

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

nicky.simpson@reading.gov.uk

28 March 2026

Your contact is: **Nicky Simpson, Principal Committee Administrator (Team Leader)**

**NOTICE OF MEETING - AUDIT AND GOVERNANCE COMMITTEE 8 APRIL 2026**

A meeting of the Audit and Governance Committee will be held on Wednesday, 8 April 2026 at 6.30 pm in the Council Chamber, Civic Centre, Reading RG1 2LU. The Agenda for the meeting is set out below.

	<u>Page No</u>
<b>1. DECLARATIONS OF INTEREST</b>	
<b>2. MINUTES OF THE PREVIOUS MEETING HELD ON 20 JANUARY 2026</b>	<b>5 - 8</b>
<b>3. QUESTIONS</b>	
<b>4. EXTERNAL AUDITOR UPDATE</b>	<b>9 - 92</b>
<p>A representative from the Council's External Auditor KPMG will present the final version of their 2024/25 ISA 260 year-end report and their External Audit Plan &amp; Strategy for the year ended 31 March 2026.</p>	
<b>5. INTERNAL AUDIT QUARTERLY PROGRESS REPORT Q4</b>	<b>93 - 110</b>
<p>This report provides an update on key findings emanating from Internal Audit reports issued since the last quarterly progress report.</p>	
<b>6. DRAFT INTERNAL AUDIT PLAN AND INTERNAL AUDIT CHARTER 2026/2027</b>	<b>111 - 130</b>
<p>A report presenting the Internal Audit Strategic Plan which sets out the work Internal Audit plans to undertake during 2026/27. It is shaped by the Internal Audit Charter, which is attached at Appendix 2 to the report and sets out the mission, purpose, responsibilities and position of the Internal Audit function.</p>	

<b>7.</b>	<b>STRATEGIC RISK REGISTER APRIL 2026</b>	<b>131 - 170</b>
	This report provides the latest update on the Strategic Risk Register as at April 2026.	
<b>8.</b>	<b>TREASURY MANAGEMENT REVIEW QUARTER 3 2025/26</b>	<b>171 - 186</b>
	This report updates Members on the activity of the Treasury Management function.	
<b>9.</b>	<b>INFORMATION GOVERNANCE UPDATE</b>	<b>187 - 196</b>
	This report provides an update on the actions in progress to improve the Council's policies, systems and processes around Information Governance.	
<b>10.</b>	<b>CIPFA FINANCIAL MANAGEMENT CODE 2025/26</b>	<b>197 - 218</b>
	A report on the findings of the CIPFA Financial Management Code Self-Assessment for 2025/26.	

### **WEBCASTING NOTICE**

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Members of the public seated in the public gallery will not ordinarily be filmed by the automated camera system. However, please be aware that by moving forward of the pillar, or in the unlikely event of a technical malfunction or other unforeseen circumstances, your image may be captured. **Therefore, by entering the meeting room, you are consenting to being filmed and to the possible use of those images and sound recordings for webcasting and/or training purposes.**

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**Present:** Councillor Williams (Chair);  
Councillors McGoldrick (Vice-Chair), Asare, Ballsdon, Keane, McGrother, Moore and Stevens

**Apologies:** Councillor Dennis

### 19. MINUTES OF THE PREVIOUS MEETING HELD ON 27 NOVEMBER 2025

The Minutes of the meeting held on 27 November 2025 were agreed as a correct record and signed by the Chair.

### 20. EXTERNAL AUDITOR UPDATE

The Committee considered the draft Auditor's Annual Report, which provided a summary of the findings and key issues arising from the 2024-25 audit of the Council. The report had been prepared in line with the requirements set out in the Code of Audit Practice published by the National Audit Office and was required to be published by the Council alongside the annual report and accounts. The final report would be submitted to the Council meeting on 24 February 2026.

Jonathan Brown, KPMG, gave a verbal update at the meeting on progress with finalising the report. He noted that the fundamental audit work was complete with a number of minor updates and corrections to be made to the draft report, which would be recirculated to members of the Committee.

The report explained that KPMG planned to issue a disclaimer of opinion on the financial statements on 27 February 2026. This was in line with the audit plan and was because they had been unable to obtain sufficient appropriate audit evidence over the financial statements in respect of the opening balances and split of reserves, due to the issues identified previously regarding opening balances and the split of useable and unusable reserves. The anticipated timeline for removing the disclaimer, as part of the national 'Building Back Assurance' work to address this issue, was outlined at the meeting.

The Committee discussed the two Value for Money recommendations set out in the report relating to the findings of the Joint Targeted Area Inspection and the Gifts & Hospitality and Declarations of Interest register and were provided with an update on their implementation.

#### **Resolved –**

- (1) That an updated copy of the Auditor's Annual report be circulated to members of the Committee;**
- (2) That any further feedback be sent to officers in finance to collate.**

### 21. CLOSING FINANCIAL ACCOUNTS UPDATE

## AUDIT AND GOVERNANCE COMMITTEE MEETING MINUTES - 20 JANUARY 2026

The Committee considered a report giving an update on the progress of the audit of the Council's Final Accounts for 2024/25. Attached to the report at Appendix 1 was the draft Statement of Accounts 2024/25 and at Appendix 2 the 2024/25 Annual Governance Statement.

The report noted that at the previous meeting of Committee on 27 November 2025 (Minute 18 refers) KPMG had reported that the audit process was nearly finished with no significant issues arising. Since then, the Council's finance team had continued to finalise residual audit queries and updated the draft accounts accordingly. The last areas of audit testing, which in the main related to accounting for pensions transactions and group accounts consolidation, had been completed and there had been a number of presentational amendments to the draft accounts which had been agreed with KPMG.

The report explained that the Council and KPMG teams had reviewed how the audit progressed and that both organisations were benefitting from improved ways of working. There had been additional work undertaken to support KPMG's risk assessment on the remaining audit fieldwork required to return the Council to a clean unqualified audit opinion. This approach was consistent with the National Audit Office's Building Back Assurance guidance and would be continued as part of next year's audit of the 2025/26 Statement of Accounts.

The report noted that KPMG intended to issue a disclaimed opinion on the 2024/25 accounts. A comprehensive audit had been undertaken in accordance with the relevant professional and regulatory standards, and the disclaimer arose from the need to complete specific work relating to the opening balance of reserves and did not reflect a lack of audit coverage or effort. The audit work was substantially complete, with only minor matters remaining to be resolved prior to final conclusion, and no significant issues had been identified that would indicate weaknesses in the Council's overall financial management or the integrity of its financial reporting.

The report also set out at Appendix 2 the 2024/25 Annual Governance Statement. This had previously been presented to the Committee on 16 July 2025 (Minute 8 refers) and was provided to give context for the Committee's consideration of the accounts and external auditor's report. There had not been any matters of significance requiring an amendment to the Annual Governance Statement, which was unchanged from the version considered at the 16 July 2025 meeting.

The 2024/25 Statement of Accounts would be submitted to Council for approval, alongside the 2024/25 Annual Governance Statement, and following this KPMG would issue their audit opinion by the statutory backstop deadline of 27 February 2026.

### **Resolved –**

**That the progress with closing the 2024/25 accounts be noted.**

## **22. INTERNAL AUDIT QUARTERLY & INVESTIGATIONS QUARTERLY UPDATE REPORT (Q3)**

## AUDIT AND GOVERNANCE COMMITTEE MEETING MINUTES - 20 JANUARY 2026

The Committee considered a report giving an update on the progress made against the delivery of the Internal Audit Plan and providing details of audits finalised in quarter three of the 2025/2026 financial year. Attached to the report at Appendix 1 was the Internal Audit & Investigations Quarterly Update Report Q3.

The report summarised the findings and recommendations for each of eight audit reviews completed during the period, and stated the overall assurance opinion level given by the Internal Audit team, as follows:

- Election Management (Substantial Assurance opinion given);
- Deputy's and Appointees Service (Reasonable Assurance opinion given);
- Land Charges (Reasonable Assurance opinion given);
- Traffic Regulation Orders follow-up review (Reasonable Assurance opinion given);
- Purchasing Cards (Reasonable Assurance opinion given);
- Disabled Facilities Grants (Limited Assurance opinion given);
- Children's Savings Accounts and ISAs follow-up review (Limited Assurance opinion given);
- Joint Legal Team (Limited Assurance opinion given).

The report also gave a summary of the Corporate Investigations Team's work.

### **Resolved:**

**That the audit findings be noted, and the recommendations and management action underway, as set out in the Internal Audit & Investigations 2025/26 Quarter 3 Update Report, be endorsed.**

### **23. IMPLEMENTATION OF AUDIT RECOMMENDATIONS TRACKER**

The Committee considered a report setting out at Appendix 1 a tracker showing progress against audit recommendations for audits assigned a 'Limited' or 'No Assurance' opinion. The tracker set out details of 19 audit recommendations where the associated management actions were overdue.

A verbal update was given at the meeting that the three recommendations relating to the Coroners Services would be removed from the tracker, as although some actions were still outstanding the substantial matters had been tested by a follow-up audit.

The Committee noted that the Risk Policy currently being developed would help shape the approach to prioritising the recommendations set out in the tracker. It was also requested that, in the next iteration of the report, further detail be provided on the changed scope and updated timescales for recommendations arising from the audit of Supported Living.

### **Resolved –**

**That the report and the progress against the management actions to address the audit recommendations for audits assigned a 'limited' or 'no assurance' opinion be noted.**

**24. TREASURY MANAGEMENT REVIEW QUARTER 2 2025/26**

The Committee considered a report setting out an update on the activity of the Treasury Management function during the second quarter of 2025/26 for the period 1 July 2025 to 30 September 2025. The following documents were attached to the report:

- Appendix 1 - MUFG Corporate Markets Economics Update
- Appendix 2 - Borrowing Portfolio as at 30th September 2025
- Appendix 3 - Investment Portfolio as at 30th September 2025
- Appendix 4 - Approved Countries for Investments as at 30th September 2025

The report noted that the Council remained significantly under borrowed against its Capital Financing Requirement and was continuing to follow the approved borrowing strategy of deferring any potential long-term borrowing whilst interest rates remained at current levels, and instead utilising short or temporary borrowing from the local authority market as required. No long-term loans (those over one year in duration) had been taken out during the year to date.

The Council's Borrowing and Investment portfolios were attached to the report at Appendices 2 and 3, and the report explained that the current forecast was a positive variance of £1.404m on investment income for the year and a negative variance of £0.914m on interest payable. These variances had been reported to Policy Committee on 17 December 2025 as part of the 2025/26 Quarter 2 Performance and Monitoring Report (Minute 53 refers). The Council continued to operate within all of its treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement for 2025/26, and none had been breached during the year to date.

A number of queries were raised at the meeting which would be responded to in writing by officers.

**Resolved –**

**That the content of the Treasury Management Review Quarter 2 report for 2025/26 be noted.**

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

## Audit and Governance Committee

08 April 2026



**Reading**  
Borough Council  
Working better with you

<b>Title</b>	External Auditor Update - KPMG
<b>Purpose of the report</b>	To note the report for information
<b>Report status</b>	Public report
<b>Executive Director/ Statutory Officer Commissioning Report</b>	Darren Carter, Section 151 Officer & Director of Finance
<b>Report author</b>	Nicky Blacker, Deputy Chief Accountant
<b>Lead Councillor</b>	Cllr Ellie Emberson, Lead Councillor for Corporate Services and Resources
<b>Council priority</b>	Not applicable, but still requires a decision
<b>Recommendations</b>	<ol style="list-style-type: none"> <li>1. That the Committee considers KPMG's final 2024/25 ISA 260 year-end report</li> <li>2. That the Committee notes KPMG's External Audit Plan &amp; Strategy for the year ended 31 March 2026</li> </ol>

### 1. Executive Summary

- 1.1. A representative from KPMG will present the final version of their 2024/25 ISA 260 year-end report and their External Audit Plan & Strategy for the year ended 31 March 2026.

### 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. The 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 – delete if there are none**

1. 2024/25 External Audit Report – Final (ISA260)
2. External Audit Plan & Strategy for the year ended 31 March 2026

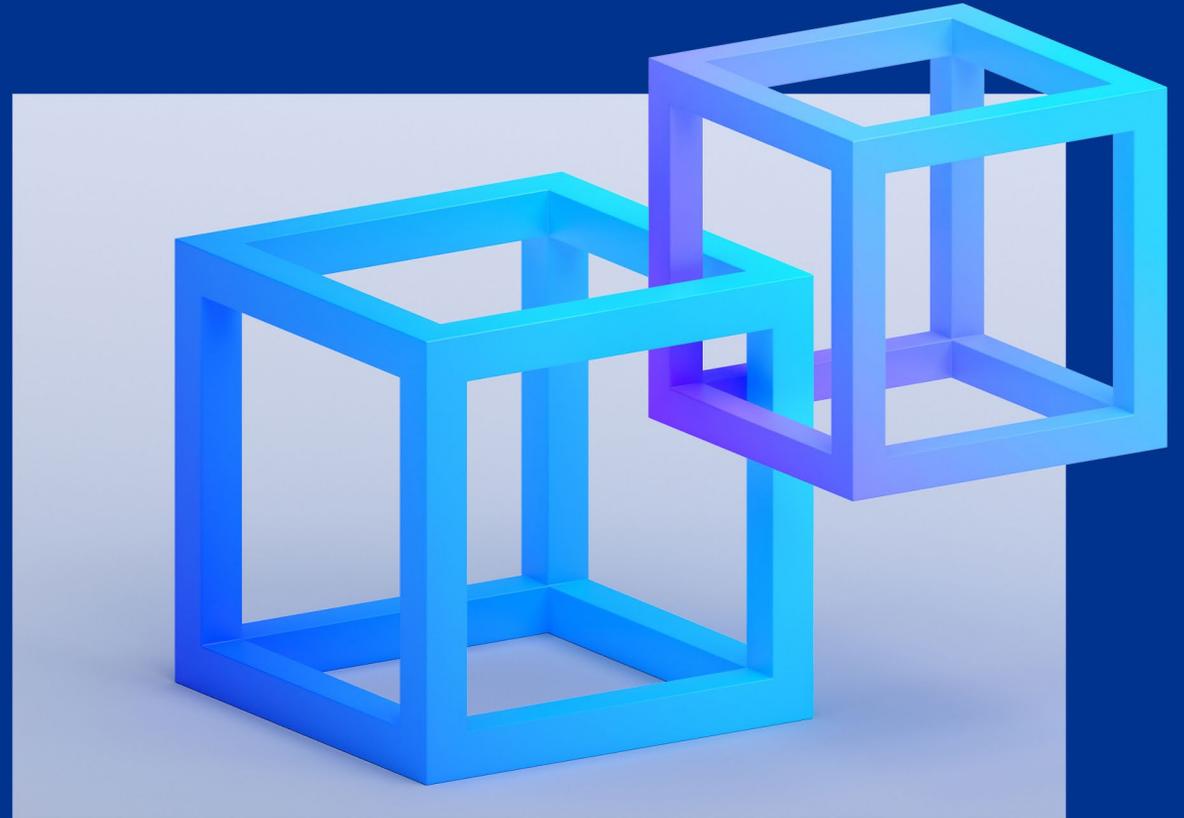


# Reading Borough Council

Year End Report to the Audit & Governance Committee

Report for the year ended 31 March 2025

—  
February 2026





# Introduction

## To the Audit and Governance Committee of Reading Borough Council

We are pleased to have the opportunity to meet with you on 27 November 2025 to discuss the results of our audit of the financial statements of Reading Borough Council (the 'Council'), as at and for the year ended 31 March 2025.

We are providing this final report following the meeting in November to enable you to consider our findings. This report should be read in conjunction with our audit plan and strategy report, presented on 16 July 2025.

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Key accounting estimates and management judgement	19
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## The engagement team

Subject to the approval of the statement of accounts, we expect to be in a position to sign our audit opinion on the approval of those statement of accounts and auditor's representation letter on 27 February 2026.

There have been no significant changes to our audit plan and strategy.

We draw your attention to the important notice on page 3 of this report, which explains:

- The purpose of this report
- Limitations on work performed
- Restrictions on distribution of this report

Yours sincerely,

**Jonathan Brown**  
**Partner – KPMG LLP**  
 February 2026

## 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 management; and,
- All of our related activities are undertaken in an environment of the utmost level of objectivity, independence, ethics and integrity.

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](mailto:tim.culter@kpmg.co.uk)). After this, if you are still dissatisfied with how your complaint has been handled you can access KPMG's complaints process here: [Complaints](#).





# Important notice



**This report is presented under the terms of our audit under Public Sector Audit Appointments (PSAA) contract.**

The content of this report is based solely on the procedures necessary for our audit.

This Report has been prepared for the Council's Audit and Governance Committee, a sub-group of those charged with governance, in order to communicate matters that are significant to the responsibility of those charged with oversight of the financial reporting process as required by ISAs (UK), and other matters coming to our attention during our audit work that we consider might be of interest, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone (beyond that which we may have as auditors) for this Report, or for the opinions we have formed in respect of this Report.

## Status of our audit and the implications of the statutory backstop

Page 4 'The statutory backstop and rebuilding assurance' explains the impact of the statutory backstop and our resulting conclusion to issue a disclaimer opinion on the financial statements

Page 6 'Our Audit Findings' outlines the outstanding matters in relation to the audit. Our conclusions will be discussed with you before our audit report is signed.

## Purpose of this report

This Report has been prepared in connection with our audit of the financial statements of Reading Borough Council (the 'Council') prepared in accordance with International Financial Reporting Standards ('IFRSs') as adapted by the Code of Practice on Local Authority Accounting in the United Kingdom, as at and for the year ended 31 March 2025.

This report summarises the key issues identified during our audit.

## Limitations on work performed

This Report is separate from our audit report and does not provide an additional opinion on the Council's financial statements, nor does it add to or extend or alter our duties and responsibilities as auditors.

We have not designed or performed procedures outside those required of us as auditors for the purpose of identifying or communicating any of the matters covered by this Report.

The matters reported are based on the knowledge gained as a result of being your auditors. We have not verified the accuracy or completeness of any such information other than in connection with and to the extent required for the purposes of our audit.

# The statutory backstop and rebuilding assurance



## Background

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 13 December 2024. For Reading Borough Council this had the impact of a disclaimed audit opinion issued by your predecessor auditor for two financial years up to and including 2022/23 (as issued by the previous auditors). We then issued a disclaimer of opinion for 2023/24 on 28 February 2025 to comply with the statutory backstop date relevant to our audit for the reasons set out in our audit report on the 2023/24 financial statements.

Work has been ongoing in the sector to develop guidance to help support appropriate audit procedures for audits where further work is required to build back assurance. Further guidance has now been published by the NAO through the Local Audit Reset and Recovery Implementation Guidance (LARRIG) 06 - Special considerations for rebuilding assurance for specified balances following backstop-related disclaimed audit opinions.

## The 2023/24 audit

In our *Year end report for the year ended 31 March 2024* we reported that we were not able to complete work on the following areas:

- The 2023/24 opening balances including the split of useable and unusable reserves;
- Closing Balance Sheet balances related to reserves, short term debtors, cash & cash equivalents and investment property; and
- Closing Comprehensive income and expenditure balances relating to other service expense, revenue from external customers and other service income and government grants.

On Page 5, we set out what work we have been able and not been able to complete in respect of the 2024/25 financial statements.

Following the publication of LARRIG 6, we have started our rebuilding assurance risk assessment work which will allow us to ultimately respond to the key issue of gaining assurance on brought forward reserves in light of the financial years that did not receive an audit. We have completed this risk assessment before we sign in February 2026 and plan to perform substantive testing in FY2026.

## Impact on our audit of the financial statements

Given our work to rebuild assurance is not complete we do not have assurance over the split of useable and unusable reserves and we have determined that there is insufficient time to complete our audit to obtain sufficient appropriate audit evidence, and, in our view, this is pervasive to the financial statements as a whole.

Further to this, we do not have sufficient appropriate audit evidence over all the comparatives in the CIES relating to 2023/24.. We also do not have sufficient appropriate audit evidence over all the comparatives in the balance sheet relating to 2023/24.

