the group audit and local statutory audits. We will continue to work closely to minimise this.	
Application of materiality and aggregation risk	Changes in component performance materiality may result in changes to the nature, timing and extent of component auditor's work. If so, this may impact how much, and the type of, information you will need to provide to the group auditor or component auditors.	
Revised independence principles	This may make it more challenging to address auditor rotation and other independence requirements for component auditors we may plan to involve in the group audit and mean more matters impacting independence may need to be communicated to you. Potential changes to the component auditor firms engaged to perform work on financial information of components.	



kpmg.com/uk

Some or all of the services described herein may not be permissible for KPMG audited entities and their affiliates or related entities.

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Audit and Governance Committee

16 July 2025



Title	Chief Auditor's Annual Assurance Report 2024/25
Purpose of the report	To note the report for information
Report status	Public report
Report author (name & job title)	Paul Harrington Chief Auditor
Lead Councillor (name & title)	Councillor Ellie Emberson, Corporate Services & Resources
Corporate priority	Our Foundations
Recommendations	The Audit & Governance Committee are requested to note the assurance opinion given by the Chief Auditor and consider the issues raised in the annual report.

1. Purpose of the Report

1.1 The attached annual assurance report of the Chief Auditor (required by the Accounts and Audit regulations and the Public Sector Internal Audit Standards), sets out:

- the Chief Auditor's opinion on the overall adequacy and effectiveness of the organisation's internal control environment, drawing attention to any issues particularly relevant to the preparation of the Annual Governance Statement.
- the key themes arising from the work of the Audit Team during the 2024/2025 financial year; and
- the audit work undertaken compared to that planned, summarising the performance of the Internal Audit function against its performance measures and targets.

1.2 The results of individual audits have been issued to the relevant Executive Directors, Assistant Directors and managers throughout the year. In addition, quarterly reports have been issued to, and discussed with, the Corporate Management Team (CMT) and the Audit & Governance Committee in order to report on standards of internal control, to provide appropriate focus on weaknesses and to progress remedial action where necessary.

1.3 The following document is appended:

Appendix 1 – Internal Audit Annual Assurance Report

2. Summary

- 2.1 The Chief Auditor is required to provide the Council with an opinion on the adequacy and effectiveness of the Council's risk management, internal control, and governance processes. The opinion is designed to assist the Council in meeting its obligations, under regulation 4 of the Accounts and Audit Regulations.
- 2.2 Whilst no assurance can ever be absolute, the Chief Auditor has concluded that **Reasonable Assurance** can be placed on the adequacy and effectiveness of the Council's internal control framework in the areas audited during 2024/2025
- 2.3 The opinion does not imply that Internal Audit has reviewed all risks relating to the organisation and assurances should be taken from other sources, such as External Audit and other internal/external reviews.
- 2.4 The audit opinion is expressed using the same scale used for internal audit report opinions. The scale ranges from 'Substantial' to 'Reasonable', through to 'Limited' and 'No Assurance'. This opinion is reflective of the number and level of assurance opinions provided throughout the year and the improvements required to the control framework in some of those areas where weaknesses were identified in the past.
- 2.5 The attached annual assurance report (Appendix 1) provides a comprehensive overview of internal audit activities conducted in 2024/25, confirming that reasonable assurance can be provided on the Council's internal control environment. This reflects a significant improvement from previous years, with only 18% of audits receiving limited or no assurance, down from 44% in 2023/24. A total of 17 audits, 2 advisory reports, and 8 grant certifications were completed.
- 2.6 Audits providing substantial and reasonable assurance found that governance and control frameworks across most council services were generally effective. Key areas such as Business Rates and the General Ledger demonstrated sound processes and effective accounting procedures, though some improvements were recommended, such as timely property valuation updates. The Homelessness service showed strong risk management and legal compliance, but further attention is needed to ensure value for money in rates paid. Other reviews, including the audits of Subject Access Requests and the Adult Social Care Eligibility, Risk and Review Group, highlighted progress in clearing backlogs and maintaining oversight, though some policy and procedural gaps remain. Housing rent processes were largely accurate, but issues such as outdated policies and weak audit trails were noted. The Members' Allowances audit confirmed good controls, with minor recommendations for improving payroll and transparency.
- 2.7 The implementation of the e5 financial system has enhanced debt management, particularly in Adult Social Care (ASC), which accounts for a significant portion of the Council's debt. While reporting and governance have improved, gaps remain in corporate oversight, including the absence of a Corporate Debt Board and inconsistent responsibilities across services. Internal audit testing confirmed accurate financial records but identified the need for better supporting documentation and officer training. Legal Services have become more involved in complex debt recovery, and write-off processes are now more structured.
- 2.8 Finally, for Accounts Payables a reasonable assurance rating was issued. This reflects the generally effective operation of AP controls, particularly in relation to segregation of duties, internal checks, and the consistent processing of transactions.

2.9 Whilst it is not feasible to audit every system or financial process annually, with the frequency dependent on available resources, informed by a risk assessment, we planned our work so that we would have a reasonable expectation of detecting significant control weaknesses in the areas audited. Some of the key areas for improvement identified during our audit work throughout the year are set out below:

2.10 Audits with limited assurance revealed weaknesses in areas such as Residents Parking Enforcement, where governance and contract management were lacking. Commercial Properties audits identified billing inaccuracies and fragmented budget responsibilities, hindering effective debt monitoring. In Supported Living, issues were found in tendering and financial controls, particularly when providers outside the approved framework were used. These audits represent a snapshot in time and will be followed up within 12–18 months to assess progress.

2.11 Follow-up audits showed mixed results. Continuing Health Care (CHC) still faces challenges with submission rejections and reimbursement delays. The Coroner's Service has improved cost-sharing and monitoring, though contract management and invoicing issues persist. Intercompany Accounting has seen clear improvements in role clarity. In Employee Gifts & Hospitality, a revised policy was introduced, but compliance remains inconsistent, especially among agency staff. Cyber security has significantly improved, with a new strategy and better training and controls. The fuel system audit follow-up confirmed enhanced security and accounting measures, though real-time monitoring is still needed for timely decision-making.

2.12 The Chief Auditor's Opinion for 2024–25 is also supported by third-party assurances. The 2020/21 and 2019/20 accounts received unqualified audit opinions, showing improvement. Audits for 2021/22 to 2023/24 met deadlines but received disclaimed opinions. Despite this, no major weaknesses were found in 2023/24, though 2022/23 highlighted issues in Children's Services. The Council is now up to date with its accounts.

2.13 The Social Housing Regulator identified serious failings in meeting consumer standards, requiring major improvements. APSE reviewed Traffic Regulation Orders and recommended better governance and communication. An inspection by the Care Quality Commission on Adult Social Care was conducted in December 2024, with results pending at the time of writing this report.

Performance

2.14 The Internal Audit service operates in accordance with the Public Sector Internal Audit Standards (PSIAS), which set the benchmark for quality and professionalism in local government auditing. The Chief Auditor monitors compliance through self-assessment and external reviews. Performance against key indicators in 2024/25 showed mixed results. While 86% of final reports were issued within 10 days of receiving management responses, and 77% of planned audits were completed, despite a number of unplanned tasks added, there were challenges in areas such as receiving timely management responses (62%) and completing projects within budgeted days (56%). The service also experienced a 16% budget overspend, primarily due to agency staffing costs needed to maintain audit coverage during resource diversions for investigations. Sickness absence rose slightly to 3.22%, though it remained within manageable levels.

2.15 The biennial internal audit quality survey, conducted in April 2025, received a low response rate of just 8% (10 out of 133 managers). Despite this, the results indicated stable performance, with an average satisfaction score of 80%, consistent with previous years. Managers rated the importance of internal audit services slightly higher than before (89% vs. 87%), suggesting rising expectations. Areas such as audit coverage, staff conduct, and report quality were rated positively, though there remains room for improvement in customer service and communication. Detailed feedback and comments are included in Annex B of the attached report.

Corporate Investigations Team

2.16 The Council's counter-fraud team, comprising three full-time experienced investigators, continues to deliver a broad range of investigations across areas such as Council Tax, Social Care, Tenancy Fraud, and Blue Badge misuse. In 2024/25, there was a notable increase in housing tenancy fraud activity, with 56 referrals investigated and 10 properties recovered, an increase from previous years, resulting in estimated savings of £780,000. Blue Badge fraud also saw a significant rise, with 103 referrals and 16 badges recovered, generating estimated savings of £9,200. However, there were no prosecutions or financial recoveries under the Proceeds of Crime Act across any category.

2.17 Right to Buy fraud investigations dropped significantly, with only 7 applications reviewed and no refusals or savings recorded. Council Tax Support investigations identified over £11,000 in fraudulent overpayments, while Social Care fraud activity was minimal this year, with only one case investigated. The National Fraud Initiative (NFI) generated 2,158 matches, leading to 544 investigations to date and £24,614 in identified value. Internal referrals remained low; however, one case has been ongoing for the past 12 months. Overall, while some areas showed increased activity and financial impact, others saw reduced outputs, reflecting shifting priorities and case volumes.

Whistleblowing

2.18 The Council's Whistleblowing Policy offers a confidential route for staff, contractors, and suppliers to report serious concerns such as fraud, misconduct, or health and safety risks. It encourages openness and accountability, with clear procedures for reporting and support available through HR, trade unions, and the Employee Assistance Programme. Most referrals are submitted via the dedicated whistleblowing email, where Internal Audit triages and forwards concerns for appropriate investigation.

2.19 In 2024/25, ten whistleblowing allegations were received, five of which related to the same issue. These included concerns about discrimination and safeguarding, inappropriate staff behaviour, financial misreporting, threats from a current employee, and breaches of recruitment policy. Outcomes varied, with some cases closed due to lack of evidence or being outside the Council's remit, while others led to internal investigations, referrals to relevant departments, or corrective action.

3. Contribution to Strategic Aims

3.1 The Internal Audit Team aims to assist in the achievement of the strategic aims of the Council set out in the Corporate Plan by bringing a systematic disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. In particular, audit work is likely to contribute to the priority of remaining financially sustainable to deliver the Council's priorities. The Council's new Corporate Plan has established three themes for the years 2022/25. These themes are:

- Healthy Environment
- Thriving Communities
- Inclusive Economy

3.2 These themes are underpinned by "Our Foundations" explaining the ways we work at the Council:

- People first
- Digital transformation
- Building self-reliance
- Getting the best value
- Collaborating with others

3.3 Full details of the Council's Corporate Plan and the projects which will deliver these priorities are published on the [Council's website](#). These priorities and the Corporate Plan demonstrate how the Council meets its legal obligation to be efficient, effective and economical.

4. Environmental and Climate Implications

4.1 There are no environmental or climate implications arising from the report.

5. Community Engagement

5.1 N/A

6. Equality Implications

6.1 No equalities impact implications have been identified as arising from this report.

7. Other Relevant Considerations

7.1 None

8. Legal Implications

- 8.1 Legislation dictates the objectives and purpose of Internal Audit the requirement for an Internal Audit function is either explicit or implied in the relevant local government legislation.
- 8.2 Section 151 of the Local Government Act 1972 requires every local authority to “make arrangements for the proper administration of its financial affairs” and to ensure that one of the officers has responsibility for the administration of those affairs.
- 8.3 In England, more specific requirements are detailed in the Accounts and Audit Regulations in that authorities must “maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with proper internal audit practices”.

9 Financial Implications

- 9.1 n/a

10 Timetable for Implementation

- 10.1 n/a

11 Background Papers

- 11.1 n/a

Internal Audit & Investigations Annual Assurance report

For the year ended 31 March 2025

1.0 OVERVIEW

1.1 Introduction

1.1.1 This report summarises the results of the work that Internal Audit has carried out in accordance with its annual plan for 2024-25 and provides an annual opinion on the internal control environment.

1.1.2 The Accounts and Audit (England) Regulations mandate that local authorities maintain an effective system of internal audit for their accounting records and internal controls, following proper practices defined by the Public Sector Internal Audit Standards (PSIAS) and the Local Government Application Note. The PSIAS require the Head of Internal Audit (Chief Auditor) to provide a written report to governance bodies, supporting the Annual Governance Statement with an opinion on the Council's control environment. This opinion is a key assurance source for the Council's annual governance statement. The Audit and Governance Committee reviews and monitors internal audit activities through quarterly reports, ensuring the internal audit function meets statutory obligations, which is crucial for corporate governance.

1.2 Purpose & Scope of Report

1.2.1 The report:

- includes an opinion on the overall adequacy and effectiveness of the Council's governance arrangements, risk management, and internal control environment.
- discloses any qualifications to that opinion, together with the reasons for the qualification.
- presents a summary of the audit and anti-fraud work from which the opinion is derived, including reliance placed on work by other assurance bodies.
- draws attention to any issues the Chief Auditor judges particularly relevant to the preparation of the Annual Governance Statement.

1.3 Internal Audit Effectiveness

1.3.1 In line with good practice, the Internal Audit service should annually ensure compliance with the 2017 Public Sector Internal Audit Standards (PSIAS), reporting any non-compliance to the Audit and Governance Committee. This is further supported by an External Quality Assessment (EQA), which, as per PSIAS, must be conducted every five years by a qualified, independent external assessor. The most recent EQA, conducted in May 2022, confirmed that the Internal Audit service conforms to the PSIAS, with the results communicated to the Audit and Governance Committee in September 2022.

1.3.2 This year, efforts will begin to ensure the Internal Audit service complies with the Global Internal Audit Standards, effective from April 1, 2025. If any gaps or areas for development are identified, an action plan will be created and communicated to the Audit and Governance Committee. The Chief Auditor confirms that the service met PSIAS standards for 2024/25 and is effective.

2.0 ANNUAL ASSURANCE OPINION

2.1 Basis of the Annual Opinion

2.1.1 The outcome of the audits undertaken during the year by Internal Audit forms the primary basis of the annual audit opinion over the adequacy and effectiveness of the governance, risk, and control framework. Additionally, there has also been recourse to the following sources of evidence and assurance:

- Anti-fraud and fraud investigations
- Follow up of management actions
- The Council's governance and risk management framework
- Inspections and external reviews, including work undertaken by the external auditor.

2.1.2 When considering the opinion readers should note the following:

- This opinion is based solely upon the areas taken into consideration and it is not affected by any specific impairments or scope limitations
- Assurance can never be absolute, neither can Internal Audit's work be designed to identify or address all weaknesses that might exist
- Responsibility for maintaining adequate and appropriate systems of governance, risk management and internal control resides with the Council's management and not Internal Audit.

2.1.3 Audit work has been undertaken to obtain all information and explanations considered necessary to provide sufficient assurance that the control environment is both reasonable and effective. The Chief Auditor's opinion on the overall adequacy and effectiveness of the Council's risk management systems and internal control environment, including any qualifications to that opinion, is as follows:

Based on the evidence reviewed, the Chief Auditor has concluded that **Reasonable Assurance** can be placed on the adequacy and effectiveness of the Council's internal control framework in the areas audited during 2024/2025.



2.1.4 The audit opinion is expressed using the same scale used for internal audit report opinions. The scale ranges from 'Substantial' to 'Reasonable', through to 'Limited' and 'No Assurance'. This opinion is reflective of the number and level of assurance opinions provided throughout the year and the improvements required to the control framework in some of those areas where weaknesses were identified in the past.

2.1.5 18% of audits received limited or no assurance in 2024/2025, compared to 44% in 2023-24, and 26% in 2022-23, (see section 3). Some of the key areas for improvement identified during our audit work are set out in section 4.2. These are reviews where limited or no assurance has been given and improvements to the control environment are needed.

2.2 Inherent qualifications to the opinion

2.3.1 The system of internal control is designed to manage risk to a reasonable level rather than to eliminate risk of failure to achieve policies, aims and objectives and therefore can only provide reasonable, not absolute, assurances of effectiveness. The Chief Auditor's assurance opinion should be considered alongside other sources, like External Audit reports and information governance reporting, to ensure the Audit & Governance Committee makes informed decisions about the Council's control environment.

3 SUMMARY OF THE AUDIT WORK

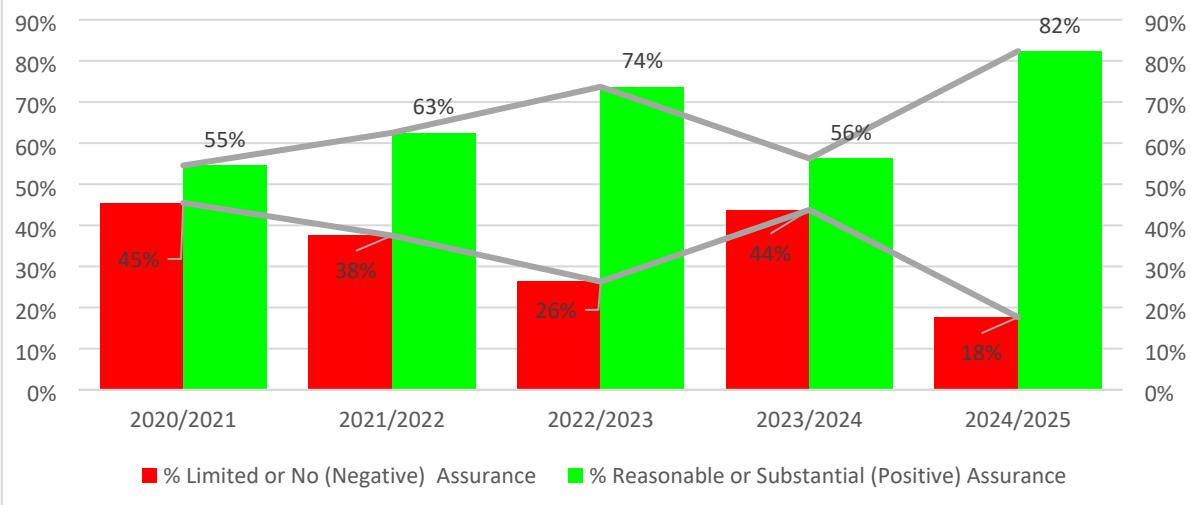
3.1 The annual 2024/25 Annual Audit Plan was developed in line with the Public Sector Internal Audit Standards for Internal Audit. We will have completed 17 audits, 2 advisory reports, and certified 8 grants. The table below summarises the report classifications.

Report Classification (2023/24)	No. of Audits
Substantial Assurance	1
Reasonable Assurance	13
Limited Assurance	3
No Assurance	0
Total¹	17
Grant Claims certified	8
Advisory report	2
No of projects in progress, but yet to be finalised	2

3.2 Full details of the audit work we have completed that has informed this opinion are in **Appendix A**, together with the assurance levels we have been able to provide for each review. As well as the results of our own work, we have also considered other sources of assurance available to us for example, management assurance statements, internal oversight function reporting and independent inspections and reviews, which we have been informed of. Graph 1 shows the percentage of positive and negative assurance opinions given, compared to previous financial years.

¹ This is in addition to the work undertaken for BFFC, which is reported separately to their Audit & Risk Committee

Graph 1 Positive v Negative Assurance Opinions (trend)



3.3 Priority of Recommendations

- 3.3.1 At the time of writing, we have made a total of 58 audit recommendations in our reports (both draft and finalised), of which 7 (12%) were classified as a high priority.
- 3.3.2 In the following sections we have set out the high-level key findings identified during our audit work for 2024/2025, which have helped inform the overall assurance opinion.
- 3.3.3 Details of each individual report's ratings and the priority of recommendations arising from each audit can be found at Annex 1.

4 SUMMARY OF THE AUDIT WORK

4.1 Substantial and Reasonable Assurance Reviews

- 4.1.1 The audits conducted across various council services found that governance and control frameworks were generally effective, with reasonable assurance provided in key areas. The Business Rates audit confirmed sound processes for calculation and collection, though improvements were recommended in the timely identification and inclusion of properties on the valuation list. The General Ledger audit also confirmed that effective accounting procedures are in place. In the Homelessness service, efforts to manage complex demand and supply risks were noted, including legal compliance with procurement regulations, though attention is needed to ensure rates paid are appropriate.
- 4.1.2 Other reviews highlighted progress and areas for development. The backlog of Subject Access Requests caused by COVID-19 has been cleared, and automated redaction tools are being explored to support compliance, although the Council does not currently apply allowable charges. While the Housing Complaints Policy is not yet fully compliant with the Housing Ombudsman's Code, there is awareness of the need for improvement and adequate performance monitoring. The audit of the Eligibility, Risk and Review Group found sufficient oversight, though minor discrepancies were noted between approved costs and care plans.

- 4.1.3 While housing rent increases were correctly applied, outdated policies, errors in write-offs, and gaps in audit trails and arrears monitoring were identified. The Members' Allowances and Expenses audit confirmed good controls, with recommendations to improve payroll instructions, claim timeliness, and transparency of declarations
- 4.1.4 The implementation of the e5 financial system has brought improvements in debt management and recovery. Although progress has been made, particularly in managing Adult Social Care (ASC) debt which constitutes 67% of the General Fund Debt, the updated documented policies and procedures remain incomplete and may require further resources and formal sign off. Debt monitoring and reporting have improved, with enhanced management reports and governance structures, especially for ASC and Sundry Debts. However, gaps remain in corporate oversight, such as the absence of a Corporate Debt Board and inconsistencies in responsibility for debt recovery across all service areas. The introduction of customer account statements and a more technical approach to bad debt provisions have supported recovery efforts. Internal audit testing showed clear financial records but highlighted the need for better recovery documentation and officer training. Write-off processes have become more structured, and Legal Services have taken a more active role in advanced recovery, particularly for complex ASC cases
- 4.1.5 Finally, for Accounts Payables a reasonable assurance rating was issued. This reflects the generally effective operation of AP controls, particularly in relation to segregation of duties, internal checks, and the consistent processing of transactions.

4.2 **Limited & No Assurance Reviews**

- 4.2.1 An audit of Residents Parking Enforcement found limited assurance of proper governance, risk management, and control systems. Issues included unclear responsibilities, poor data quality, and expired contracts, indicating the contracts might not be suitable.
- 4.2.2 An audit found Commercial Properties (rent roll) discrepancies affecting billing accuracy. Better authorisation and verification controls are needed until the system can generate invoices. Different budget responsibilities prevented a complete view of overall debt, making it hard to monitor and report on debt risk for commercial rents and leases.
- 4.2.3 An audit of Supported Living found that more work was required within the tendering process, and with financial controls between the service and finance team relating to the placements process. Likewise, governance arrangements were found lacking where providers outside of the framework were being utilised. The review process for service users was more robust, and the majority of contracts were commissioned from the framework.

Note: an audit is a snapshot at one moment in time and therefore weaknesses may have been rectified and improvements made since the audit review. These audits will be subject to audit follow-up during the next 12-18 months or sooner.

4.3 **Follow up Audits**

- 4.3.1 Any audits where limited or no assurance has been given are subject to a follow up review to determine whether the recommendations made have been implemented.
- 4.3.2 A follow-up on Continuing Health Care (CHC) highlighted ongoing issues despite some progress. The Council still lacks clarity on why many CHC submissions are rejected by the Integrated Care Board and how many exceed the 28-day decision target. This is significant, as Health is responsible for reimbursing the Council for delays, though no charges have been raised to date.
- 4.3.3 The Coroners Service audit previously identified governance and decision-making weaknesses, resulting in a Limited assurance rating. Since then, cost-sharing arrangements have been agreed upon, and a new business case and draft agreement were developed. Monitoring controls have improved, and the body removal service was brought in-house, reducing external costs. However, formal contract management is still needed, and invoicing issues persist, particularly with Frimley Health NHS Foundation.
- 4.3.4 In Intercompany Accounting, improvements have been made since the March 2022 audit. Roles and responsibilities are now clearly defined.

- 4.3.5 The November 2023 review of Employee Gifts & Hospitality found inadequate declaration processes. At the time of our follow up review a revised Code of Conduct and policy were approved. New starters must review the Code, but declarations are only required if there is something to declare—this should shift to mandatory declarations for all. A DASH form was introduced but not widely communicated, and while a declaration process was added to iTrent, evidence of compliance—especially among agency staff—remains inconsistent.
- 4.3.6 Cyber security saw notable progress following a Limited assurance rating in 2022/2023. A new strategy and action plan addressed many risks, with improvements in policy awareness, training, and SharePoint access controls. While the threat landscape remains dynamic, overall preparedness and mitigation have improved.
- 4.3.7 Finally, the fuel system audit in 2023/2024 revealed serious weaknesses in security and accounting. A follow-up confirmed enhanced controls, including ANPR cameras, anti-siphoning devices, and restricted fuel card use. Monthly reconciliation is now satisfactory, but real-time monitoring is still needed to support timely decisions and investigations.

4.4 **Internal Audit Investigations**

- 4.4.1 Internal Audit investigated the creation and enforcement of the East Reading Red Route Traffic Regulation Order (TRO). They found that this and other TROs were improperly made and implemented, rendering enforcement actions and Penalty Charge Notices (PCNs) unlawful due to a lack of legal authority. In response, a new system involving Network Services, Parking Enforcement, and Legal Services has been introduced to review and monitor TROs. This includes pre- and post-implementation site inspections. Additionally, a digital map-based TRO management system is being developed to enhance accuracy and consistency. Governance improvements are also underway to strengthen decision tracking, transparency, and accountability.

5 OTHER SOURCES OF ASSURANCE

5.1 Third Party Assurance

5.1.1 The Chief Auditor's Opinion is also informed by the work and assurances that are available from third parties resulting from work undertaken during 2024-25, the results of which are summarised below:

External Audit

5.1.2 The external audit of the 2020/21 Statement of Accounts gave an unqualified opinion, reinforcing the improvements seen in the 2019/20 Statement of Accounts which were also unqualified. In addition, the external audit processes for 2021/22, 2022/23 and 2023/24 have all now been completed in line with the published audit "backstop" deadlines, albeit with "disclaimed" opinions. The Council has therefore effectively caught up and in respect of its prior years Statement of Accounts processes. Although the 2023/24 Statement of Accounts were given a disclaimed opinion, the external auditors concluded that there were no significant weaknesses in arrangements to improving economy, efficiency and effectiveness for 2023/24; the 2022/23 conclusion was that there was a significant weakness in this regard in relation to Children's Services.

Other Inspection Work

5.1.3 The Social Housing Regulator concluded that there are serious failings in Reading BC's delivery of the outcomes of the consumer standards and significant improvement is needed, specifically in relation to the Safety and Quality Standard, the Transparency, Influence and Accountability Standard and the Neighbourhood and Community Standard.

5.1.4 The Association for Public Service Excellence (APSE) - reviewed the handling of Traffic Regulation Orders (TRO's). APSE recommended improvements to governance, team structures, and processes. The Highways department is struggling with workload due to vacancies and a lack of experienced applicants. More demands will come from digitising TROs and consolidating Orders, requiring strong systems to avoid errors like those in 2024. Clear information, policies, and plans can guide Elected Members and the public. Internal communication issues, like those with the Bus Lane introduction, show the need for better arrangements and early involvement in proposals.

5.1.5 The Care Quality Commission conducted an onsite inspection of Adult Social Care between 16th to 19th December 2024 in relation to how we fulfil our statutory duties within the Care Act 2014. At the time of writing, the report was pending.

5.1.6 Assurances from external reviews have informed the annual opinion on the BfC control environment. The Joint Targeted Area Inspection (JTAI) identified key areas for improvement in Reading's domestic abuse response, including multi-agency coordination, data use, and risk information sharing. The Local Government Association (LGA) review of Children's Services highlighted high residential care costs driven by demand and limited provision, despite relatively low numbers of children in care. While progress was made in reducing agency staff reliance and scrutinising high-cost placements, challenges remain in SEND data quality, secondary education, and aligning demand with financial planning.

6.0 Performance of the Internal Audit Service

6.1 The Public Sector Internal Audit Standards documents the expected professional standards for internal audit in Local Government and are the applicable standards against which the quality of internal audit in local government is assessed. The Chief Auditor monitors compliance against the code, by self-assessment and/or external review.

6.2 Our performance during the year in relation to the performance indicators agreed for the internal audit service is shown in table B.

Table B: Key performance Indicators for internal audit

Key Performance Indicators	Target	Actual		
		2022/23	2023/24	2024/25
i. Client Satisfaction	90% or above	86%	90%	-
ii. Production of final report within 10 days of receipt of management responses	90%	81%	91%	86%
iii. Management responses received within 15 days of issue of draft report	75%	39%	86%	62%
iv. Number of projects completed within agreed budgeted days relative to total number of projects undertaken	75%	70%	82%	56%
v. Percentage of audit projects completed relative to those in the (revised) plan	75%	81%	73%	77%
vi. Actual spending of controllable budget	100% or less	110%	109%	116%
vii. % Of working days lost to sickness	2.0%	12%	0.40%	3.22%

6.3 We've been unable to obtain a satisfactory volume of responses to post-audit satisfaction surveys, with the overall response rate too low to be able to gain any meaningful analysis.

6.4 Line 'v' shows that we have completed 77% of work we set out to achieve, which is admirable, given unplanned work added throughout the year.

6.5 Actual spend against the budget shows a 16% overspend, which is attributable to agency spend, which was required to maintain sufficient internal coverage to provide the annual assurance, as resources were diverted to assist with investigations.

6.6 Annual Survey

6.6.1 Every two years we undertake a survey, with this year's survey carried out in April, which asked managers to assess the importance and quality of the service provided.

6.6.2 Managers were asked to rate a total of 42 questions against 6 service areas; the summaries of the findings are detailed in table C below on a scale of either 1 to 4 (where 1 is excellent and 4 is poor) or 1 to 5 (where 1 is strongly agree and 5 is strongly disagree).

Table C: Annual Quality Review

	2022/23 Responses		2024/25 Responses	
	Importance	Performance	Importance	Performance
Internal audit coverage	85%	77%	86%	75%
Conduct of internal audit staff	88%	80%	89%	78%
Delivery of audit projects	90%	78%	89%	81%
Quality of the audit report	91%	80%	91%	81%
Customer service	79%	76%	87%	79%
Overall rating of Internal Audit	-	86%	-	83%
Authority specific topics	88%	80%	90%	82%
Average	87%	80%	89%	80%

6.6.3 The response rate was disappointing low at 8% (10 of 133). People's expectations are slightly higher (2%) with performance remaining stable at 80%.

6.6.4 In addition to the set questions, six free text fields were made available for individuals to provide further comments.

6.6.5 The detail supporting the results are set out in Annex B of the report.

7.0 Counter Fraud Activity

7.1 Best practice advises that the results of corporate investigations, including the number and types of investigations undertaken, should be reported annually. Progress on investigations is reported every quarter to the Audit & Governance Committee with a summary on the types of investigations in progress. Table D below provides a high-level overview of investigations undertaken compared to previous financial years.

7.2 The counter-fraud resource consists of 3 FTE's, all of whom are experienced investigators. Amongst other things, the team will investigate referrals relating to Council Tax, Social Care (Direct Payments), Tenancy Fraud, Blue Badges, etc.

Table D Annual Summary of Investigations	2022/23	2023/24	2024/25
Housing Tenancy Fraud			
No. Housing Tenancy Referrals investigated	46	39	56
Properties Recovered	8	6	10
Estimated saving from Recoveries ²	£744,000	£651,000	£780,000
Prosecutions Secured	0	0	0
Application under the Proceeds of Crime Act	0	0	0
Value of POCA/Compensation award	0	0	0
Right to Buy Fraud			
No. of RTB applications investigated	26	25	7
No of RTB applications refused as a result of investigation ³	6	6	0
Estimated savings from preventing sale of property ⁴	£563,448	£576,000	0
Parking Fraud			
Blue badge referrals	10	45	103
Blue Badges recovered	2	9	16
Prosecutions secured	0	3	0
PCN's issued	5	19	12
Estimated annual savings ⁵	£1,150	£5,175	£9,200
Single Person Discount			
Value of fraudulent overpayments identified ⁶	-	£227,000	-

² Using the notional savings multiplier is used by the Cabinet Office in its National Fraud Initiative report. Notional £93,300 (increased from £78,300) per property recovered based on average four-year fraudulent tenancy - this includes temporary accommodation for genuine applicants; legal costs to recover property; re-let cost; and rent foregone during the void period between tenancies.

³ Social housing tenants who were not entitled to right to buy because of their status in the UK, or who had secured multiple tenancies unlawfully.

⁴ The notional saving for a Right to Buy (RTB) application that has been withdrawn is calculated by the Cabinet Office based on the region in which the property is based, the increases in the maximum RTB cap and the changes in average house prices (RTB discount of £102,400 plus the rental income for the period of 12 months, which RBC would have lost if RTB approved)

⁵ £794 (from £575) is the notional value applied by the Cabinet Office per blue badge cancelled to reflect lost parking and congestion charge revenue.

⁶ Data matching exercise, matching address records against tracing and occupier lookup databases to determine the strength of match. This is not a saving and is an increase to the tax base.

Table D Annual Summary of Investigations continued	2022/23	2023/24	2024/25
Council Tax Support			
No. CTAX Referrals investigated	56	78	62
Prosecutions	0	0	0
Add pens	0	0	0
Value of fraudulent overpayments identified	£15,821	£18,617	£11,779.41
Value of add pens	0	0	0
Social Care			
Social Care	35	18	1
Financial value of cases ⁷	£153,121	£133,730	-
National Fraud Initiative (NFI)			
Matches received ⁸	4119	-	2158
Cases investigated	667	56	544 ⁹
Financial value of cases	£41,211	£3,853	£24,614
Internal Investigations (see below)			
No. Internal Referrals ¹⁰	4	7	3
Number of cases investigated	4	7	3
Cases prosecuted	0	0	0
Financial value of cases	0	0	0

8.0 WHISTLE BLOWING

8.1 The Council's Whistleblowing Policy provides a safe and confidential way for staff, contractors, and suppliers to report serious concerns such as fraud, misconduct, or health and safety risks. It promotes a culture of openness and accountability, ensuring concerns raised in good faith are taken seriously and investigated appropriately. The policy outlines clear procedures for reporting—anonimously or otherwise—and offers support through HR, trade unions, and the Employee Assistance Programme. It also guides individuals on escalating concerns externally if needed, reinforcing the Council's commitment to ethical governance. Although there are multiple channels for submitting referrals, the most commonly used is Whistleblowing@reading.gov.uk. Referrals sent to this address are received by Internal Audit staff, who then triage the concerns and where appropriate, forward them to the relevant service for investigation.

⁷ The values for 2022/2023 and 2023/2024 are part of a direct payment review we undertook, which found large amounts of unspent payments in users accounts – no fraud was identified.

⁸ The National Fraud Initiative (NFI) is a data matching exercise in the UK aimed at preventing and detecting fraud. It involves comparing electronic data held by public and private sector organizations to identify inconsistencies that may indicate fraudulent activity. The Cabinet Office is responsible for conducting the NFI, using its powers under the Local Audit and Accountability Act 2014

⁹ Cases investigated to date (31 May 2025)

¹⁰ Internal investigations are formal inquiries conducted by an organisation to examine allegations of misconduct or wrongdoing. They aim to uncover the facts, determine if any rules have been violated, and identify appropriate actions. These investigations can involve various methods, including interviewing witnesses, collecting and preserving evidence, and reviewing relevant documentation.

8.2 It is not possible to provide specific details of each whistleblowing allegation, as doing so could compromise the anonymity of either the whistleblower or the individuals or teams involved. Instead, the nature of each allegation is summarised in the table E below. This outlines whistleblowing allegations that were either submitted via the dedicated Whistleblowing email account or referred to the Chief Auditor by another individual or team.

8.3 During the 2024/25 period, a total of ten whistleblowing allegations were received. Notably, five of these related to the same underlying issue.

Table E

	Directorate	Type	Treated as WB	Outcome
1-5	BFFC/DACHS	An anonymous external referral alleging discrimination, concerns about staff competency, management bias and culture	Yes	Concerns raised fell outside LADO's remit. Reading LADO logged and closed the enquiry following investigation but remains open to reviewing any future referrals with specific safeguarding concerns.
6	DACHS	Alleged inappropriate staff behaviour outside of work	Yes	Following investigation by the corporate investigations team and on advice of the Police, allegations considered vexatious.
7	DACHS	Non-compliance with contracted rates	No	Not deemed whistleblowing and referred to Adult Social Care commissioning team.
8	DEGNS	Concerns that financial risks and inaccuracies related to contract were not disclosed.	Yes	The investigation found no evidence of deliberate concealment but highlighted miscommunication, differing views on financial risk reporting.
9	DEGNS	Former employee, alleged they have received threats from a current Reading Borough Council staff member, raising concerns for their personal safety	Yes	Numerous attempts made to contact whistleblower. No evidence found to support claim. Case closed.
10	DOR	Non-compliance with Council recruitment policies and practices	Yes	Referred to HR; the recruitment process was restarted, and the manager was instructed to adhere to established policies and procedures.

ANNEX A: Detailed analysis of internal audit reviews 2024/25

Audit Title	Opinion	Status
Members Allowances and Expenses	Substantial	Final
Fuel (follow up)	Reasonable	Final
Intercompany accounting (and follow up)	Reasonable	Final
Business Rates	Reasonable	Final
Cyber Security – (follow up)	Reasonable	Final
Housing Complaints	Reasonable	Final
General Ledger	Reasonable	Final
Accounts Payable (creditors)	Reasonable	Draft
Debt Management	Reasonable	Draft
Housing Rents and Service Charges	Reasonable	Draft
Coroners Service (follow up)	Reasonable	Final
Eligibility, Risk, & Review Group*	Reasonable	Final
Continuing Health Care (CHC follow up)	Reasonable	Final
Employee Gift & Hospitality, and Declarations (follow up)	Reasonable	Final
Commercial Lease/rent reviews (Rent Roll)	Limited	Final
Supported Living	Limited	Final
Residents Parking Enforcement	Limited	Draft
ZEBRA 2 grant sign off	Certified	Final
Contain Outbreak Management Fund grant*	Certified	Final
Local Transport Plan Capital Settlement (Grant Certification)	Certified	Final
Local Authority Bus Subsidy Grant (BSOG)	Certified	Final
High Street Heritage Action Zone (HSHAZ) Grant*	Certified	Final
TSOG Grant*	Certified	Final
Multi Funding Year 3 Grant Verification*	Certified	Final
Food waste – Capital Grant Certification	Certified	Final
Traffic Regulation Orders*	N/A	Final
RE3*	N/A	Final
IT Disaster Recovery and Business Continuity	N/A	In Progress
Deputyship and Appointeeship (follow up)	N/A	In Progress

ANNEX B: Detailed analysis of Annual survey

Coverage

Importance	where would you like to see them concentrate their efforts and how well do they currently perform?	Performance
80%	Advice and guidance on policies/procedures	77%
90%	Review of compliance with policies/procedures	77%
89%	Internal Control Reviews	77%
81%	Review of completed capital projects	67%
86%	Value for money reviews	69%
89%	Review of security of corporate assets	80%
89%	Audit of IT systems and controls	73%
85%	Facilitating the risk management process	70%
91%	Investigation of allegations	82%
86%		75%

Conduct of audits

Importance	Based on your experience how well does Internal Audit plan and carry out individual audits?	Performance
89%	The timing of audits is appropriate	75%
93%	Audit objectives and procedures are discussed prior to commencement of the audit	87%
91%	Opportunity is given to change/comment on the audit brief	85%
93%	Audit's focus on significant risks	81%
83%	Business concerns and perspectives are adequately considered	77%
88%	Auditors take care to minimise disruption to operations	81%
89%	Auditors' requests for information are reasonable	85%
87%	Auditors discuss issues with managers as they arise	80%
86%	The auditor offers a closure meeting to discuss audit findings	81%
89%		81%

Audit Staff

Importance	Based on your contact with internal audit staff in the past year how well do you rate them in the following areas?	Performance
93%	Professionalism	84%
89%	Positive attitude	83%
95%	Unbiased and objective	86%
90%	Ability to establish positive rapport	84%
86%	Knowledge of key policies and procedure	71%
90%	Knowledge of the operation	69%
79%	Knowledge of the IT system	70%
89%		78%

Audit Reporting

Importance	The final product of an audit is the report. How do you rate our reporting process?	Performance
90%	Reports are well written and easily understood	80%
97%	Reports are factually correct	80%
85%	There is no delay in issuing reports	88%
92%	Conclusions are appropriate and supported by adequate evidence	85%
92%	Recommendations are constructive, practical and cost effective	75%
90%	Responses to issues raised are appropriately reflected in the report	80%
91%		81%

Customer service

Importance	The Internal Audit service aims to have a flexible and approachable manner, how do you rate:	Performance
87%	The degree of interaction with Internal Audit management	85%
85%	Fostering of service department participation	72%
83%	Response to special requests	79%
89%	The extent to which Internal Audit meet your needs	81%

87%	79%
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Importance	Authority specific topics	Performance
93%	Does the current style of audit report meet your requirements	89%
85%	Time allocated to individual audits is sufficient	72%
95%	Audit role in combating fraud and corruption	88%
90%	Audit's role in contributing to the improvement of governance	82%
90%	Audit's role in contributing to the improvement of control processes	83%
87%	Audit's role in contributing to promoting appropriate ethics and values	81%

90%	82%
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Overall rating of Internal Audit	Performance
What is your overall rating of Internal Audit?	83%

Audit and Governance Committee

16 July 2025



Title	Internal Audit & Investigations Quarterly Update Report (Q1)
Purpose of the report	To note the report for information
Report status	Public report
Report author	Paul Harrington, Chief Auditor
Lead Councillor	Councillor Ellie Emberson, Corporate Services & Resources
Corporate priority	Our Foundations
Recommendations	The Audit & Governance Committee is requested to consider the report.

1. PURPOSE OF REPORT

1.1 The purpose of this report is to provide an update on the progress made against the delivery of the Internal Audit Plan. This report provides details of audits finalised in quarter one of the 2025/2026 financial year.

2. SUMMARY

2.1 The primary objective of each audit is to arrive at an assurance opinion regarding the robustness of the internal controls within the financial or operational system under review. Where weaknesses are found, Internal Audit will propose solutions to improve controls, thus reducing opportunities for error or fraud. In this respect, an audit is only effective if management agree audit recommendations and implements changes in a timely manner.

2.2 A total of five audit reviews were finalised in the period between April and June 2025, with four receiving a positive opinion and one receiving a negative opinion¹. No grants were verified in this quarter.

2.3 Substantial Assurance Opinion Reviews

2.3.1 N/A

2.4 Reasonable Assurance Opinion Reviews

2.4.1 Our review of **Debt Management** found governance, reporting, and system capabilities to have improved, however further action is needed to formalise procedures, clarify responsibilities, and strengthen oversight. These steps are essential to reduce debt levels and improve recovery across all service areas.

¹ positive = substantial or reasonable assurance, negative = limited or no assurance.

- 2.4.2 The review of **Accounts Payable** resulted in a reasonable assurance rating, reflecting the generally sound operation of key controls. In particular, the assessment found effective practices in segregation of duties, internal checks, and the consistent processing of transactions—contributing to a stable and well-managed control environment.
- 2.4.3 The review of **Housing Rents and Charges** found that while rent and service charge processes are broadly compliant, targeted improvements are required. Key areas for enhancement include policy documentation, system reconciliation, manual processing, and oversight—particularly in relation to Homes for Reading (HfR) properties and post-system transition activities.
- 2.4.4 Our audit of the **Right to Buy** scheme found that while statutory processes are generally followed, the policy requires updating following legislative changes in 2024. Although anti-fraud measures and valuations are generally robust, the audit recommended formal updates to the Right to Buy policy, improved documentation practices, and greater attention to safeguarding concerns in mutual exchanges.

2.5 **Limited Assurance Opinion Reviews**

- 2.5.1 Overall, while the system meets statutory requirements for **Residents Parking Permits**, improvements are needed in policy clarity, system controls, contract management, and data reporting to enhance transparency, efficiency, and accountability.

2.6 **No Assurance Opinion Reviews**

- 2.3.2 N/A

2.7 **Corporate Investigations**

- 2.7.1 Eighteen investigations into Council Tax Support fraud were initiated, with one confirmed case resulting in the removal of a discount and estimated savings of £1,485.80. Five criminal investigations remain ongoing. These cases typically involve individuals providing false information or failing to report changes in circumstances to reduce their tax liability.
- 2.7.2 Since April 2025, eleven tenancy fraud referrals were investigated, leading to the recovery of two properties, with notional savings of £156,600. Four investigations are still active. Additionally, five Right to Buy applications were reviewed for fraud risks such as misrepresentation or money laundering, but no further action was required.
- 2.7.3 Seventy-one referrals of potential Blue Badge misuse were received, with 58 investigations closed. Of these, 27 resulted in warning letters and five badges were seized, yielding notional savings of £3,970. Thirteen cases remain under investigation. Common abuses include using badges without the holder present or used after the holder's death.
- 2.7.4 Internal investigations are formal processes used to assess allegations of misconduct, identify root causes, and implement corrective or preventive actions. Since April 2025, four referrals have been received, three were closed with no further action, and one remains under review. Additionally, two other investigations were conducted: one initiated in 2022/23 concluded with a dismissal, and another, started in 2024/25, is still ongoing.
- 2.7.5 Between April and June, the Corporate Investigations Team responded to 54 Data Protection Act (DPA) requests from Thames Valley Police's Fraud Intelligence Unit. These urgent requests typically involve accessing Council records to support criminal investigations or address safeguarding concerns.

2.7.6 Starting in July, the Council will join the Cabinet Office's Fraud Hub, a key initiative under the National Fraud Initiative (NFI) aimed at enhancing fraud detection and prevention across the public sector. This collaboration will enable the Council to use secure data-sharing and automated data-matching to identify irregularities and suspicious patterns across multiple organisations.

2.7.7 Participation in the Fraud Hub will strengthen the Council's fraud prevention strategies through advanced analytics, anomaly detection, and automated risk assessment tools. It also promotes cross-agency collaboration and aligns with the Council's commitment to transparency, accountability, and safeguarding public funds.

3. Contribution to Strategic Aims

3.1 The Internal Audit Team aims to assist in the achievement of the strategic aims of the Council set out in the Corporate Plan by bringing a systematic disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. In particular, audit work is likely to contribute to the priority of remaining financially sustainable to deliver the Council's priorities. The Council's new Council Plan 2025/28 is focussing on five priorities over the next three years to deliver its vision; '*To help Reading realise its potential and to ensure that everyone who lives and works here can share in the benefits of its success*'. These priorities are:

- Promote more equal communities in Reading
- Secure Reading's economic and cultural success
- Deliver a sustainable and healthy environment and reduce Reading's carbon footprint
- Safeguard and support the health and wellbeing of Reading's adults and children
- Ensure Reading Borough Council is fit for the future

3.2 These priorities are guided by "Our Principles and Values" explaining the ways we work at the Council:

- Putting residents first
- Building on strong foundations
- Recognising, respecting, and nurturing all our diverse communities
- Involving, collaborating, and empowering residents
- Being proudly ambitious for Reading

3.3 Full details of the Council's Corporate Plan and the projects which will deliver these priorities are published on the [Council's Website](#). These priorities and the Council Plan demonstrate how the Council meets its legal obligation to be efficient, effective and economical.

4. Environmental and Climate Implications

4.1 There are no environmental or climate implications arising from the report.

5. Community Engagement

5.1 N/A

6. Equality Implications

6.1 No equalities impact implications have been identified as arising from this report.

7. Other Relevant Considerations

7.1 None

8. Legal Implications

8.1 Legislation dictates the objectives and purpose of Internal Audit the requirement for an Internal Audit function is either explicit or implied in the relevant local government legislation.

8.2 Section 151 of the Local Government Act 1972 requires every local authority to “make arrangements for the proper administration of its financial affairs” and to ensure that one of the officers has responsibility for the administration of those affairs.

8.3 In England, more specific requirements are detailed in the Accounts and Audit Regulations in that authorities must “maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with proper internal audit practices”.