As a result of the above and irrespective of the level of work completed on 2024/25 balances, we intend to issue a disclaimer opinion on the financial statements, with the plan to reduce this to a qualified opinion in 2026.

## Other matters

As required by the ISAs (UK) when we are disclaiming our audit opinion, our audit report will not report on other matters that we would usually report on, most notably the use of the going concern assumption in the preparation of the financial statements; the extent to which our audit was considered capable of detecting irregularities, including fraud; and whether there are material misstatements in the other information presented within the Statement of Accounts.

Although we are disclaiming our audit opinion we have, in this report, reported matters that have come to our attention and, where appropriate, we intend to include in our audit report.

# The statutory backstop and rebuilding assurance



## Value for Money

The amendments to the Accounts and Audit Regulations do not impact on our responsibilities in relation to the Council's Value for Money arrangements. We are responsible for forming a view on the arrangements that the Council has in place to secure economy, efficiency and effectiveness in its use of resources. Page 23 provides a summary of our findings. Further details are also available in our Auditor's Annual Report for 2024/25.

## Work completed in 2024/25

Our audit plan, presented to you on 16 July 2025 set out our audit approach including our significant risks and other audit risks. We have updated our response to those significant risks in the pages overleaf, identifying the work we have and have not been able to complete.

Although we are disclaiming our audit opinion, we have reported matters that have come to our attention during the audit and, where appropriate, we intend to include in our audit report.

Specifically in relation to 2024/25 we have completed our work on the following areas in addition to our planning and risk assessment work:

### Significant risks

- Valuation of Land and buildings
- Valuation of investment property
- Management override of control
- Valuation of post retirement benefit obligations
- Fraud risk from expenditure recognition

### Other areas

- Adoption of IFRS 16
- Non-capital expenditure is inappropriately recognised as capital
- Building back assurance risk assessment

We have been unable to complete our work on the following areas:

- Split of usable and unusable reserves for the year ended 31 March 2025;
- the disclosed comparative figures for the Group and Council's balance sheet as at 31 March 2024 and the income and expenditure for the year then ended
- Substantive testing for building back assurance.

No significant challenges with progressing work identified.

# Our audit findings



## Significant audit risks Page 7- 16

Significant audit risks	Our findings
Valuation of land and buildings	We found the valuation of land and buildings to be appropriate.
Valuation of investment property	We found the valuation of investment properties to be optimistic. See page 9 for detail.
Management override of controls	Our review of journals has not identified any instances of management override of controls.
Valuation of post retirement benefit obligations	We found the valuation of post retirement obligations to be balanced. Our specialist is finalising their work and will provide an update to the next Audit Committee meeting.
Fraud risk from expenditure recognition	Our test have not identified any instance of fraudulent expenditure recognition

## Other audit risks Page 17 - 18

Other audit risks	Our findings
Adoption of IFRS 16	No significant finding to report based on the work completed to date.
Non-capital expenditure is inappropriately recognised as capital	Our testing over capital expenditure incurred did not identify any capital expenditure inappropriately recognised.

## Audit Misstatements Page 35-36

We have reported audit misstatement based on work completed. See page 35 – 36 for detail.

## Number of Control deficiencies Page 37

Significant control deficiencies	0
Prior year control deficiencies	4
Prior year control deficiencies remediated	3

## Outstanding matters

Our audit is completed.

# Audit risks and our audit approach



1

## Valuation of land and buildings

The carrying amount of revalued Land & Buildings differs materially from the fair value



### Significant audit risk

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 revalued over a five-year cycle.

This creates a risk that the carrying value of assets not revalued in year differs materially from the year end current value.

As at 31 March 2025, the council's land and buildings was £396.98million, of which £96.25million was subjected to valuation in year. Dwellings are valued 100% in year (£567.15million).

A further risk is presented for those assets that are revalued in the year, which involves significant judgement and estimation on behalf of the engaged valuer.



### Our response

We have performed the following procedures designed to specifically address the significant risk associated with the valuation:

- We critically assessed the independence, objectivity and expertise of Sanderson Weatherall, the valuers used in developing the valuation of the Council's properties at 31 March 2025;
- We inspected 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 compared the accuracy of the data provided to the valuers for the development of the valuation to underlying information;
- We evaluated the design and implementation of controls in place for management to review the valuation and the appropriateness of assumptions used;
- We challenged the appropriateness of the valuation of land and buildings; including any material movements from the previous revaluations. We challenged key assumptions within the valuation as part of our judgement;
- We agreed the calculations performed of the movements in value of land and buildings and verified that these have been accurately accounted for in line with the requirements of the CIPFA Code;
- We utilised 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 considered the adequacy of the disclosures concerning the key judgements and degree of estimation involved in arriving at the valuation.

Key:

 Prior year  Current year

# 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



### Significant audit risk

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A further risk is presented for those assets that are revalued in the year, which involves significant judgement and estimation on behalf of the engaged valuer.



### Our findings

- We did not identify any issues with independence and objectivity of Sanderson Weatherall, the valuers used in developing the valuation of the specialised land and buildings and the surplus assets at 31 March 2025. We did not identify any issues in respect of the instructions provided to the valuation specialist by the Council.
- We have considered the method and assumptions used in undertaking the depreciated replacement cost valuation and council dwellings valuations and noted these to be appropriate.
- Our procedures to agree the impairment and revaluation entries and associated disclosures are complete and we have no issues to report as a result of this work.
- We utilised our own valuation specialists to review the valuation report prepared by the Council's valuers to confirm the appropriateness of the methodology utilised. We concluded that the land, building and dwellings are valued on a neutral basis.
- As part of our audit procedures in 2023/24 and 2024/25 we have reviewed the revaluation of other land and building of which £224.67 million of the Council's £369.98 million portfolio of Other land and Buildings has been revalued (61%). We have completed the risk assessment for the valuation prior to 2023/24 and will perform substantive roll-back procedures over valuations prior to 2023/24 as part of 25/26 audit.

Key:  
□ Prior year   □ Current year



# Audit risks and our audit approach



2

## Valuation of investment property

The carrying amount of revalued investment property differs materially from the fair value



### 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 has a £57.26 million portfolio, primarily consisting of industrial estates and office space.

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.



### Our response

We have performed the following procedures designed to specifically address the significant risk associated with the valuation:

- We critically assessed the independence, objectivity and expertise of Sanderson Weatherall, the valuers used in developing the valuation of the Council's investment property at 31 March 2025;
- We inspected the instructions issued to the valuers to verify they are appropriate to produce a valuation consistent with the requirements of the CIPFA Code.
- We compared the accuracy of the data provided to the valuers for the development of the valuation to underlying information;
- We evaluated the design and implementation of controls in place for management to review the valuation and the appropriateness of assumptions used;
- We challenged the appropriateness of the valuation; including any material movements from the previous revaluations. We challenge key assumptions within the valuation as part of our judgement;
- We agreed 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 utilised our own valuation specialists to review the valuation report prepared by the Council's valuers to confirm the appropriateness of the methodology utilised.

Key:

 Prior year  Current year

# 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



### 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 has a £57.26 million portfolio, primarily consisting of industrial estates and office space.

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.



### Our findings

- We did not identify any issues with independence and objectivity of Sanderson Weatherall, the valuers used in developing the valuation of the specialised land and buildings and the surplus assets at 31 March 2025. We did not identify any issues in respect of the instructions provided to the valuation specialist by the Council.
- We identified a number of judgements regarding asset yields within our sampled population that appear optimistic when compared to comparable asset benchmarks. We have challenged the valuer with KPMG's suite of benchmarks and property sale evidence, who updated their valuation as a result.
- Our audit work is completed. We have completed the portfolio level and Specific Item Testing (SIT) procedures and identified valuation differences on each of the sampled SIT assets and consider these to be overstated in aggregate by £10.23 million against the original SW Current Year (CY) valuations and £5.28 million against the subsequently revised/ lower SW CY valuations. We have reported this on page 19.

Key:

 Prior year  Current year

# Audit risks and our audit approach



3

## Management override of controls<sup>(a)</sup>

Fraud risk related to unpredictable way management override of controls may occur



### 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.



### Our response

Our audit methodology incorporates the risk of management override as a default significant risk.

- Assessed accounting estimates for biases by evaluating whether judgements and decisions in making accounting estimates, even if individually reasonable, indicate a possible bias.
- Evaluated the selection and application of accounting policies.
- In line with our methodology, evaluated the design and implementation of controls over journal entries and post closing adjustments.
- Assessed the appropriateness of changes compared to the prior year to the methods and underlying assumptions used to prepare accounting estimates.
- Assessed 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.
- We analysed all journals through the year using data and analytics and focus our testing on those with a higher risk, such as unusual journal entries to cash, revenue, expenditure and borrowings.
- We tested post-closing journals which has material balance and / or meet high risk criteria specified above.



# Audit risks and our audit approach (cont.)



3

## Management override of controls(cont.)<sup>(a)</sup>

Fraud risk related to unpredictable way management override of controls may occur



### 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.



### Our findings

- We assessed the significant qualitative aspects of the Council's accounting practices, including accounting policies, accounting estimates and financial statement disclosures and did not identify any matters that we were required to bring to your attention.
- We identified 8 journal entries and other adjustments meeting our high-risk criteria – our examination did not identify any unauthorised, unsupported or inappropriate entries.
- We evaluated accounting estimates and did not identify any indicators of management bias. See slide 20 for further discussion.
- We did not identify any significant unusual transactions.
- We assessed the design and implementation of the control relating to journal entries. We do not plan to rely on journal control for audit procedures.
- Whilst this Management Review Control is achieving the control objective set by management and is deemed appropriate for the purpose at the Council, it does not meet the control requirements as defined by the FRC in its auditing standards. Management consider the existing controls to address the associated operational risk, and we have not raised a formal recommendation in this regard.



# Audit risks and our audit approach



4

## Valuation of post retirement benefit obligations

An inappropriate amount is estimated and recorded for the defined benefit obligation



### Significant audit risk

- 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 surplus are complicated and requires actuarial involvement.



### Our response

We have performed the following procedures :

- Understood the processes the Council have in place to set the assumptions used in the valuation;
- Evaluated the competency, objectivity of the actuaries to confirm their qualifications and the basis for their calculations;
- Performed 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;
- Agreed the data provided by the audited entity to the Scheme Administrator for use within the calculation of the scheme valuation;
- Evaluated 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;
- Challenged, 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;
- Confirmed that the accounting treatment and entries applied by the Group are in line with IFRS and the CIPFA Code of Practice;
- Considered the adequacy of the Council's disclosures in respect of the sensitivity of the deficit to these assumptions;
- Assessed the change in the effect of the asset ceiling under IFRIC 14 over the year for reasonableness

Key:  
 Prior year  Current year

# Audit risks and our audit approach (cont.)



4

## Valuation of post retirement benefit obligations (cont.)

An inappropriate amount is estimated and recorded for the defined benefit obligation



### Significant audit risk

- 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 surplus are complicated and requires actuarial involvement.



### Our findings

- We concluded that controls in place to review the valuation were ineffective. Auditing standards requires controls to be designed with a certain level of recurrency and precision which is not part of management's process. We have not raised this as a formal deficiency as management acknowledge they do not possess the relevant actuarial skills to issue effective challenge and the risk of misstatement is reduced with the use of a competent specialist.
- We have assessed the overall assumptions used by management as balanced relative to our central rates and within our reasonable range. All individual assumptions were assessed as balanced and within our reasonable range except for discount rate (optimistic) and CPI inflation (cautious), but still within reasonable range. See page 19 for more detail.
- We have confirmed that the Fund's appointed actuaries, both individual and firm, hold appropriate professional qualifications, being Fellows of the Institute of Actuaries, and are therefore qualified to perform actuarial valuations and prepare IAS19 disclosure reports.
- We have assessed the change in the effect of the IFRIC 14 adjustments for the asset ceiling and minimum funding. We agree with management's conclusion and the application of IFRIC 14. This involves an independent recalculation of the closing position, P&L and OCI elements. Combined with all of the above, we are satisfied with the net liability reported.
- We have completed our review of the pensions disclosures. As part of our review, it was identified that there was an inconsistency between the treatment of the pensions prepayment & how this is allocated between the service centres. We have worked through this issue with our internal consultation teams and are satisfied that the prior period adjustment for pensions that was proposed by management is accurate and appropriate..

Key:  
 Prior year  Current year

Note: (a) Significant risk that professional standards require us to assess in all cases.

# Audit risks and our audit approach



## 5 Fraud risk from expenditure recognition

Revenue expenditure is incorrectly accounted for as capital additions due to fraud



### 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/entity 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.



### Our response

We have performed the following procedures in order to respond to the significant risk identified:

- We inspected 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 selected 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 inspected 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.

Key:  
 Prior year  Current year

# Audit risks and our audit approach (cont.)



## 5 Fraud risk from expenditure recognition (cont.)

Revenue expenditure is incorrectly accounted for as capital additions due to fraud



### 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/entity 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.



### Our findings

- We sample tested accruals as part of year-end audit procedure and concluded that accruals are recognised appropriately with no indication of deferring expenditure to mitigate current year financial pressure;
- We inspected a number of invoices and cash payments, in the period around 31 March 2025, and determined that the expenditure had been recognised in the correct accounting period; and
- We identified and tested expenditure journals posted as part of the year end and found there was an appropriate basis for posting the journal and that the values agreed to supporting evidence
- We concluded that the expenditures are recognised in the appropriate accounting period.

Key:

 Prior year  Current year

# 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



### 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



### Our response

We performed the following procedures in order to respond to the other audit risk identified:

- Obtained the full listings of leases and reconciled to the general ledger.
- Reviewed a sample of the lease agreements to determine the terms of the leases and confirmed correct classification.
- Reviewed the appropriateness of the discount rate used in the lease computations.
- Reviewed the transition adjustments passed by the Council
- Reviewed the disclosures made on the financial statements against requirements of IFRS16.

We have no issue to report.

Key:  
 Prior year  Current year

# Audit risks and our audit approach



## 7 Non-capital expenditure is inappropriately recognised as capital



### 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 (£59.2million 24/25), we have identified an Other Audit Risk regarding revenue expenditure being inappropriately recognised as capital expenditure.



### Our response

We have performed the following procedures designed to specifically address this significant risk:

- We evaluated the design and implementation of controls for classifying expenditure as capital;
- We scanned the list of capital programmes for schemes which indicate an increased risk that the spend may be revenue in nature; and
- We tested a sample of capital expenditure incurred by the Council to ensure it is correctly capitalised.

We do not have anything significant to report in this regard. Our testing over capital expenditure incurred did not identify any capital expenditure inappropriately recognised.

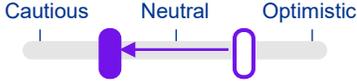
Key:  
 Prior year  Current year

# Key accounting estimates and management judgements- Overview



## Our view of management judgement

Our views on management judgments with respect to accounting estimates are based solely on the work performed in the context of our audit of the financial statements as a whole. We express no assurance on individual financial statement captions.



Asset/liability class	Our view of management judgement	Balance (£m)	YoY change (£m)	Our view of disclosure of judgements & estimates	Further comments
<b>Gross pension liabilities</b> LGPS funded & unfunded liabilities	Cautious    Neutral    Optimistic 	<b>585.1</b>	<b>(75.4)</b>	Needs improvement    Neutral    Best practice 	We have assessed the overall assumptions used by management as balanced relative to our central rates and within our reasonable range. Following our recommendations, the disclosures are in line with the requirements of the standard
<b>Other Land and Buildings</b> Valuation of specialised Assets		<b>369.9</b>	<b>7.9</b>		We utilised our own valuation specialists to review the valuation report prepared by the Council's valuers to confirm the appropriateness of the methodology utilised. We concluded that the land, building and dwellings are valued on a neutral basis
<b>Investment Properties</b> Valuation of investment properties		<b>52.3</b>	<b>(0.3)</b>		Our revaluation specialist have assessed the valuation done by the external valuer and concluded the assumption used for valuation are optimistic. This results in a unadjusted difference between the Council's external valuer's view (represented in the Statement of Accounts) and KPMG's view of £5.28million for investment properties.

Key:  
 Prior year    Current year



# Key accounting estimates and management judgements - Gross pension liabilities



Overall assessment of assumptions for audit consideration							
 <i>Balanced</i>							
Underlying assessment of individual assumptions	Methodology	Consistent methodology to prior year?	Compliant methodology with accounting standard?	Employer	KPMG	Assessment	Key assumptions
Discount rate	AA yield curve	✓	✓	5.85%	5.74%		✓
CPI inflation	Deduction to inflation curve	✓	✓	2.90%	2.74%		✓
Pension increases	In line with CPI	✓	✓	2.90%	2.96%		
Salary increases	Employer best estimate	✓	✓	CPI plus 1%	In line with long-term remuneration policy		
Mortality	Base tables	✓	✓	110%/105% (Males/Females) of the SAPS Series 3 tables	In line with Fund best-estimate		✓
	Future improvements	✓	✓	CMI 2023, 1.25% long-term trend rate and default other parameters	CMI 2023, 1.25% long-term trend rate and default other parameters		✓
Other demographics	In line with most recent Fund valuation	✓	✓	50% of the maximum available tax-free cash on retirement	In line with Fund experience		

# Other matters



## Narrative report

We have read the contents of the Narrative Report and checked compliance with the requirements of the Annual Report and financial statements with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 ('the Code'). Based on the work performed:

We have not identified any inconsistencies between the contents of the Narrative Report and the financial statements.

- We have not identified any material inconsistencies between the knowledge acquired during our audit and the statements of the Council. As Audit Committee members you confirm that you consider that the Narrative Report and financial statements taken as a whole are fair, balanced and understandable and provides the information necessary for regulators and other stakeholders to assess the Council's performance, model and strategy.

## Annual Governance Statement

We have reviewed the Council's 2024/25 Annual Governance Statement and confirmed that:

- It complies with Delivering Good Governance in Local Government: A Framework published by CIPFA/SOLACE; and
- It is not misleading and is consistent with other information we are aware of from our audit of the financial statements.

## Whole of Government Accounts

As required by the National Audit Office (NAO) we carry out specified procedures on the Whole of Government Accounts (WGA) consolidation pack.

As the National Audit Office has not yet concluded its audit of the Whole of Government Accounts for the 31 March 2025 financial year, we are unable to confirm that we have concluded our work in this area

## Independence and Objectivity

ISA 260 also requires us to make an annual declaration that we are in a position of sufficient independence and objectivity to act as your auditors, which we completed at planning and no further work or matters have arisen since then.

## Audit Fees

Our scale fee for the 2024/25 audit, as set by PSAA is **£335k** plus VAT (£323k in 2023/24).

See page 30 and 31 for details and status of fee variations.

We have also completed non audit work at the Council during the year on the Council's Housing Benefit Annual return and have included on page 33 as part of the confirmation of safeguards that have been put in place to preserve our independence.

**01**

# **Value for money**

# Value for Money

We are required under the Audit Code of Practice to confirm whether we have identified any significant weaknesses in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources.

In discharging these responsibilities we include a statement within the opinion on your accounts to confirm whether we have identified any significant weaknesses. We also prepare a commentary on your arrangements that is included within our Auditor's Annual Report, which is required to be published on your website alongside your annual report and accounts.

## Commentary on arrangements

We have prepared our Auditor's Annual Report and a copy of the report is included within the papers for the Committee alongside this report. The report is required to be published on your website alongside the publication of the annual report and accounts.

## Response to risks of significant weaknesses in arrangements to secure value for money

As noted on the right, we have identified two risks of a significant weakness in the Council's arrangements to secure value for money. On the pages overleaf we have set out the risks, our response and findings.

As a result of the work, we have identified a significant weakness in governance.

## Summary of findings

We have set out in the table below the outcomes from our procedures against each of the domains of value for money:

Domain	Risk assessment	Summary of arrangements
Financial sustainability	One significant risks identified	No significant weaknesses identified
Governance	No significant risks identified	Significant weaknesses identified
Improving economy, efficiency and effectiveness	One significant risks identified	No significant weaknesses identified

Further detail is set out in our Auditor's Annual Report.

As part of our work, we have identified one significant weakness on page 26.