9. Financial Implications

9.1 n/a

10. Timetable for Implementation

10.1 n/a

11. Background Papers

11.1 n/a

Appendix 1

Internal Audit & Investigations

Quarterly Update Report Q1

1.0 OVERVIEW

1.1 Purpose & Scope of Report

1.1.1 The purpose of this report is to provide an update on the progress made against the delivery of the Internal Audit Plan. This report provides details of audits finalised in quarter one of the 2025/2026 financial year.

1.2 Assurance Framework

1.2.1 Each Internal Audit report provides a clear audit assurance opinion. The opinion provides an objective assessment of the current and expected level of control over the subject audited. It is a statement of the audit view based on the work undertaken in relation to the terms of reference agreed at the start of the audit; it is not a statement of fact. The audit assurance opinion framework is as follows:

Opinion	Explanation
	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.
	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.
	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.
	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.

2.0 HIGH LEVEL SUMMARY OF AUDIT FINDINGS

2.1	Right to Buy	Recs			Assurance
		0	5	1	

2.1.1 The Right to Buy scheme in the UK allows eligible tenants of council and housing association properties to purchase their homes at a discount, typically lower than the market value. The discount amount depends on factors like the length of tenancy and the type of property (house or flat). The scheme aims to increase homeownership among social housing tenants.

2.1.2 While the policy is available online, it does not include eligibility criteria and has not been updated since 2020, despite legislative changes in 2024.

2.1.3 Several associated policies require updating, and the Home Ownership team lacks a formal procedures document to guide staff on key processes such as discount calculations, evidencing, and statutory timescales.

2.1.4 Property sales are confirmed using RTB2 forms but supporting documents like Land Registry records are inconsistently stored in the NEC system. Applications are tracked using spreadsheets and NEC, though there are no formal retention periods, and older applications show inconsistent progress tracking. The absence of sequential reference numbers increases the risk of duplication, and only half of the sampled sold properties had transaction reports uploaded, highlighting documentation gaps.

2.1.5 Although statutory timescales are generally followed, some delays are not explained, with issues such as staffing shortages and applicant availability contributing to missed deadlines. Inconsistencies were also found in recorded timescales and missing Notice of Intention documents. The audit found that anti-fraud measures are in place, including identity and residency checks, but financial viability assessments conducted by solicitors are not formally confirmed.

2.1.6 Address history documentation often falls short of the required three years, and some applications lacked evidence of discount calculations and valuations. Additionally, the tracking of resold properties relies solely on conveyancing solicitors, with no internal oversight. Finally, tenants involved in mutual exchanges retain their tenancy history, which affects eligibility, but the audit recommended stronger safeguarding checks to prevent coercion in future applications.

		Recs	Assurance
2.2	Accounts Payable	0 7 1	Reasonable

2.2.1 The Accounts Payable (AP) function transitioned from Oracle Fusion to the Advanced e5 system in December 2023, with this audit being the first formal review of the AP function under the new system.

2.2.2 The audit focused on evaluating the design and effectiveness of controls within the e5 AP module. This included system access, role definition, audit trails, and reporting mechanisms supporting the Purchase to Pay (P2P) process. Fieldwork began in Q3 and extended into Q4 to align with the annual assurance cycle.

2.2.3 Considerable work has been carried out during 2024/25 by the Corporate Procurement Team to provide up to date guidance for the P2P (Purchase to Pay) process and the management of Purchase Orders (PO's) against established Contracts. In addition, basic e5 navigation training modules are present within the RBC e learning pool. However, full documented operational procedures were not provided in practice, as was expected from the e5 implementation project assigned to the external consultants.

2.2.4 There is currently heavy reliance upon a few highly experienced AP officers both to enable the consistent functioning of the system including daily payment runs and "trouble shooting" where issues or queries arise with transactions, particularly credit notes.

2.2.5 The management of the supplier database is separate to the AP function which provides a segregation of duties. Suppliers are managed within the Corporate Procurement Team with specified officers authorised to enter, amend and approve new or amended supplier accounts in the e5 system. There is also an "audit details" function which provides a log to changes to supplier accounts, including actions by specified users, dates, times, data summary, etc.

2.2.6 The e5 system contains a number of automatic controls to ensure that changes to supplier accounts are independently approved before they can be processed and that appropriate documentary evidence is saved to the system to verify the correct account details. This particularly applies to supplier bank accounts and any changes. There were 8706 supplier accounts listed in the e5 system when this audit concluded.

2.2.7 Checks are also required at the supplier set up stage to ensure that the correct VAT code/status is entered, as there have been some errors noted by the AP Team during the year in this area.

2.2.8 A corporate approved list of suppliers is not currently in place; however, this has been discussed at senior management level, and we understand this to be a work in progress.

2.2.9 As this is the first internal audit review of the AP system following the e5 implementation, the focus was upon the framework of controls in place and the clarity of the audit trails in the system, with "audit walkthrough" samples selected using 30 different supplier accounts where transactions had been processed. Future audits may require data analytics due to transaction volume and complexity of payment types in the system. The total number of invoices processed during 2024/25 was 93,902 at a total value of £ £602,515,720 (for both RBC and BFFC).

2.2.10 Detailed performance statistics are maintained throughout each financial year by the Exchequer Manager; a copy of the full year statistics for 2024/25 was supplied for this audit. The total amount of invoices processed monthly averages 7,825 (RBC and BFfC), with an average of 81.79% processed within 30-day terms. This would seem good performance for the year given the limited AP Team resources, with the implementation of a new system towards the end of 2023/24 and additional work for the team to assist with queries arising, etc.

2.2.11 The performance statistics have traditionally been shared with the Chief Accountant. It was agreed at the previous audit (2022/23) that enhanced statistics could potentially be produced from the e5 system and circulated more widely for management review/governance purposes.

2.2.12 The administration of user accounts in the AP module of the e5 system is independent of the payments function, managed by the Financial Systems Team. A number of protocols are in place to provide internal checks to new users and existing user account amendment requests, to ensure that users are bona fide with access rights appropriate to their job roles.

2.2.13 During 2024/25, senior managers and Internal Audit representatives evaluated external Accounts Payable reporting tools but, in agreement with the Director of Finance, opted to develop these tools internally due to cost and resource considerations. As a result, two key internal reports were created: one tracking retrospective Purchase Orders and another identifying potential duplicate payments, with the latter expected to be produced regularly.

		Recs	Assurance
2.3	Housing Rents and Charges	0 6 4	Reasonable

2.3.1 This audit reviewed the accuracy and governance of rent and service charge setting for RBC and Homes for Reading (HfR) properties. It confirmed that rents and charges were generally applied correctly and in line with statutory requirements, including the Government's Rent Standard, which limits annual increases to CPI + 1% through 2025/26. The audit also briefly reviewed the transition from the OHMS to NEC Housing system, which went live in May 2024.

2.3.2 Overall, reasonable assurance was given, though several areas require improvement. While most policies and procedures were in place, some were outdated or missing, particularly those related to calculating annual rent increases and associated charges (missing) and write-offs (requires updating). RBC's 2024/25 rent and service charge increases were properly approved and implemented, however, HfR rent increases were more complicated due to the scheme's closure and those under the Rent Guarantee Scheme (RGS), leading to inconsistencies in applying the increases.

2.3.3 The process for declaring interests has improved since the last audit, with all new users now required to complete a declaration before access to NEC Housing was granted. However, around a quarter of users lacked recent declarations at the time of audit testing; follow-up actions were undertaken.

2.3.4 There was a clear, concise, secure record of how gross rents and service charges were calculated for RBC properties, with calculations reviewed and approved verbally. There was an ongoing review of service charges due to a shortfall between the costs incurred by the Council and the costs recharged to tenants, amounting to circa £140k for cleaning and lighting. For HfR, calculations were manual and not reviewed.

2.3.5 There have been delays in charging rents for new RBC tenants and ceasing charging on terminations due to a housing management system transition (from Ohms to NEC Housing), with manual records later updated in the new system. RBC rent increases were generally timely, but HfR rent increases were inconsistent due to the scheme's closure and lack of clarity in roles and responsibilities for those in the Rent Guarantee Scheme. Generally, payment methods were set up promptly, and payments were transferred from Civica to NEC Housing, with suspense regularly reviewed.

2.3.6 There was evidence of arrears monitoring on rent accounts and contact being made with current tenants, but with varying degrees of frequency. However, monitoring was less frequent for former tenants as resources had been focused on other priorities. Regular debt reports were provided to management, and Policy Committee received details of income from dwelling rents as part of a quarterly performance and monitoring report.

2.3.7 Regular reconciliations between NEC Housing and e5 did not occur during the year, although some errors had now been resolved. Reconciliations between the HMS and cash receipting were conducted regularly. Various testing and reconciliations were also carried out when data migrated between Ohms and NEC HMS. Feedback on the new system had also been obtained, recommendations made, focus groups set up to consider the issues raised, and a health check to be conducted to identify knowledge gaps and better ways to utilise the HMS.

2.3.8 There had been errors in the batch of write-offs relating to RBC properties carried out in 2024/25, such as a write-off for circa £900k instead of £109, which was then reversed. For HfR, some write-offs had arisen due to inconsistencies between how rent was calculated manually and by the HMS. There was a lack of a complete audit trail for some HfR refunds to confirm checks and authorisations. The refund process was manual and could be initiated from within the HMS.

	Recs	Assurance
2.4 Debt Management	0 6 1	Reasonable

2.4.1 This review focused on corporate debt, following a previous audit of adult social care (ASC) debt completed in December 2023. The Corporate Debt Policy is scheduled for review in 2025/26 and is expected to align with the ASC Debt Policy, which is still pending formal approval.

2.4.2 Although external consultants for the e5 project were expected to deliver comprehensive documented procedures, these were not provided. As a result, key procedures have been developed by the Accounts Receivable (AR) Team Leader alongside their regular duties. Clear and formalised procedures are essential to support effective debt recovery.

2.4.3 Quarterly performance and monitoring reports, including write-offs, are presented to the Policy Committee. Despite diligent monitoring efforts, corporate debt remains high, with the March 2025 (Q3) report showing a general fund debt of £8.859 million. Management reporting has improved, offering detailed analysis across debt categories, including both personal and business-related debts, with the latter generally having a higher recovery expectation.

2.4.4 Significant progress has been made in monitoring ASC debt, which accounts for 67.2% of the total general fund debt. Several recommendations from the December 2023 audit have been implemented, including a programme of client account reconciliations. This remains a complex and ongoing task, particularly for high-need cases. While the number of clients with outstanding debts has decreased, the overall debt remains high due to increased service levels and higher individual debt amounts.

2.4.5 The e5 system has enhanced debt management and recovery, with some features still being rolled out during 2024–25. The introduction of customer account statements has already prompted engagement from customers, particularly those with multiple debts across the council.

2.4.6 Testing of aged debt accounts confirmed the presence of audit trails, showing clear records of balances, invoices, and payments. However, there is room for improvement in recording recovery actions. The recent introduction of the Diary facility is expected to support this, though additional training or guidance for relevant officers may be necessary.

2.4.7 Corporate Finance has introduced a more advanced approach to bad debt provisions, using CIPFA guidance and data science methodologies. This new model was presented to the Corporate Management Team (CMT) and the resulting provision figures for 2024/25 were shared as part of this audit.

2.4.8 Strong governance and reporting arrangements are in place, with monthly aged debt reports distributed to Directorates. However, although an ASC Debt Board is active, there is no Corporate Debt Board to oversee debt across all service areas. Additionally, we noted some inconsistencies in identifying responsible officers for receiving the monthly e5 debt reports. While the Accounts Receivable (AR) Team manages recovery for several services, others fall outside their remit (these may be subject to specific legislation or recovery processes).

2.4.9 Write-offs have increased over the past two financial years, reflecting a shift towards more regular and structured write-off processes, supported by documented evidence.

2.4.10 Finally, the Legal Services Manager has taken a proactive role in encouraging timely debt referrals, particularly for ASC debts, which often require specialist legal knowledge.

		Recs	Assurance
2.6	Residents Parking Enforcement	4 4 2 2 3 3	Limited

2.6.1 In 2000, Reading Borough Council (RBC) took over parking enforcement responsibilities from the Police under the Road Traffic Act 1991, becoming a Special Parking Area. This status changed in 2008 when RBC became a Civil Enforcement Area under the Traffic Management Act 2004. The Council manages several Controlled Parking Zones (CPZs) across the borough, prioritising parking for residents, businesses, and their visitors through a permit scheme. These zones are governed by Traffic Regulation Orders (TROs), and digital permits have been introduced borough-wide, with offline options still available for vulnerable residents and carers. Penalty Charge Notices (PCNs) are issued for parking violations, with charges designed to encourage compliance while remaining proportionate.

2.6.2 Enforcement is carried out by contractor-employed civil enforcement officers, and income and savings targets are monitored throughout the year.

2.6.3 The audit aimed to assess the adequacy and effectiveness of controls specifically related to residents' parking permit enforcement. It reviewed governance, staff and contractor arrangements, system controls, enforcement activities, and contract performance, including financial targets. However, the audit did not include a review of TROs or the processes for permit application, renewal, or cancellation, which are scheduled for a separate audit in 2025/26.

2.6.4 This review of the parking enforcement process highlights a complex and multi-faceted system involving several stakeholders, including Parking Services, Civil Enforcement Officers (CEOs), the Customer Fulfilment Centre (CFC), software providers, and enforcement agents. While the system is broadly compliant with statutory requirements and operational procedures, several areas require improvement to enhance efficiency, transparency, and accountability.

2.6.5 Parking Services has documented policies and procedures, but these are fragmented and often focused on system user guides rather than comprehensive operational guidance. Key policies, such as those for write-offs, reviews, and cancellations, lack sufficient detail.

2.6.6 The enforcement process is shared across internal teams and external contractors. While training is provided and monitored, the approach is largely reactive, relying on error tracking and complaints. Statutory guidance places responsibility on RBC to ensure contractors meet required standards, yet there is limited evidence of proactive oversight or structured performance management.

2.6.7 Access to the parking enforcement system is role-based but inconsistently applied, with some lower-level staff holding administrator rights. Reporting capabilities are limited, making it difficult to extract meaningful data for residents' parking enforcement. This hampers performance monitoring and strategic decision-making.

2.6.8 Contracts for software and enforcement services were retendered in 2023, but implementation was rushed, leading to operational issues. Contract monitoring is inconsistent, with limited documentation of meetings and unclear KPIs. The enforcement agent contract is significantly outdated, lacking performance measures and enforceable terms. The SLA with the CFC lacks quality-focused KPIs.

- 2.6.9 CEO enforcement is reactive, driven by ANPR alerts and public requests rather than systematic coverage. While CEO pay is compliant with legal standards, data on patrol frequency and coverage is lacking. A high number of enforcement errors, many due to software issues, highlight the need for improved systems and training. PCNs are generally issued and processed correctly, but software bugs have led to lost income and enforcement delays.
- 2.6.10 Multiple payment methods are available, but some are not advertised or integrated with the parking system, leading to manual interventions and potential delays. Reconciliations are performed but not always up to date. Budget monitoring has been inconsistent due to staffing gaps, and income projections are based on historical data rather than proactive forecasting.
- 2.6.11 The appeals process is generally followed correctly, but documentation and audit trails are inconsistent. Write-offs, particularly for DVLA no trace cases, often do not follow the documented process. Refunds and cancellations lack clear supporting documentation and consistent categorisation. Complaints are few but difficult to track specifically for residents' parking enforcement, and delays in response have occurred due to system transitions.

2.7 Closing the Gap 2

- 2.7.1 Anonymous allegations were submitted under the Council's whistleblowing policy regarding the allocation of funds through the "Closing the Gap 2" (CTG2) commissioning framework. The concerns centred on potential conflicts of interest, a lack of transparency in the procurement process, and the perceived exclusion of local service providers in favour of larger national organisations.
- 2.7.2 Following a thorough investigation, no evidence was found to support claims of misconduct, conflict of interest, or procedural failings. While questions were raised about the temporary appointment of an officer with ties to Compass Recovery College, the investigation confirmed that the appointment was made through a transparent process and that the individual had no direct authority over funding decisions.
- 2.7.3 The procurement process was found to be compliant with Council procedures and remained at the tendering stage, with no contracts awarded at the time.
- 2.7.4 The investigation also examined broader concerns about fairness and inclusion. It found no indication that national organisations such as Mind had received preferential treatment or direct awards under CTG2. The process had included engagement with local stakeholders, although it was acknowledged that the Council could have communicated more effectively to avoid perceptions of bias.

Key: No Assurance: Limited Assurance: Reasonable Assurance: Substantial Assurance:

Audit reviews carried over from 2024/2025

Audit Title	Timing				Risk Assessment			Results			Assurance
	Q1	Q2	Q3	Q4	Start Date	Draft Report	Final Report	P1	P2	P3	
Accounts Payables	●				Aug-24	June-25	June-25	0	7	1	Reasonable
Deputies	●				Feb-25						
Residents Parking Permits	●				Jan-25	April-25	June-25	4	2	3	Limited
Housing Rents	●				Oct-24	May-25	June-25	0	6	4	Reasonable
Right to Buy*	●				Feb-25	June-25	June-25	0	5	1	Reasonable
IT Disaster Recovery	●				Jan-25	May-25					
Debt Management	●				Aug-24	May-25	June-25	0	6	1	Reasonable

Audit reviews for 2025/2026

Key: No Assurance: Limited Assurance: Reasonable Assurance: Substantial Assurance:

Key: No Assurance:  Limited Assurance:  Reasonable Assurance:  Substantial Assurance: 

Audit Title	Timing				Start Date	Draft Report	Final Report	Res			Assurance
	Q1	Q2	Q3	Q4				P1	P2	P3	
Local Authority Bus Subsidy Grant (BSOG)		●									
Joint Legal Team (JLT) Billing process		●									
Land Charges**		●			Jun-25						
Accounts receivables (debtors)		●									
Project management (PMO)		●									
Housing Repairs Materials – order and control of materials		●									
Home Improvement Grants (Disabled Facilities Grant)		●									
ARCUS system			●		Jun-25						
Capital Programme and monitoring			●								
Housing Benefits			●								
Contract Management (Corporate)			●								
Housing Repairs (Planned Repairs)			●								
Occupational Therapy (OT) Waiting Lists				●							
IT Application Security				●							
Recruitment (Pre-employment checks)				●							
Caseload Management (incl ASC Front door)				●							
Commercial Lease/rent follow up				●							

* Undertaken by apprentice

**Added to the plan

3.0 INVESTIGATIONS (APRIL 2025 – JUNE 2026)

3.1 Council Tax Support Investigations

- 3.1.1 Council Tax fraud involves intentionally providing false information or failing to disclose changes in circumstances to avoid paying the correct amount. This can include claiming discounts or exemptions when not entitled to them, or not declaring a change that affects the payment due.
- 3.1.2 18 Council Tax Support investigations have commenced to date, with the discount removed in one case, resulting in estimated savings of £1,485.80. 5 criminal investigations remain ongoing.

3.2 Housing Tenancy Investigations

- 3.2.1 Housing tenancy fraud involves a tenant or potential tenant using false information or engaging in illegal activities to obtain or maintain a tenancy in social housing or other properties. This can include misrepresenting information on applications, unlawfully subletting, or claiming succession rights without proper entitlement
- 3.2.2 Since 1st April 2025, officers have completed investigations into 11 referrals of alleged tenancy fraud. A total of 2 properties have been returned to stock; although these investigations began in the 2024/2025 financial year, the properties were returned to stock in the first quarter of 2025/2026. All these cases were tenancy-related investigations. There are another 4 ongoing investigations.
- 3.2.3 The notional saving achieved on the properties returned to RBC stock is £156,600.00, adopting the notional savings multiplier used by the Cabinet Office in its National Fraud Initiative report.
- 3.2.4 Right to Buy fraud typically involves the deliberate misrepresentation of information to secure an unfair discount or to unlawfully acquire a council property. Common examples include providing false income details or purchasing a property with the intent to sublet it rather than occupy it as a primary residence. In some cases, individuals exploit the scheme for personal gain, such as by securing high-interest loans against the property or profiting from its resale shortly after purchase.
- 3.2.5 Although the Right to Buy scheme is designed to support legitimate homeownership, it carries inherent risks related to fraud and money laundering. The structure of the scheme—offering significant discounts on council homes—can be exploited by criminal actors seeking to conceal the origins of illicit funds. This makes it a potential vehicle for laundering money under the guise of a lawful property transaction.
- 3.2.6 The team has undertaken a comprehensive review and verification of five Right to Buy applications. No further action was deemed necessary.

3.3 Disabled Persons Parking (Blue) Badges

- 3.3.1 Blue badge fraud refers to the misuse of disabled parking permits to evade parking charges, occupy spaces intended for disabled individuals, and in some cases, commit criminal offenses. This type of fraud not only undermines the integrity of the system but also directly impacts those who genuinely rely on accessible parking.
- 3.3.2 Common forms of blue badge fraud include the use of forged or altered badges to appear legitimate, and the use of a badge when the registered holder is not present in the vehicle. Some individuals continue to use a badge after the holder has passed away, while others exploit lost or stolen badges for personal gain. Fraud can also occur during the application process, such as by exaggerating or fabricating a disability, using expired badges, or providing false information to obtain one.
- 3.3.3 The consequences of blue badge fraud are serious and may include fines, prosecution, and imprisonment. Beyond legal penalties, this behaviour significantly disadvantages the disabled community by reducing access to essential parking spaces and services.
- 3.3.4 Since April 2025, the team has received a total of 71 Blue Badge referrals of blue badge misuse. We have closed 58 investigations, of which 27 received warning letters, and 5 blue badges were seized and destroyed. Leaving 13 Blue Badge Investigations remaining open.
- 3.3.5 The notional saving achieved regarding the 5 seized Blue Badges is £3,970.00, adopting the notional savings multiplier used by the Cabinet Office in its National Fraud Initiative report.

3.4 School Application Investigations

- 3.4.1 School admission fraud involves parents using false or misleading information, such as providing an incorrect address, to gain a school place for their child, often at a popular school. This can be done by using a friend's or relative's address, a business address, or by temporarily renting a property near the desired school. The goal is to appear to live within the school's catchment area or meet other admission criteria, thus gaining an unfair advantage over other applicants.
- 3.4.2 Since April 2025, the team has received one referral, which is currently under investigation.

3.5. Internal Investigations

- 3.5.1 Internal investigations are formal inquiries conducted to determine if any misconduct has occurred, often related to allegations or concerns. They are crucial for identifying potential wrongdoing, understanding its root causes, and implementing corrective actions or preventive measures. These investigations can be triggered by whistleblowers, audit findings, regulatory inquiries, or other credible reports, leading to disciplinary action and/or criminal investigations.
- 3.5.2 Since April 2025, the team has received four referrals. Preliminary investigations resulted in no further action being taken in three cases, while one referral remains under active review.

3.5.3 Further to this, we have two other internal investigations, one of which was started in the 2022/2023 financial year and was closed on the 04/06/2025, resulting in dismissal. One further investigation which commenced in the 2024/2025, remains open.

3.6 Data Protection Act (DPA) requests

3.6.1 The Corporate Investigations Team received Data Protection Act (DPA) requests from the Thames Valley Police (TVP) Fraud Intelligence Unit. These are usually intelligence information required by the Police to assist their criminal investigations or safeguarding concerns. They require information from the Council's records regarding individuals or addresses, which are usually urgent to enable them to progress their investigations/confirm information timely. For the period April to June, the Corporate Investigations team dealt with and responded to a total of fifty four such requests from TVP.

3.6.2 Fraud Hub

3.6.3 Starting in July, we will join the Cabinet Office Fraud Hub, a key initiative under the National Fraud Initiative (NFI), aimed at strengthening fraud prevention and detection within the public sector. This partnership will enable us to leverage secure data-sharing mechanisms and advanced analytical techniques to proactively identify fraudulent activity.

3.6.4 Through automated data-matching, we will compare datasets across various organisations to detect irregularities, ensuring that fraud risks are swiftly addressed. The Fraud Hub's structured approach to data analysis will enhance our ability to spot suspicious patterns and mitigate potential threats before they escalate.

3.6.5 By engaging with the Fraud Hub, we will have access to shared insights from multiple public sector bodies, fostering cross-agency collaboration in tackling fraud. This participation aligns with our commitment to transparency, accountability, and regulatory compliance, ensuring that resources are safeguarded against fraudulent practices.

3.6.6 Additionally, our involvement will enable us to refine our fraud prevention strategies by utilising learning techniques, anomaly detection, and automated risk assessment tools. By integrating these capabilities, we aim to strengthen our fraud prevention and detection measures.

3.6.7 This participation underscores our commitment to upholding transparency, accountability, and compliance in fraud prevention efforts. By working alongside the Cabinet Office and other stakeholders, we aim to proactively detect potential risks and implement robust measures that protect public funds.

Audit and Governance Committee

16th July 2025



Title	Audit Recommendations Tracker
Purpose of the report	To note the report for information
Report status	Public report
Report author	Darren Carter, Interim Executive Director of Resources
Lead Councillor	Cllr Ellie Emberson
Corporate priority	Our Foundations
Recommendations	<ol style="list-style-type: none">That Committee consider the report.That progress against the management actions to address the audit recommendations for audits assigned a 'limited' or 'no assurance' opinion is noted

1. Executive Summary

- 1.1. The outcomes of internal audit reports are reported to this committee.
- 1.2. Appendix one attached sets out progress against audit recommendations for audits assigned a 'Limited' or 'No Assurance' opinion only.
- 1.3. The report tracks progress in implementation of the management responses to audit recommendations. This approach enables 'at a glance' tracking in addressing recommendations.
- 1.4. The RAG, outlined in Para 3.4, provides an overview of the status in implementing management actions to address audit recommendations.
- 1.5. Management actions which are overdue are rated red.
- 1.6. There are currently twenty-nine recommendations on the tracker, Appendix one. Ten actions were reported as complete in August 2024 and removed from the tracker. Seven new recommendations have been added for a Commercial Rents and Leases audit and six recommendations for Supported Living.
- 1.7. The frequency of reports to this Committee has changed to twice per year. The next report will be in January 2025.

2. Policy Context

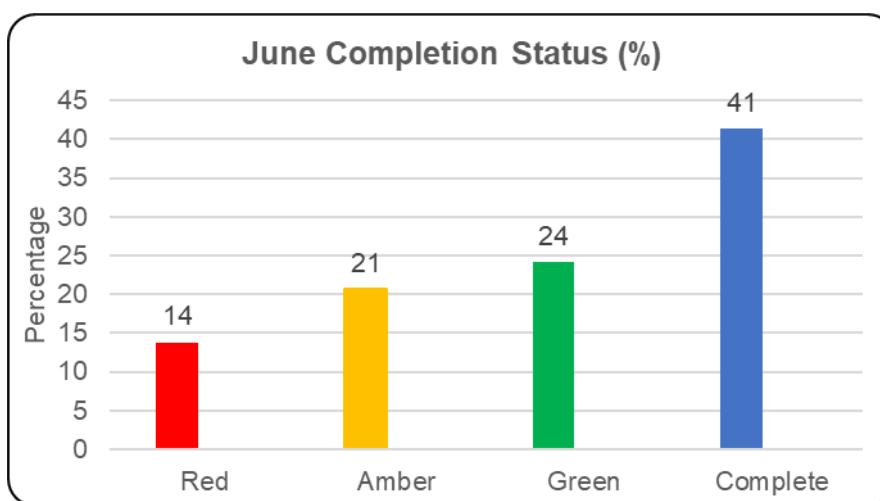
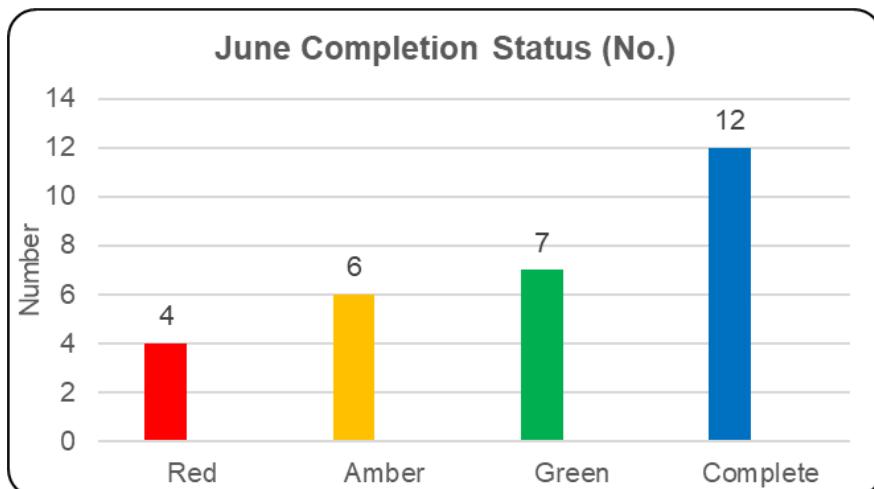
- 2.1. This report supports the Council Plan 2025-28, ensuring that the Council has fit for purpose processes and remains financially sustainable to deliver its service priorities.

3. The Proposal

- 3.1. Only recommendations for audits with either a 'Limited' or 'No Assurance' opinion are included in the report and the tracker appendix.
- 3.2. A summary of relevant Internal Audit recommendations and progress in implementing the associated management actions is provided in Appendix 1, attached.
- 3.3. In addition, it was agreed previously that priority three recommendations would not be added to the tracker in future as these are advisory points made by the Auditor. Whilst it is important that all agreed audit recommendations are implemented the focus of the Committee should be on high to medium risk recommendations and management actions to address them.
- 3.4. Prior to reporting to committee, officers responsible for implementing the specific management actions are asked to update the Audit Tracker with a RAG status and progress update. Each management action correlates to the following ratings:

Audit Tracker Management Action RAG Status Guidance		
Colour	Status	Description
BLUE	Complete	Management action is complete.
GREEN	On Track	Management action is on track to be completed as planned and within timescale.
AMBER	At Risk	Management action is in progress, but issues encountered mean that there is a risk that action might not be completed in full and/or delivery at risk of delay.
RED	Off Track	Delivery of management action in full and/or on time appears to be unachievable. Management attention needed and adjustment to the scope may need to be requested.

- 3.5. Where there is a lack of progress with implementation, for example, regularly missing implementation dates etc, the Director / Assistant Director and Responsible Officer (if different) can be asked to attend the committee meeting to explain the difficulties with implementation and the steps being taken to address them.
- 3.6. One (3%) of the twenty-nine Management actions are overdue and listed in Appendix one.
- 3.7. The completion status of the management actions detailed in Appendix one is as follows:



4. Contribution to Strategic Aims

4.1. The proposals in this report support the Council Plan, ensuring that the Council remains financially sustainable and fit for the future to deliver its service priorities.

5. Environmental and Climate Implications

5.1. The Council declared a Climate Emergency at its meeting on 26 February 2019 (Minute 48 refers). There are no specific environmental and climate implications to report in relation to the recommendations set out in this report.

6. Community Engagement

6.1. Audit Plans and the implementation of recommendations tracker will continue to be reported to this committee.

7. Equality Implications

- 7.1. The Equality Duty is relevant to the implementation of audit recommendations. Specific recommendations are subject to consultation and equality impact assessments where required and are progressed as appropriate.

8. Legal Implications

- 8.1. The Council has a duty under the Accounts and Audit Regulations to ensure it has in place a financial control framework which is fit for purpose. It also has a duty to ensure Value for Money in the provision of services.

9. Financial Implications

- 9.1. There are no specific financial implications arising directly from this report, the timely implementation of audit recommendations is critical in improving the Council's internal control and governance arrangements.
- 9.2. The Council's Chief Internal Auditor's reports have, over several years, repeatedly reported that audit recommendations made in previous audits have not been implemented. This does not represent value for money from either an audit or wider organisational perspective.
- 9.3. Poor systems of internal control and financial governance potentially leave the Council exposed to loss and will result in higher external audit costs due to the lack of assurance they provide, and the consequential higher testing thresholds required by the Council's external auditors.
- 9.4. Whilst there are still actions that are RAG rated red, there has been positive engagement with the arrangements and significant improvement since implementing this tracking and reporting process and the number of red recommendations has reduced year on year.

10. Timetable for Implementation

- 10.1. Not applicable.

11. Background Papers

- 11.1. There are none.

Appendices

1. Audit Recommendations Tracker – June 25

Audit Tracker Appendix one

Audit Title	Priority	RAG Status	Recommendation	Due date	Management Response	Responsible Officer latest update	Overdue
Commercial Rents and Leases	2	Complete	In accordance with corporate policy, the service should ensure there are no conflicts of interest between the leasee of an asset and those officers responsible for the administration of these assets	31/08/24	A monitoring table has been included in the monthly meetings to record any declarations of interest and to ensure that all staff have completed the corporate form relating to declaration of interest.	This action is complete	
Commercial Rents and Leases	2	Amber	<p>The assets listed on the rent roll need to be verified against the CPM property terrier once the updates have been applied to the system to ensure completed, and then the lease agreements to ensure the billing terms are accurately recorded. As a note, this action will require: -</p> <ul style="list-style-type: none"> • Confirmation that a relevant lease agreement is held. • Verification of the occupational status. Physical occupation is only required when there is a 'Keep Open' clause in the agreement. 	31/12/25	<p>This will be managed as a specific project to ensure CIVICA data is correct, and tenant information has been validated along with income data and lease details.</p> <p>Regular inspections will be carried out to ensure there has been no unauthorised sub-letting.</p>	This action is now in hand with other team members within Property and Assets with a target date for completion of December 2025	
Commercial Rents and Leases	2	Amber	The project plan for the CPM/e5 billing interface needs to be confirmed to ensure its operational delivery.	31/12/25	Part of the process in the above (managed as a specific project to ensure CIVICA data is correct, and tenant information has been validated along with income data and lease details) will address cross checking between CIVICA (CPM) and e5	The team have initiated a project to resource and upload this information. Due to staff vacancies, unfortunately this action has been slow to progress.	
Commercial Rents and Leases	2	Complete	<p>The annual gross debit needs to be determined so that the periodic scheduling for raising the invoice and outstanding debt can be better reconciled and monitored. The options for consideration are: -</p> <ul style="list-style-type: none"> • Excel Rent Roll. • E5 Accounts Receivable, with instalment payments. 	30/10/24	As part of the above (managed as a specific project to ensure CIVICA data is correct, and tenant information has been validated along with income data and lease details) a periodic scheduling for raising the invoice and outstanding debt to be better reconciled and monitored to be included in the process development and added to the monthly debt managing process	Monthly meetings are well established and debt over 90 days has been reducing but quarterly invoicing distorts the figures otherwise progress made.	
Commercial Rents and Leases	2	Amber	Improved contingency planning and scheduling controls are needed to ensure timely preparation and instruction of billing to the Systems Finance team	31/12/25	As Part of the above (managed as a specific project to ensure CIVICA data is correct, and tenant information has been validated along with income data and lease details) Training of other Asset Portfolio Officer (APO), APO's once appointed and existing and retained APO's will be included.	This action is now in hand with other team members within Property and Assets with a target date for completion of December 2025.	

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Commercial Rents and Leases	2	Complete	<p>To ensure that no charges are omitted, it's important to have separations of duties and verification controls in place. This will help ensure the accuracy and completeness of billing instructions and verify that they have been raised correctly. Independent oversight and inclusion can include, e.g.: -</p> <ul style="list-style-type: none"> •Authorisation of the instruction. •Checking the billing input before submission. •Checking the output report after submission e.g. use control totals etc. 	31/08/24	<p>This process to be included in the approval of Officer Decision Notices (ODN's) and Heads of Terms (HOT) that are sent to the Asset Manager before going to the Assistant Director and therefore can be signed off by the Strategic Asset Portfolio Manager (DMH) as part of a checking process</p>	<p>The systems in place ensure that verification controls are working due to the ODN process.</p>	
Commercial Rents and Leases	2	Complete	<p>Determining the debt position of all assets listed on the rent roll is crucial for assessing and monitoring the financial risk factors beyond the responsibilities held by the budget holder. The aged debt report is widely circulated, should budget holders take responsibility for the income they receive?</p>	31/03/25	<p>Review our approach to debt management with our debt management team to ensure corporate compliance and carry out face to face meetings with tenants where possible to reconcile the issues and where necessary write off unrecoverable debts sooner.</p>	<p>We now have a good system in place working alongside the corporate debt management team and including tenant visits to ensure tenants can comply with the payment plans offered as required.</p>	
Community Infrastructure Levy	2	Complete	<p>The procedures and processes for producing the CIL Demand Notice, recovering, and accounting for the payment, including enforcement should be documented.</p>	31/01/25	<p>A process document will be prepared to cover the monitoring, collection, enforcement and spend of CIL.</p> <p>Regarding land charges, it is the law that a CIL liability must be registered as a land charge, and as such there is no scope to undertake such an analysis before it is registered. In any case, the point at which a land charge is registered is well before the point where any expected difficulties in collection, or even the full scale of the charge (due to possible relief applications) will become apparent.</p> <p>However, it is agreed that better information on CIL debts is required, and it is proposed that a quarterly report on unrecoverable debt (as well as highlighting when the end of the 6-year period after which CIL can no longer be collected) should be produced taking account of the results of a SWOT/cost-benefit analysis and shared with the Assistant Director, Legal and Democratic Services and Assistant Director, Planning, Transport and Public Protection, starting for Q2 2024.</p>	<p>Process review for the relevant sections identified in the audit feedback is complete with each sections details being documented with consideration to the requirements in the regulations ensuring that both the Audit and the Regulation requirements have been met where possible. Process documents ongoing with links to the debt strand and Legal input. Legal recovery cases now ongoing with multiple cases with legal services. On going amendments will be added to the process as they are defined.</p>	

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Audit Title	Priority	RAG Status	Recommendation	Due date	Management Response	Responsible Officer latest update	Overdue
Community Infrastructure Levy	2	Complete	The recovery status of the CIL debt should be reported to the Accountancy Service and the Assistant Director of Planning, Transport & Regulatory Services each month for monitoring and reporting purposes.	31/12/24	Agreed that a report showing the recovery status of all CIL debt (which can be combined with the report outlined in response to recommendation 2 - CIL Demand Notice) will be provided monthly to the section 151 officer and Assistant Director, Planning, Transport and Public Protection, starting end of Q2 2024.	Report data being sent to identified individuals. Refinements will be made based on feedback received. Additional periodic meetings have been introduced to review reports with Assistant Director and line management, ensuring background information is understood.	
Community Infrastructure Levy	2	Complete	A certified copy of the reconciliation of cash receipts between the E5 and Exacom systems for CIL and S106 monies should be completed and forwarded to the Policy Planning Manager and the Accountancy reconciliation team quarterly.	31/12/24	This is wholly reliant on timely provision of information from the finance systems to allow reconciliation to be carried out. Agreed that, subject to this information being provided, the reconciliation can be carried out quarterly with input from Principal Infrastructure Monitoring Officer	Reconciliations for 2023/24 and 2024/25 have been shared with the S106/CIL monitoring officer, the Policy Planning Manager & the Reconciliation team.	
Coroners Service	2	Green	Consideration should be given to reviewing and updating the SLA in place between the six Berkshire Local Authorities, as appropriate. The review should also include clarification of the governance processes for decision-making and reporting on the coroner's service within the six Berkshire Local Authorities.	30/09/25	<p>Joint Arrangement is being reviewed with instructions sent to Legal Services.</p> <p>This will consider options for improving the governance structure, for example, to include a recommendation for a separate board chaired by another Berks LA to provide effective scrutiny.</p> <p>Confirmation will be sought as to whether existing monitoring through Berkshire Treasurers and reports on the service will continue through Berkshire Public Services Network.</p> <p>Review of JA to include how costs are apportioned. Director of Finance to lead at Berkshire Treasurers.</p>	Proposal tabled at Berkshire Chief Execs group in May and agreed at Berkshire Treasurers on 28 June 2024 for finance apportionment. Revenue business case submitted to incorporate savings to RBC. Updated JA being drafted. Have consulted with the Assistant Director of Legal and Democratic Services. Draft agreement sent to Legal June 2025. The Chief Executive has advised that additional governance is not required and that existing monitoring at Berkshire Treasurers and BSPN are sufficient. The JA requires a lead representative to be nominated on behalf of each local authority.	

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Audit Title	Priority	RAG Status	Recommendation	Due date	Management Response	Responsible Officer latest update	Overdue
Coroners Service Page 284	2	Complete	<p>Signed contracts (including details of KPIs) should be in place for all key services following the Council contract procurement rules, with fees for services agreed in advance of them being provided. Sufficient time should be allowed prior to the end of a contract for appropriate tendering/retendering/agreement of an extension to ensure there is appropriate authority and a formal agreement in place before the contract ends.</p> <p>The case management system contract should be retendered to ensure that an appropriate system is in place and that value for money is being achieved.</p> <p>Consideration needs to be given to how to address the shortage of providers for key coroner's services contracts (where not already in progress) resulting in the awarding of contracts to either the incumbent or sole providers, as this is unlikely to lead to best value.</p> <p>There should be signed contracts in place with all Assistant Coroners, which are explicit for example in terms of what could be claimed in travel expenses, and employment status.</p>	31/03/25	<p>Signed contracts are now available for:</p> <p>Mortuaries (extension of contract currently being finalised (have moved into extension period))</p> <p>Removals</p> <p>Toxicology</p> <p>Case Management System</p> <p>The service acknowledges that the timing for contract tendering, retendering, and extensions has been challenging and this has in part been related to turnover with suppliers, staffing and elongated discussions between legal teams; however, with better officer support now in place following restructuring and recruitment and contracts now being reviewed under the Service Contracts Board, improvements are being made.</p> <p>Consideration of tendering for pathology services in year. MoJ currently conducting a review of statutory fees which could affect contract value. On rare occasions, there is a requirement to source specialist providers outside of contracts for some services that the suppliers cannot provide. The fees for these are agreed separately.</p> <p>CMS – this was a joint procurement with Thames Valley authorities, will seek advice from legal/procurement as to retender.</p> <p>All Assistant Coroners have signed contracts. 2 ACs are on previous terms and do not want to move on to new terms and conditions. Will seek legal advice as to whether they can be moved.</p> <p>Interim contract for the removals contract has been agreed and approval being sought from Berks LAs to introduce an in-house service."</p>	<p>Removals contract complete - in-house</p> <p>Mortuary contract - Officer Decision Notice / Waiver for 2 year contract until 2027 with Legal Services (June 2025).</p> <p>Toxicology - Contract ends Jan 2026. Procurement initiated, Legal supporting</p> <p>Case Management System - retendered and signed 2 year contract January 2025</p>	

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Audit Title	Priority	RAG Status	Recommendation	Due date	Management Response	Responsible Officer latest update	Overdue
Coroners Service	2	Amber	Regular meetings and reporting should be held between the six Berkshire authorities, with standard agenda items, which should include a review of the budget, identification of any risks/issues arising, and consideration and agreement as to how these should be addressed.	30/09/25	<p>Joint Arrangement is being reviewed with instructions sent to Legal Services.</p> <p>This will consider options for improving the governance structure, for example, to include a recommendation for a separate board chaired by another Berks LA to provide effective scrutiny.</p> <p>Confirmation will be sought as to whether existing monitoring through Berkshire Treasurers and reports on the service will continue through Berkshire Public Services Network (BPSN)</p> <p>Review of JA to include how costs are apportioned. Director of Finance to lead at Berkshire Treasurers.</p>	<p>This is linked to the review of the joint arrangement and method for apportionment of costs. It is intended clauses are added to the agreement which confirms the commitment from each authority for governance arrangements. Governance can be confirmed once principles of the Joint Agreement (JA) are agreed (i.e. this is not dependent on the final agreement being confirmed). Amber as have to build in Legal Services review - draft revised JA to Legal June 2025 . Apportionment of costs to pop base are now confirmed. The Chief Executive has advised that existing governance through Berkshire Treasurers and BPSN is sufficient for the Joint Arrangement.</p>	
Coroners Service	2	Green	It should be clarified, agreed and clearly documented the basis on which the apportionment of coroner's office and main budget costs between the six local authorities were being made. This basis should be reviewed as part of a review of the SLA and then reviewed on a regular and ongoing basis going forward.	30/09/25	<p>Joint Arrangement is being reviewed with instructions sent to Legal Services.</p> <p>This will consider options for improving the governance structure, for example to include a recommendation for a separate board chaired by another Berks LA to provide effective scrutiny.</p> <p>Confirmation will be sought as to whether existing monitoring through Berkshire Treasurers and reports on the service will continue through Berkshire Public Services Network.</p> <p>Apportionment of costs to be agreed by Berkshire Treasurers as part of this process. Director of Finance to Lead.</p>	<p>Apportionment method and costs complete. Proposal taken to Berkshire Treasurers. Agreed stepped move to population base over 3 years. To be incorporated in revised Joint Agreement, draft with Legal Services June 2025</p>	

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Audit Title	Priority	RAG Status	Recommendation	Due date	Management Response	Responsible Officer latest update	Overdue
Housing Repairs	1	Green	<p>There should be current contracts in place with all repairs/maintenance sub-contractors, with extensions agreed as per the Council's documented processes and prior to the initial contract expiring.</p> <p>There should also be regular monitoring of jobs allocated to sub-contractors to ensure they are being carried out in a timely manner, invoiced once completed and the job closed down on Ohms and Total.</p>	30/09/25	<p>a. The current construction climate has made it difficult to get suitable contractors on board. A Quantity Surveyor role is being recruited to, to provide the focused resource to work with our legal and procurement teams to prepare and prioritise tender documents to retender expired contracts. Legal and procurement teams will work with the service to prioritise this area of work. There are currently a number of managers/supervisors in secondment/interim positions; the service will seek to get permanent managers/supervisors into position.</p> <p>b. Managers and supervisors will be set clear objectives to ensure that performance management of sub-contractors is treated as a priority to include regular contract and finance meetings as well as ensure that jobs are managed, closed and invoiced in a timely way.</p>	<p>The Repairs & Property Services Improvement Plan includes a dedicated workstream focussing on procurement and contracts which continues to deliver sustainable progress in this area. A procurement pipeline has been produced and is being used to monitor progress.</p> <p>A prioritised timeline for the procurement of all contracts required is being managed by a dedicated Housing Procurement Officer and is planned to finish by September 2025. There is a current focus on the agreed 'priority one' contracts and working groups are in place to maintain progress.</p>	