We have also followed up one recommendation in the prior year on page 27.

# Risk of significant weakness



1

## Budget deficit 2024/25

Risk that value for money arrangements may contain a significant weakness linked to Financial Sustainability

### Significant Value for Money Risk

The 2024/25 outturn suggests a £9.3 million adverse variance to Budget. Large budget deficits can be an indication of weakness in arrangements around financial sustainability.

### Our response

We performed the following procedures:

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; and
4. Conduct interviews with senior management to understand the feasibility of on-going recovery plans and measures to support financial sustainability.

### Our findings

#### Findings

The Council set a balanced budget for the 2024/25 financial year with total assumed savings in the budget of £8.5 million. As at end of 2024/25, 73% of the total identified savings were achieved with an adverse net variance of £9.3 million. DSG deficit was £24.9million which is lower than the estimate of £26.5million per 2024/25 MTFS. This give us assurance that management recognised the scale of DSG appropriately. At 31/03/2025 the Council has total general fund reserves of £49million.

The 2025/26 budget is balanced by an overall £3.9million assumed draw down on earmarked reserves. We inspected the latest report taken to the Policy Committee in September 2025, which reported an overspend of approximately £4.2 million. Whilst the financial position is in financial pressure the Council does acknowledge the risk and has identified financial pressures as a significant risk, which drives regularly performance monitoring.

The Council is also looking for savings to bring the deficit under control and is regularly monitoring the position.

The situation with RBC is not unique and many other authorities are in a similar financial position. We recognised the financial pressure as significant risk over the financial sustainability but do not consider this is a significant weakness as this risk is acknowledged and monitored by the Council with clear action plan to bridge the gap.

#### Conclusion

Based on the findings above we have not identified any significant weaknesses in arrangements.

# Risk of significant weakness



2

## Regulator reporting identified weaknesses

Risk that value for money arrangements may contain a significant weakness linked to Economy, Efficiency and Effectiveness

### Significant Value for Money Risk

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.

### Our response

We performed the following procedures:

1. Consider the recent reports and receive and evaluate other 2024/25 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; and
3. Understand management’s response to the reports, the action plan and future proposed arrangements.

### Our findings

#### Findings

A Joint Targeted Area Inspection (JTAI) significant weaknesses in the multi-agency approach to prevention, help and support for children and their families who are victims of domestic abuse in Reading.

We have inspected the papers and progress report taken to Audit Social Care, Children’s Services and Education Committee and confirmed an action plan is in place and progress is closely monitored following the publication of the inspection report in May. We do not consider this is a significant weakness in improving economy, efficiency and effectiveness as the Council has a detailed plan in place and monitor the implementation of action plan on a regular basis.

However, we consider this as a significant weakness in governance because no evidence of the Council identifying and attempting to mitigate risks in advance of the report. Hence, we considered this is an indication of lack scrutiny and consider it as significant weakness in governance.

We inspected the reports from the Regulators of Social Housing where a C3 rating was given due to the concerns regarding areas such as health and safety and transparency.

Following our inspection of reports taken to the Housing, Neighbourhoods and Leisure Committee we concluded that although there were weaknesses identified in the inspection, RBC had already identified the majority of the issues and had active action plans in place at the time of the visit. Delivery against these action plans has been monitored at each committee.

We also inspected the CQC inspection report regarding adult social care and the council’s risk register. We confirmed that the Council have identified and attempted to mitigate the risk in advance of the report.

#### Conclusion

We do not consider there is a significant weakness in improving economy, efficiency and effectiveness as we have seen action plans the council have in place and evidence for monitoring the implementation of action plans.

However, we have determined that there is a significant weakness in governance as we do not see evidence of the Council identifying and attempting to mitigating risks in advance of the JTAI report.

# Value for Money: Recommendations



The recommendations raised as a result of our work in respect of significant value for money weaknesses in the current year are as follows:

#	Issue, Impact and Recommendation	Management Response/Officer/Due Date
1	<p><b>Issue</b></p> <p>A Joint Targeted Area Inspection identified significant weaknesses in the multi-agency approach to prevention, help and support for children and their families who are victims of domestic abuse in Reading.</p> <p>While we appreciate that some of the issues identified were known by the Council and were being worked upon by the Council, some of them were not which raises questions regarding the underlying risk management arrangements and escalation of risk.</p> <p>We note that RBC have responded well to the findings of the report, and a detailed action plan is in place to respond to the failings and this is being effectively monitored.</p> <p><b>Impact</b></p> <p>A lack of effective oversight may lead to the council failing to deliver services efficiently. This could also expose the council to increased financial pressures and result in significant legal or reputational consequences.</p> <p><b>Recommendation</b></p> <p>We recommend that the council:</p> <ul style="list-style-type: none"> <li>continue to implement the agreed action plan and closely monitor progress against the plan;</li> <li>Revisit their risk management arrangements in light of the report to understand how these issues were not highlighted, risk assessed and escalated sooner and in advance of the report being issued</li> <li>Use the findings from this review to look across to other services across the Council that may have similar failings that are continuing without the appropriate scrutiny or support</li> </ul>	<p>During November 2025, the Council received the first monitoring visit since the Joint Targeted Area Inspection (JTAI) in March 2025. This visit was carried out in line with the inspection of local authority children’s services (ILACS) framework.</p> <p>The monitoring visit noted there has been a strengthened focus and effective action by senior leaders and others to start to address the areas of concern and weakness identified in March 2025. Progress is being made in implementing a multi-agency improvement plan and a service development plan. This is beginning to have a positive impact on addressing concerns. The introduction of assessment teams as part of this improvement work has required the financial backing of corporate and political leaders. Although recent, this is beginning to support improvements in the manageability of some social workers’ caseloads and is supporting improvements in the timeliness and quality of work with children. However, further progress is needed to improve consistency in practice and embed change, to ensure all children have the right help at the right time.</p> <p>The Council will continue to work on improvements and implement the agreed action plan.</p> <p>The recent transfer of Brighter Futures for Children back into the Council from October 2025 reinforces the Council’s governance process to identify any issues as soon as possible so that any mitigating action can be put in place.</p> <p>Officer Responsible: Director of Children’s Services</p> <p>Due Date: 31/3/26</p>

# Value for Money: Recommendations



Below we have set out our findings from following up recommendations raised in respect of significant weaknesses identified in prior periods:

#	Issue, Impact and Recommendation	Management Response/Officer/Due Date	Update as of October 2025
1	<p><b>Issue</b></p> <p>As part of the financial statements audit and internal audit's annual assurance report, deficiencies were found in the Employee Gifts &amp; Hospitality and Declarations of Interest register.</p> <p><b>Impact</b></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><b>Recommendation</b></p> <p>The Council should apply a more rigorous approach to declarations of interests and gifts &amp; 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 &amp; 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> <p>We have obtained the recent internal audit report which suggests inconsistency still remains. Hence we keep this recommendation open.</p>



# Appendix

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FRC's areas of focus	39
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# Required communications



Type	Response
<b>Our draft management representation letter</b>	<input checked="" type="checkbox"/> OK We have not requested any specific representations in addition to those areas normally covered by our standard representation letter for the year ended 31 March 2025
<b>Adjusted audit differences</b>	<input checked="" type="checkbox"/> OK There were £769k adjusted audit difference that we reported on page 36.
<b>Unadjusted audit differences</b>	<input checked="" type="checkbox"/> OK We have reported the unadjusted audit difference on page 37.
<b>Related parties</b>	<input checked="" type="checkbox"/> OK There were no significant matters that arose during the audit in connection with the entity's related parties.
<b>Other matters warranting attention by the Audit Committee</b>	<input checked="" type="checkbox"/> OK There were no matters to report arising from the audit that, in our professional judgment, are significant to the oversight of the financial reporting process.
<b>Control deficiencies</b>	<input checked="" type="checkbox"/> OK We communicated to management in writing all deficiencies in internal control over financial reporting of a lesser magnitude than significant deficiencies identified during the audit that had not previously been communicated in writing on 16 July 2025.
<b>Actual or suspected fraud, noncompliance with laws or regulations or illegal acts</b>	<input checked="" type="checkbox"/> OK No actual or suspected fraud involving Council management, employees with significant roles in the council internal control, or where fraud results in a material misstatement in the financial statements identified during the audit.
<b>Issue a report in the public interest</b>	<input checked="" type="checkbox"/> OK 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.

Type	Response
<b>Significant difficulties</b>	<input checked="" type="checkbox"/> OK No significant difficulties were encountered during the audit
<b>Disagreements with management or scope limitations</b>	<input checked="" type="checkbox"/> OK The engagement team had no disagreements with management and no scope limitations were imposed by management during the audit.
<b>Other information</b>	<input checked="" type="checkbox"/> OK No material inconsistencies were identified related to other information in the statement of accounts.
<b>Breaches of independence</b>	<input checked="" type="checkbox"/> OK No matters to report. The engagement team have complied with relevant ethical requirements regarding independence.
<b>Accounting practices</b>	<input checked="" type="checkbox"/> OK Over the course of our audit, we have evaluated the appropriateness of the Council 's accounting policies, accounting estimates and financial statement disclosures. In general, we believe these are appropriate.
<b>Whole of government accounts</b>	<input checked="" type="checkbox"/> OK As required by the National Audit Office (NAO) we carry out specified procedures on the Whole of Government Accounts (WGA) consolidation pack. We are yet to receive instructions from NAO regarding WGA.

# Fees

## Audit fee

Our fees for the year ending 31 March 2025 are set out in the PSAA Scale Fees communication and are shown below.

Entity	2024/25 (£'000)	2023/24 (£'000)
Scale fee as set by PSAA	335	296
Fee variation approved by PSAA	-	27
Proposed fee variations	21	-
Building back assurance work completed	37	-
<b>TOTAL</b>	<b>393</b>	<b>323</b>

### Fee variations

We expect to raise fee variations with the PSAA for items that were not included within the above scale fee. This year, these will include:

- IFRS 16 Leases – additional work on adoption of the new standard
- VFM – additional work regarding our work responding to the risk of significant weakness
- Opinion modification – Like last year, additional review regarding the modification of our opinion
- IT System migration – additional work on IT system migration that took place during the year
- Prior Year Adjustment – addition work on consulting internal technical team in relation to the narratives for the adjustments.

We will also bill separately for our building back assurance work required in order to gain assurance on the opening position. We have included detail for the proposed fee variation on the next page.

## Billing arrangements

Fees have been 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.

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

# Fees (Cont.)



## Agreed and proposed fees

Entity	Agreed and approved with PSAA	Proposed to S151 and PSAA	Total £000
Scale fee	335,401		335,401
Building Back Assurance Risk assessment		37,151	37,151
Disclaimer opinion		3,587	3,587
Value for Money		5,400	5,400
IFRS 16 (including PFI)		3,877	3,877
Prior Year Adjustments		3,364	3,364
IT System migration		4,590	4,590
<b>Total agreed &amp; proposed</b>		<b>57,969</b>	<b>393,370</b>

### Scale fee

This was set by the PSAA at £335,401 for FY 25, as set out by their local audit fee scales.

### Building Back Assurance Risk assessment

We have completed our Building Back Assurance risk assessment work during the year which sits outside the standard code audit. This includes detailed risk assessment and the review of historic budget setting, monitoring, and outturn reporting. This work is not covered by the PSAA scale fee, and the council receives additional funding to cover this cost.

### Disclaimer opinion

We needed to complete additional file documentation to ensure compliance with LARRIGs and ensuring our opinions correctly reflected the conclusions we had reached. We also needed to ensure appropriate consultation with our technical team.

### VFM – additional work

The base scale fee assumes no value for money issues and therefore any additional work resulting from our risk assessment is billed separately. For Reading, we identified a weakness in governance and we also followed up on the previous recommendation in relation to Employee Gifts & Hospitality and Declarations of Interest register, resulting in us concluding that the weakness was being appropriately managed. We therefore proposed the additional fee.

### IFRS 16 (including PFI)

The 2024/25 CIPFA Code is the first-year implementation of IFRS16. Specifically the work involved inquiry and review the body's processes to identified relevant leases, account for those lease and then report those transactions. The work has helped us ensure completeness of the body's arrangements, accounting and reporting

### Prior Year Adjustments

In 2024/25 there were 4 prior year adjustments made to the comparative numbers. We have reviewed the workings and involved our internal technical team to review these adjustments to ensure they are made in line with the CIPFA guidance and provide conclusion. This helped to ensure the quality of account disclosures.

### IT System migration

In 2024/25 there have been 2 IT system migrations. Our IT specialists needed to perform additional procedures to understand, and risk assess the impact of the system migration which again are not included within the scale fee.

These variations are submitted to the PSAA for their review and challenge process and we will confirm final amounts once agreed by the PSAA.

# 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 and Risk 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 [except for those detailed below where additional safeguards are in place].

### 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 (cont.)



Disclosure	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 £k	Value of Services Committed but not yet delivered £k
1	Housing benefit grant certification	Management Self review Self interest	<ul style="list-style-type: none"> <li>Standard language on non-assumption of management responsibilities is included in our engagement letter.</li> <li>The engagement contract makes clear that we will not perform any management functions.</li> <li>The work is performed after the audit is completed and the work is not relied on within the audit file.</li> <li>Our work does not involve judgement and are statements of fact based on agreed upon procedures.</li> </ul>	Fixed	0	34.75
2	Teachers Pensions certification	Management Self review Self interest	<ul style="list-style-type: none"> <li>Standard language on non-assumption of management responsibilities is included in our engagement letter.</li> <li>The engagement contract makes clear that we will not perform any management functions.</li> <li>The work is performed after the audit is completed and the work is not relied on within the audit file.</li> <li>Our work does not involve judgement and are statements of fact based on agreed upon procedures.</li> </ul>		8.4	0
3	Capital Pooling Grant	Management Self review Self interest	<ul style="list-style-type: none"> <li>Standard language on non-assumption of management responsibilities is included in our engagement letter.</li> <li>The engagement contract makes clear that we will not perform any management functions.</li> <li>The work is performed after the audit is completed and the work is not relied on within the audit file.</li> <li>Our work does not involve judgement and are statements of fact based on agreed upon procedures.</li> </ul>		7.5	0

# Confirmation of Independence (cont.)



## Summary of fees

We have considered the fees charged by us to the Group and its affiliates 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 0.15: 1. 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
Scale fee	335
Other Assurance Services	51
<b>Total Fees</b>	<b>386</b>

## Application of the FRC Ethical Standard 2019

Your previous auditors will have communicated to you the effect of the application of the FRC Ethical Standard 2019. That standard became effective for the first period commencing on or after 15 March 2020, except for the restrictions on non-audit and additional services that became effective immediately at that date, subject to grandfathering provisions.

AGN 01 states that when the auditor provides non-audit services, the total fees for such services to the audited entity and its controlled entities in any one year should not exceed 70% of the total fee for all audit work carried out in respect of the audited entity and its controlled entities for that year.

We confirm that as at 15 March 2020 we were not providing any non-audit or additional services that required to be grandfathered.

## 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 and Risk Committee of the Group 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

# Uncorrected audit misstatements



Under UK auditing standards (ISA (UK) 260) we are required to provide the Audit and Governance Committee with a summary of uncorrected audit differences (including disclosure misstatements) identified during the course of our audit, other than those which are 'clearly trivial', which are not reflected in the financial statements. In line with ISA (UK) 450 we request that you correct uncorrected misstatements. However, they will have no effect on the opinion in our auditor's report, individually or in aggregate. As communicated previously with the Audit and Governance Committee, details of all adjustments greater than £550K are shown below:

## Comparative figures within Group Financial Statements

Management have made several consolidation adjustments to the Group Financial Statements, resulting in a £5.06 million reduction in total reserves.

As at the 2023/24 Group accounts were prepared, the draft 2023/24 accounts for the Council's three subsidiaries were used, as these represented the best available information. Final signed accounts for these subsidiaries became available after the Council had signed its own 2023/24 accounts. The Group comparatives have therefore been updated to reflect this more accurate financial information.

From accounting perspective, as the group accounts were produced based on the best information available, these adjustments do not meet the definition of prior period error hence should not be adjusted through prior year comparatives, instead, these adjustments should have been made retrospectively. Therefore, we are required to report these adjustments made to prior year group balances as uncorrected audit misstatements.

These consolidation adjustments have been disclosed in the 2024/25 Group Financial Report.

# Corrected audit misstatements



Given we are disclaiming our audit opinion as described on page 4 there may be other audit misstatements our audit procedures would have identified if we completed our audit procedures as initially planned. In this section, we have reported corrected audit misstatements that we have identified.

Under UK auditing standards (ISA (UK) 260) we are required to provide the Audit and Governance Committee with a summary of corrected audit differences (including disclosures) identified during the course of our audit. The adjustments below have been included in the financial statements.

Corrected audit misstatements (£'000s)				
No.	Detail	CIES Dr/(cr)	Balance Sheet Dr/(cr)	Comments
1	Dr Accruals	-	£768,515	Over accrued rent received by RBC on behalf of Homes For Reading (subsidiary).
	Cr Service expenditure	(£768,515)		
<b>Total</b>		(£768,515)	£768,515	

# Control Deficiencies

Although we are disclaiming our audit opinion we have also follow up the recommendations from the previous years audit, in summary:

Total number of recommendations	Number of recommendations implemented	Number outstanding (repeated below):
4	3	1

#	Risk	Issue, Impact and Recommendation	Management Response/Officer/Due Date	Current Status (November 2025)
1	2	<p><b>Irregular collation of declarations of interest and gifts &amp; hospitality</b></p> <p>We were unable to evidence a centralised register for declarations of interest and gifts &amp; hospitality. We also noted a declaration of interest was missing for one of the members of the Corporate Management Team.</p> <p>There is a risk of undue influence over decisions where interests, gifts or hospitality has not been identified or declared. The Council may be vulnerable to perceived or actual conflicts of interest.</p> <p><b>Recommendation</b></p> <p>The Council should apply a more rigorous approach to declarations of interests and gifts &amp; 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 &amp; 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><b>In progress</b></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> <p>We have obtained the recent internal audit report which suggests inconsistency still remains. Hence we keep this recommendation as outstanding.</p>

# Control Deficiencies (Count.)

Although we are disclaiming our audit opinion we have also follow up the recommendations from the previous years audit, in summary:

#	Risk	Issue, Impact and Recommendation	Management Response/Officer/Due Date	Current Status (November 2025)
2	2	<p><b>Limited management review of property valuation</b></p> <p>We were unable to evidence management review or challenge of the assumptions used in the valuer's calculations. We also experienced some difficulty in evidencing the relevant data inputs into the valuer's calculation, which ideally should be readily available from the Council, who provide these to the valuer.</p> <p>There is a risk that material errors in the valuation would not be identified, resulting in significant changes to the accounts in future periods and/or properties that no longer exist or are erroneously classified will be revalued.</p> <p><b>Recommendation</b></p> <p>We recommend that management and the relevant internal experts challenge and retain evidence of this challenge as part of the annual valuation process.</p> <p>We also recommend that the discussions regarding the progress of assets under the course of construction is documented as at the year end.</p>	<p>The Council provided working papers to demonstrate our review of the Valuations , both Dwellings and Non Dwellings which resulted in changes to the Valuations from the initial draft presented by the Council's valuers and the amount recorded in the Council's accounts. This included copies of emails confirming the agreed actions following review meetings.</p> <p>The Council also provided a detailed working paper demonstrating our review of every balance within the 'Assets Under Construction' category at the year end.</p> <p>The Council considers the exchange of emails documenting agreed actions and changes in valuations as the most cost-effective method of documenting that management has challenged the work of experts.</p>	<p><b>Implemented</b></p> <p>In 2024/25 we have seen the documentation for the review of valuation and challenge to the valuer. The Council's internal valuers (RICS qualified) attended the valuation call as part of the year-end review process. Therefore, we considered the management review of property valuation is sufficient and meet the criteria for management review control.</p>
3	2	<p><b>Segregation of Duty for Journal posting</b></p> <p>The Council's general ledger allows journals posted by certain finance staff to be self authorised, thereby not enforcing segregation of duties. Oracle and now e5 system also allows an approver to override a journal created by someone else, therefore making the approver both the creator and approver. These are inherent weaknesses in both the systems.</p> <p><b>Recommendation</b></p> <p>We recommend that the Council reviews the above and ensures that the risk of an incorrect journal being posted is reduced</p>	<p>As reported in the previous year, users cannot authorise their own journals in the finance system. This control was maintained throughout the year (as it was for the previous financial year) and is managed by a technical setting on the batch type that controls self-authorisation – this function is turned off for all batch types which includes journal postings.</p>	<p><b>Implemented</b></p> <p>Through our journal process walkthrough and discussion with the Financial Systems Implementation Consultant, we understand that E5 now track all changes made to journals which automatically prevent people who edited journal from authorising the journal. Therefore, people can not be both approver and creator for the same journal.</p>

# Control Deficiencies (Count.)



Although we are disclaiming our audit opinion we have also follow up the recommendations from the previous years audit, in summary:

#	Risk	Issue, Impact and Recommendation	Management Response/Officer/Due Date	Current Status (November 2025)
4	2	<p><b>Outdated treasury records for bank authorization</b> We identified treasury records for bank authorizations were not up to date which led to delay in raising and receipt of bank confirmations. Additionally, we identified missing bank reconciliations for Impress accounts and bank accounts expected to be closed. Multiple bank accounts for same school were mapped to different project codes.</p> <p><b>Recommendation</b> We therefore recommend to review and update treasury authorizations records at least once every quarter. Establish a clear policy for handling bank accounts being closed. Provide confirmations from the bank regarding closure status and collect all relevant information. Standardise the project coding system to ensure each school is assigned a unique project code. Use a centralised database to map each school's bank accounts to a single project code. Conduct regular audits and reconciliations</p>	<p>This recommendation has been fully implemented, and the Council has processes in place to sustain this control measure looking forward.</p>	<p><b>Implemented</b> We noted through our bank confirmation testing for 2024/25 that all treasury record are up to date and as a result we are able to obtained all bank confirmation for 2024/25.  Therefore, we considered this recommendation is fully implemented</p>

# FRC's areas of focus

The FRC released their **Annual Review of Corporate Reporting 2023/24** ('the Review') in **September 2024** having already issued three thematic reviews during the year.