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Audit Title	Priority	RAG Status	Recommendation	Due date	Management Response	Responsible Officer latest update	Overdue
Intercompany Accounting Page 287	1	Complete	<p>The (RBC) Director of Finance in collaboration with (BFFC) Executive Director of Finance and Resources should develop agreed and documented systems, procedures, and processes to further improve and manage intercompany accounting and transactions. They should include, but not be limited to:</p> <ul style="list-style-type: none"> -Being able to easily identify transactions across a common chart of accounts -To match transactions, from both sides -Identify (tag) those for elimination from financial reporting to prevent double accounting -Automate processes where possible -The use of recurring invoices/installment payments for contract / SLA payments -Billing cut off period -Electronic approval process (Office 365) -Centralised repository (SharePoint) for intercompany financial purposes accessible by both entities and managed by permission rules -Grant funding monitoring (at both entities) -Regular reconciliations of expected income streams -Appropriate lines of communication with documented terms of reference and purpose <p>These procedures and processes should be standardised, and where there is a business need for difference, there should be compatibility.</p>	31/03/24	<p>The (RBC) Director of Finance in collaboration with (BFFC) Executive Director of Finance and Resources will develop agreed and documented systems, procedures and processes.</p> <p>During the Advance systems implementation the following will be implemented:</p> <ul style="list-style-type: none"> •Being able to easily identify transactions across a common chart of accounts •To match transactions, from both sides •Identify (tag) those for elimination from financial reporting to prevent double accounting •Automate processes where possible •The use of recurring invoices/installment payments for contract / SLA payments •Billing cut off period •Electronic approval process (Office 365) •Centralised repository (SharePoint) for intercompany financial purposes accessible by both entities and managed by permission rules •Grant funding monitoring (at both entities) •Regular reconciliations of expected income streams •Appropriate lines of communication with documented terms of reference and purpose 	<p>Regular reconciliation of inter-company transactions is taking place and there is a shared agreement about how these are done.</p> <p>The use of automated processes has not yet been implemented but is on the list of e5 developments for the coming year. This will include the documentation of those automated processes. A manual work around is currently in place.</p> <p>The use of recurring invoices/installment payments for the contract/SLA payments is now ready for use and will go live in Q3.</p> <p>Reconciliations are carried out and agreed quarterly.</p>	
Provider Payments	2	Complete	The facility to automatically issue informative remittance advices consistently to suppliers should be documented as part of the new financial system (Advanced e5) project for implementation during Q3 2023/24 to ensure that this is correctly captured.	31/03/24	<p>Access Group have made changes to the AP interface file to include more client info. An example file is currently being tested. However, it is worth noting that although Mosaic produced automatically generated remittances for scheduled payments there was no facility to email them. They were always printed and posted manually.</p> <p>For invoice payments Fusion remittances are produced the day after the BACS run and sent to the email address held in Fusion. As this comes from a no-reply Fusion email address these are often allocated to Spam.</p>	<p>This facility is now available following a system upgrade and the action is complete</p>	

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Audit Title	Priority	RAG Status	Recommendation	Due date	Management Response	Responsible Officer latest update	Overdue
Reading Foundation for Art	2	Red	<p>There should be an up-to-date agreement in place between the RFFA and RBC to formalise the relationship, detail roles and responsibilities of RBC in relation to the RFFA, work in kind and dependencies.</p> <p>Consideration should be given to conducting a regular review of the relationship between RBC and the RFFA to ensure a consistent understanding of roles and responsibilities and areas requiring further consideration/improvement etc.</p>	30/10/25	<p>Agreed. Legal services have been approached to support on producing the Agreement, which will include review points and clearly set out the roles and responsibilities of each party.</p> <p>Whilst a final method of working that is acceptable is worked up, RBC needs to ensure that an interim arrangement is in place that is in line with the findings of this audit and acceptable to RBC. This is primarily in the secretarial area which is an RBC role according to the RFA deed. In the interim, RBC should support the trustees by providing a secretarial offer to the RFA Board, to act as a point of contact, organise meetings, take and circulate minutes and actions, and ensure records are kept. This is especially important in this interim period as this role cannot default back to Museum staff, which would otherwise be a risk. However, the arrangement should ultimately be agreed with RFA. It may be that RFA could organise elements of this.</p>	<p>Officers are continuing to work with Legal to agree Heads of Terms to share with RFFA. Good progress has been made in the last month and expect to be able to share with RFFA at the end of June 2025.</p> <p>Officers are awaiting a revised version of the HoTs to share with the RFFA. This was expected at the end of May 25.</p> <p>Officers continue to work through the legal advice on the Service Agreement.</p> <p>Officers have sought legal advice on the Service Agreement and this is being worked through ahead of being shared with RFFA Trustees. It's envisaged that the Agreement will be finalised and agreed by June 2025.</p>	
Page 288	2	Red	<p>If RBC continues to provide financial services for the Foundation, RBC Officers should agree with the trustees, and it should be clearly documented, as to how often the trustees should receive up-to-date financial reports and at which of the trustees' meetings there should be financial representation.</p> <p>There should be a consensus between relevant RBC Officers as to whose responsibility it is to run Oracle transaction reports for Foundation cost centres to enable timely review of transactions and chasing of outstanding payments/income reallocation as appropriate.</p> <p>Final and supporting documentation should be stored centrally in a single location, with clear version control for documents and supporting documentation retained to evidence how all figures have been arrived at.</p>	30/10/25	<p>Agree with the actions; however, as part of the review of the Agreement consideration will be given to whether RBC continues to offer financial services to RFFA and whether they continue to be free of charge.</p>	<p>Files and supporting documentation is filed centrally in a single location.</p> <p>The review into whether or not the Council will continue to provide financial services to the foundation has not been finalised.</p> <p>Officers are continuing to work with Legal to agree Heads of Terms to share with RFFA. Good progress has been made in the last month and expect to be able to share with RFFA at the end of June 2025.</p> <p>Therefore any further actions by Finance cannot proceed until this has been resolved</p>	

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Audit Title	Priority	RAG Status	Recommendation	Due date	Management Response	Responsible Officer latest update	Overdue
Reading Foundation for Art Page 289	2	Amber	Roles and responsibilities for all honorary roles should be clarified, clearly documented and regularly reviewed and updated as appropriate. Consideration should be given to updating job descriptions/specifications to reflect current roles including those relating to the RFFA, if these are to be continued by RBC Officers.	30/10/25	<p>The Honorary Secretary and Treasury Roles are not Museum functions. The role of the Museum Curator as a consultee is key and will remain so. However, this needs to be defined as part of the new Agreement. Consideration will be given to whether these should remain as RBC roles and a proposal recommended to the RFFA.</p> <p>Whilst a final method of working that is acceptable is worked up, RBC needs to ensure that an interim arrangement is in place that is in line with the findings of this audit and acceptable to RBC. This is primarily in the secretarial area which is an RBC role according to the RFA deed. In the interim, RBC should support the trustees by providing a secretarial offer to the RFA Board, to act as a point of contact, organise meetings, take and circulate minutes and actions, and ensure records are kept. This is especially important in this interim period as this role cannot default back to Museum staff, which would otherwise be a risk. However, the arrangement should ultimately be agreed with RFA. It may be that RFA could organise elements of this.</p>	Officers are continuing to work with Legal to agree Heads of Terms to share with RFFA. Good progress has been made in the last month and expect to be able to share with RFFA at the end of June 2025.	
Reading Foundation for Art	2	Complete	There needs to be clear, documented evidence that financial reports and the year-end financial report and statement have been appropriately reviewed and approved by RBC Finance prior to being submitted to the RFFA trustees for approval and to the Charity Commission, which is retained centrally.	30/10/25	Finance process will be documented; however, this will be subject to discussions about the Council's ongoing role in the financial arrangements of the RFFA.	Review has taken place in prior years but without the formal correspondence & Sign off. Formal approval process agreed and planned for next Accounts submission dates.	
Reading Foundation for Art	2	Amber	There should be a reduction in the reliance on a sole individual, particularly where there is a significant amount of tacit knowledge and building in an appropriate level of resilience/succession planning. This should include review of RBC's involvement in the RFFA acquisition process and how it aligns with RBC's acquisition process.	30/10/25	<p>Agreed –We will need to review our processes to ensure there is resilience.</p> <p>Note the treasurer role is being covered by finance. However, relates to action in Rec 1 (agreement) and 2 (Provision of Financial Services).</p>	Officers are continuing to work with Legal to agree Heads of Terms to share with RFFA. Good progress has been made in the last month and expect to be able to share with RFFA at the end of June 2025.	

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Audit Title	Priority	RAG Status	Recommendation	Due date	Management Response	Responsible Officer latest update	Overdue
Reading Foundation for Art (RFFA)	1	Red	<p>It is recommended that if RBC continues to provide financial services for the Foundation, RFFA cash should be held in a separate bank account in the name of the RFFA so that income and expenditure relating to the Foundation is easily and readily identifiable.</p>	30/10/25	<p>If the Council were to continue to offer financial services to the RFFA, then the option of a separate bank account will need to be re-considered and appropriate discussions will commence with the RFFA as part of the new Agreement.</p>	<p>The review into whether or not the Council will continue to provide financial services to the foundation has not been finalised.</p> <p>Officers are continuing to work with Legal to agree Heads of Terms to share with RFFA. Good progress has been made in the last month and expect to be able to share with RFFA at the end of June 2025.</p> <p>Therefore any further actions by Finance cannot proceed until this has been resolved</p>	
Page 290		Green	<p>RBC use around 48 providers of which 16 are Framework providers, supporting around 350 people. 82% of placements are with framework providers. We understand that the Commissioning Team in ASC are at the final stages of finalising spot contracts which are intended to be used for all off framework supported living providers. Therefore, currently they do not have any contracts in place with terms and conditions for their off framework/spot providers.</p> <p>It is recommended that the following recommendations are actioned immediately to mitigate the risks across the contract management of Providers within Supported Living Placements:</p> <ol style="list-style-type: none"> 1. The Legal and Procurement teams in RBC should be encouraged by the ASC senior management team to prioritise the introduction of contracts for all off-framework Providers as a matter of urgency ensuring that historical issues such as the recent issues with Salis Care are eliminated. 2. Operational team to maintain a record of the number of reviews which should take place and the reviews which have taken place, and the split between Providers who are in the Framework and those off the Framework. This information should be included in the monthly management information reporting and the key performance initiatives recommended later in this audit report. 3. That a contract is put in place with the Provider, Salis Care and reviews subsequently take place at regular intervals going forward. 4. We understand that procedures for contract management are currently being developed by the Provider Quality Team. It is important that these include the introduction of contracts for Spot Providers, changes which will incorporate new due diligence procedures, including credit checks, and contract management processes, and changes to the Annual Quality Assessment process. 5. The Brokerage team introduce a more effective and consistent feedback process for all Providers to comment on the tendering process, including why they did not tender and comments on the INTEND application. The feedback process should also include the Social Worker in Operations and a method of reporting feedback to Operations and the Commissioning team. 	30/09/25	<p>The Commissioning Service have worked with Legal Services to draft a spot contract. This will be issued to all providers who are currently delivering services to the Council.</p> <p>This process is overseen by the Head of Commissioning and reported to the DCASC Providing Support Governance Board.</p> <p>Contracts will be put in place for all new spot purchased services.</p> <p>Due diligence processes will be completed for all new providers, and this will be refreshed on an annual basis</p> <p>All contracts will be contract managed in line with the contract management processes being developed with the Procurement and Contracts hub, adopting a risk-based approach with higher risk / higher expenditure contracts being subject to more frequent monitoring.</p> <p>Individual client reviews will be carried out by the Operational Team in line with Care Act requirements.</p>	<p>Working closely with legal to implement the spot contracts. Final version is with legal, a plan on how to implement is being drafted.</p> <p>Due Diligence process is complete and has been rolled out through all Commissioning officers for all new providers.</p> <p>Working closely with procurement on the development on the contract management process to ensure how we work is alignment with what they are developing.</p> <p>Reviews are being monitored through management team, they are unable to distinguish framework and non-framework. However the Supported Living Efficiency project will be able to pick up some of this work and will be a 3 year project.</p> <p>The new framework contract is being drafted for the new framework to start in April 2026. This will include aspects of greater feedback to providers from Commissioning and Operations and visa versa to improve communication.</p>	

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Audit Title	Priority	RAG Status	Recommendation	Due date	Management Response	Responsible Officer latest update	Overdue
Supported Living Page 291	1	Green	<p>There have been several cases historically and more recently when patients are discharged from hospital into the care of social workers and in some cases, they are not processed within the Supported Living Framework, including going to ERRG for a decision on treatment and costing. This bypasses the tendering process and the Brokerage team and may only be picked up by the Commissioning team later when they have received an invoice from an unknown Provider. This leaves the placement process in danger of not following best practice and potentially fraudulent activity.</p> <p>It is recommended that the following actions take place to ensure that this risk is eliminated going forward:</p> <ol style="list-style-type: none"> 1. The tendering process map should be updated to emphasise that it is a critical control document for ALL placements including any emergency discharges from hospital. Any exceptions should be authorised within 24 hours by an Assistant Director and the Head of Commissioning advised so that due process can be followed immediately. 2. The new tendering process map is presented to all managers and social workers by the Commissioning team as a critical control document for ALL placements including any emergency discharges from hospital. 3. The new requirements and processes for mental health cases should be shared with ICB and Berkshire NHS where appropriate. 4. It is agreed that the tendering process referral form is also a critical control document for ALL placements including any emergency discharges from hospital. The brokerage team will continue to quality assure the correct completion of all referral forms, and if the form is not completed, the matter will be referred to the next ERRG meeting for a decision. 	30/09/25	<p>Joint commissioning processes with Health (ICB and BHFT) will be reviewed with the respective health partners to improve joint commissioning and to reduce the commissioning of placements by Health which do not meet the due diligence requirements of the Council. New procedures will be shared with Operational and Commissioning Teams.</p>	<p>Discussions have been initiated with health partners and additional work is being undertaken to map decision making processes as part of Spending Wisely decision making project.</p>	
Supported Living	2	Green	<p>The purpose of the Eligibility Risk & Review Group (ERRG) is to provide managerial oversight and direction for case management provision across Adult Social Care. It ensures consistency of approach, is a mechanism for quality assurance around practice and oversees that people who draw on care and support who are eligible under the Care Act (2014) receive the services they need, in the most effective way possible.</p> <p>It is recommended that to achieve further consistency of approach in the most effective way the Group consider:</p> <ol style="list-style-type: none"> 1. When the case is brought to the meeting for the initial review and consideration, challenging more to identify any time gaps, is the Provider on or off framework, as the tendering process been followed in all aspects of the case, and ensure that the Brokerage team and Commissioning contract team have been fully engaged. 	30/06/25	<p>ASC will introduce a Spending Wisely transformation project to strengthen and improve oversight of placement spending and procurement governance including Power BI performance data. As part of the Spending Wisely approach, all new placements and high-cost placements will be considered as part of monthly scrutiny meetings involving Commissioning and Operations. Learning will be used to inform ERRG</p>	<p>Spending Wisely Project Initiation Document has been developed and shared for approval at Directorate of Communities and Adult Social Care Board - Working with People on 26th June 2025.</p>	

Audit Tracker Appendix one

Audit Title	Priority	RAG Status	Recommendation	Due date	Management Response	Responsible Officer latest update	Overdue
Supported Living	1	Green	<p>The ASC Dashboard for the CMT, shows the number of overdue reviews is 718 in September 24, which has fallen from 782 in July 24. This is largely due to work completed for CQC and a continued focus on completing reviews by the ASC Operations Directorate.</p> <p>It is recommended that going forward for the overdue reviews which are for the Supported Living cases the operations senior leadership team:</p> <ol style="list-style-type: none"> 1. Raise the overdue review position at the next monthly Working with People Board for an agreed ASC wide action plan. 2. Include the Review Process as part of the developing key performance initiatives. 3. The ASC Dashboard for the CMT (to 7 October 2024) shows 236 overdue reviews of between 1 and 3 years for the Learning Disabilities & Autism team, and 104 for the Mental Health Social Care team. The inherent risk this situation gives ASC should be reflected in the Directorate risk register and monitored by the CMT and RBC Board 	30/06/25	<p>Standing agenda item on Reviews to be added to the Working for People Board</p> <p>DCACS risk register to be updated to reflect Overdue reviews</p>	<p>Performance of outstanding reviews are now reported and discussed at the Working for People Board. Managers are asked to allocated all reviews which are significantly outstanding with a matter or urgency.</p> <p>The DACAS risk register has been updated to reflect the number of overdue reviews and actions in place to reduce the number.</p>	
Supported Living	2	Complete	<p>Whilst we understand that KPI's are being considered as part of the new Supported Living Framework, there are currently no performance initiatives in place which are reported up to the senior management team. It is recommended that: as part of the work being carried out by the Commissioning team to upgrade the S. L. Framework in 2025, a robust and comprehensive key performance initiative framework is also designed and developed. Initiatives included should cover all the key targets and outcomes of the S.L. Framework across Contract and Provider Management, the Tendering process, Provider, and Service User reviews.</p>	30/05/25	<p>A Performance Dashboard will be developed to support reporting on Supported Living placement Activity in 2025-26. This will be shared on a monthly basis at the DCASC Providing Support Governance Board.</p> <p>KPIs will be incorporated into the new supported living framework contract which will be operational from 1st April 26.</p>	<p>A dashboard for Providing Support board, which includes supported living data, has been set up and is monitored at the monthly board meetings. The performance team will work with commissioning to track KPI's as preparation for the new Supported Living framework is carried out.</p>	

Audit Tracker Appendix one

Audit Title	Priority	RAG Status	Recommendation	Due date	Management Response	Responsible Officer latest update	Overdue
Supported Living Page 293	2	Red	<p>The review being undertaken by the social worker needs improving to ensure that there is a deep review of both the quality of the service being provided and that excessive, unnecessary costs are not being provided to the Provider. Many of these Providers are not within the ASC framework for S.L. The lack of effective reviews by social workers is often due to the pressure of a high numbers of cases which have not been reviewed for a number of years.</p> <p>It is recommended that: ASC senior management team consider developing a specialist type of review in collaboration between the Commissioning and Operations teams. Part of the brief for this specialist review needs to look at whether the Provider is providing pathways for the client to move out of the framework and achieve The review being undertaken by the social worker needs improving to ensure that there is a deep review of both the quality of the service being provided and that excessive, unnecessary costs are not being provided to the Provider. Many of these Providers are not within the ASC framework for S.L. The lack of effective reviews by social workers is often due to the pressure of a high numbers of cases which have not been reviewed for a number of years.</p> <p>It is recommended that: ASC senior management team consider developing a specialist type of review in collaboration between the Commissioning and Operations teams. Part of the brief for this specialist review needs to look at whether the Provider is providing pathways for the client to move out of the framework and achieve independent living. Review should look at achievement of outcomes/ VFM and KPI's/ targets.</p>	31/03/25	<p>The Commissioning and Operational Teams will review the approach to reviews, including consideration of CareCubed as part of the Supported Living Efficiency Project. This will include consideration of outcomes. KPIs will be incorporated into the new supported living framework contract which will be operational from 1st April 26.</p> <p>Checklist for workers / review guidance</p>	<p>There is a new project for supported living that will start by focusing on framework providers but over the 3 years will look at all supported living we contract with. This project includes developing move on pathways, and ensuring that move on is discussed with people before they move to supported living, reviews are timed depending on expected outcomes and that this learning is embedded within Operational teams. There will be a dedicated social worker and OT (currently in the process of recruiting) that will be working with providers and service users to carry on out this work alongside scheduled reviews in the wider team. Learning from the project will be rolled out to wider operational teams within the 3 year project scope</p>	Y

4	Red	Overdue	1
6	Amber		
7	Green	% overdue	3
12	Complete		
29	Total		

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Audit and Governance Committee

16 July 2025



Title	Annual Treasury Management Review 2024/25
Purpose of the report	To note the report for information
Report status	Public report
Executive Director/ Statutory Officer Commissioning Report	Darren Carter, Director of Finance
Report author (name & job title)	Stuart Donnelly, Financial Planning & Strategy Manager
Lead Councillor (name & title)	Councillor Emberson, Lead Councillor for Corporate Services and Resources
Corporate priority	Not applicable, but still requires a decision
Recommendations	1. That the Committee notes the content of the Annual Treasury Management Review Report for 2024/25.

1. Executive Summary

- 1.1. The Council adopted a Treasury Management Strategy and an Annual Investment Strategy for 2024/25 at its meeting on 27th February 2024.
- 1.2. The Treasury Management Strategy requires an Annual Outturn Report reviewing the Treasury Management activity which took place during the year. This report addresses that requirement covering the period from 1st April 2024 to 31st March 2025.
- 1.3. At the start of 2024/25 The Bank of England base interest rate sat at 5.25%. As has been reported through the quarterly review reports, the bank rate was cut to 4.75% by the end of Quarter 3 and was subsequently cut further to 4.50% on 6th February 2025. Outside of this reporting period, bank rate was cut further to 4.25% on 8th May 2025 and held at this level on 19th June. The next projected cut to bank rate is currently forecast to occur in August 2025.
- 1.4. The Council remains significantly under borrowed against its Capital Financing Requirement and followed the approved borrowing strategy of deferring any potential long-term borrowing whilst interest rates remain at current levels and instead utilised short or temporary borrowing from the local authority market as required. No long-term loans (those over one year in duration) were taken out during the year. During 2024/25 the Council took out short-term loans (less than 1 year in duration) of £253.500m (from other local authorities) at an average interest rate of 5.13%.
- 1.5. Overall, the Council was under borrowed by £149.718m as at 31st March 2025. As a consequence, the Council has effectively avoided the requirement to budget for and incur external interest costs in the order of £6.168m during 2024/25, based on the average rate for the existing debt portfolio of 4.12%.

- 1.6. Against the 2024/25 General Fund budget there was an overall positive net variance of £2.653m on the Capital Financing budget as reported in the 2024/25 Quarter 4 Performance report to Policy Committee on 21st July 2025. This budget includes interest payable, interest receivable and Minimum Revenue Provision (MRP); a charge to the revenue budget made in respect of paying off the principal sum of the borrowing undertaken to finance the Capital Programme.
- 1.7. The Council did not breach any of its treasury management performance indicators during 2024/25.

2. Policy Context

- 2.1. The Council is required by regulations issued under the Local Government Act 2003 to review and report on its treasury management activity and achievement against its prudential and treasury indicators on an annual basis. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code).
- 2.2. The regulatory environment places responsibility on Members for the review and scrutiny of the Council's Treasury Management Policy and activities. This report facilitates that process providing details of the Council's 2024/25 treasury management activity.
- 2.3. Member training on treasury management issues was offered to, and undertaken by, Audit & Governance Committee Members on 23rd January 2024 to support members' scrutiny role in advance of the 2024/25 financial year. A further training session will be offered to new and continuing members of Audit & Governance Committee during 2025/26.

3. Capital Expenditure and Financing

- 3.1. The Council undertakes capital expenditure on long-term assets. This expenditure may either be:
 - Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which have no impact on the Council's borrowing need; or
 - Financed by borrowing. This is funded either through actual external borrowing for example from the Public Works Loan Board (PWLB) or through internal borrowing from the Council's own cash resources.

- 3.2. Tables 1 & 2 below show the Council's actual capital expenditure and how this was financed.

Table 1. Capital Expenditure and Financing – General Fund

General Fund	2023/24 Actual (£m)	2024/25 Original Budget (£m)	2024/25 Actual (£m)
Capital Expenditure	45.617	95.232	56.754
Financed by:			
Capital Receipts	(3.233)	(1.587)	(6.596)
Government Grants and Other Contributions	(24.090)	(58.961)	(44.206)
Direct Revenue Financing	(5.685)	(1.258)	(0.069)
Net Financing Requirement	12.609	33.426	5.883

Table 2. Capital Expenditure and Financing – Housing Revenue Account (HRA)

HRA	2023/24 Actual (£m)	2024/25 Original Budget (£m)	2024/25 Actual (£m)
Capital Expenditure	31.499	47.760	28.235
Financed by:			
Capital Receipts	(0.101)	(0.589)	(0.394)
Government Grants and Other Contributions	(7.122)	(14.196)	(5.408)
Direct Revenue Financing	(0.611)	0.000	(0.158)
Capital Reserves	(11.855)	(18.182)	(13.116)
Net Financing Requirement	11.810	14.793	9.159

4. The Council's Borrowing Need

4.1. The Council's underlying need to borrow, or net borrowing requirement is termed the Capital Financing Requirement (CFR).

4.2. In order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2024/25) plus the estimate of any additional capital financing requirement for the current (2025/26) and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure. Table 3 below highlights the Council's gross borrowing position against the CFR for 2024/25. The Council has complied with this prudential indicator.

4.3. The Council's (non HRA) underlying borrowing need (CFR) is not allowed to rise indefinitely. Statutory controls are in place to ensure that capital assets are broadly charged to revenue over the life of the asset. The Council is required to make an annual revenue charge, called the Minimum Revenue Provision (MRP), to reduce the CFR. This is effectively a repayment of the non-Housing Revenue Account (HRA) borrowing need, (there is no statutory requirement to reduce the HRA CFR). This differs from the treasury management arrangements which ensure that cash is available to meet capital commitments. External debt can also be borrowed or repaid at any time, but this does not change the CFR.

4.4. The total CFR can also be reduced by:

- the application of additional capital financing resources, (such as unapplied capital receipts); or
- charging more than the statutory revenue charge (MRP) each year through a Voluntary Revenue Provision (VRP).

4.5. The Council's 2024/25 MRP Policy, (as required by Ministry of Housing, Communities, and Local Government (MHCLG) (formerly known as Department for Levelling Up, Housing and Communities (DLUHC)) MRP Guidance), was approved as part of the Treasury Management Strategy Report for 2024/25 on 27th February 2024.

Table 3. Gross Borrowing and the Capital Financing Requirement (CFR)

General Fund & HRA	31 st March 2024 Actual (£m)	2024/25 Estimate (£m)	31 st March 2025 Actual (£m)
Gross Borrowing Position	438.500	462.719	478.000
PFI liabilities	21.843	20.479	20.479
Total Gross Borrowing	460.343	483.198	498.479
CFR – General Fund	420.192	439.201	406.470
CFR - HRA	213.180	230.349	221.248
Total CFR	633.372	669.550	627.718
(Under)/Over Funding of the CFR	(173.029)	(186.352)	(129.239)
(Under)/Over Borrowing (exc PFI)	(194.872)	(206.831)	(149.718)

4.6. The movement in gross borrowing in 2024/25 is explained in paragraphs 5.3-5.5.

4.7. The 2024/25 prudential indicators for gross borrowing were set as part of the Treasury Management Strategy report to Council on 27th February 2024. The Council's performance against these indicators is set out below; neither the Authorised Limit nor the Operational Boundary were breached in 2024/25:

Table 4. Gross Borrowing v Operational Boundary and Authorised Limit

Authorised Limit (£m)	Operational Boundary (£m)	Maximum Gross Borrowing Position During the Year (£m)	Average Gross Borrowing Position (£m)
729.550	689.550	479.000	443.032

4.8. Actual financing costs as a proportion of net revenue stream - this indicator identifies the trend in the cost of capital, (borrowing and other long-term obligation costs net of investment income), against the net revenue budget. This indicator for 2024/25 for the General Fund and the HRA was set at 11.46%. The actual performance against this indicator for 2024/25 was 9.88% which reflects the reported positive net variance on the General Fund and HRA revenue Capital Financing budgets reported at Outturn.

5. Debt and Investment Portfolio

5.1. The Council's treasury management debt and investment position is managed by the Treasury Management Team to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through Member reporting to Audit and Governance Committee and through officer activity detailed in the Council's Treasury Management Practices.

Outturn Position

5.2. At the end of 2024/25 the Council's treasury position (excluding borrowing by Public Finance Initiatives (PFIs) and finance leases) was as follows:

Table 5. Treasury Position as at 31st March

General Fund & HRA		31 st March 2024			31 st March 2025		
Debt Portfolio	Principal (£m)	Average Rate %	Average Life Remaining Years	Principal (£m)	Average Rate %	Average Life Remaining Years	
Fixed Rate Loans							
PWLB	352.500	3.28%	20	350.500	3.28%	28	
Market Fixed Rate	5.000	3.99%	32	5.000	3.99%	31	
Market LOBO	5.000	4.19%	54	5.000	4.19%	53	
Short Term Local Authority Loans	76.000	6.03%	0	117.500	4.98%	0	
Total Debt	438.500	4.47%	21	478.000	4.12%	23	
Treasury Investments	29.731	5.31%		49.073	3.96%		
Non-Treasury Investments	35.721	3.93%		30.092	4.69%		
Total Investments	65.451	4.11%		79.164	4.48%		
Net Debt	373.049			398.836			

Borrowing

- 5.3. During 2024/25 short-term loans totalling £253.500m were arranged. No long-term loans were taken out during the year. The borrowing portfolio is detailed in full at Appendix 1.
- 5.4. During 2024/25 principal repayments totalling £214.000m were made. This consists of principal repayments totalling £2.000m PWLB long-term loans and £212.000m of Short Term Local Authority Loans.
- 5.5. The net change in the gross borrowing position between 31st March 2024 and 31st March 2025 was therefore a net increase of £39.500m.

Borrowing in Advance of Need

- 5.6. The Council has not borrowed more than, or in advance of its needs, purely in order to profit from the investment of the extra sums borrowed.

Debt Rescheduling

- 5.7. No rescheduling (restructuring the terms of any existing loans) took place during 2024/25.
- 5.8. The maturity structure of the debt portfolio as at 31st March 2025 is set out in Table 6 below. The limits are set to control the Council's exposure to refinancing risk.

Table 6. Maturity Structure of the Debt Portfolio (Fixed Interest rate debt)

General Fund & HRA	31 st March 2024 Actual (£m)	2024/25 Upper Limit (%)	2024/25 Lower Limit (%)	31 st March 2025 Actual (£m)	2024/25 Actual (%)
Under 12 months	78.000	100	0	119.500	25.00
12 months and within 2 years	2.000	20	0	13.500	2.82
2 years and within 5 years	16.500	20	0	4.500	0.94
5 years and within 10 years	18.000	30	0	17.500	3.66
10 years and within 20 years	57.000	40	0	56.000	11.72
20 years and within 30 years	104.000	50	0	104.000	21.76
30 years and within 40 years	93.000	60	0	103.000	21.55
Over 40 years	70.000	60	0	60.000	12.55
Total	438.500			478.000	100.00

Investments

5.9. The Council's Investment Policy is informed by the MHCLG's Guidance on Local Government Investments, which was incorporated into the Annual Investment Strategy approved by the Council on 27th February 2024. This Policy sets out the approach for choosing investment counterparties and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data.

5.10. The investment activity during the year conformed to the approved Annual Investment Strategy, and the Council had no liquidity difficulties.

5.11. Treasury investments, including property funds, earned an average rate of 4.97% during 2024/25. The comparable performance indicator is the 7 days backward looking Sterling Overnight Index Average (SONIA) un compounded rate, which was 4.91%.

5.12. Capital Financing Costs is reporting a positive total net variance £2.653m which has been accounted for in the overall revenue General Fund outturn position for 2024/25 to be reported to Policy Committee on 21st July 2025. This variance is a positive movement of £0.272m from the Quarter 3 forecast primarily arising from the final allocations of interest payable and interest receivable between the General Fund and HRA:

- As a result of the slippage on the Capital Programme, reported in the 2023/24 Quarter 4 Performance Report, there is a positive variance of £0.005m relating to the Minimum Revenue Provision (MRP).
- There is a further positive variance of £0.722m on the interest payable budget due to a combination of the slippage on the Capital Programme and the Council's strategy of maximising internal borrowing, supported by temporary borrowing where required, in terms of managing the Council's cashflow.
- There is also a positive variance of £1.926m on the interest receivable budget relating to treasury investments due to a combination of interest rates currently being higher than originally forecast and an improved cashflow position allowing for higher levels of cash balances to be invested.

5.13. The Council's investment position as at 31st March 2025 is detailed at Appendix 2 and is summarised as follows:

Table 7. Investment Portfolio

	31 st March 2024 (£m)	31 st March 2024 (%)	31 st March 2025 (£m)	31 st March 2025 (%)
Treasury Investments				
Banks	1.231	4.14	0.423	0.86
Money Market Funds (MMF)	13.500	45.41	33.650	68.57
Total Managed In-house	14.731	49.55	34.073	69.43
Property Funds	15.000	50.45	15.000	30.57
Total Managed Externally	15.000	50.45	15.000	30.57
Total Treasury Investments	29.731	100.00	49.073	100.00

5.14. The maturity structure of the investment portfolio as at 31st March was as follows:

Table 8. Maturity Structure of the Investment Portfolio (Treasury Investments)

	31 st March 2024 (£m)	31 st March 2025 (£m)
Up to 1 year	14.731	34.073
Property Funds*	15.000	15.000
Total	29.731	49.073

*Property Funds do not have a fixed maturity; the Council is required to give a notice period if intends to sell its investment however there would be no guaranteed time scale for the realisation of that sale.

6. Treasury Management Strategy 2024/25

Investment Strategy and Control of Interest Rate Risk

6.1. Investment returns remained robust throughout 2024/25 even with Bank Rate having reduced steadily through the course of the financial year (three 0.25% rate cuts in total), and even at the end of March the yield curve was still relatively flat, which might be considered unusual as further Bank Rate cuts were expected in 2025/26.

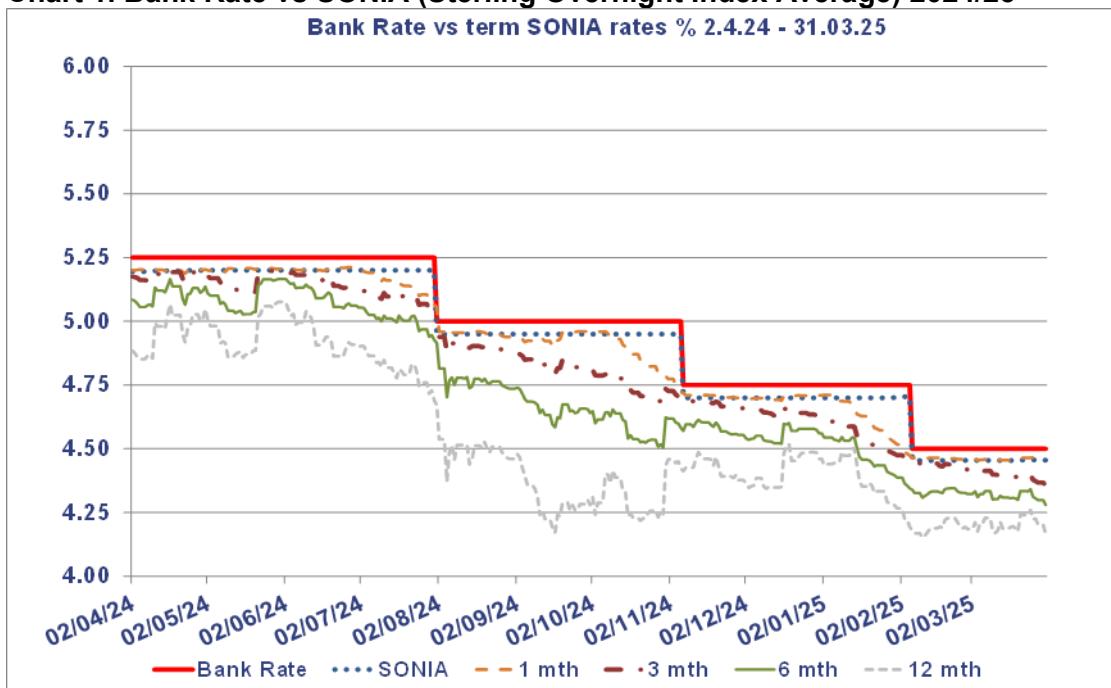
6.2. Bank Rate reductions of 0.25% occurred in August 2024, November 2024 and February 2025, bringing the headline rate down from 5.25% to 4.50%.

6.3. The Council did not add to its long-term investment portfolio in 2024/25, as the levels of surplus cash were relatively low in year due to its strategy of using cash funds and temporary borrowing to fund the Capital Programme ahead of taking out additional long-term external borrowing. Any surplus cash was invested on a short-term basis to ensure that it was accessible for in-year cash flow requirements and to ensure deposits were “laddered” to mitigate against the incremental increases in interest rates.

6.4. Investment balances have been kept to a minimum in accordance with the agreed strategy of using reserves and balances to support internal borrowing, rather than borrowing externally from the financial markets. External borrowing would have incurred an additional cost, due to the differential between borrowing and investment rates as illustrated in the chart shown below.

6.5. The following graph illustrates the interest rate trend throughout 2024/25:

Chart 1. Bank Rate vs SONIA (Sterling Overnight Index Average) 2024/25



Borrowing Strategy and Control of Interest Rate Risk

- 6.6. As set out above, during 2024/25 the Council maintained an under-borrowed position, i.e. the capital borrowing need (the Capital Financing Requirement) was not fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow were used on an interim basis. As set out above, this strategy was prudent as available investment returns were initially low and minimising counterparty risk on placing investments also needed to be considered.
- 6.7. A cost of carry generally remained in place during the year on any new long-term borrowing that was not immediately used to finance capital expenditure, as it would have caused a temporary increase in cash balances; this would have incurred a revenue cost – the difference between (higher) borrowing costs and (lower) investment returns. As the cost of carry dissipated, the Council sought to avoid taking on long-term borrowing at elevated levels and has focused on a policy of internal and temporary borrowing, in line with the approved Borrowing Strategy.
- 6.8. The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this has been kept under regular review by the Treasury Management Team and the Council's s151 Officer to ensure the Council's financial position in overall terms was protected.
- 6.9. Interest rate forecasts initially suggested gradual reductions in short, medium and longer-term fixed borrowing rates during 2024/25. Bank Rate did peak at 5.25% as anticipated, but the initial expectation of significant rate reductions did not transpire, primarily because inflation concerns remained elevated

7. Other

IFRS 9 Fair Value of Investments

- 7.1. Following the consultation undertaken by the Ministry of Housing, Communities and Local Government on International Financial Reporting Standard 9 (IFRS 9), the Government extended the statutory override requiring local authorities to reverse out all unrealised fair value movements resulting from pooled investment funds to 31st March 2029, with the exception of any new pooled investments taken out from 1st April 2024. Local authorities are required to disclose the net impact of the unrealised fair value movements in a

separate unusable reserve throughout the duration of the override in order for the Government to keep the override under review and to maintain a form of transparency.

7.2. In 2024/25, the Council's net unrealised gain relating to the CCLA Property Fund investment was £0.268m, reducing the total unrealised net loss since purchase to £0.838m. The Council had previously set aside an earmarked of £1.200m to mitigate against the impact of this statutory override ending at 31st March 2025. However, due to the statutory override there was no impact on the General Fund or any requirement to draw on this earmarked reserve during 2024/25.

8. Contribution to Strategic Aims

8.1. Full details of the Council's Corporate Plan and the projects which will deliver these priorities are published on the [Council's website](#). These priorities and the Corporate Plan demonstrate how the Council meets its legal obligation to be efficient, effective, and economical.

8.2. Delivery of the Council's budget is essential to ensuring the Council meets its strategic aims and remains financially sustainable going forward.

9. Environmental and Climate Implications

9.1. The Council's Treasury Management Strategy sets out that the Council will not knowingly invest directly in businesses whose activities and practices pose a risk of serious harm to individuals or groups, or whose activities are inconsistent with the Council's Corporate Plan and values. This would include institutions with material links to:

- human rights abuse (e.g. child labour, political oppression);
- environmentally harmful activities (e.g. pollution, destruction of habitat, fossil fuels);
- socially harmful activities (e.g. tobacco, gambling).

9.2. As part of the review carried out in 2022/23 and approved as part of the Annual Investment Strategy for 2023/24, the Council will only invest in countries deemed as "Free" as per the Freedom House Global Freedom rating system.

9.3. The Council has provided loans totalling £1.712m to Reading Transport Limited to specifically fund improvements to their existing fleet of buses in respect of hybrid fuel conversions which produce lower emissions.

10. Community Engagement

10.1. Budget-related communications and consultations will continue to be a priority over the next three years as we work to identify savings.

11. Equality Implications

11.1. None have been identified as arising directly from this report.

12. Other Relevant Considerations

12.1. There are none.

13. Legal Implications

- 13.1. There are no direct legal implications arising from this report, as it reports on the activities already undertaken in accordance with the Council's Treasury Strategy and relevant legislation and guidance.
- 13.2. Shaidah Ramzan, Legal Services Manager, has cleared these Legal Implications.

14. Financial Implications

- 14.1. The financial implications are set out in the body of the report.
- 14.2. Stuart Donnelly, Financial Planning & Strategy Manager, has cleared these Financial Implications.

15. Timetable for Implementation

- 15.1. Not applicable.

16. Background Papers

- 16.1. There are none.

Appendices

1. **Borrowing Portfolio as at 31st March 2025**
2. **Investment Portfolio as at 31st March 2025**
3. **Approved Countries for Investments as at 31st March 2025**

Appendix 1 - Borrowing Portfolio as at 31st March 2025

Class	Type	Start Date	Maturity Date	Counterparty	Profile	Rate	Principal O/S (£)
Loan	Temporary Borrowing - Fixed	15/08/24	15/04/25	West Yorkshire Police and Crime Commissioner	Maturity	4.7500%	10,000,000.00
Loan	Temporary Borrowing - Fixed	28/08/24	22/04/25	Blackburn with Darwen Borough Council	Maturity	4.7500%	5,000,000.00
Loan	Temporary Borrowing - Fixed	05/09/24	07/04/25	Merseyside Fire and Rescue Authority	Maturity	4.7500%	2,000,000.00
Loan	Temporary Borrowing - Fixed	05/09/24	07/04/25	North Hertfordshire District Council	Maturity	4.7500%	2,000,000.00
Loan	Temporary Borrowing - Fixed	05/09/24	15/04/25	Hyndburn Borough Council	Maturity	4.7500%	2,000,000.00
Loan	Temporary Borrowing - Fixed	27/09/24	28/04/25	West Yorkshire Combined Authority	Maturity	4.9000%	5,000,000.00
Loan	Temporary Borrowing - Fixed	11/10/24	11/04/25	South Kesteven District Council	Maturity	4.8500%	3,000,000.00
Loan	Temporary Borrowing - Fixed	17/09/24	17/04/25	Stroud District Council	Maturity	4.9000%	2,500,000.00
Loan	Temporary Borrowing - Fixed	19/09/24	24/04/25	Fermanagh & Omagh District Council	Maturity	4.7750%	2,000,000.00
Loan	Temporary Borrowing - Fixed	23/09/24	23/04/25	Liverpool City Region Combined Authority	Maturity	4.9000%	5,000,000.00
Loan	Temporary Borrowing - Fixed	01/11/24	01/05/25	Tendring District Council	Maturity	4.7500%	5,000,000.00
Loan	Temporary Borrowing - Fixed	01/10/24	01/04/25	Leicester, Leics and Rutland Fire Authority	Maturity	4.7500%	3,000,000.00
Loan	Temporary Borrowing - Fixed	09/10/24	15/04/25	Middlesbrough Teesside Pension Fund	Maturity	4.7500%	15,000,000.00
Loan	Temporary Borrowing - Fixed	08/11/24	06/05/25	Fermanagh & Omagh District Council	Maturity	4.7500%	2,000,000.00
Loan	Temporary Borrowing - Fixed	07/02/25	07/04/25	West Midlands Police and Crime Commissioner	Maturity	5.2000%	10,000,000.00
Loan	Temporary Borrowing - Fixed	20/01/25	20/05/25	London Borough of Havering	Maturity	5.3500%	5,000,000.00
Loan	Temporary Borrowing - Fixed	09/12/24	09/06/25	Chichester District Council	Maturity	5.3500%	5,000,000.00
Loan	Temporary Borrowing - Fixed	11/12/24	03/04/25	South Ribble Borough Council	Maturity	5.4000%	4,000,000.00
Loan	Temporary Borrowing - Fixed	06/01/25	16/06/25	Devon County Council	Maturity	5.4500%	10,000,000.00
Loan	Temporary Borrowing - Fixed	28/02/25	04/04/25	Birmingham City Council	Maturity	5.7500%	20,000,000.00
Temporary Borrowing - Fixed Total							117,500,000.00
Loan	Fixed	26/03/18	25/03/68	PWLB	Maturity	2.2800%	15,000,000.00
Loan	Fixed	27/09/18	27/09/43	PWLB	Maturity	2.8200%	15,000,000.00
Loan	Fixed	27/09/18	27/09/49	PWLB	Maturity	2.7900%	15,000,000.00
Loan	Fixed	11/03/19	11/03/66	PWLB	Maturity	2.3800%	15,000,000.00
Loan	Fixed	13/03/19	13/03/37	PWLB	Maturity	2.4200%	5,000,000.00
Loan	Fixed	13/03/19	13/03/57	PWLB	Maturity	2.4200%	5,000,000.00
Loan	Fixed	01/04/19	01/04/64	PWLB	Maturity	2.2000%	10,000,000.00
Loan	Fixed	01/10/19	02/10/62	PWLB	Maturity	1.6400%	5,000,000.00
Loan	Fixed	01/10/19	01/10/63	PWLB	Maturity	1.6300%	5,000,000.00

Loan	Fixed	07/10/19	07/10/66	PWLB	Maturity	1.6300%	5,000,000.00
Loan	Fixed	07/10/19	08/10/68	PWLB	Maturity	1.6300%	5,000,000.00
Loan	Fixed	11/03/20	25/09/69	PWLB	Maturity	2.0700%	15,000,000.00
Loan	Fixed	13/05/05	25/09/51	PWLB	Maturity	4.1500%	2,000,000.00
Loan	Fixed	11/01/06	25/09/55	PWLB	Maturity	3.9000%	5,000,000.00
Loan	Fixed	23/01/06	25/09/55	PWLB	Maturity	3.7000%	5,000,000.00
Loan	Fixed	23/05/06	25/09/47	PWLB	Maturity	4.2000%	2,000,000.00
Loan	Fixed	19/07/06	25/03/52	PWLB	Maturity	4.2500%	20,000,000.00
Loan	Fixed	20/09/06	25/09/51	PWLB	Maturity	4.2000%	5,000,000.00
Loan	Fixed	28/09/06	25/09/52	PWLB	Maturity	4.0500%	10,000,000.00
Loan	Fixed	08/03/07	25/03/53	PWLB	Maturity	4.2500%	10,000,000.00
Loan	Fixed	08/03/07	25/03/54	PWLB	Maturity	4.2500%	10,000,000.00
Loan	Fixed	05/08/08	25/03/58	PWLB	Maturity	4.4800%	2,000,000.00
Loan	Fixed	15/08/08	25/09/57	PWLB	Maturity	4.3900%	6,000,000.00
Loan	Fixed	02/12/08	25/09/58	PWLB	Maturity	4.1200%	10,000,000.00
Loan	Fixed	20/08/09	25/03/59	PWLB	Maturity	4.2000%	5,000,000.00
Loan	Fixed	31/08/10	25/03/60	PWLB	Maturity	3.9200%	10,000,000.00
Loan	Fixed	14/07/11	25/03/26	PWLB	EIP	3.5900%	500,000.00
Loan	Fixed	15/09/11	25/03/31	PWLB	EIP	3.3500%	3,000,000.00
Loan	Fixed	28/03/12	25/03/51	PWLB	Maturity	3.5300%	12,000,000.00
Loan	Fixed	28/03/12	25/09/26	PWLB	Maturity	2.9700%	12,000,000.00
Loan	Fixed	28/03/12	25/03/50	PWLB	Maturity	3.5300%	15,000,000.00
Loan	Fixed	28/03/12	25/03/41	PWLB	Maturity	3.4900%	15,000,000.00
Loan	Fixed	28/03/12	25/03/61	PWLB	Maturity	3.4800%	15,000,000.00
Loan	Fixed	28/03/12	25/03/32	PWLB	Maturity	3.3000%	12,000,000.00
Loan	Fixed	28/03/12	25/09/41	PWLB	Maturity	3.4900%	15,000,000.00
Loan	Fixed	28/03/12	25/09/51	PWLB	Maturity	3.5200%	3,000,000.00
Loan	Fixed	28/03/12	25/03/62	PWLB	Maturity	3.4800%	15,000,000.00
Loan	Fixed	28/03/12	25/03/41	PWLB	EIP	2.9900%	16,000,000.00
Loan	Fixed	06/12/05	06/12/55	Barclays Bank plc	Maturity	3.99%	5,000,000.00
Fixed Total							355,500,000.00
Loan	LOBO	30/01/08	31/01/78	Dexia	Maturity	4.19%	5,000,000.00
LOBO Total							5,000,000.00
Loan Total							478,000,000.00

Appendix 2 - Investment Portfolio as at 31st March 2025

Class	Type	Start / Purchase Date	Maturity Date	Counterparty	Rate	Principal O/S (£)
Treasury Investments						
Deposit	MMF	N/A	N/A	Federated Short Term Sterling Prime Fund	4.96%	13,750,000.00
Deposit	MMF	N/A	N/A	Aberdeen Sterling Liquidity Fund	4.95%	19,900,000.00
Deposit	Current Account	N/A	N/A	Lloyds Bank	1.75%	422,603.17
Deposit	Property Fund	30/03/2015	N/A	CCLA Local Authorities Property Fund	5.02%	15,000,000.00
Treasury Investments Total						49,072,603.17
Non-Treasury Investments						
Deposit	Fixed	25/03/2021	24/03/2026	Brighter Futures for Children Ltd	1.81%	5,000,000.00
Deposit	Fixed	N/A	N/A	Homes for Reading Ltd	6.35%	12,504,999.00
Deposit	Fixed	16/04/2019	24/03/2029	Homes for Reading Ltd	3.75%	7,000,000.00
Deposit	Fixed	30/04/2019	30/04/2029	Reading Transport Ltd	5.00%	3,374,943.64
Deposit	Fixed	15/08/2019	30/07/2029	Reading Transport Ltd	5.00%	500,000.00
Deposit	Fixed	08/04/2018	01/07/2023	Reading Transport Ltd	5.00%	490,297.04
Deposit	Fixed	03/06/2018	01/07/2023	Reading Transport Ltd	5.00%	206,749.85
Deposit	Fixed	29/07/2018	01/07/2023	Reading Transport Ltd	5.00%	164,084.05
Deposit	Fixed	20/01/2020	01/01/2024	Reading Transport Ltd	5.00%	150,785.28
Deposit	Fixed	21/08/2020	01/10/2024	Reading Transport Ltd	5.00%	700,000.00
Non-Treasury Investments Total						30,091,858.86
Total Investments *						79,164,462.03

*Values above do not include lease agreements with Reading Transport Ltd.