The Review and thematic reviews identify where the FRC believes companies can improve their reporting. These slides give a high level summary of the key topics covered. We encourage management and those charged with governance to read further on those areas which are significant to their entity.



## Key expectations for 2024/25 annual reports

### Overview

The Review identifies that the quality of reporting across FTSE 350 companies has been maintained this year, but there is a widening gap in standards between FTSE 350 and non-FTSE 350 companies. This is noticeable in the FRC's top two focus areas, 'Impairment of assets' and 'Cash Flow Statements'.

'Provisions and contingencies' has fallen out of the top ten issues for the first time in over five years. This issue is replaced by 'Taskforce for Climate-related Financial Disclosures (TCFD) and climate-related narrative reporting'.

The FRC re-iterates that companies should apply careful judgement to tell a consistent and coherent story whilst ensuring the annual report is clear, concise and Council/Authority-specific.

### Pre-issuance checks and restatements

The FRC expects companies to have in place a sufficiently robust self-review process to identify common technical compliance issues. The FRC continues to be frustrated by the increasing level of restatements affecting the presentation of primary statements. This indicates that thorough, 'step-back' reviews are not happening in all cases.

### Risks and uncertainties

Geopolitical tensions continue and low growth remains a concern in many economies, particularly with respect to going concern, impairment and recognition/recoverability of tax assets and liabilities. The FRC continue to push for enhanced disclosures of risks and uncertainties. Disclosures should be sufficient to allow users to understand the position taken in the financial statements, and how this position has been impacted by the wider risks and uncertainties discussed elsewhere in the annual report.

### Financial reporting framework

The FRC reminds preparers to consider the overarching requirements of the UK financial reporting framework in determining the information to be presented. In particular the requirements for a true and fair view, along with a fair, balanced, and comprehensive review of the Council/Authority's development, position, performance, and future prospects.

The FRC does not expect companies to provide information that is not relevant and material to users, and companies should exercise judgement in determining what information to include.

Companies should also consider including disclosures beyond the specific requirements of the accounting standards where this is necessary to enable users to understand the impact of particular transactions or other events and conditions on the entities financial position, performance and cash flows.





# FRC's areas of focus (cont.)

## Impairment of assets

Impairment remains a key topic of concern, exacerbated in the current year by an increase in restatements of parent Council/Authority investments in subsidiaries.

Disclosures should provide adequate information about key inputs and assumptions, which should be consistent with events, operations and risks noted elsewhere in the annual report and be supported by a reasonably possible sensitivity analysis as required.

Forecasts should reflect the asset in its current condition when using a value in use approach and should not extend beyond five years without explanation.

Preparers should consider whether there is an indicator of impairment in the parent when its net assets exceed the group's market capitalisation. They should also consider how intercompany loans are factored into these impairment assessments.

## Cash flow statements

Cash flow statements remain the most common cause of prior year restatements.

Companies must carefully consider the classification of cash flows and whether cash and cash equivalents meet the definitions and criteria in the standard. The FRC encourage a clear disclosure of the rationale for the treatment of cash flows for key transactions.

Cash flow netting is a frequent cause of restatements and this was highlighted in the ['Offsetting in the financial statements'](#) thematic.

Preparers should ensure the descriptions and amounts of cash flows are consistent with those reported elsewhere and that non-cash transactions are excluded but reported elsewhere if material.

## Climate

This is a top-ten issue for the first time this year, following the implementation of TCFD.

Companies should clearly state the extent of compliance with TCFD, the reasons for any non-compliance and the steps and timeframe for remedying that non-compliance. Where a Council/Authority is also applying the CIPFA Climate-related Financial Disclosures, these are mandatory and cannot be 'explained', further the required location in the annual report differs.

Companies are reminded of the importance of focusing only on material climate-related information. Disclosures should be concise and Council/Authority specific and provide sufficient detail without obscuring material information.

It is also important that there is consistency within the annual report, and that material climate related matters are addressed within the financial statements.

## Financial instruments

The number of queries on this topic remains high, with Expected Credit Loss (ECL) provisions being a common topic outside of the FTSE 350 and for non-financial and parent companies.

Disclosures on ECL provisions should explain the significant assumptions applied, including concentrations of risk where material. These disclosures should be consistent with circumstances described elsewhere in the annual report.

Council/Authority should ensure sufficient explanation is provided of material financial instruments, including Council/Authority -specific accounting policies.

Lastly, the FRC reminds companies that cash and overdraft balances should be offset only when the qualifying criteria have been met.

## Judgements and estimates

Disclosures over judgements and estimates are improving, however these remain vital to allow users to understand the position taken by the Council/Authority. This is particularly important during periods of economic and geopolitical uncertainty.

These disclosures should describe the significant judgements and uncertainties with sufficient, appropriate detail and in simple language.

Estimation uncertainty with a significant risk of a material adjustment within one year should be distinguished from other estimates.

Further, sensitivities and the range of possible outcomes should be provided to allow users to understand the significant judgements and estimates.





# FRC's areas of focus (cont.)

## Revenue

Disclosures should be specific and, for each material revenue stream, give details of the timing and basis of revenue recognition, and the methodology applied. Where this results in a significant judgement, this should be clear.

## Presentation

Disclosures should be consistent with information elsewhere in the annual report and cover Council/Authority - specific material accounting policy information.

A thorough review should be performed for common non-compliance areas of IAS 1.

## Income taxes

Evidence supporting the recognition of deferred tax assets should be disclosed in sufficient detail and be consistent with information reported elsewhere in the annual report.

The effect of Pillar Two income taxes should be disclosed where applicable.

## Strategic report

The strategic report must be 'fair, balanced and comprehensive'. Including covering all aspects of performance, economic uncertainty and significant movements in the primary statements.

Companies should ensure they comply with all the statutory requirements for making distributions and repurchasing shares.

## Fair value measurement

Explanations of the valuation techniques and assumptions used should be clear and specific to the Council/Authority.

Significant unobservable inputs should be quantified and the sensitivity of the fair value to reasonably possible changes in these inputs should provide meaningful information to readers.

## Thematic reviews

The FRC has issued three thematic reviews this year: 'Reporting by the UK's largest private companies' (see below), 'Offsetting in the financial statements', and 'IFRS 17 Insurance contracts – Disclosures in the first year of application'. The FRC have also performed Retail sector research (see below).

### UK's largest private companies

The quality of reporting by these entities was found to be mixed, particularly in explaining complex or judgemental matters. The FRC would expect a critical review of the draft annual report to consider:

- internal consistency
- whether the report as a whole is clear, concise, and understandable; notably with respect to the strategic report
- whether it omits immaterial information, or
- whether additional information is necessary for the users understanding particularly with respect to revenue, judgments and estimates and provisions

### Retail sector focus

Retail is a priority sector for the FRC and the research considered issues of particular relevance to the sector including:

- Impairment testing and the impact of online sales and related infrastructure
- Alternative performance measures including like for like (LFL) and adjusted e.g. pre-IFRS 16 measures
- Leased property and the disclosure of lease term judgements, particularly for expired leases.
- Supplier income arrangements and the clarity of accounting policies and significant judgements around measurement and presentation of these.

## 2024/25 review priorities

The FRC has indicated that its 2024/25 reviews will focus on the following sectors which are considered by the FRC to be higher risk by virtue of economic or other pressures:

 Industrial metals and mining

 Construction and materials

 Food producers

 Retail

 Gas, water and multi-utilities

 Financial Services



# 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 (and Risk) 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



## ■ Association with the right entities

- Select clients within risk tolerance
- Manage audit responses to risk
- Robust client and engagement acceptance and continuance processes
- Client portfolio management

## ■ Clear standards & robust audit tools

- KPMG Audit and Risk Management Manuals
- Audit technology tools, templates and guidance
- KPMG Clara incorporating monitoring capabilities at engagement level
- Independence policies

## ■ Recruitment, development & assignment of appropriately qualified personnel

- Recruitment, promotion, retention
- Development of core competencies, skills and personal qualities
- Recognition and reward for quality work
- Capacity and resource management
- Assignment of team members employed KPMG specialists and specific team members



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# External audit plan and strategy for the year ending 31 March 2026

Report to the Audit and Governance Committee

Reading Borough Council

—

April 2026

# Introduction

## To the Audit and Governance Committee of Reading Borough Council

We are pleased to have the opportunity to meet with you on 8 April 2026 to discuss our audit of the consolidated financial statements of Reading Borough Council, as at and for the year ending 31 March 2026.

This report provides the Audit and Governance Committee with an opportunity to review our planned audit approach and scope for the 2025/26 audit. The audit is governed by the provisions of the Local Audit and Accountability Act 2014 and is carried out in compliance with the NAO's 2024 Code of Audit Practice, auditing standards and other professional requirements.

This report outlines our risk assessment and planned audit approach. Our planning activities are still ongoing and we will communicate any significant changes to the planned audit approach subsequently.

Contents	Page
Overview of planned scope including materiality	3
Audit Risks and our audit approach	5
Mandatory communications	15
Value for Money Risk assessments	16
Building Back Assurance Risk Assessment Result	28
Appendix	29

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.

## The engagement team

Jon 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 Ming Guo, the lead manager and Raghav Sikka, the assistant manager.



**Jonathan Brown**

**Partner – KPMG LLP**

8 April 2026

## 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 :

- An audit is 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 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, 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](mailto: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](#).

### Restrictions on distribution

This report is intended solely for the information of those charged with governance of the Reading Borough Council and the report is provided on the basis that it should not be distributed to other parties; that it will not be quoted or referred to, in whole or in part, without our prior written consent; and that we accept no responsibility to any third party in relation to it.

# Overview of planned scope including materiality



## Our materiality levels

We determined materiality for the consolidated 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 £10.9 million / 75% of materiality, driven by our expectations of normal 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

## We will report misstatements to the Audit and Governance committee including:

- Corrected and uncorrected audit misstatements above £0.73m.
- Errors and omissions in disclosure (corrected and uncorrected) and the effect that they, individually and in aggregate, may have on our opinion.
- Other misstatements we include due to the nature of the item.

## Control environment

The impact of the group 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

	Group
Materiality for the consolidated financial statements as a whole	<b>£14.6m</b> (2025: £13m 2% of Expenditure)
Performance Materiality	<b>£10.9m</b> (2025: £9.8m, 75% of materiality)
Misstatements reported to the audit committee	<b>£0.73m</b> (2025: £0.65m, 5% of materiality)

## Council Materiality

**£12.1m**  
2% of Council Expenditure  
(2025: £11m)

# 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 held with management on 18 February 2026 where we outlined our audit approach and discussed management's progress in key areas
- Audit and Governance committee meeting on 8 April 2026 where we present our final audit plan
- Regular status meetings with management through the audit where we communicate progress on the audit plan, any misstatements, control deficiencies and significant issues
- Closing meeting with management on in October 2026 where we discuss the auditor's report and any outstanding deliverables
- Audit and Governance committee meeting in November 2026 where we communicate audit misstatements and significant control deficiencies
- Regular private meetings with the committee chair at a frequency to their preference.

## Building back assurance

We completed our building back assurance risk assessment exercise as part of our audit for the year to 31 March 2025, and plan to complete our top-up work to gain assurance on the two years where you did not have an audit during the first half of 2026. Our additional work will focus on usable reserves and Property Plant & Equipment. Further details are set out on page 28.

## 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
<b>Internal Audit</b>	We will review the work of internal audit as part of our risk assessment procedures but will not place reliance on their work.
<b>KPMG IT Audit</b>	We will work closely with the IT Audit team, as part of the risk assessment, procedures over the system change and data migration (if any).
<b>KPMG REVA</b>	We will work alongside our property valuation team to ensure their involvement in the review of Reading Borough Council's property portfolio.
<b>KPMG Pensions Centre of Excellence</b>	The pension audit team will perform all planning risk assessment and substantive procedures over the LGPS accounts 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 industry and the wider economic environment in which Reading Borough Council operates.**

We also use our regular meetings with senior management to update our understanding and take input from sector specialists and internal audit reports.

There is likelihood that significant risks may emerge 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 and 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 will 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 outlined the result of our risk assessment procedures on page 16.

## Significant risks

1. Valuation of land and buildings
2. Valuation of investment property
3. Valuation of post retirement benefit obligation
4. Management override of controls
5. Fraud risk from expenditure recognition

## Other audit risks

6. Non-capital expenditure is inappropriately recognised as capital
7. Transfer of Brighter Futures for Children

# Audit risks and our audit approach



## 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

The Code of Practice on Local Authority Accounting in the UK 2025/26 ('the Code') has introduced changes to asset revaluation. The Code requires revaluations for each class of PPE are undertaken using one of the following:

- A quinquennial revaluation, supplemented by annual indexation in intervening years.
- A rolling programme of revaluations over a five-year cycle, with annual indexation applied to assets during the intervening four years.

The Authority has adopted a rolling revaluation model which sees all land and buildings revalued over a five year cycle and indexation in the intervening years.

This creates a risk that the carrying value of assets not revalued in year differs materially from the year end current value if the indexation applied is not appropriate. As at 31 March 2025, the Council's land and buildings was £396.98million, of which £96.25million was subjected to valuation in year. Dwellings are valued 100% in year (£567.15million).

A further risk is presented for those assets that are revalued in year if valuations are inherently judgmental and there is a risk of error that the assumptions are not appropriate or correctly applied.



### Planned response

We will perform the following procedures designed to specifically address the significant risk associated with the assets revalued in year:

- We will critically assess the independence, objectivity and expertise of Sanderson Weatherall, the valuers used in developing the valuation of the Council's properties at 31 March 2026;
- 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 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 appreciation does not meet the definition of an investment property. The Council has a £57.3 million portfolio, primarily consisting of industrial estates and office space.

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.



### 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 Sanderson Weatherall, the valuers used in developing the valuation of the Council's investment property at 31 March 2026;
- 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.
- 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

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 actuary will take account of the results of the new Triennial Valuation as at 31 March 2025 for accounting at 31 March 2026. This means re-basing their estimate models to allow for actual experience since 2022, which could result in corrections to the defined benefit obligation and asset valuations this year. It also updates the contributions payable, which could have an impact on the assessment of the asset ceiling applying to 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 surplus 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 Group are in line with IFRS and the CIPFA Code of Practice;
- Consider the adequacy of the Council's disclosures in light of the updated information and change of contributions following the completion of the funding valuation, and assess the sensitivity of the deficit or surplus to the assumptions made;
- Where applicable, assess the level of surplus that should be recognised by the entity; and
- Assess the change in the effect of the asset ceiling under IFRIC 14 over the year for reasonableness

# Audit risks and our audit approach (cont.)



5

## Fraud risk from expenditure recognition

Manipulation of expenditure recognition due to fraud.

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 2026-27 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 2026, to determine whether expenditure has been recognised in the correct accounting period and whether accruals are complete;
- We will inspect the year end payments and check whether expenditures related to 2025/26 have been accrued correctly;
- 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 2025 and consider the impact on our assessment of the accruals at 31 March 2026. We will also compare the items that were accrued at 31 March 2025 to those accrued at 31 March 2026 in order to assess whether any items of expenditure not accrued for as at 31 March 2026 have been done so appropriately.

# Audit risks and our audit approach (cont.)



## Revenue – Rebuttal of Significant Risk

Professional standards require us to presume, unless rebutted, 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
<b>Council tax</b>	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 this balance to be subject to fraudulent financial manipulation.
<b>Business rates</b>	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 this balance to be subject to fraudulent financial manipulation.
<b>Fees and charges</b>	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.
<b>Grant income</b>	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 (cont.)



## 6 Non-capital expenditure is inappropriately recognised as capital

Change vs prior year ◀▶



### Other audit risk

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 context of significant pressures on funding and demand faced by councils in the sector, the size of the Council's capital programme (£59.2 million for 2024/25) provides an opportunity for inappropriate capitalisation of revenue 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 expenditure;
- Scan the list of programmes for schemes which indicate an increased risk that the spend may be revenue in nature; and
- Test a sample of expenditure incurred by the Council to ensure it is correctly capitalised.

# Audit risks and our audit approach (cont.)



## 7 Risk of misstatement arising from the transfer of Brighter Futures for Children



### Other audit risk

In October 2025, the Council brought one of its subsidiaries, Brighter Futures for Children, back in-house.

This transfer affects the Council's consolidation boundary, accounting treatment and disclosure requirements.

Accordingly, this presents a risk of misstatement if the transfer is not appropriately recognised, measured or disclosed in accordance with the relevant accounting framework.



### Planned response

We will perform the following procedures in order to respond to the risk identified:

- Obtain and inspect the external audit documentation for Brighter Futures for Children's accounts for the first six months of 2025/26 to understand the financial performance up to the point of transfer.
- Review the transfer documents to ensure the transfer has been accounted for correctly;
- Inspect management's workings supporting the incorporation of Brighter Futures for Children's balances into the Council's financial statements, including the basis of recognition, measurement and conversion into the Council's accounting records; and
- Review year-end disclosures to assess whether the transfer, changes to the consolidation boundary and any related-party considerations have been appropriately presented in the financial statements.

# Mandatory communications - additional reporting



## Going concern

We will assess the risk relating to management’s judgement on the use (or otherwise) of the going concern basis and the adequacy of related disclosures, including any possible material uncertainty. 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 responsibilities.

## 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.
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.

# Mandatory communications



Type	Statements
<b>Management’s responsibilities (and, where appropriate, those charged with governance)</b>	<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>
<b>Auditor’s responsibilities</b>	<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>
<b>Auditor’s responsibilities – Fraud</b>	<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>
<b>Auditor’s responsibilities – Other information</b>	<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>
<b>Independence</b>	<p>Our independence confirmation at page 33 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>

# Reading Borough Council

## Value for money risk assessment

### Our approach

Year ended 31 March 2026

April 2026

# 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.*

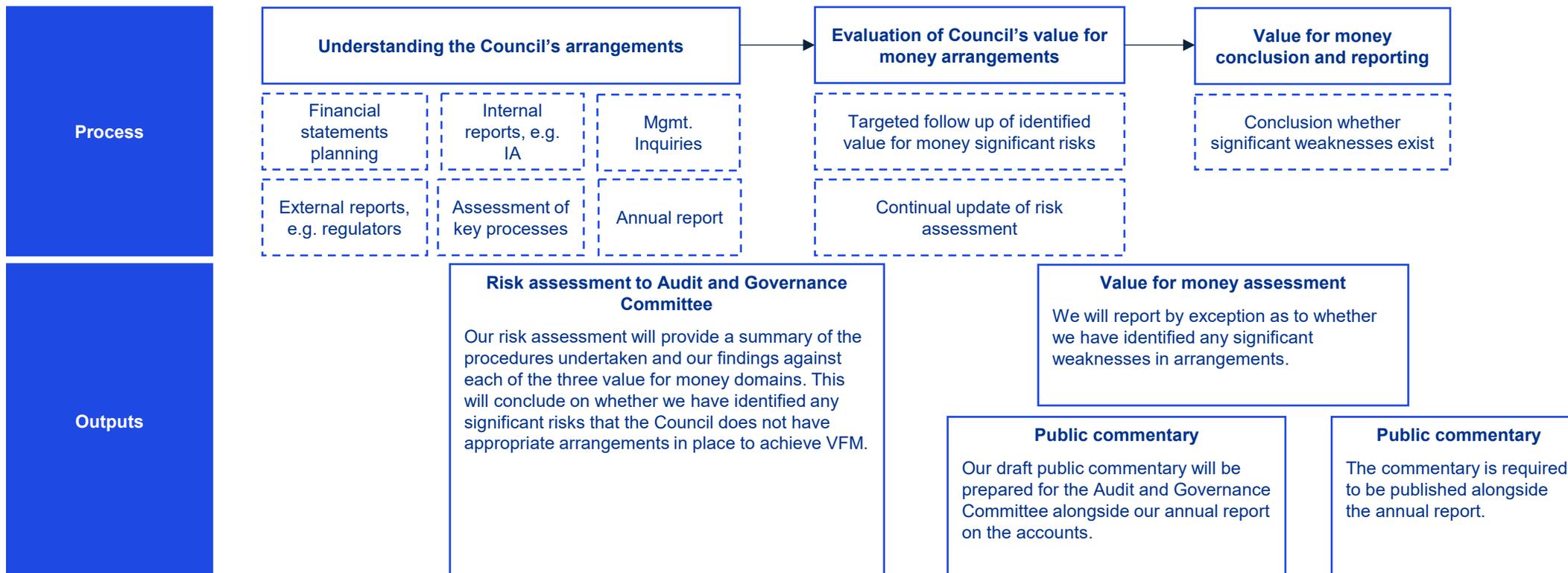
### Improving economy, efficiency and effectiveness

*How the body uses information about its costs and performance to improve the way it manages and delivers its services.*

# Value for money



## Approach we take to completing our work to form and report our conclusion:



# 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 risk of significant weakness 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 of significant weakness identified
Governance	No risk of significant weakness identified
Improving economy, efficiency and effectiveness	No risk of significant weakness identified

We have identified a risk of significant weakness associated with financial sustainability

We have not raised any recommendations at this stage of our work and have followed up on the recommendations reported in 2024/25 audit.

We have not raised any performance improvement observations as a result of our risk assessment work.

## 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 and Governance Committee:

<b>Description of risk</b>	The Council set a balanced budget for 2025/26, incorporating a savings target of £11.5 million. By the end of Quarter 3, an adverse net variance of £4.6 million had been identified, with 26% of the savings target assessed as non-deliverable or at risk of delivery. Based on performance to date and the level of deficit reported, we consider there to be a risk that the Council may not have adequate arrangements to secure financial sustainability.
<b>Procedures to be performed</b>	<p>We will perform the following procedures:</p> <ol style="list-style-type: none"> <li>1. Consider the Council's arrangements and structures to monitor and deliver a balanced budget;</li> <li>2. Understand the process for identifying savings and other available levers to the Council;</li> <li>3. Review recent budget monitoring and performance throughout the period to date to ascertain reasons for the non delivery of the savings plans; and</li> <li>4. Conduct interviews with senior management to understand the feasibility of on-going recovery plans and measures to support financial sustainability.</li> </ol>

# Value for money arrangements



## Financial sustainability

In assessing whether there was a significant risk of financial sustainability we reviewed:

- The processes for setting the 2025/26 financial plan to ensure that it is achievable and based on realistic assumptions;
- How the 2025/26 efficiency plan was developed and monitoring of delivery against the requirements;
- Processes for ensuring consistency between the financial plan set for 2025/26 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.

### Summary of risk assessment

#### **Setting the current year financial plan**

The Council set a balanced budget for 2025/26, incorporating a savings target of £11.50 million. By the end of Quarter 3, an adverse net variance of £4.63 million had been identified, with 26% of the savings target assessed as non-deliverable or at risk of delivery.

The adverse net variance of £4.6million (deficit) for the forecasted outturn position, mainly driven by the cost pressure within Communities and adult social care and Children's Services. Mitigation plan are in place for each of these service lines. Relevant risk have been recorded in the risk register and tracked on a regular basis. Movement in Reserves is forecasting a positive variance of £1.84million, as a result of additional releases from earmarked reserves to mitigate against the significant pressures forecast within Children's Services

The Housing Revenue Account (HRA) is projecting an adverse net variance of £0.13million as at the end of Quarter 3, which results in a forecast drawdown from HRA Reserves of £5.55million rather than the approved budgeted drawdown of £5.42million.

Although the Council is not currently at risk of exhausting its reserves position, similar deficits will continue to worsen the Council's finance and the council reserves will not be sufficient to fund the accumulated deficit by the time the statutory override is due to end in March 2028. Therefore, 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.

#### **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. Funding support was approved for Brighter Future for Children of £3.69million.

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 2025/26 Budget & Medium-Term Financial Strategy 2025/26 – 2027/28 was approved by Council in February 2025 and the MTFS for 2026/27 – 2028/29 was approved by the Council on 24 February 2026.

# Value for money arrangements



## Financial sustainability

In assessing whether there was a significant risk of financial sustainability we reviewed:

- The processes for setting the 2025/26 financial plan to ensure that it is achievable and based on realistic assumptions;
- How the 2025/26 efficiency plan was developed and monitoring of delivery against the requirements;
- Processes for ensuring consistency between the financial plan set for 2025/26 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.

(..count.)

The Council's 2026/27 budget approved by the Council on 24 February 2026 includes an increase in Council Tax (2.99%) and Adult Social Care Precept (2%), delivery of £17.90million of efficiencies and increased income across 2026/27 – 2028/29. As a result for 2026/27, the net drawdown from earmarked reserves totals £7.3 million in 2026/27.

The Dedicated Schools Grant High Needs Block is anticipated to be £48.63million in deficit by 31st March 2026. The Local Government Finance Settlement announced in February 2026 confirmed the Government will fund 90% of the accumulated High Needs Block (SEND) deficit balance as at 31st March 2026. The Council's forecast deficit at the end of this financial year is £48.6million which means this new funding announcement will reduce the cumulative deficit to £4.86million.

The Council's current budget for General Fund Programme is £53.81 million, as at M9, a positive net variance of £0.25 million was identified. The HRA Programme is forecasting to spend to budget of £62.15. Major projects are relating to the New Bild & Acquisition Phase 2 and Transportation, planning & public protection with total over £38 million.

### **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. As at Q3, £5.51million (48%) of savings have been delivered and £3.02million (26%) of savings are on track to be delivered by March 2026. £2.59million (23%) of savings are currently categorised as non-deliverable and £0.39million (3%) categorised as at risk of delivery.

### **Risk assessment conclusion**

Based on the risk assessment procedures performed we have identified a risk of significant weakness associated with financial sustainability. The Council set a balanced budget for 2025/26, incorporating a savings target of £11.50 million. By the end of Quarter 3, an adverse net variance of £4.63 million had been identified, with 26% of the savings target assessed as non-deliverable or at risk of delivery. Based on performance to date and the level of deficit reported, we consider there to be a risk that the Council may not have adequate arrangements to secure financial sustainability over the short to medium term.

# 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 2025/26 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.

### Summary of risk assessment

#### *Approach to identifying, monitoring and management of risk*

The Council operates a comprehensive committee-based governance framework designed to support effective decision-making, transparency and cross-party engagement. At the top sits the Full Council, comprising all 48 elected Councillors

The Council's guiding governance document is the Constitution, which 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.

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.

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 Q3 Report that the majority of the reports issued to date have reasonable assurance, however we will review the Internal Audit & Investigations Annual Assurance report, all internal audit reports and outstanding actions as part of our final VFM procedures at the year-end.

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

# 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 2025/26 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.

(...Count.)

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.

In our 2024/25 audit report, we reported a significant weakness in governance following our review of the Joint Targeted Area Inspection (JTAI) report. This was due to the absence of evidence that the Council had identified relevant risks or taken steps to mitigate them prior to the inspection. We have followed up on this recommendation as part of our planning and risk assessment procedures. See page 26 for our detailed assessment. A monitoring visit by the JTAI team in November 2025 confirmed that improvements had been made, with an improvement plan in place to address the weaknesses previously identified.

We also made enquiries of the Section 151 Officer and carried out a press search to determine whether any further inspections had taken place since we issued our audit completion report (ISA 260) for the 2024/25 audit on 27 February 2026. No other inspections have been undertaken or concluded to date.

Given the improvement actions implemented, the monitoring activity in place, and the no other inspections indicating ongoing concerns, we do not consider there to be a significant governance risk for 2025/26.

### **Risk assessment conclusion**

Based on the risk assessment procedures performed we have not identified a risk of significant weakness associated with governance.

# 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.

### Summary of risk assessment

#### **Assessing Value for Money and Opportunities for Improvement**

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.

The Council set a balanced budget for 2025/26 with saving target of £11.50 million. As at the end of Q3, £5.50million (48%) of savings have been delivered and £3.00million (26%) of savings are on track to be delivered by March 2026. £2.60 million (23%) of savings are currently categorised as non-deliverable and £0.39m (3%) categorised as at risk of delivery. Delivery is low compared to the 73% of total saving target delivered in 2024/25. We will review the final saving delivered as part of our year-end procedure.

#### **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. 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.

#### **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). Management also utilizes external data sources to gain insights into market trends, cost structures, and industry benchmarks. This data is used to assess the organization's cost base and identify areas where costs can be optimized. External data sources may include industry reports, market surveys, and financial databases.

# 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.

(..count.)

### **View from the regulators**

The Council is subject to a number of inspections by the regulator. A Joint Targeted Area Inspection (JTAI) was carried out in March 2025. This inspection identified significant weaknesses in the multi-agency approach to prevention, help and support for children and their families who are victims of domestic abuse in Reading.

As response to this result, Reading Borough Council established an independently chaired Children's Services Improvement Board, Andy Couldrick was appointed as the independent chair and the Board was convened in November 2025. Improvement adviser was appointed by Department of Education and sits on the Children's Service Improvement Board. Improvement plans and guidance are in place, and the first monitoring visit in November 2025 noted positive early progress.

In addition, the Regulator of Social Housing issued its judgement in April 2025, giving a C3 rating due to the concerns regarding areas such as health and safety and transparency and the Care Quality Commission (CQC) has issued its assessment in October 2025, grading adult social care as 'requires improvement'. However, the Council have identified and attempted to mitigate the risk in advance of these reports with improvement plans in place and the delivery of these plans have been closely monitored and reported at each committee. Therefore, we do not consider there is a risk of significant weakness in Improving economy, efficiency and effectiveness as at audit planning and risk assessment stage.

### **Risk assessment conclusion**

Based on the risk assessment procedures performed we have not identified a risk of significant weakness associated with Improving economy, efficiency and effectiveness.

# 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 April 2026
<p><b>1 Issue</b></p> <p>A Joint Targeted Area Inspection identified significant weaknesses in the multi-agency approach to prevention, help and support for children and their families who are victims of domestic abuse in Reading.</p> <p>While we appreciate that some of the issues identified were known by the Council and were being worked upon by the Council, some of them were not which raises questions regarding the underlying risk management arrangements and escalation of risk.</p> <p>We note that RBC have responded well to the findings of the report, and a detailed action plan is in place to respond to the failings and this is being effectively monitored.</p> <p><b>Impact</b></p> <p>A lack of effective oversight may lead to the council failing to deliver services efficiently. This could also expose the council to increased financial pressures and result in significant legal or reputational consequences.</p> <p><b>Recommendation</b></p> <p>We recommend that the council:</p> <ul style="list-style-type: none"> <li>continue to implement the agreed action plan and closely monitor progress against the plan;</li> <li>Revisit their risk management arrangements in light of the report to understand how these issues were not highlighted, risk assessed and escalated sooner and in advance of the report being issued</li> <li>Use the findings from this review to look across to other services across the Council that may have similar failings that are continuing without the appropriate scrutiny or support</li> </ul>	<p>During November 2025, the Council received the first monitoring visit since the Joint Targeted Area Inspection (JTAI) in March 2025. This visit was carried out in line with the inspection of local authority children's services (ILACS) framework.</p> <p>The monitoring visit noted there has been a strengthened focus and effective action by senior leaders and others to start to address the areas of concern and weakness identified in March 2025. Progress is being made in implementing a multi-agency improvement plan and a service development plan. This is beginning to have a positive impact on addressing concerns. The introduction of assessment teams as part of this improvement work has required the financial backing of corporate and political leaders. Although recent, this is beginning to support improvements in the manageability of some social workers' caseloads and is supporting improvements in the timeliness and quality of work with children. However, further progress is needed to improve consistency in practice and embed change, to ensure all children have the right help at the right time.</p> <p>The Council will continue to work on improvements and implement the agreed action plan.</p> <p>The recent transfer of Brighter Futures for Children back into the Council from October 2025 reinforces the Council's governance process to identify any issues as soon as possible so that any mitigating action can be put in place.</p> <p>Officer Responsible: Director of Children's Services</p> <p>Due Date: 31/3/26</p>	<p>We have inspected the Children's Services Improvement Board Inaugural Report issued on 18 March 2026. We have noted that Reading Borough Council established an independently chaired Children's Services Improvement Board. Improvement adviser was appointed by Department of Education and sits on the Children's Service Improvement Board. Improvement plans and guidance are in place, and the first monitoring visit in November 2025 noted positive early progress.</p> <p>We will review the March 2026 monitoring report as part of our year-end procedures and check for any new inspections up to the date we sign the audit opinion.</p>	

# 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 April 2026
2	<p><b>Issue</b></p> <p>As part of the financial statements audit and internal audit's annual assurance report, deficiencies were found in the Employee Gifts &amp; Hospitality and Declarations of Interest register.</p> <p><b>Impact</b></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><b>Recommendation</b></p> <p>The Council should apply a more rigorous approach to declarations of interests and gifts &amp; 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 &amp; 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>It was noted in our 2024/25 audit completion report that 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. However, the recent internal audit report suggests inconsistency still remains.</p> <p>We will assess whether this recommendation is fully implemented through our related party declaration testing and the review of Declarations of Interest register as part of year-end procedure.</p>

# Rebuilding assurance risk assessments results



The risk assessment has identified risks of material misstatement therefore we need to complete procedures to address the risk of material misstatement. The table below identified the risks of material misstatements, the procedures to address the risks and the findings and conclusion from the procedures.

Where balances have been not associated with risks of material statement – we are satisfied from our risk assessment the risk of material misstatement is remote.

The national audit office have recently issued guidance to help auditors in the work to rebuild assurance. Work is ongoing to understand the impact of this guidance on the nature of our audit report. Our risk assessment was one of the first undertaken and prior to signing we are planning to undertake a moderation exercise to compare our findings with those of similar authorities.

#	Item of account	Risk of material misstatement identified	Procedures to address the risk of material misstatement	Findings and conclusions from the procedures
1	Usable and Unusable Reserves	The balance of, and movement in usable and unusable reserves may be materially misstated in the disclaimed period.	<p>We will review the management’s working for usable and unusable reserves.</p> <p>The initial information request has been issued by the audit team and responded to by management. Review of this information and follow up of issues is planned to take place in April 2026</p>	We have no matters to report as a result of our risk assessment work.
2	Valuation of Property, Plant and Equipment & Additions to PPE	<p>We were unable to obtain sufficient appropriate audit evidence over the net assets as at 1 April 2023 in the previous audit. As a result, the valuations for 2021/22, 2022/23 and 2023/24 may be misstated.</p> <p>There is also a risk of inappropriate capitalisation of expenditure across 2021/22, 2022/23 and 2023/24. This would result in assets being overstated and expenditure understated in the relevant periods, with a consequent impact on the level of General Fund reserves available to the Authority at the start of the period subject to our audit.</p>	<p>We will select addition sample for these period to assess whether capitalisation was appropriate and addition recognised in the correct period.</p> <p>We will obtain valuation report for these disclaimed period, assess the method, application, assumptions and data used.</p>	<p>We will perform substantive testing as part of 2025/26 audit.</p> <p>We have no matters to report as a result of our risk assessment work.</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.

	<p>Jon is the partner responsible for our audit. They will lead our audit work, attend the Audit and Governance Committee and be responsible for the opinions that we issue.</p>		<p>Ming is the manager responsible for our audit. They will co-ordinate our audit work, attend the Audit and Governance Committee and ensure we are co-ordinated across our accounts and VFM work.</p>		<p>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.</p>
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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 third year as your engagement lead. They are required to rotate every five years, extendable to seven with PSAA approval.

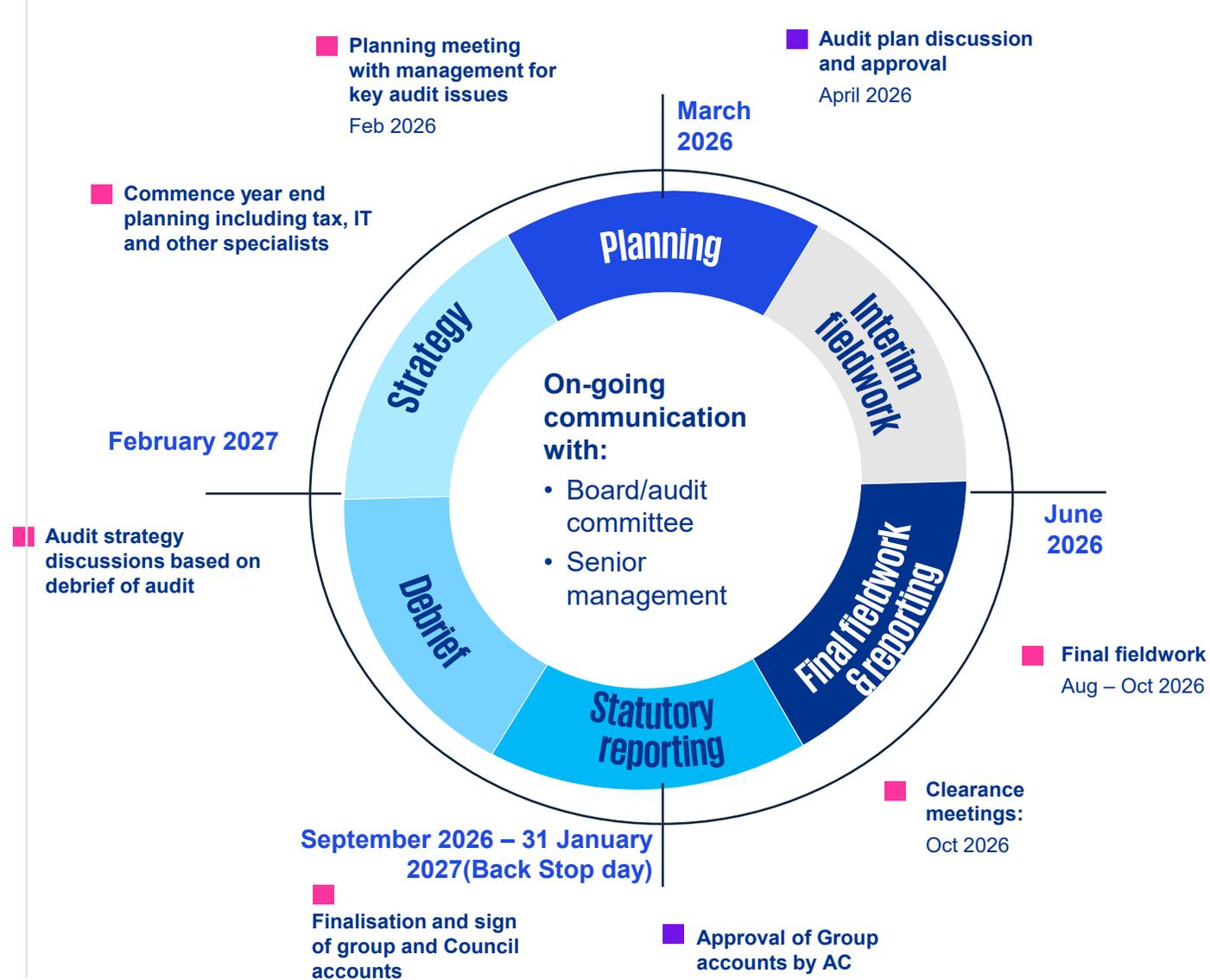
# Audit cycle & timetable

## Our schedule For FY2026

- Key:
- Timing of AC communications
  - Key events

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 29 January 2027, ahead of the backstop date.