Appendix 3 - Approved Countries for Investments as at 31st March 2025

Based on lowest available rating

AAA

- Australia
- Denmark
- Germany
- Netherlands
- Norway
- Sweden
- Switzerland

AA+

- Canada
- Finland
- U.S.A.

AA-

- Belgium
- France
- U.K.

Audit and Governance Committee

16 July 2025



Title	Annual Governance Statement
Purpose of the report	To make a decision
Report status	Public report
Report commissioned by:	Darren Carter, Director of Finance
Report author	Michael Graham, Assistant Director for Legal and Democratic Services
Lead Councillor	Cllr Liz Terry, Lead Councillor for Corporate Services and Resources
Corporate priority	Not applicable, but still requires a decision
Recommendations	<ol style="list-style-type: none"> That the Committee agrees the Annual Governance Statement for 2024/2025 That the Committee delegates authority to the Assistant Director of Legal and Democratic Services to make minor amendments, in consultation with the Leader and Chief Executive, prior to signature by the Leader and Chief Executive.

1. Executive Summary

- The Council is responsible for ensuring that financial management is adequate and effective and that the Council has a sound system of internal control, which facilitates the effective exercise of the Council's functions, and which includes arrangements for the management of risk.
- The Accounts and Audit Regulations require local authorities to prepare and publish an Annual Governance Statement (AGS) each financial year, which accompanies the authority's financial statements.
- The AGS is a key record of the overall effectiveness of governance arrangements within the Authority. The statement reflects the latest guidance from CIPFA/SOLACE on a strategic approach to governance and demonstrates how the key governance requirements have been met.
- This year the AGS incorporates new guidance in relation to the Council's Best Value duty. The updated AGS demonstrates the Council's continued commitment to maintaining robust governance arrangements while addressing emerging challenges and regulatory requirements.

2. Policy Context

- The Council's proposed AGS for 2024/25 is attached at Appendix 1.
- Essentially, it outlines for the Council:
 - the scope of governance responsibilities
 - the purpose of the governance framework

- a description of the governance framework against the CIPFA/SOLACE Framework for *“Delivering Good Governance in Local Authorities*
- arrangements for reviewing the effectiveness of the governance framework
- governance issues that need to be addressed

2.3. The preparation of the Statement has built on previously established arrangements, which involves the collating of information from a number of sources, both internal and external. The information is analysed, and a draft Statement is produced, discussed with key officers, and any amendments identified are then made.

2.4. To support the Annual Governance review, each directorate is required to complete a Directorate Governance Statement in relation to systems and processes operational within their areas during the year. These are signed off by the relevant Director. The Directorate Statements demonstrate that Directorates have evaluated and assessed their internal control environment.

2.5. The Council receives a substantial amount of assurance from the work that is undertaken by its Internal Audit Service and its External Auditors, KPMG. The role of Internal Audit is to provide independent assurance that the Council's risk management, governance and internal control processes are operating effectively. The role of External Audit is to review the financial statements, obtain evidence that they are materially correct and provide an opinion as to whether these represent a true and fair view of the financial position of the Council. In addition, External Audit provide a value for money opinion assessing whether proper arrangements are in place for securing financial resilience and challenging how the Council secures economy, efficiency and effectiveness.

2.6. In Reading, there have been well documented delays in publishing the annual accounts due to historic issues. However, the 2024/25 Draft Accounts and Draft Annual Governance Statement were published on time, in accordance with the statutory requirements on 30 June 2025. This development is a considerable governance improvement for the Council.

2.7. One of the assurance statements the Council receives is the annual opinion of the Chief Internal Auditor in respect of the control framework. The opinion of the Chief Internal Auditor in respect of audit work completed in 2024/25 is reported to the Audit and Governance Committee for its meeting tonight and gives Reasonable Assurance on the internal control environment based on the areas audited.

2.8. It was noted in the Chief Auditor's report that there has been progress in recent years. Whereas previous opinions of Limited Assurance changed in 2021/22 to become Reasonable Assurance, there was a dip in 2023/24 to Limited Assurance, given the number of limited assurance and no assurance reviews which were finalised in that year.

2.9. In 2024-25 the annual assurance report provides a comprehensive overview of internal audit activities conducted in the year, confirming that reasonable assurance can be provided on the Council's internal control environment. This reflects a significant improvement from the previous years, with only 18% of audits receiving limited or no assurance, down from 44% in 2023/24. A total of 17 audits, 2 advisory reports, and 8 grant certifications were completed. The direction of travel is one of improvement, even though there is still more work to be done to sustain that conclusion across the relevant control, risk and governance arrangements.

Alignment with Best Value Standards and Intervention Guidance 2024

2.10. The 2024-25 AGS has been significantly enhanced to align with the Best Value Standards and Intervention guidance published in May 2024. Following a gap analysis, the statement now provides stronger evidence against the seven key themes:

- **Continuous Improvement:** Enhanced coverage of organisational-wide improvement approaches, including transformation programmes and external reviews
- **Leadership:** Expanded detail on leadership vision, priorities, and development initiatives
- **Governance:** Improved demonstration of governance effectiveness beyond formal structures
- **Culture:** Strengthened reporting on organisational culture, staff surveys, and ethical standards
- **Use of Resources:** Better integration of financial strategy with corporate planning
- **Service Delivery:** Enhanced performance management reporting
- **Partnerships and Community Engagement:** Improved coverage of partnership governance and community outcomes

2.11. The 2024-25 AGS incorporates responses to several significant external assessments:

- **Care Quality Commission (CQC) Assessment:** New governance arrangements established to monitor and action areas for improvement in Adult Social Care
- **Social Housing Regulator Inspection:** Introduction of Provider Improvement Meetings and enhanced reporting to Housing, Neighbourhoods and Leisure Committee
- **Youth Justice Service HMIP Inspection:** Implementation of comprehensive improvement plan following September 2024 inspection with "Inadequate" rating

2.12. The 2024-25 AGS demonstrates key improvements in presentation and structure with:

- **Evidence-Based Reporting:** Stronger use of data and performance metrics to demonstrate governance effectiveness
- **Strategic Alignment:** Better integration between governance arrangements and corporate priorities
- **Risk-Based Approach:** More sophisticated risk identification and management reporting
- **Stakeholder Engagement:** Improved coverage of partnership working and community engagement

2.13. All of the above changes should align better with the Best Value Standards and Intervention Guidance whilst still meeting the requirements of the Accounts and Audit Regulations and the CIPFA / SOLACE Framework.

3. The Proposal

- 3.1. The statement covers the period up to the publication of the accounts, but as the Statement is signed by the Leader of the Council and the Chief Executive as Head of Paid Service, it would be sensible to authorise minor amendments that may be needed before the final document is confirmed. The need for material amendment is not currently anticipated.
- 3.2. External Audit will review the AGS for consistency with their knowledge of the Council but does not "audit" it as such.

4. Contribution to Strategic Aims

- 4.1. The Council Plan has established five priorities for the years 2025/28. These priorities are:
 - Promote more equal communities in Reading

- Secure Reading's economic and cultural success
- Deliver a sustainable and healthy environment and reduce our carbon footprint
- Safeguard and support the health and wellbeing of Reading's adults and children
- Ensure Reading Borough Council is fit for the future

4.2. In delivering these priorities, we will be guided by the following set of principles:

- Putting residents first
- Building on strong foundations
- Recognising, respecting, and nurturing all our diverse communities
- Involving, collaborating, and empowering residents
- Being proudly ambitious for Reading

4.3. Full details of the Council Plan and the projects which will deliver these priorities are published on the Council's website [- Council plan - Reading Borough Council](#). These priorities and the Council Plan demonstrate how the Council meets its legal obligation to be efficient, effective and economical.

4.4. The concept of Governance is cross-cutting and relevant to all Services of the Council and to all of our public facing services. As such it is relevant to the Council's ability to be able to deliver on all of its Council Plan Priorities. Good Governance is also strongly linked to the Priority of "Ensure Reading Borough Council is fit for the future".

5. Environmental and Climate Implications

5.1. The Council declared a Climate Emergency at its meeting on 26 February 2019 (Minute 48 refers).

5.2. There is nothing within this report which is of relevance for the Council's strategic priority of Climate Change.

6. Community Engagement

6.1. The AGS was published as a draft with the Statement of Accounts on 30 June 2025. Should any comments be received from stakeholders in response to this publication, then they will be reported to Committee. It is not anticipated that there will be a specific public consultation on the Annual Governance Statement. It will however be in the public domain (as above) and at this Committee, and is written in such a way to be accessible for members of the public to understand the Council's approach to Corporate Governance

7. Equality Implications

7.1. Under the Equality Act 2010, Section 149, a public authority must, in the exercise of its functions, have due regard to the need to—

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

7.2. An Equality Impact Assessment (EIA) is not relevant to this report. There is no reason to think that any section of society will be adversely affected by the development of better Governance policies and procedures across the Council.

8. Other Relevant Considerations

8.1. There are none.

9. Legal Implications

- 9.1. Covered in the main body of the report.
- 9.2. These legal implications have been cleared by Michael Graham, Assistant Director of Legal and Democratic Services.

10. Financial Implications

- 10.1. There are no direct financial implications arising from this report.
- 10.2. These financial implications have been cleared by Mark Sanders, Chief Accountant.

11. Timetable for Implementation

- 11.1. Not relevant.

12. Background Papers

- 12.1. There are none.

Appendices

1. Annual Governance Statement 2024/25

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EXECUTIVE SUMMARY

This Annual Governance Statement (AGS) provides an assessment of Reading Borough Council's governance arrangements for the financial year 1 April 2024 to 31 March 2025. The statement has been prepared in accordance with the Accounts and Audit Regulations 2015 and follows the current CIPFA/SOLACE guidance on delivering good governance in local authorities.

Key developments during 2024/25 include:

- Alignment with the Best Value Standards and Intervention Guidance 2024, demonstrating the Council's commitment to continuous improvement
- Key governance decision to bring children's services back in-house from Brighter Futures for Children Ltd
- A number of key regulatory inspections by the Care Quality Commission, OFSTED and Social Housing Regulator
- Continued financial challenges requiring robust governance oversight

INTRODUCTION: BEST VALUE GUIDANCE 2024 COMPLIANCE

This Annual Governance Statement has been significantly enhanced to demonstrate full compliance with the Best Value Standards and Intervention Guidance published in May 2024. The guidance emphasises seven key themes that define best value: Continuous Improvement, Leadership, Governance, Culture, Use of Resources, Service Delivery, and Partnerships and Community Engagement.

Reading Borough Council has restructured this AGS to provide clear signposting to how the Council meets these best value requirements throughout all aspects of its governance framework. This approach ensures that both the public can clearly understand and assess the Council's adherence to best value principles.

Within this document are the themes from the Best Value compliance guidance:

- Theme 1: Continuous Improvement embedded throughout the Council's operations
- Theme 2: Leadership excellence and development initiatives
- Theme 3: Robust governance structures and decision-making processes
- Theme 4: Organisational culture promoting transparency and accountability
- Theme 5: Strategic use of resources for maximum public benefit
- Theme 6: Service delivery excellence and customer focus
- Theme 7: Partnerships and community engagement strategies

PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems and processes, culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate 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 ongoing process designed to identify and prioritise the risks to the achievement of Reading Borough 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.

COUNCIL PLAN AND STRATEGIC PRIORITIES

The Council approved its new Council Plan 2025-28 "Investing in Reading's Future" which sets out our vision for Reading as a place where all residents can enjoy a life of opportunity, choice and good health in a sustainable and prosperous community. The plan identifies three key themes:

Healthy Environment

- Climate emergency response and carbon reduction initiatives
- Environmental sustainability and green spaces
- Sustainable transport and infrastructure development

Thriving Communities

- Providing quality housing and working with partners to prevent homelessness
- Cultural and leisure opportunities for all residents
- Promote best practice across Reading's schools, helping to improve educational attainment and narrow the gap for disadvantaged and vulnerable children
- Reduce inequalities in health and life expectancy through our Public Health service and in partnership with the voluntary and community sector
- Reduce crime and antisocial behaviour, working with Thames Valley Police and other partners

Inclusive Economy

- Economic development and regeneration
- Skills development and employment opportunities
- Supporting local businesses and town centre vitality

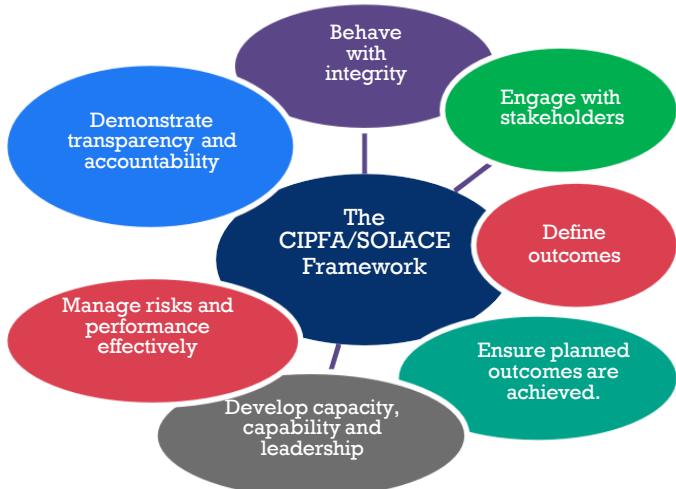
These themes are underpinned by "[Our Foundations](#)" explaining the ways we work:

- People first
- Digital transformation
- Building self-reliance
- Getting the best value
- Collaborating with others

CIPFA / SOLACE FRAMEWORK

Part 2 of the Accounts and Audit Regulations 2015 requires local authorities to publish an Annual Governance Statement, and the subsequent CIPFA/SOLACE Delivery Good Governance in Local Government Framework (2016) requires the same authorities to be responsible for ensuring that:

- their business is conducted in accordance with all applicable statutes, regulations and policy
- public money is safeguarded and properly accounted for
- resources are used economically, efficiently and effectively to deliver agreed priorities and benefit local people.



HOW WE COMPLY WITH THE CIPFA/SOLACE FRAMEWORK

KEY ELEMENTS OF THE COUNCIL'S GOVERNANCE FRAMEWORK

Key elements of the governance framework at Reading Borough Council are:

Committee Governance	Decision making	Risk management
<ul style="list-style-type: none"> • Four standing committees broadly aligned to the Council's departmental structure. • Provide leadership, develop and set policy. 	<ul style="list-style-type: none"> • All meetings are held in public and are mostly webcast and available to watch after the event. • Decisions are recorded on the Council website. • All Council decisions are supported by detailed officer reports which are open to the public unless they qualify as legally "exempt" from publication. 	<ul style="list-style-type: none"> • Risk registers identify operational and strategic risks. • Key risks are considered by Directorate Management Teams. • Strategic risks are reported to the Audit & Governance Committee quarterly and overseen by CMT.
Scrutiny and Review	Corporate Management Team (CMT)	
<ul style="list-style-type: none"> • the Standards Committee investigates specific allegations of misconduct. • the Audit and Governance Committee is tasked with reviewing and considering improvements to corporate governance in general; and • all standing committees can undertake scrutiny of relevant functions where they think it appropriate. 	<ul style="list-style-type: none"> • CMT are responsible for the overall management of the Council. • Head of Paid Service is the Chief Executive who is responsible for all Council staff and for leading CMT. • The Executive Directors lead most services which are delivered to the public. • Director of Finance is the Council's s.151 Officer and is responsible for safeguarding the Council's financial position and ensuring value for money. • Monitoring Officer is the Council's Assistant Director of Legal & Democratic Services who with the Chief Executive is responsible for ensuring legality and promoting high standards of public conduct. 	

HOW WE COMPLY WITH THE CIPFA/SOLACE FRAMEWORK

The Council has arrangements in place to meet all relevant requirements of the CIPFA/SOLACE Framework. The seven “core principles” underpinning the Framework are set out below together with a summary of new or enhanced arrangements introduced in 2024/25.

Principle 1 - Behaving with integrity and respecting the rule of law:

Codes of Conduct for members and officers reinforce a public service ethos and high standards of behaviour in line with the Nolan principles. These are supported by more detailed guidance such as, Anti-Fraud, Bribery and Corruption Strategies, as well as Whistleblowing Procedures and a Procurement Code. The Monitoring Officer and Section 151 Officer both have specific responsibilities to ensure that Council decisions meet legal and financial requirements. The three principal statutory officers (and their deputies) meet regularly to review matters of significance for overall corporate governance. This supplements the work of CMT. The Statutory Officer Group will continue to meet regularly throughout the year to ensure the effective discharge of the Council’s business and functions.

2024/25 Enhancements:

- Updated Anti-Fraud, Bribery and Corruption Policy to address the new 'failure to prevent fraud offence' effective September 2025
- Enhanced whistleblowing awareness campaigns across all directorates
- Strengthened declaration of interests and gifts and hospitality processes
- Monitoring and reporting on mandatory training requirements

Principle 2 - Ensuring open and comprehensive stakeholder engagement:

The Council consults regularly with stakeholders, taxpayers and service users. The Consultation Hub on the Council’s website enables local people to find, participate in, and view outcomes from, any consultation activities that interest them. In addition, twenty different committees and forums are in place to represent local views on a range of subjects including transport, disabled access, children’s services and community safety. The Council publishes a twice-yearly residents’ newsletter and utilises online communication channels such as e-bulletins, Twitter, Facebook, and YouTube. Citizens also have rights to attend Council committees to ask questions, present petitions and speak on items of local importance. The Council provides a support function for councillors to allow them to hold local surgeries and to be able to process casework from residents. The Council commissions an annual resident survey, which provides feedback and trend data from a statistically significant sample of the population.

2024/25 Enhancements:

- Major consultations on the Local Plan and Draft Town Centre Public Realm Strategy
- Community engagement through allotment and burial ground changes
- Strengthened tenant engagement following Social Housing Regulator inspection
- Medium Term Financial Strategy engagement

Principle 3 - Defining outcomes in terms of sustainable economic, social and environmental benefits:

The Council Plan (see above) clearly articulates desired outcomes across the three strategic themes. Performance management arrangements ensure regular monitoring of progress against strategic objectives through committee reporting and quarterly performance reviews. The Council Plan also provides the framework for prioritisation of resources and is used to inform Service Planning and performance objectives for our staff. These key objectives are designed to be both financially and environmentally sustainable and have been developed in consultation with partners and local people. The Medium-Term Financial Strategy (MTFS) makes a realistic assessment of financial resources available to the Council to allocate to services and projects, and the Budget and Policy Framework approved by Council each year sets out revenue and capital spending limits, savings and efficiency targets as well as key improvement priorities for the forthcoming year. The Council uses key performance indicators (KPIs) and other methods such as regular performance and risk management reports at CMT, Policy Committee and Audit and Governance Committee to check budget and performance monitoring and to report progress against deliverables in the Council Plan.

2024/25 Enhancements:

- Market Position Statement 2024-2027 for Adult Social Care published
- Enhanced climate change adaptation framework implementation
- Improved integration of environmental considerations in decision-making

Principle 4 - Determining the intervention necessary to achieve intended outcomes:

CMT meet monthly to monitor performance. Monthly performance reports track the performance of priority Council activities and services through a suite of KPIs and consider risks, achievements, and issues. CMT monitors remedial actions being taken where slippage or under-performance occurs. Reporting on the delivery of major change programmes happens at a series of cross-cutting internal Boards, the outcomes of which feed into the CMT performance reporting cycle. Senior management and councillors (Policy Committee), ensure the Council remains focused on achieving its agreed objectives and priorities. The four standing committees are responsible for ensuring that actions approved as part of the Budget and Policy Framework are delivered in each service area. The Financial and Performance Monitoring reports to Policy Committee summarise the financial position to date against budget and delivery of agreed savings targets.

2024/25 Enhancements:

- Decision to in-source Children's Services from Brighter Futures for Children Ltd
- Enhanced Strategic Housing & Landlord governance through the Strategic Housing Board
- Improved capital programme governance and business case assessment

Principle 5 - Developing capacity, including the capability of leadership and individuals within the Council:

The Council invests in leadership development and workforce planning to ensure sustainable service delivery. Corporate Management Team provides strategic leadership supported by directorate management teams. The TEAM Reading values underpin the way we work day-to-day. The Team Reading People Strategy sets out how we aim to achieve this and create an organisation that provides excellent services to Reading. Maximising capacity by working collaboratively is a key component of the Corporate Plan and several longstanding partnership working arrangements are in place. The Constitution sets out how the governance aspects of these arrangements should operate in practice. The Learning and Workforce Development Team has a specific role and remit to improve the capability and capacity of Council officers by offering a range of skills and qualification-based training opportunities.

2024/25 Enhancements:

- Permanent Executive Director and Assistant Director appointments made
- Enhanced governance boards across Adult Social Care, Children's Social Care and Housing services
- Strengthened statutory officers' collaboration and oversight
- Regular leader and manager briefings and development sessions held (SLG and Team Talk)
- Updating of mandatory training with improved monitoring and reporting

Principle 6 - Managing risks and performance through strong internal control and financial management:

Corporate risk registers are updated quarterly, with significant risks reviewed by senior management and members. Risk Management Training had been delivered to councillors providing guidance on how to review and challenge reports when received as part of promoting good governance. Internal Audit assess the overall quality of internal control and make recommendations for improvement as necessary. The Council has a strong track record in financial management, delivering services within budget and producing annual accounts within statutory deadlines.

2024/25 Enhancements:

- Enhanced risk management following regulatory inspections
- Improved business continuity planning including cyber resilience
- Strengthened governance oversight of major programmes and projects

Principle 7 Implementing good practices in transparency, reporting and audit to deliver effective accountability:

The Council follows Government guidance on providing clear and accurate information and has developed both its website and the format of Council reports to improve transparency and accessibility. Papers (including performance reports) and minutes of meetings, key decisions, and all items of expenditure and contracts awarded over £500 are published on the Council's website. All Council meetings are held in public, and minutes of meetings and webcasts are available on the Council's website. Public questions are allowed at Committees and at Council meetings.

2024/25 Enhancements:

- Improved transparency in Traffic Regulation Order processes following report to Council on maladministration of historic Orders
- Enhanced reporting on company governance arrangements
- Strengthened external audit cooperation and accounts preparation

BEST VALUE THEME 1: CONTINUOUS IMPROVEMENT

Organisational-Wide Approach to Improvement

Reading Borough Council has embedded continuous improvement as a core organisational principle throughout 2024/25. This is evidenced through:

Transformation Programmes:

- Establishment of transition programme for Children's Services to be delivered in-house, delivering estimated annual savings of £200-300k
- Housing services improvement programme overseen by Strategic Housing Board
- Adult Social Care transformation through the Striving for Excellence Board

External Review and Challenge:

- Inspecting Local Authority Children's Services (ILACS) (May 2024)
- Care Quality Commission inspection of Adult Social Care (December 2024)
- Social Housing Regulator inspection (February 2025)
- APSE review of Traffic Regulation Orders with comprehensive improvement plan implementation

Performance Monitoring:

- Quarterly strategic risk reporting to Audit and Governance Committee
- Directorate Annual Governance self-assessment processes with improvement action plans

- Enhanced budget monitoring and financial oversight arrangements

BEST VALUE THEME 2: LEADERSHIP

Vision and Strategic Direction

The Council's leadership demonstrates clear vision through the new Council Plan priorities, with strong political and managerial leadership working collaboratively to deliver outcomes for residents.

Leadership Development:

- Corporate Management Team provides strategic oversight and direction
- Statutory Officers Group ensures effective governance coordination
- Executive Directors provide strong directorate leadership with clear accountability

Key Leadership Achievements 2024/25:

- Successful navigation of major changes with council companies – Homes for Reading Ltd and Brighter Futures for Children Ltd
- Proactive response to regulatory inspection outcomes
- Clear decision-making on challenging financial priorities including current spending pressures and long-term decision making e.g. cemetery provision

BEST VALUE THEME 3: GOVERNANCE

Robust Democratic Structures

Reading Borough Council operates a committee system comprising four standing committees, providing democratic oversight and transparent decision-making:

- Policy Committee (strategic oversight)
- Adult Social Care, Children's Services and Education Committee
- Housing, Neighbourhoods and Leisure Committee
- Strategic Environment, Planning and Transport Committee

Governance Achievements 2024/25:

- Approved 2025/26 budget of £178.109m with clear financial strategy
- Implemented enhanced governance arrangements for major service transitions
- Strengthened company governance arrangements with review of wholly owned companies

Decision-Making Excellence:

- All committee meetings held in public with webcasting available
- Comprehensive officer reports supporting all decisions
- Clear audit trail for all governance decisions

BEST VALUE THEME 4: CULTURE

Values-Driven Organisation

The Council's culture is built on the foundation principles of TEAM Reading - promoting transparency, accountability, and continuous improvement.

Cultural Initiatives 2024/25:

- Enhanced whistleblowing awareness and speaking up culture
- Strengthened ethical standards through gifts and hospitality policy updates
- Culture workshops in Repairs and Property Services teams
- Improved staff engagement through transformation programmes

Accountability Measures:

- Zero member conduct complaints proceeding beyond initial assessment
- No proven fraud by councillors or staff
- Strong internal control environment with proactive issue identification

BEST VALUE THEME 5: USE OF RESOURCES

Financial Stewardship and Value for Money

Despite challenging financial circumstances, the Council has maintained strong financial governance arrangements:

Budget Management:

- £5.451m of savings were delivered in 2024/25, plus an additional £9.979m of in-year mitigations.
- General Fund reserves maintained at £49.035m.
- Cumulative Dedicated Schools Grant deficit of £24.904m.

- Net revenue budget of £178.109m for 2025/26 approved
- General balances and earmarked reserves are robust, risk assessed and maintained at appropriate levels in accordance with S.25 of the Local Government Finance Act 2003 and the Council's Medium Term Financial Strategy

Asset Management:

- Central Library redevelopment for housing provision
- Cemetery provision strategy extending capacity to 2044

Procurement Excellence:

- New end to end process implemented to support compliance with the Procurement Act 2023
- Hub and spoke procurement model approved for implementation
- Introduction of Procurement Gateway and Governance Framework and introduction of a new Procurement Board

BEST VALUE THEME 6: SERVICE DELIVERY

Customer-Focused Service Excellence

The Council has demonstrated commitment to service improvement across all areas:

Housing Services:

- 99% rent collection achieved despite cost-of-living pressures
- 104 new properties planned by 2026 to Passivhaus standards
- Comprehensive improvement plan addressing regulatory requirements

Adult Social Care:

- Market Position Statement 2024-2027 published
- Four new governance boards implemented under Striving for Excellence framework
- Peer challenge and support arrangements in place

Environmental Services:

- 54% reduction in borough carbon emissions since 2005
- 72.7% reduction in corporate emissions since 2008/09
- Enhanced winter service planning and highway maintenance

BEST VALUE THEME 7: PARTNERSHIPS AND COMMUNITY ENGAGEMENT

Collaborative Approach to Service Delivery

The Council works effectively with partners to deliver better outcomes for residents:

Community Partnerships:

- Over £636k in grants awarded to voluntary sector organisations
- Active participation in Reading's Economy and Destination Agency (REDA)
- Collaborative working with health & social care partners through Market Position Statement

Strategic Partnerships:

- Built better relationships with Reading Transport Limited

- Effective partnership working with Brighter Futures for Children Ltd during transition
- Regional collaboration with other local authorities through the Berkshire Prosperity Board

REVIEW OF EFFECTIVENESS

CMT is responsible for putting in place adequate governance arrangements and effective systems of internal control. The Council uses several ways to review and assess the effectiveness of governance arrangements, as set out below:

Assurances from Internal and External Audit

Internal Audit: Public Sector Internal Audit Standards require the Chief Auditor to provide an assessment of the overall adequacy and effectiveness of the Council's control environment. This opinion is expressed using a scale ranging from Substantial to Reasonable, then Limited and finally No Assurance.

The annual report and opinion of the Chief Internal Auditor for 2024/25 was presented to the Audit and Governance Committee on 16 July 2025. It states that the Council's internal control environment and systems of internal control in the areas audited were to be classed as "Reasonable Assurance". The following areas influenced the annual assurance opinion:

- The number of audits receiving a negative assurance opinion, as well as a combination of advisory work (not detailed audit reviews) and investigations undertaken. 18% of audits received limited or no assurance in 2024-25, compared to 44% in 2023-24, and 26% in 2022- 23.

Issues Identified in 2024/2025	Planned Action
An audit found Commercial Properties (rent roll) discrepancies affecting billing accuracy. Better authorisation and verification controls are needed until the CPM system can generate invoices. Different budget responsibilities prevented a complete view of overall debt, making it hard to monitor and report on debt risk for commercial rents and leases.	Project initiated to start uploading all leases on CIVICA validating tenant information along with income data and lease details.
An audit of Supported Living found that the tendering process and financial controls for placements needed improvement, and governance was lacking for providers outside the framework.	Additional controls have been introduced to ensure that governance processes are being followed for any off-framework provider. The Council is in the process of procuring a new framework (March 2026) which will further reduce any need for off framework purchasing.

<p>An audit of Residents Parking Enforcement found limited assurance of proper governance, risk management, and control systems. Issues included unclear responsibilities, poor data quality, and expired contracts, indicating the contracts might not be suitable.</p>	<p>A number of actions have been identified and planned in relation to contracts, record keeping and minutes. Work on contracts continues, including the commencement of a review of the current enforcement contract well ahead of its scheduled renewal in 2027.</p>
<p>An investigation found that the East Reading Red Route TRO and other TROs were not properly made or implemented. This meant the Council had no legal basis to issue Penalty Charge Notices (PCNs), making their enforcement and payment collection unlawful.</p>	<p>The Monitoring Officer issued a report under section 5 of the Local Government and Housing Act 1989 to report this maladministration to the Council. A scheme of Restitution and an Action Plan have been put in place, both of which are monitored by the Audit and Governance Committee.</p>

External Audit: The Council's external auditor, KPMG, provides assurance on the accuracy of the year-end Statement of Accounts and the overall adequacy of arrangements for securing and improving value for money. In response to a national recovery programme to bring up to date the achievement of timely external audit opinions, the Government has implemented a series of backstop dates by when audit opinions must be issued. The Council received a disclaimed opinion from EY for 2021/22 and 2022/23, and a disclaimed opinion from KPMG for 2023/24 in compliance with the recovery programme.

In giving the 2023/24 opinion, KPMG also provided a small number of improvement recommendations in their [ISA 260](#) reported to the Council's Audit and Governance Committee in April 2025.

Value for money commentary was also provided for each of these years by the respective auditors. The latest Auditors Annual Report from KPMG for 2024/25 was reported to Council at its meeting 25 February 2025 which recognised an improvement in the arrangements concerning Children's Services with regard to the on-going continuous improvement plan and evidence of an increasingly joined up approach with other Councils and partners to tackle issues.

Compliance with the Financial Management Code

In 2019, CIPFA introduced the Financial Management Code (FM Code) with 17 standards for local authorities. Authorities must annually review and provide evidence of compliance since April 1, 2021.

The 2023/24 self-assessment showed progress:

- The 2020/21 accounts received an unqualified opinion, and audits for 2021/22, 2022/23, and 2023/24 were completed in line with published audit "backstop" deadlines, though with disclaimed opinions.
- Despite a disclaimed opinion for the 2023/24 Statement of Accounts, auditors found no major weaknesses in the Council's arrangements to improving economy, efficiency and effectiveness for 2023/24.

The Chief Auditor's Annual Assurance Report 2023/24 report gave a limited assurance opinion on the overall adequacy and effectiveness of the organisation's governance arrangements, risk management and internal control environment, leading to one standard being downgraded from Green to Amber. Overall, 11 standards were rated Green and 6 were rated Amber, resulting in an overall Amber rating for 2023/24.

Self-assessment and review of key performance indicators

The Council's Finance team works with Internal Audit to confirm that expected governance arrangements have been in place throughout the year. Management Assurance Statements, signed by senior officers, also confirm that Codes of Conduct, Financial Regulations and other corporate processes have operated as expected. In addition, the Chief Executive has implemented a Statutory Officers Group to monitor governance issues on a monthly basis with the Executive Director of Resources, Chief Finance Officer and Monitoring Officer.

The Council uses several key outcomes to confirm the adequacy of governance arrangements. These KPIs are outlined in the table on the following page.

Issues Identified	Performance in 2024/2025
Formal reports by s151 or Monitoring Officer	One – October 2024 at Council in relation to maladministration of historic Traffic Regulation Orders.
Number of Member Code of Conduct Complaints investigated	None beyond the initial filter stage. Report on referrals presented annually to Standards Committee.
Proven fraud carried out by councillors or members of staff	None in 2024/2025
Objections received from local electors	There was one objection raised during the year relating to the 2022/23 Statement of Accounts which was not upheld by the Council's External Auditor for those accounts Ernst & Young
Local Government Ombudsman referrals upheld	Total number of LGSCO complaints/enquiries received - 59 Cases referred back to Council – 12 Cases closed after initial enquiries – 24 Formal investigations – 15 (10 were upheld)
Housing Ombudsman referrals upheld	Findings (outcomes)- 3 - Upheld – further 12 awaiting outcome from the HO Orders (compensation, apology, specific actions etc.) - 3 Determinations (cases decided upon by the HO) - 3 Maladministration findings- 3

Internal audit reports	Four high risk areas identified as shown in the preceding table above
Information Commissioner referrals upheld	There was one case investigated by the ICO during the year which was not upheld.
Freedom of Information requests (performance)	1043 requests were received in 2024/2025. 74.5% were responded to within the statutory timeframe (20 days)
Annual Accounts	2021/22, 2022/23 signed off with a disclaimed opinion following limited external audit fieldwork undertaken. 2023/24 was also signed off with a disclaimed opinion, however this was mainly as a result of the unaudited opening balances brought forward from previous years. Significant external audit fieldwork was undertaken by KPMG in relation to 2023/24 'in-year' transactions.
Group activities ¹	No governance issues to address in 2024/25. The Council continues to receive appropriate information about the performance of its companies through the Policy Committee which acts as the designated shareholder committee for the Council

Inspections and Assessments

OFSTED Inspection of Children's Services (April-May 2024): A full inspection of Reading's children's services was conducted, with the following outcomes:

- The experiences and progress of children who need help and protection: Requires improvement to be good
- The experiences and progress of children in care: Good
- The experiences and progress of care leavers: Good
- The impact of leaders on social work practice with children and families: Requires improvement to be good
- Overall effectiveness: Requires improvement to be good

Key areas for improvement identified include:

¹ The Council operates several companies: Reading Transport Ltd – the operating company for Reading Buses, which itself has several subsidiaries. (100% share ownership). Homes for Reading Ltd – provision of private sector lettings. (100% share ownership). Brighter Futures for Children Ltd – provision of Children's Services. (Sole member). Reading Hampshire Property Partnership Ltd – provision of property and construction related consultancy and procurement. (49% share ownership). The Council also is involved in two other not for profit partnerships as a member: First, Reading REDA (Reading's Economy and Destination Agency) delivering economic development for the Borough UK. Secondly, IESE Ltd providing management consultancy.

- Quality of assessment, planning and provision for children in need
- Timely identification of risk for children
- Workforce development, training and support
- Response to children at risk of harm outside the home

His Majesty's Inspectorate of Probation (HMIP) Youth Justice Inspection (September 2024): Reading Youth Justice Service was inspected by HMIP in September 2024, receiving an overall outcome of 'Inadequate'. The inspection identified significant weaknesses across multiple areas requiring comprehensive improvement action.

Key recommendations for the service and the Youth Justice management Board included: quality assurance arrangements; supervision and practice oversight; comprehensive assessment and planning activity; appropriate focus on victim needs; the need for sufficient resourcing and structure for high-quality interventions; effective use of disproportionality action plan and access to quality education, training and employment opportunities.

A comprehensive improvement plan was developed in December 2024, structured around four pillars: Governance and Leadership, Staffing and Workforce Development, Partnership and Services, and Process, Systems and Quality of Practice. The improvement plan is overseen by sub-groups reporting to the Youth Justice Management Board, with specific timescales and responsible officers identified for each action.

The Care Quality Commission (December 2024) - conducted an onsite inspection of Adult Social Care between 16th to 19th December 2024 in relation to how we fulfil our statutory duties within the Care Act 2014. Report is pending. Enhanced governance arrangements through new Adult Social Care board structures and delivery against the service's established improvement plan have contributed to the preparation to this inspection.

The Social Housing Regulator (February 2025) - conducted an onsite inspection of Housing & Communities Landlord function in relation to how we fulfil our duties in delivering the Consumer Standards for Landlords. The Council was issued with a C3 consumer grading, confirming serious failings in the landlord's delivery of consumer standards outcomes. The inspection identified specific concerns regarding the Safety and Quality Standard, Transparency, Influence and Accountability Standard, and Neighbourhood and Community Standard.

Key findings included:

- 50% of homes surveyed in the last five years, with outdated understanding of property conditions
- Approximately 1,600 overdue repairs at time of inspection
- Serious failings in the provision of an effective and efficient repairs service
- Lack of meaningful tenant scrutiny opportunities
- Issues with anti-social behaviour (ASB) case management and supervision

- Specific concerns about PFI-managed properties, including lack of ASB risk assessments, and information for tenants on their website
- Failings in approach to complaint handling for both RBC and PFI managed properties

The Council has implemented a comprehensive improvement plan with monitoring through monthly provider improvement meetings with the Social Housing Regulator and regular progress reporting to the Housing, Neighbourhoods and Leisure Committee.

Joint Targeted Area Inspection (February 2025): A Joint Targeted Area Inspection of the partnership, focusing on the impact of domestic abuse on children aged 7yrs and under, took place over three weeks. The inspection identified strengths including timely decision-making at the front door, strong partnership working in pre-birth risk assessments, and skilled Family Help staff with a good understanding of the impact of domestic abuse. Ten areas for improvement were identified for the partnership, including hearing the child's voice, information sharing, a better understanding of the cumulative impact of domestic abuse, improved governance structures, better use of data and improved commissioning of domestic abuse services. A multi-agency action plan will be submitted to Ofsted in August 2025.

Association for Public Service Excellence (APSE) (February 2025) - reviewed the handling of Traffic Regulation Orders (TRO's). APSE recommended improvements to governance, team structures, and processes. The Highways department is struggling with workload due to vacancies and a lack of experienced applicants. More demands will come from digitising TROs and consolidating Orders, requiring strong systems to avoid errors like those in 2024. Clear information, policies, and plans can guide Elected Members and the public. Internal communication issues, like those with the Bus Lane introduction, show the need for better arrangements and early involvement in proposals.

The Local Government Association (LGA) - reviewed Brighter Futures for Children's Transformation Programme and the costs of Reading Borough Council's Children's services. They found that residential care costs were very high even though the number of children being looked after wasn't very high. This was due to complexity of need, a lack of local and in-house provision and a local and national reduction in foster carers, all of which are part of the current Transformation Plan. The review also suggested ways to manage budgetary pressures. Historic high staff turnover and the use of expensive agency workers were noted, but there had been improvement in this area. They highlighted the need to strengthen data quality, especially in Special Educational Needs and Disabilities (SEND), to improve the accuracy of school travel forecasting. More work is needed in integrating performance and cost management and reducing reliance on spreadsheets. In summary they found that the Children's Transformation Programme was focussed on the right areas and suggested it could be strengthened by expediting some areas and resourcing transformation on a permanent basis moving forward. They also found that there is a risk that demand might not match the budget or the Medium-Term Finance Strategy.

KEY GOVERNANCE ISSUES

Based on the review of effectiveness, several governance issues have been identified requiring ongoing attention:

Traffic Regulation Orders - On October 15, 2024, the Council reviewed a report that identified issues with historic Traffic Regulation Orders (TROs). These TROs were improperly made and implemented, making their enforcement and the collection of payments unlawful due to the Council's lack of legal authority to issue Penalty Charge Notices (PCNs). The report detailed the issues, financial and legal implications, and proposed next steps. A Scheme of Restitution and an Action Plan has been developed to address these issues, with progress reported to the Audit and Governance Committee to ensure councillor and public scrutiny.

A system has been established to review and monitor Traffic Regulation Orders (TROs) involving Network Services, Parking Enforcement, and Legal Services. This includes site inspections before and after TRO implementation to identify and correct errors. A new digital map-based TRO management system is being developed to improve accuracy and consistency. Governance improvements ensure better tracking and follow-up on decisions, enhancing transparency and accountability.

Children's Services - The Council will bring all services provided by Brighter Futures for Children Ltd (BFFC) in-house on 1 October 2025, to improve control, decision-making, integration, and reduce duplication. Expected benefits include better oversight, streamlined operations, enhanced collaboration, cost savings of £200,000-£300,000 annually, and improved service delivery for children and families in Reading.

Homes for Reading Ltd - Reading Borough Council has decided to close Homes for Reading Ltd, its wholly owned housing company, following extensive consultation with tenants. The decision was made due to changes in local authority lending rules, the housing market, and interest rates, which affected the company's viability. The 101 homes managed by Homes for Reading will be transferred to the Council's mainstream housing stock as tenants' leases end, providing affordable housing for key workers. The Council is committed to supporting tenants through this transition, ensuring they find suitable alternative accommodation.

Reading Hampshire Property Partnership Ltd – Reading Council's partner in this property services shared service, Hampshire County Council, has given notice to the Council that it no longer has the capacity to provide the support services required by the Council. All activity ceased by the end of March 2025. A report will progress to Policy Committee to seek approval for the closure of the Company.

Response to regulatory assessments – a number of areas have been inspected during 2024/25 and the Action Plans to address recommendations will need oversight during 2025/26.

Last year's Annual Governance Report highlighted eleven key areas for improvement. The table below sets out action taken to address these issues during 2023/24:

Issues Identified	Performance in 2024/2025
Review of procurement Hub and Spoke governance and practices to ensure all activities are aligned to the latest transformation / change programmes.	Consultation completed on corporate Hub and agreed model has begun implementation to resolve any performance and capability gaps. Introduction of a new operational governance model to compliment project framework and Procurement Act 2023.
Continue to embed monitoring arrangement to maximise completion of mandatory learning.	Governance in place to report to Corporate Management Team. Mandatory learning completions have risen significantly and are now tracked every 3 months. Where necessary, individuals are provided with prompts to complete required mandatory learning in line with the new approach. Mandatory learning completions for GDPR rose to 96.6% at the end of March and 96.2% for cyber security (IT users)
Strengthen arrangements for monitoring and recording declarations of interests, gifts and hospitality	New processes in place and communicated to all staff.
Targeted work to improve response times to FOIs and enquiries and learning to be gathered from complaints	FOI performance has been reported to Audit and Governance Committee. There was a significant slip in Q2 due to the implementation of a system which requires additional work to provide the expected benefits. Work continues to improve performance and this continues to be reported to Audit and Governance.
Implement the recommendations following the Housing Repairs Task Force and improvement plan, and achieve/maintain all relevant safety standards for the housing stock	Task Force updates have been reported into Audit and Governance Committee noting significant improvements. One workstream remains outstanding linked to procurement which will be completed by September 2025. Actions will evolve into a continuous improvement plan and is linked with the response to the Regulatory inspection.
Review of the governance of the Climate Programme Board and reporting lines to ensure climate action is embedded across the organisation	The governance of the Climate Board was reviewed in 2024. 2025 is the year of development of the new climate emergency strategy for the borough and subsequent carbon plan 2025 to 2030. These documents will trigger a further review of the governance and terms of reference of the climate programme board. Climate implications are included in committee and capital and revenue bid templates. Additionally, carbon literacy training is being rolled out to all managers. The Council achieved bronze standard for carbon literacy and is A-rated for Climate Action (CDP).

CONCLUSION

The Council is satisfied that appropriate governance arrangements are in place, however it remains committed to maintaining and where possible improving these arrangements, by:

- Following receipt of the results of Adult Social Care's CQC assessment areas of improvement will be logged, monitored and actioned throughout 2025-26 via our internal governance boards. Progress will be reported into the Adults, Children's & Education Committee.
- Following the receipt of the Social Housing Regulator Inspection Report areas of improvement were immediately logged and planned for throughout 2025/26 via our internal governance boards. Progress will be reported to the Social Housing Regulator and reported into the Housing, Neighbourhoods and Leisure Committee.
- Continue with the procurement stream of the housing repairs and property services improvement plan to ensure that all contracts are up to date, are properly implemented and mobilised and have robust contract management in place.
- Reminder to all staff about the importance of the Speaking Up and Whistle Blowing Policy.
- Remind all staff that Declaration of Interests and Gifts and Hospitality declarations should be submitted where necessary and remind managers that the Register of Gifts and Hospitality is reviewed from time to time and is accurate and up to date.
- Traffic Regulation Orders – commissioning of the Digital TRO project, conclusion of the Scheme of Restitution and sign-off of the Action Plan at Audit and Governance Committee.
- The Council will transfer BFFC staff and property back to its control, novate contracts, and close the BFFC Company. Committee terms and the Council's Constitution will be updated, and the Independent Fostering Agency will transition to a Local Authority Fostering Service. An independently chaired Improvement Board will be established, with transition costs funded from earmarked reserves.
- Continue to implement the Children's Services Rapid Improvement Plan and the Partnership Improvement Plan to address the 10 areas of improvement following the partnership's Joint Targeted Area Inspection. Progress will be overseen by the Berkshire West Safeguarding Children's Partnership and ACE Committee.
- Continue to implement the Youth Justice Improvement Plan, monitored by the Youth Justice Management Board.
- Budget plans to be in place for the next MTFS period and planning will start soon for further savings to close the forecast Council budget gap

- Update the Council Anti-Fraud, Bribery and Corruption Policy to take into account the new 'failure to prevent fraud offence', which will come into effect on 1 September 2025. Under the Economic Crime and Corporate Transparency Act 2023, the "failure to prevent fraud" offence means large organisations can be criminally liable if they fail to prevent fraud committed by employees and associated persons, unless they can demonstrate reasonable fraud prevention procedures.

Cllr Liz Terry

Leader of Reading Borough Council

Date:

Jackie Yates

Chief Executive of Reading Borough Council

Date:

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