# Fees



## Audit fee

The audit fees for the year ended 31 March 2026 are set out below.

Entity	2025/26 (£'000)	2024/25 (£'000)
Scale fees as set by PSAA	345	335
Proposed fee variations (currently with PSAA for challenge/ approval)	-	58
Agreed current year fee variations	-	-
<b>TOTAL</b>	<b>345</b>	<b>393</b>

We note we are expecting fee variations for the following areas in 2025/26 and will advise of the level as work progresses:

- LGPS Triennial valuation (we will be in a position to provide an estimate once this has been considered further.

The fees also assume no risks of significant weakness are identified as part of the Value for Money risk assessment.

Fee variations are subject to PSAA approval.

## 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 and tax 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.
- There are no VFM significant risks

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 and Risk Committee members

### Assessment of our objectivity and independence as auditor of Reading Borough Council

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 (count.)



Disclosure	Description of scope of services	Principal threats to Independence	Safeguards Applied	Basis of fee	Estimated Value of Services in the year ended 31 March 2026 £k (TBC at YE)
1	Housing benefit grant certification	Management Self review Self interest	<ul style="list-style-type: none"> <li>Standard language on non-assumption of management responsibilities is included in our engagement letter.</li> <li>The engagement contract makes clear that we will not perform any management functions.</li> <li>The work is performed after the audit is completed and the work is not relied on within the audit file.</li> <li>Our work does not involve judgement and are statements of fact based on agreed upon procedures.</li> </ul>	Fixed	27.5
2	Teachers Pensions certification	Management Self review Self interest	<ul style="list-style-type: none"> <li>Standard language on non-assumption of management responsibilities is included in our engagement letter.</li> <li>The engagement contract makes clear that we will not perform any management functions.</li> <li>The work is performed after the audit is completed and the work is not relied on within the audit file.</li> <li>Our work does not involve judgement and are statements of fact based on agreed upon procedures.</li> </ul>	Fixed	8.4
3	Capital Pooling Grant	Management Self review Self interest	<ul style="list-style-type: none"> <li>Standard language on non-assumption of management responsibilities is included in our engagement letter.</li> <li>The engagement contract makes clear that we will not perform any management functions.</li> <li>The work is performed after the audit is completed and the work is not relied on within the audit file.</li> <li>Our work does not involve judgement and are statements of fact based on agreed upon procedures.</li> </ul>	Fixed	7.5

# Confirmation of Independence (cont.)



## Summary of fees

We have considered the fees charged by us to the Group and its affiliates 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 0.12: 1. 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.

	2025/26
	£'000
Scale fees	345
Other Assurance Services	43
<b>Total Fees</b>	<b>388</b>

## 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.

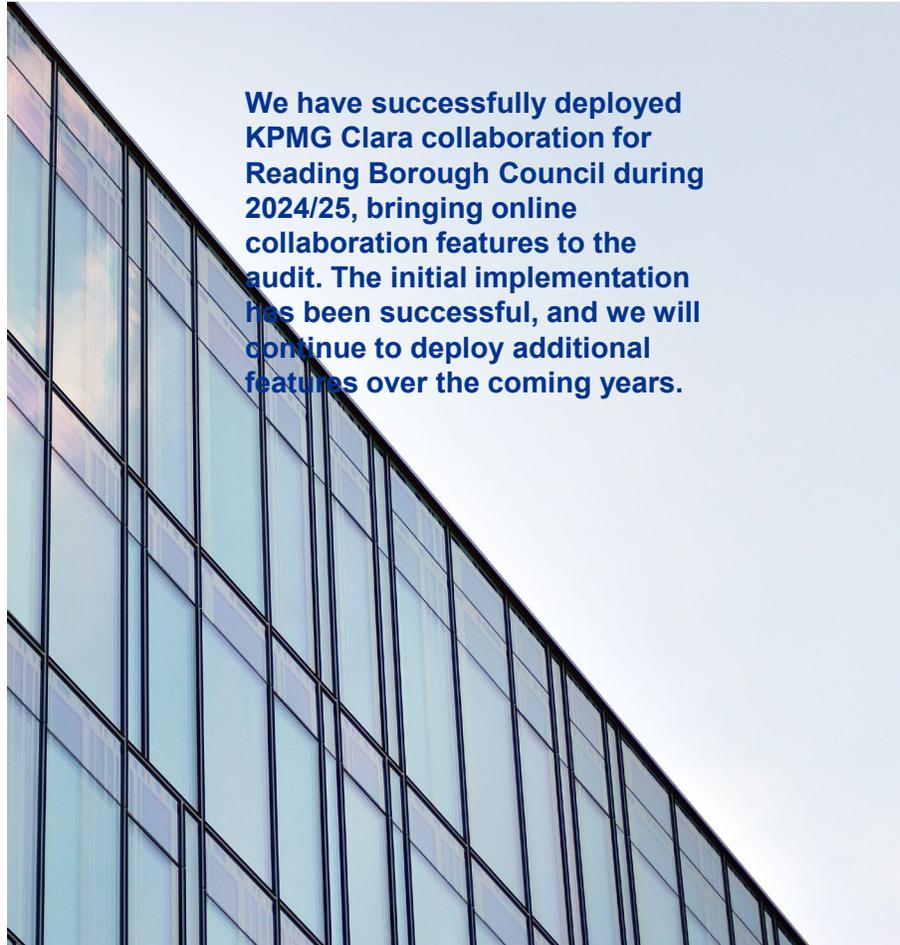
This report is intended solely for the information of the Audit and Risk Committee of the Group and should not be used for any other purposes.

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**

# How we will Collaborate with KPMG Clara collaboration (KCc)



**We have successfully deployed KPMG Clara collaboration for Reading Borough Council during 2024/25, bringing online collaboration features to the audit. The initial implementation has been successful, and we will continue to deploy additional features over the coming years.**

## What is KPMG Clara for Reading Borough Council?

- Your gateway into the audit - a dynamic, tailored homepage with real time alerts
- Prepared by management (“PBM”) functionality, providing an intuitive user interface for Reading Borough Council to securely provide KPMG with the required information and to track the status of KPMG’s requests.

Additional features to be deployed through the course of the audit:

- A dedicated and user-friendly space to easily share and collaborate on documents
- Access to the results of our digital audit procedures, through interactive data visualisation and dashboards.

## What have we achieved so far?

- KCc approved for use by Reading Borough Council
- Access for Reading Borough Council users setup through single sign-on
- Dedicated training sessions for Reading Borough Council.
- Q&A session hosted by KPMG to support onboarding of Reading Borough Council users.
- Use of PBM functionality for the audit in FY2024/25.

# 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

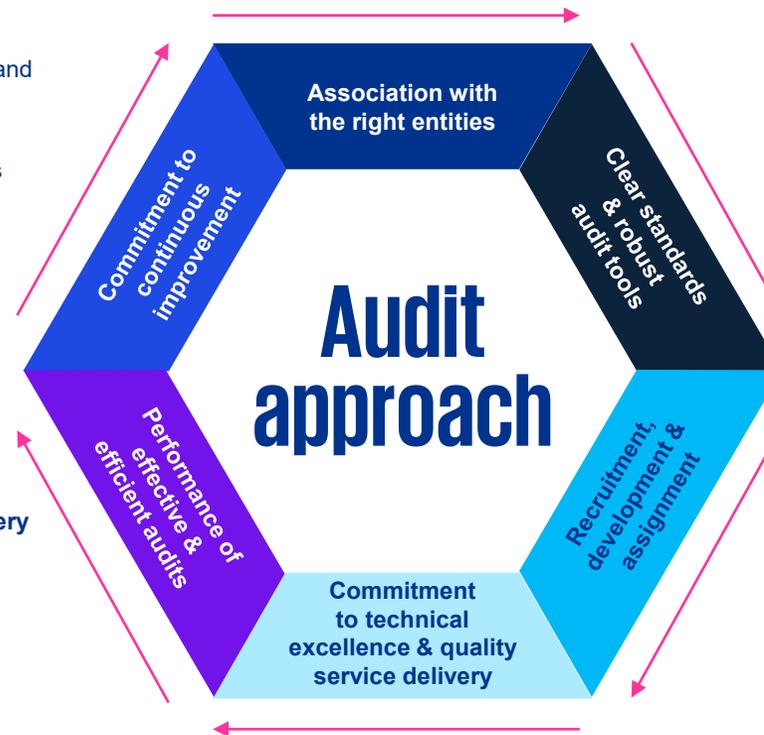
- Comprehensive effective monitoring processes
- Significant investment in technology to achieve consistency and enhance audits
- Obtain feedback from key stakeholders
- Evaluate and appropriately respond to feedback and findings

## ■ 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



## ■ Association with the right entities

- Select entities within risk tolerance
- Manage audit responses to risk
- Robust client and engagement acceptance and continuance processes
- Client portfolio management

## ■ Clear standards & robust audit tools

- KPMG Audit and Risk Management Manuals
- Audit technology tools, templates and guidance
- KPMG Clara incorporating monitoring capabilities at engagement level
- Independence policies

## ■ Recruitment, development & assignment of appropriately qualified personnel

- Recruitment, promotion, retention
- Development of core competencies, skills and personal qualities
- Recognition and reward for quality work
- Capacity and resource management
- Assignment of team members and specialists



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## Audit and Governance Committee

08 April 2026



**Reading**  
Borough Council  
Working better with you

<b>Title</b>	Internal Audit & Investigations Quarterly Update Report (Q4)
<b>Report status</b>	Public report
<b>Executive Director/ Statutory Officer Commissioning Report</b>	Director of Finance
<b>Report author</b>	Paul Harrington, Chief Auditor
<b>Lead Councillor</b>	Councillor Ellie Emberson, Corporate Services & Resources
<b>Council priority</b>	All
<b>Recommendations</b>	1. 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 four of the 2025/2026 financial year.
- 1.2 The following document is appended:  
Appendix 1 – Internal Audit & Investigations Update Report

### 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 four audit reviews were finalised in the period between January 2026 and March 2026, with three receiving a positive opinion and one receiving a negative opinion<sup>1</sup>.

<sup>1</sup> positive = substantial or reasonable assurance, negative = limited or no assurance.

## 2.3 **Substantial Assurance Opinion Reviews**

- 2.3.1 Internal Audit reviewed the Council's arrangements for managing and monitoring the **Capital Programme**, including governance, financial controls and compliance. The audit provided Substantial Assurance, confirming that oversight arrangements, financial reporting and monitoring are effective and supported by reliable information. A small number of low-risk recommendations were made to support continuous improvement but do not affect the overall strength of the control framework.
- 2.3.2 An audit of **Housing Benefit and Council Tax Benefit**, focusing on governance, controls, accuracy of assessments and compliance with legislation. Substantial Assurance was provided, with controls found to be operating effectively and low error rates identified. Some operational pressures and a potential financial risk linked to Supported Living accommodation were noted, with low-priority recommendations made to support ongoing improvement and risk management.

## 2.4 **Reasonable Assurance Opinion Reviews**

- 2.4.1 An audit of the Council's corporate arrangements for managing **Health and Safety**, provided Reasonable Assurance, noting that key policies, reporting arrangements and incident management processes are in place, but that improvements are needed to strengthen oversight and consistency. Areas for improvement include recording of mandatory training, clarity of health and safety responsibilities, governance effectiveness, and the timely review of risk assessments and audits.

## 2.5 **Limited Assurance Opinion Reviews**

- 2.5.1 A follow-up audit of **Commercial Leases** reviewed progress in addressing weaknesses identified in the previous commercial leases audit. Limited Assurance remains appropriate, as while some improvement has been made, weaknesses persist in rent roll management, billing controls, data quality and reconciliations. Governance and insurance arrangements also require strengthening, and a number of recommendations were re-raised to reflect the ongoing level of risk.

## 2.6 **No Assurance Opinion Reviews**

- 2.6.1 N/A

## 2.7 **Grant Certification**

- 2.7.1 There were no grant sign offs in this quarter.

## 2.8 Corporate Investigations

- 2.8.1 During the reporting period, the Corporate Investigations Team managed a wide range of referrals across fraud prevention, investigation and data-sharing activity, supporting the Council's commitment to safeguarding public funds and maintaining public trust.
- 2.8.2 A significant proportion of referrals related to Blue Badge misuse, with 177 cases received from parking enforcement contractors, the public and anonymous sources. While some lower-risk categories were paused to prioritise higher-risk work, enforcement activity resulted in one successful prosecution, a further case progressing to Crown Court, and the recovery of 19 Blue Badges. These actions generated a notional saving of £15,086 and helped protect access to parking for residents who genuinely rely on the scheme.
- 2.8.3 The team also received 81 Council Tax Support referrals, involving false information or failure to report changes in circumstances. Investigations into council tax discounts and exemptions generated combined savings of £19,963.74, helping ensure the system remains fair and equitable.
- 2.8.4 In Housing, 67 tenancy fraud referrals were received, including concerns around unlawful subletting, misrepresentation and succession claims. Completed investigations resulted in three properties being recovered and returned to housing stock, representing a notional saving of £234,900. A further 13 cases remain under investigation.
- 2.8.5 Additional work included internal investigations, parking permit checks, school admissions referrals and Social Care referrals, the majority of which were resolved with no further action or referred back to services for appropriate follow-up.
- 2.8.6 Beyond investigative activity, the team responded to over 200 statutory information requests, including Data Protection Act requests from the Police and other local authorities, and managed 12 whistleblowing referrals. The team also supported fraud prevention through the National Fraud Initiative (NFI) Fraud Hub, where all matches identified to date were assessed as low risk, providing assurance over the effectiveness of existing controls.
- 2.8.7 Overall, the work of the Corporate Investigations Team has delivered tangible financial benefits, strengthened preventative controls, and provided assurance that significant fraud risks are being effectively managed.

### **3. Contribution to Strategic Aims**

4.1 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

4.2 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

4.3 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.

### **5. Environmental and Climate Implications**

5.1 There are no environmental or climate implications arising from the report.

### **6. Community Engagement**

6.1 N/A

### **7. Equality Implications**

7.1 No equality impact implications have been identified as arising from this report.

## **8. Other Relevant Considerations**

8.1 None

## **9. Legal Implications**

9.1 The internal audit function is a cornerstone of good governance and effective risk management. Regulation 5 of the Accounts and Audit Regulations 2015 provides that the Council is required to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes. Internal audit provides independent assurance to both officers and Members that systems are operating properly and that identified risks are being appropriately managed.

9.2 Members of the Audit and Governance Committee have a key role in overseeing this assurance framework. The regular monitoring of internal audit recommendations is an essential part of that oversight, helping ensure that agreed actions are implemented and that the Council continues to strengthen its internal control environment.

10. The approach adopted by the Internal Audit Service — balancing formal follow-up for limited assurance reviews with a proportionate self-assessment method for others — is consistent with recognised good practice and ensures that resources are targeted according to risk. Members can be satisfied that the arrangements in place for tracking and reporting on audit recommendations meet legal requirements and support the Committee in its governance responsibilities.

## **9 Financial Implications**

9.1 n/a

## **10 Timetable for Implementation**

10.1 n/a

## **11 Background Papers**

11.1 n/a

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# **Appendix 1**

## **Internal Audit & Investigations**

### **Quarterly Update Report Q4**

## 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 three 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:

1.2.2 The assurance opinion is based upon the initial risk factor allocated to the subject under review and the number and type of recommendations we make. It is management's responsibility to ensure that effective controls operate within their service areas. Follow up work is undertaken on audits providing **limited** or **'no'** assurance to ensure that agreed recommendations have been implemented in a timely manner.



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

		Recs			Assurance
2.1	Capital Programme & Monitoring	0	1	3	Substantial
2.1.1	Internal Audit reviewed the Council's arrangements for managing and monitoring the Capital Programme. The audit assessed governance, financial controls, and compliance with statutory and professional requirements.				
2.1.2	The audit provided Substantial Assurance, confirming that the Council has effective arrangements in place. Governance and financial controls are generally sound, with appropriate oversight through the Capital Strategy, senior officer review, and regular reporting to Members. Capital expenditure is accurately recorded, monitored, and supported by reliable financial information.				
2.1.3	A small number of low-risk recommendations were made to support continuous improvement. These relate to finalising and dating technical guidance, improving the clarity of purchase order descriptions, and strengthening early budget profiling to better manage project slippage. These issues do not undermine the overall effectiveness of the control framework.				
2.1.4	Overall, the audit concluded that the Council has a robust framework for managing and monitoring its Capital Programme.				
2.2	Housing Benefits	0	0	3	Substantial
2.2.1	The Council's arrangements for administering Housing Benefit (HB) and Council Tax Benefit (CTB) were examined to assess the effectiveness of governance, financial controls, and compliance with legislation and guidance. The review also considered the accuracy and timeliness of benefit assessments, payments, and recoveries.				
2.2.2	The audit concluded that Substantial Assurance can be provided. This confirms that the Council has generally effective controls in place and that key processes are operating as intended, with only minor areas identified for improvement.				
2.2.3	The review found that appropriate policies, procedures, and system documentation are in place to support the administration of HB and CTB. Fraud prevention, verification, and overpayment recovery arrangements were found to be working well, and testing of benefit assessments and payments identified low error rates within expected tolerances. Performance monitoring and quality assurance processes were also assessed as effective.				

- 2.2.4 Some operational pressures were noted, including temporary staffing shortages, increased workloads linked to Department for Work and Pensions (DWP) pensioner claim reviews, and delays arising from system limitations associated with online application forms. While these issues had not resulted in significant service failure at the time of the review, they require ongoing monitoring to ensure performance standards are maintained.
- 2.2.5 The audit also highlighted a financial risk associated with Supported Living accommodation, where differences between eligible rent levels and rents charged by providers may lead to additional costs for the Council.
- 2.2.6 A small number of low-priority recommendations have been made to support continued improvement and ensure emerging risks remain under review.

		Recs			Assurance
2.3	Health & Safety	0	7	2	Reasonable

- 2.3.1 An internal audit review was undertaken to provide assurance over the Council’s corporate arrangements for managing health and safety, following a number of recent incidents and regulatory intervention. The review focused on the adequacy of governance, risk management and control arrangements at a corporate level, with limited sampling of local processes. It did not assess full compliance with all health and safety requirements.
- 2.3.2 The audit concluded that reasonable assurance can be provided. While a number of positive arrangements are in place, including an updated Health and Safety Policy, established reporting processes, and clear procedures for incident reporting and investigation, the review identified several areas where improvements are required to strengthen oversight and consistency.
- 2.3.3 Key findings included fragmented recording of mandatory health and safety training, which limits the Council’s ability to evidence compliance, particularly for higher-level and specialist training. Some job descriptions did not clearly specify health and safety responsibilities, particularly at senior levels. Governance arrangements were in place but weaknesses were identified in committee membership, attendance records, and the level of scrutiny and challenge provided.
- 2.3.4 Risk assessment and incident reporting processes were generally well understood and embedded, but a proportion of risk assessments were overdue, and the timeliness of incident reporting and investigation was not consistently monitored. The health and safety audit framework has moved to a risk-based approach; however, audits were not always completed on time or stored centrally in a consistent manner.

2.3.5 A total of nine recommendations were made, primarily graded as medium priority, focusing on improving training records, clarifying roles and responsibilities, strengthening governance and scrutiny, ensuring timely review of risk assessments and audits, and improving monitoring and reporting arrangements. Management has accepted the recommendations and actions are in progress to address the identified weaknesses.

		Recs			Assurance
2.4	Commercial Leases Rent Roll - follow-up	0	9	3	Limited

2.4.1 This follow-up internal audit reviewed progress in implementing recommendations from the previous audit of the Council’s commercial leases rent roll, which had received limited assurance. The review assessed whether controls over the management, billing and monitoring of commercial rental income had improved sufficiently.

2.4.2 The audit concluded that limited assurance remains appropriate. Although some progress has been made, weaknesses persist in several key areas. Where previous recommendations had been closed but were not operating effectively, they were re-raised and, where appropriate, assigned a higher priority.

2.4.3 Weaknesses remain in core processes. Comprehensive and embedded procedures for managing the rent roll and billing are still not in place, and routine reconciliations between Civica, the rent roll and the financial system are not consistently performed. Ongoing discrepancies indicate unresolved data integrity issues, limiting assurance that all rental income due is being accurately identified, billed and accounted for.

2.4.4 Work to cleanse lease data within Civica has progressed but is incomplete, and inspections of commercial properties have only recently recommenced, with limited evidence available at the time of the review. Governance arrangements require strengthening, particularly in relation to declarations of interest, which were not consistently documented or evidenced.

2.4.5 Billing processes continue to present a material risk. The service relies on a mix of automated and manual billing, with insufficient review and approval controls, limited segregation of duties, and a lack of documented procedures for manual processes. In addition, insurance arrangements for commercial properties remain weak, with out-of-date reinstatement valuations, unclear roles and responsibilities, and delays in recharging insurance premiums where appropriate.

2.4.6 The review identified twelve recommendations, mainly of medium priority, aimed at strengthening governance, improving data quality and reconciliations, clarifying roles and responsibilities, improving billing controls, and ensuring adequate insurance coverage. Management has agreed action plans, and progress will be monitored through the Council’s normal audit follow-up arrangements.

## **2.8 Grant Certifications**

2.8.1 There were no grant certifications in this quarter

## **2.9 School Audits**

2.9.1 Two school audits have been completed in quarter four, Coley Primary and Blagrove Nursery school. Both audits agreed with the school's own self-assessment of their control environment, resulting in a Reasonable assurance opinion in both cases. In addition to the school's own identified improvements, four recommendations were made to further improve the control environment in both cases.

### 3.0 2025/2026 INTERNAL AUDIT PLAN

Key: No Assurance: ■ Limited Assurance: ■ Reasonable Assurance: ■ Substantial Assurance: ■

#### Audit reviews carried over from 2024/2025

Audit Title	Timing				Start Date	Draft Report	Final Report	Res			Assurance
	Q1	Q2	Q3	Q4				P1	P2	P3	
Accounts Payable	●				Aug-24	Jun-25	Jun-25	0	7	1	Reasonable
Deputies and Appointeeships	●				Feb-25	Sep-25	Oct-25	0	4	0	Reasonable
Residents Parking Permits	●				Jan-25	April-25	Jun-25	4	2	3	Limited
Housing Rents	●				Oct-24	May-25	Jun-25	0	6	4	Reasonable
Right to Buy*	●				Feb-25	Jun-25	Jun-25	0	5	1	Reasonable
IT Disaster Recovery	●				Jan-25	May-25	Aug-25	0	3	2	Reasonable
Debt Management	●				Aug-24	May-25	Jun-25	0	6	1	Reasonable

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#### Audit reviews for 2025/2026 (revised to include Children's Services)

Audit Title	Timing				Start Date	Draft Report	Final Report	Res			Assurance
	Q1	Q2	Q3	Q4				P1	P2	P3	
Health & Safety	●				May-25	Jan-26	Mar-26	0	7	2	Reasonable
Electoral register and elections	●				May-25	Sep-25	Oct-25	0	0	4	Substantial
Financial Assessments & Benefits Team (FAB)	●				May-25	Jul-25	Jul-25	3	4	0	Limited
Fleet Management**	●				Jun-25	Jul-25	Jul-25	-	-	-	N/A

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	
Closing the Gap 2 Funding**	●				Apr-25	May-25	May-25	-	-	-	N/A
Lone Working (Children's)	●				Apr-25	May-25	Jul-25	5	2	0	No Assurance
Children's Savings Accounts & Junior ISAs – follow up	●				Jun-25	Oct-25	Dec-25	1	5	0	Limited
Traffic Regulations Orders		●			Sep-25	Nov-25	Dec-25	1	3	0	Reasonable
Local Transport Plan Capital Settlement (Grant Certification)		●			Jul-25	n/a	Jul-25	-	-	-	Certified
Local Authority Bus Subsidy Grant (BSOG)		●			Jul-25	n/a	Jul-25	-	-	-	Certified
Coroners**		●			July-25	Aug-25	Sep-25	-	-	-	N/A
Joint Legal Team (JLT) Billing process		●			Oct-25	Dec-25	Dec-25	1	7	1	Limited
Land Charges*		●			Jun-25	Sep-25	Oct-25	1	6	0	Reasonable
Project Management (PMO)		●			POSTPONED						
Housing Repairs Materials		●			POSTPONED						
Disabled Facilities Grants		●			Jul-25	Sep-15	Nov-25	2	3	0	Limited
Unaccompanied Asylum-Seeking Children – follow up		●			Aug-25	Apr-26					
Payments against orders (children's)		●			Jul-25	Apr-26					
Purchasing Cards*			●		Sep-25	Nov-25	Dec-25	0	5	3	Reasonable
ARCUS system implementation			●		Jun-25	Nov-25					
Capital Programme and monitoring			●		Dec-25	Feb-26	Mar-26	0	1	3	Substantial
Housing Benefits			●		Nov-25	Feb-26	Mar-26	0	0	3	Substantial
Contract Management – Corporate			●		POSTPONED						
Looked After Children commissioning Placements***			●		POSTPONED						

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	
Commissioning of SEND Placements & Alternative provision ***				●	POSTPONED						
Accounts Receivable				●	Feb-26						
Housing Repairs (Responsive Repairs)				●	Feb-26						
Occupational Therapy Waiting Lists (Adults)				●	Jan-26	Feb-26					
Cemeteries and Crematorium*				●	Nov-25	Mar-26					
IT Application Security				●	CANCELLED						
Recruitment (Pre-employment checks)				●	POSTPONED						
Caseload Management (incl ASC Front door)****				●	CANCELLED						
Commercial Lease/rent follow up				●	Jan-26	Feb-26	Mar-26	0	9	3	Limited
Synergy Follow up				●	POSTPONED						
School audits – half a dozen schools will be reviewed on a cyclical basis			●	●							

\* Additional to plan and undertaken by apprentice

\*\* Added to the plan following whistleblowing allegations

\*\*\* These were added to the plan, but have now been Audit postponed, now assisted PMO officer on Gold transformation projects in these areas.

\*\*\*\* The audit has been cancelled because it is based on a historic, pre-CQC action plan that has been overtaken by more recent improvement plans, meaning it would require disproportionate effort and is unlikely to provide meaningful assurance in the current context.

To date, the Corporate Investigations Team has received a range of referrals across several categories. These include:

### 4.1 Blue Badge Fraud

- 4.1.1 During the reporting period, 177 referrals relating to potential Blue Badge misuse were received. Most referrals were submitted by Trellint Parking Services, with additional reports from members of the public and anonymous sources. Blue Badge fraud typically involves the misuse of disabled parking permits, including the use of forged or expired badges or the display of a badge when the registered holder is not present. Such misuse undermines the integrity of the scheme and disadvantages those who genuinely rely on accessible parking.
- 4.1.2 Owing to capacity constraints and competing priorities, some lower-risk categories of Blue Badge investigations have been temporarily paused. These arrangements have been reviewed and remain in place to ensure resources continue to be directed towards higher-risk cases.
- 4.1.3 Despite these constraints, one successful prosecution was secured for the use of a Blue Badge belonging to a deceased person. A further case is scheduled for a Crown Court hearing on 17 March 2026, following the defendant's decision to opt for this venue; no plea has yet been entered.
- 4.1.4 In addition, 19 Blue Badges were recovered and destroyed during the period. This represents a notional saving of £15,086, based on Cabinet Office guidance which estimates the cost of lost parking and associated revenue at £794 per badge.

### 4.2 Council Tax Support

- 4.2.1 During the reporting period, 81 referrals relating to Council Tax Support were received from members of the public, internal services and external partners, including the Police. These referrals concerned cases where individuals provided false information or failed to report changes in circumstances in order to reduce their council tax liability.

4.2.2 Combined savings arising from investigations into Single Person Discount fraud, Council Tax Reduction fraud and Student Discount or Exemption fraud amounted to £19,963.74. These fraud types typically involve misrepresentation of household composition, income or eligibility, and undermine the fairness of the council tax system.

### **4.3 Housing Tenancy Investigations**

4.3.1 Sixty-seven housing tenancy referrals were received from Housing staff, members of the public and anonymous sources. Common concerns included unlawful subletting, inaccurate information provided on applications, and inappropriate succession claims.

4.3.2 As a result of completed investigations, three properties were recovered and returned to housing stock, representing a notional saving of £234,900. A further 13 cases remain under investigation and are progressing through the appropriate stages.

### **4.4 Other Investigations**

4.4.1 Eleven internal investigations have been completed during the period. Eight cases were closed with no further action, two cases were referred to the relevant service area for internal action, and one case was closed following the employee's resignation.

4.4.2 Two Parking Permit Fraud Applications, both cases involved suspected attempts to obtain permits using false information, such as incorrect residency details or forged documents. These checks help prevent misuse of parking spaces and ensure fair allocation.

4.4.3 One referral relating to school admissions was received, raising concerns about the accuracy of address information provided. In addition, three Social Care referrals were received, two from an accredited informant and one through the National Fraud Initiative (NFI). All Social Care cases have now been concluded, with two requiring no further action and one referred back to the service area for appropriate follow-up.

4.4.4 These figures exclude cases initiated prior to April 2025. In addition, the team has responded to 193 Data Protection Act (DPA) requests from Thames Valley Police, and 13 requests from other Local Authorities. Further, the team has also responded to 1 request from Social Work England under Schedule 2, section 5(1) of The Social Workers Regulations 2018.

4.4.5 Since April, 12 whistleblowing referrals have been reported to the Internal Audit & Investigations Team. This does not include internal disciplinary and grievance investigations, which continue to add to the overall workload.

#### 4.5 National Fraud Initiative (NFI) – Fraud Hub

4.5.1 The National Fraud Initiative (NFI) Fraud Hub is a data-matching tool used under statutory powers to help councils identify potential fraud, error and irregularities across services. It compares data from multiple sources and risk-rates matches so investigative work can focus on areas of greatest concern.

4.5.2 A range of datasets have been submitted to the Fraud Hub, including parking permits, creditor payments, payroll, housing and Right to Buy. All matches identified to date have been assessed as low risk.

- **Parking permits:** Only low-risk matches were identified, and a small sample review will be undertaken, as the current permit system limits the value of detailed investigation.
- **Creditor data:** Low-risk matches relating to possible duplicate payments and VAT issues have been referred to Finance for verification, with responses awaited.
- **Payroll:** All low-risk matches were reviewed and closed. One case of dual employment was identified through another authority, resulting in the employee's resignation and a notional saving of £23,970.
- **Right to Buy:** No matches were identified.
- **Housing:** Low-risk matches have been identified but are yet to be reviewed due to resource constraints.

4.5.3 Deceased persons data identified 42 low-risk matches relating to housing tenants and housing benefit. Thirty cases have been reviewed, with two confirmed where tenants had passed away without the Council's knowledge. Once fully verified, these properties can be returned to housing stock, representing a notional saving of £78,300 per property.

4.5.4 Overall, the Fraud Hub has strengthened the Council's ability to protect public funds. No medium- or high-risk matches have been identified, providing assurance that controls across the areas reviewed are operating effectively and that there is no evidence of significant fraud risk.

## Audit and Governance Committee

08 April 2026



**Reading**  
Borough Council  
*Working better with you*

<b>Title</b>	Draft Internal Audit Plan and Internal Audit Charter 2026/2027
<b>Report status</b>	Public report
<b>Executive Director/ Statutory Officer Commissioning Report</b>	Director of Finance
<b>Report author</b>	Paul Harrington, Chief Auditor
<b>Lead Councillor</b>	Councillor Ellie Emberson, Corporate Services & Resources
<b>Council priority</b>	All
<b>Recommendations</b>	1. That the Audit & Governance Committee approves the Internal Audit Plan and the Internal Audit Charter, ensuring compliance with the Global Internal Audit Standards and CIPFA's Code of Practice, and providing assurance over the independence and effectiveness of the Internal Audit function.

### 1. EXECUTIVE SUMMARY

- 1.1 This report presents the proposed programme of Internal Audit work for the 2026/2027 financial year. The plan is shaped by the Council's Internal Audit Charter, which sets out the mission, purpose, responsibilities, and organisational positioning of the Internal Audit function at Reading Borough Council. The Charter forms the foundation for Internal Audit's operations and underpins its assurance role across the organisation.
- 1.2 Internal audit in local government is a statutory requirement under the Accounts and Audit (England) Regulations 2015. These regulations require every relevant authority to maintain an effective internal audit service that evaluates the adequacy and effectiveness of its risk management, governance, and internal control arrangements. This work must be delivered in accordance with recognised professional standards: the Global Internal Audit Standards (GIAS), the Application Note for the UK Public Sector, and the Code of Practice for Internal Audit in Local Government. Together, these documents form the Global Internal Audit Standards in the UK Public Sector ("the Standards").

- 1.3 The core purpose of Internal Audit is to support the Council in achieving its strategic objectives by providing independent, objective assurance and insight. This is delivered through a systematic, disciplined approach to reviewing and improving governance, risk management, and control processes.
- 1.4 The annual audit plan is developed using a risk-based methodology that considers the Council's strategic priorities, emerging risks, service changes, and areas of material significance to effective service delivery and financial stewardship. This assessment is balanced against available resources and the skills of Internal Audit staff. The plan comprises assurance reviews, advisory/consultancy work, and follow-up activity to monitor the implementation of agreed audit actions. The intention is to deliver a balanced portfolio that both provides assurance and supports ongoing improvement.
- 1.5 A key responsibility of Internal Audit is to issue an annual opinion on the overall adequacy and effectiveness of the Council's control environment. Within the meaning of the Standards, this "opinion" must be evidence-based and supported by a sufficient and appropriate programme of audit work. Where restrictions or limitations prevent Internal Audit from providing reasonable assurance, this will be reported clearly.
- 1.6 The proposed audit plan (Appendix 1) is designed to enable Internal Audit to meet these statutory and professional obligations. The Audit and Governance Committee is responsible for reviewing, approving, and overseeing progress against the plan. Regular reporting during the year will ensure transparency and support the Committee's oversight of the Council's governance environment.
- 1.7 The Standards also require Internal Audit to maintain an up-to-date Charter (Appendix 2). The Charter defines Internal Audit's mandate, independence, reporting lines, scope of work, and service offerings. It has been refreshed to reflect the revised Standards and is presented for the Committee's noting.

## **2. DEVELOPING THE INTERNAL AUDIT PLAN 2026/27**

- 2.1 Internal Audit plays a critical role in supporting the Council's priorities by promoting strong, efficient, and resilient internal control arrangements. A robust control environment allows services to focus on delivering outcomes for residents and ensures that public resources are used effectively and responsibly. Internal Audit also supports the Director of Finance (Section 151 Officer) in discharging statutory responsibilities for financial management and governance.
- 2.2 In line with professional standards, the 2026/27 audit plan has been developed using a risk-based approach. This has included drawing on:
- The Strategic Risk Register and Corporate Plan.
  - Minutes of senior officer and Council meetings.
  - Reports from other external assurance providers (e.g. Ofsted, CQC, Housing Inspectorate etc)
  - Consultation with Directors and senior managers to identify emerging issues and service-specific risks; and
  - Internal Audit's own insight and understanding of Council operations.
- 2.3 Audit planning is an ongoing process that continues throughout the year, enabling responsiveness to new risks, organisational change, and service needs. While this report sets out the intended programme of work, the plan must remain flexible and adaptable. Any significant changes will be reported to the Audit and Governance Committee.
- 2.4 The plan has been designed to be deliverable within existing resources, assuming the Internal Audit structure remains stable and no unforeseen pressures arise. Progress will be monitored closely, and regular performance updates will be provided to the Corporate Management Team (CMT) and the Audit and Governance Committee.
- 2.5 The audit plan provides only one element of the Council's wider assurance framework. It does not and is not intended to provide coverage of all risks or processes. Internal Audit works alongside other internal and external assurance providers to minimise duplication and deliver a coherent, joined-up picture of assurance. Regular updates on progress, audit outcomes, and emerging control issues will continue to be provided to CMT and the Audit and Governance Committee.
- 2.6 In addition to planned work Internal Audit will work collaboratively with the Portfolio Management Office (PMO) on priority gold projects, including Child/SEND Placements and Home to School Transport.

2.7 Our involvement will focus on providing early assurance and advisory support during the design and implementation phases of these initiatives. Specifically, Internal Audit will assist with the development and refinement of redesigned business processes, ensuring that appropriate controls, governance arrangements, and accountability mechanisms are embedded from the outset. This will include consideration of risk identification and mitigation, segregation of duties, data quality, decision-making frameworks, and compliance with relevant policies and regulatory requirements. By engaging at this stage, Internal Audit aims to support the delivery of robust, sustainable processes that reduce the risk of control weaknesses emerging post-implementation, while enabling the projects to achieve their intended outcomes efficiently and effectively.

### **3. AUDIT CHARTER**

3.1 The Standards require all internal audit providers to maintain an Internal Audit Charter, defined as a "formal document that includes the internal audit function's mandate, organisational position, reporting relationships, scope of work, types of service, and other specifications."

3.2 The Charter provides a single authoritative framework for how Internal Audit operates. It formally sets out Internal Audit's authority, independence, and responsibilities, ensuring clarity and transparency across the organisation. By establishing the function's mandate and access rights, the Charter enables Internal Audit to undertake its work effectively and free from undue influence.

3.3 The Charter also demonstrates compliance with the Global Internal Audit Standards by outlining how independence is maintained, how Internal Audit reports to senior management and the Audit & Governance Committee, and the breadth of services offered. This ensures that the function remains aligned with professional expectations and retains appropriate standing within the Council's governance arrangements.

3.4 In practice, the Charter:

- Reinforces Internal Audit's independence and objectivity;
- Clarifies roles and expectations for managers, elected Members, and staff;
- Defines the scope and nature of assurance, consultancy, and follow-up work;
- Provides transparency over reporting lines and escalation routes;
- Establishes rights of access to records, systems, premises, and personnel; and
- Strengthens governance arrangements by clearly articulating Internal Audit's contribution to the Council's control environment.

- 3.5 Regular review of the Charter ensures it remains aligned with professional standards, organisational changes, and evolving assurance needs. It also helps maintain awareness of Internal Audit's remit and value among senior leadership and the Audit & Governance Committee.

#### **4. Contribution to Strategic Aims**

- 4.1 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

- 4.2 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

- 4.3 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.

#### **5. Environmental and Climate Implications**

- 5.1 There are no environmental or climate implications arising from the report.

## **6. Community Engagement**

6.1 N/A

## **7. Equality Implications**

7.1 No equalities impact implications have been identified as arising from this report.

## **8. Other Relevant Considerations**

8.1 None

## **9. Legal Implications**

9.1 The internal audit function is a cornerstone of good governance and effective risk management. Regulation 5 of the Accounts and Audit Regulations 2015 provides that the Council is required to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes. Internal audit provides independent assurance to both officers and Members that systems are operating properly and that identified risks are being appropriately managed.

9.2 Members of the Audit and Governance Committee have a key role in overseeing this assurance framework. The regular monitoring of internal audit recommendations is an essential part of that oversight, helping ensure that agreed actions are implemented and that the Council continues to strengthen its internal control environment.

10. The approach adopted by the Internal Audit Service — balancing formal follow-up for limited assurance reviews with a proportionate self-assessment method for others — is consistent with recognised good practice and ensures that resources are targeted according to risk. Members can be satisfied that the arrangements in place for tracking and reporting on audit recommendations meet legal requirements and support the Committee in its governance responsibilities.

## **10 Financial Implications**

10.1 n/a

## **11 Timetable for Implementation**

11.1 n/a

## **12 Background Papers**

12.1 n/a

# Internal Audit Plan

(2026/2027)

Planned Internal Audit Review Area	Audit Risks context	Planned Internal Audit Coverage	Q1	Q2	Q3	Q4
Residents Parking Enforcement - follow up	PCN enforcement work is not being targeted to areas and times where PCNs are issued meaning that the council loses out on PCN income.	The follow-up review will assess whether recommendations from the previous Parking Enforcement audit have been implemented, confirming improvements in governance, contract management, KPI monitoring, software, data quality, reconciliations, chargebacks, and the authorisation of write-offs, cancellations and refunds. It will also check whether complaint handling and reporting have improved and whether stronger controls now ensure greater consistency and assurance across the PCN process.				X
Fleet Management Page 118	Statutory vehicle compliance, licensing, and safety checks may be missed, creating legal and operational risks. Limited driver training and behaviour monitoring increase accident and liability exposure. Weak maintenance planning and supplier oversight can drive up costs, downtime, and poor servicing.	The audit will review whether governance, controls, and monitoring ensure safe, compliant, and cost-effective fleet operations. It will assess procurement, maintenance, inspections, and disposal processes; compliance with statutory requirements; driver management (training, monitoring, handbooks); and controls over fuel, insurance, telematics, and supplier management. It will also review data quality, asset tracking, and performance reporting.			X	
Licensing	Risk of legal challenge resulting in reduced income and restitution fees	The audit will assess whether licensing functions are effective, consistent, and compliant with statutory requirements. It will review the accuracy of policies, applicant checks, decisions, enforcement, and information held in systems like ARCUS, as well as governance, monitoring, and income management to ensure transparency and public protection.	X			
Council's Building Management Efficiencies - Corporate Landlord.	Failure to maintain buildings may cause injury, legal non-compliance, or asset unavailability.	The audit will assess whether the Corporate Landlord model effectively manages non-housing assets through strong daily operations, statutory compliance, maintenance and FM service delivery. It will review whether governance, performance monitoring, and resource allocation support value for money, consistency, and wider asset-management objectives.		X		
Traffic Regulation Orders - follow-up	The Council implement TROs which could be subject to legal challenge, which leads to reputational damage.	The follow-up will check whether improvements have been implemented in the end-to-end TRO process, focusing on progress on TRO digitisation and data quality.			X	

Planned Internal Audit Review Area	Audit Risks context	Planned Internal Audit Coverage	Q1	Q2	Q3	Q4
Joint Legal Team (JLT) Billing process (Follow up review)	Weak financial controls may undermine budgeting and cause future cost adjustments.	The audit will assess whether the JLT has strengthened governance, clarified terms of reference, improved use of the Counsel Instruction Form, and enhanced billing accuracy through better time recording, rate setting, and variance checks. It will also review improvements to VAT compliance, PO controls, and reconciliations between IKEN and E5 to confirm risks around transparency, financial accuracy, and compliance have been addressed.				X
General Ledger	General Ledger Operations are a key function within the Council, and it is particularly important that all transactions are recorded accurately within agreed timescales in order that the Council can produce accurate financial information to assist with the decision-making process.	The audit will assess whether the General Ledger is accurate, complete, and well-controlled by reviewing journal controls, segregation of duties, documentation, and naming conventions. It will also examine suspense-account oversight, data flows from feeder systems, and whether e5 system controls and governance support timely, reliable financial information.			X	
Treasury Management	Non-compliance with statutory and CIPFA requirements, poor oversight of borrowing and investment decisions, weak monitoring of liquidity and cash flow, inadequate control over counterparty and interest-rate exposure.	The audit will review how borrowing, investments, and cash flow are managed to ensure activities are safe, well-controlled, and compliant with financial regulations and the Treasury Management Strategy. It will assess authorisation of decisions, monitoring of financial risks, accuracy of reporting, and the effectiveness of governance and reconciliation processes.				X
Electronic (Faster) Payment Requests	Electronic payments may bypass key controls, increasing the risk of unauthorised, duplicate, or incorrect payments, especially outside standard BACS or A.P routes. Complex landlord/agent arrangements in Homelessness Prevention also raise the risk of unclear ownership and misdirected funds.	The audit will assess whether Lloyds CBO payment requests are properly authorised, validated, and supported by evidence, and whether this method is appropriate compared with other payment routes. It will focus on Homelessness Prevention payments, verifying landlord/agent details, and reviewing the adequacy of guidance, system controls, segregation of duties, and monitoring arrangements.	X			

Planned Internal Audit Review Area	Audit Risks context	Planned Internal Audit Coverage	Q1	Q2	Q3	Q4
Payroll	Payroll risks include inaccurate or unauthorised payments due to weak data entry, approvals, and exception reporting. Errors may go undetected where reconciliations are incomplete, or when leavers/movers are processed late, raising fraud and overpayment risks.	The audit will assess whether payroll operates accurately and securely, focusing on controls for data input, authorisation, exception reporting, and reconciliations between iTrent and E5. It will review safeguards against duplicate or unauthorised changes, and test whether access controls, segregation of duties, validation checks, and leaver/mover processing operate reliably.		X		
Payment card Industry Data Security Standard (PCIDSS)	Banks removing the ability to use card payments should the council not be compliant to PCI DSS standards	This review will seek to determine the level of compliance with the 12 operational and technical requirements of PCI-DSS across the Council, to ensure the security of payment card data.		X		
Residential & Nursing Care	Risks include poor value for money if fees and uplifts lack robust cost data, and financial control weaknesses, such as errors in Mosaic payments, incorrect POs, or incomplete reconciliations, causing overpayments or inaccurate reporting. Weak procurement and contract management may raise costs.	The audit will review whether placement costs are accurate, approved, and represent value for money, assessing how fees and price changes are agreed and evidenced. It will check the accuracy of purchase orders, Mosaic payments, and reconciliations, and evaluate whether budget monitoring, procurement, and contract management provide adequate financial oversight of providers.				X
Direct Payments & Managed Payroll providers	Weak governance and contract management, reliance on a provider without a formal contract, poor oversight of £1.4m in client balances, and inadequate monitoring of Direct Payments increase risks of mismanagement, financial loss, and lack of transparency over interest earned.	The audit will assess whether oversight of managed payroll providers is effective and safeguards public funds, reviewing commissioning, procurement, contract management, controls over client balances, monitoring of Direct Payments, and the transparency and treatment of interest earned.			X	

Planned Internal Audit Review Area	Audit Risks context	Planned Internal Audit Coverage	Q1	Q2	Q3	Q4
Financial Assessments & Benefits Team - follow up	Risks include incorrect client contributions, inconsistent assessments, and delays in billing.	The follow-up will check whether FAB has implemented prior audit actions, including reducing backlogs, improving referral quality, strengthening caseload oversight, and enhancing documentation, verification checks, and workflow management. It will assess whether these improvements have increased accuracy, timeliness, and governance, and reduced financial and operational risks.	X			
Mosaic Provider Portal	Progress has not been made, efficiency savings will not be realised, historic invoice queries remain impeding the effectiveness of the portal.	The review will assess whether the Provider Portal is operating effectively, confirming workflow compliance, payment stability, monitoring arrangements, provider access, and regular Mosaic reconciliations to ensure the system delivers intended efficiencies.				X
Disabled Facilities Grant - follow up	Grants may not reach the neediest households, and eligible works may exceed limits.	The follow-up will check implementation of prior recommendations and assess whether new controls ensure efficient administration, proper eligibility decisions, and compliance with scheme policies.		X		
Housing Repairs materials - Order and control of Materials	Weak controls may cause budget pressures, theft, or payments for materials unrelated to jobs.	The audit will review controls over material ordering, collection, and payments, ensuring materials are recorded accurately, linked to specific jobs, and reconciled to work performed.			X	
Lone Working	There is a risk of serious harm if lone-working risks are not managed, with many staff not using required safety devices.	The audit will follow up previous concerns and take an organisation-wide view of governance and controls for Peoplesafe devices, assessing procurement, allocation, usage, monitoring, training, escalation processes, and data quality to confirm compliance with the Lone Working Code of Practice and whether key risks are effectively mitigated.			X	
Continuing Healthcare, processing payments (Children's)	Errors in assessments can lead to incorrect funding decisions, delays, and disputes with the ICB.	The audit will review the effectiveness of CHC assessment, recording, approval, and recovery processes, checking workflow accuracy, completeness of evidence, timeliness of recharges, and whether controls ensure correct identification, invoicing, and closure of CHC-funded cases while reducing financial and partnership risks.				X

Planned Internal Audit Review Area	Audit Risks context	Planned Internal Audit Coverage	Q1	Q2	Q3	Q4
Foster care (Allowances)	Allowance levels or payments may be inappropriate, inconsistent, or delayed.	The audit will assess whether foster and kinship allowances follow clear policies, sound eligibility checks, accurate and well-controlled payment processes, and effective monitoring to ensure value for money and compliance with legal requirements.		X		
Occupational Therapy waiting lists and managing opportunities	Delays in assessing needs, inequitable prioritisation due to lack of transparent triage, insufficient use of early help interventions, poor data sharing agreements.	The audit will assess how effectively Children's Services manages Occupational Therapy (OT) waiting lists, including the use of assessment, triage, and prioritisation to support timely and needs-led access. It will review the accuracy of waiting-list data, application of the Waiting Well policy, identification of high-risk cases, and the adequacy of capacity, oversight, and performance information used to manage delays and support improvement.	X			
Pupil Premium funding	There is a risk that Pupil Premium funding is not effectively governed, monitored or targeted, leading to non-compliance with grant conditions, ineffective use of ring-fenced funding, weak accountability and poorer outcomes for disadvantaged pupils.	The audit will review the arrangements for the allocation, use and oversight of Pupil Premium funding, focusing on governance and accountability, compliance with grant conditions, the robustness of planning and decision-making, monitoring of spend and outcomes, transparency and reporting (including statutory publications), and whether funding is being used effectively and in line with intended objectives to improve outcomes for eligible pupils.	X			
Schools	Caversham Park Primary School, E P Collier Primary School, English Martyr's Catholic Primary School, Katesgrove Primary School, Redlands Primary School, The Ridgeway Primary School				X	X

Planned Internal Audit Review Area	Audit Risks context	Planned Internal Audit Coverage	Q1	Q2	Q3	Q4
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The following audits held in reserve, listed below, will be activated if any planned audits are delayed or cannot proceed due to conflicting priorities, staff absence, or other operational constraints. Some lower -priority areas may also be incorporated into the plan and assigned to the audit apprentice for completion.

- Planning (DEGNS)
- Food Hygiene Inspections (DEGNS)
- Recruitment (Pre-employment checks)
- Software Asset Management
- Synergy Project – follow up

In addition to the above, Internal Audit will work collaboratively with the Portfolio Management Office (PMO) on priority gold projects, including Child/SEND Placements and Home to School Transport. Our involvement will focus on providing early assurance and advisory support during the design and implementation phases of these initiatives. Specifically, Internal Audit will assist with the development and refinement of redesigned business processes, ensuring that appropriate controls, governance arrangements, and accountability mechanisms are embedded from the outset. This will include consideration of risk identification and mitigation, segregation of duties, data quality, decision-making frameworks, and compliance with relevant policies and regulatory requirements. By engaging at this stage, Internal Audit aims to support the delivery of robust, sustainable processes that reduce the risk of control weaknesses emerging post-implementation, while enabling the projects to achieve their intended outcomes efficiently and effectively.

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## **INTERNAL AUDIT CHARTER FOR READING BOROUGH COUNCIL**

### **1. INTRODUCTION**

- 1.1 This Charter describes for the Council the purpose, authority and responsibilities of the Internal Audit function in accordance with the Institute of Internal Auditor's Global Internal Audit Standards (GIAS).
- 1.2 The GIAS require that the Charter must be reviewed periodically and presented to "senior management" and "the board" for approval. For the purposes of this charter "senior management" will be the Corporate Management Team (CMT) and the board will be the Audit & Governance Committee.
- 1.3 The Charter will be reviewed annually and approved by CMT and the Audit & Governance Committee. The Chief Auditor (fulfils the role of Chief Audit Executive) is responsible for applying this Charter and keeping it up to date.

### **2. INTERNAL AUDIT PURPOSE**

- 2.1 The Purpose Statement is intended to assist internal auditors and internal audit stakeholders in understanding and articulating the value of internal auditing.
- 2.2 Internal auditing strengthens the organisation's ability to create, protect, and sustain value by providing the Audit & Governance Committee and CMT with independent, risk-based, and objective assurance, advice, insight, and foresight.
- 2.3 Internal auditing enhances the organisation's:
  - Successful achievement of its objectives.
  - Governance, risk management, and control processes.
  - Decision-making and oversight.
  - Reputation and credibility with its stakeholders.
  - Ability to serve the public interest.
- 2.4 Internal auditing is most effective when:
  - It is performed by competent professionals in conformance with the Global Internal Audit Standards, which are set in the public interest.
  - The internal audit function is independently positioned with direct accountability to the Audit & Governance Committee.
  - Internal auditors are free from undue influence and committed to making objective assessments
  - Internal Audit supports the whole Council to deliver economic, efficient, effective and equality services and achieve the Council's vision, priorities and values.

### 3. INTERNAL AUDIT MANDATE

- 3.1 Internal Audit is a statutory service in the context of the Accounts and Audit Regulations 2015 (as amended). Under these Regulations, the “Council” ‘must ensure that it has a sound system of internal control which:
- a) facilitates the effective exercise of its functions and the achievement of its aims and objectives.
  - b) ensures that the financial and operational management of the authority is effective; and
  - c) includes effective arrangements for the management of risk.
- 3.2 The Council ‘must, each financial year (a) conduct a review of the effectiveness of the system of internal control’ and ‘(b) prepare an annual governance statement.’
- 3.3 In addition, the Council ‘must maintain an effective internal audit function to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance’, described below.
- 3.4 This statutory role is recognised and endorsed within the Council’s Financial Regulations. In addition, the Council’s S151 Officer has a statutory duty under Section 151 of the Local Government Act 1972 to establish a clear framework for the proper administration of the authority’s financial affairs. To perform that duty the Section 151 Officer relies, amongst other things, upon the work of Internal Audit in reviewing the operation of systems of internal control and financial management.
- 3.5 Annually, the Chief Auditor is required to provide to the Audit & Governance Committee an overall opinion on the Council’s internal control environment, risk management arrangements and governance framework to support the Annual Governance Statement.
- 3.6 Internal Audit is not responsible for control systems. Responsibility for effective internal control and risk management rests with the management of the Council.
- 3.7 Internal Audit activity must be free from interference in determining the scope of activity, performing work and communicating results. Any such impairments are required to be reported to the Audit & Governance Committee.
- 3.8 The scope of Internal Audit includes the entire control environment and therefore all of the Council’s operations, resources, services and responsibilities in relation to other bodies. In order to identify audit coverage, activities are prioritised based on risk, using a combination of Internal Audit and management risk assessment (as set out within Council risk registers). Consultation also takes place with key stakeholders and horizon scanning is undertaken to ensure that audit activity is proactive and future focussed.

- 3.9 Internal audit activity will include an evaluation of the effectiveness of the organisation's risk management arrangements and risk exposures relating to:
- Achievement of the organisation's strategic objectives.
  - Reliability and integrity of financial and operational information.
  - Efficiency and effectiveness of operations and activities.
  - Safeguarding of assets; and
  - Compliance with laws, regulations, policies, procedures and contracts.

#### 4. **INDEPENDENCE**

- 4.1 Independence for internal audit services in the Global Internal Audit Standards is defined as the freedom from conditions that impair the internal audit function's ability to carry out its responsibilities in an unbiased manner.
- 4.2 Internal Audit will remain sufficiently independent of the activities it reviews to enable auditors to carry out their work objectively, make impartial and effective professional judgements, and identify and report concerns without undue influence. Internal auditors will not undertake operational or managerial responsibilities for areas subject to audit, and any potential threats to independence or objectivity will be identified, managed and, where necessary, reported in line with professional standards.
- 4.3 Where the Chief Auditor has direct line management responsibility for the Insurance and Corporate Investigations Team, appropriate safeguards will be put in place to protect Internal Audit's independence. In such cases, alternative and independent sources of assurance will be established for any internal audit reviews of these functions, with the results reported directly to the Section 151 Officer, ensuring transparency, objectivity and compliance with professional auditing standards.
- 4.4 Internal Audit is involved in the determination of its priorities in consultation with those charged with governance. The Chief Auditor has direct access to, and freedom to report in their own name and without fear or favour to, all officers and Members and particularly those charged with governance. This independence is further safeguarded by ensuring that the Chief Auditor formal appraisal/performance review is not inappropriately influenced by those subject to audit. This should be achieved by ensuring that both the Chief Executive and the Chair of the Audit Committee have the opportunity to contribute to this performance review.
- 4.5 All Internal Audit staff are required to make an annual declaration of interest to ensure that objectivity is not impaired and that any potential conflicts of interest are appropriately managed.

## 5. **REPORTING LINES**

- 5.1 Internal Audit sits within Finance, part of the Directorate of Resources. The Chief Auditor reports directly to the Director of Finance (S151 Officer). Regardless of line management arrangements, the Chief Auditor has free and unfettered access to report to the S151 Officer; the Monitoring Officer; the Chief Executive; the Chair of the Audit & Governance Committee; the Leader of the Council and the Council's External Auditor.
- 5.2 The Chief Auditor meets with the Chair of the Audit & Governance Committee quarterly, or more frequently, if needed, and will arrange to speak with the Chief Executive as and when required.
- 5.3 The Audit and Governance Committee will receive reports on a quarterly basis, as agreed with the Chair of the Audit & Governance Committee, on the results of audit activity and details of Internal Audit performance, including progress on delivering the audit plan.

## 6. **FRAUD AND CORRUPTION**

- 6.1 Managing the risk of fraud and corruption is the responsibility of management. Internal Audit will, however, be alert in all its work to risks and exposures that could allow fraud or corruption and will support the Corporate Investigations Team to investigate allegations of fraud and corruption in line with the Council's Anti-Fraud and Anti-Corruption Strategy.
- 6.2 The Chief Auditor should be informed of all suspected or detected fraud, corruption or irregularity in order to consider the adequacy of the relevant controls and evaluate the implication for their opinion on the control environment.
- 6.3 Internal Audit will promote an anti-fraud and anti-corruption culture within the Council to aid the prevention and detection of fraud.

## 7. **CONSULTANCY WORK**

- 7.1 Internal Audit may also provide consultancy services, generally advisory in nature, at the request of the organisation. In such circumstances, appropriate arrangements will be put in place to safeguard the independence of Internal Audit and, where this work is not already included within the approved audit plan and may affect the level of assurance work undertaken, this will be reported to the Audit & Governance Committee.

## 8. RESOURCES

- 8.1 The work of Internal Audit is driven by the annual Internal Audit Plan, which is approved each year by the Audit & Governance Committee. The Chief Auditor is responsible for ensuring that Internal Audit resources are sufficient to meet its responsibilities and achieve its objectives.
- 8.2 Internal Audit must be appropriately staffed in terms of numbers, grades, qualifications and experience, having regard to its objectives and to professional standards. Internal Auditors need to be properly trained to fulfil their responsibilities and should maintain their professional competence through an appropriate ongoing development programme.
- 8.3 The Chief Auditor is responsible for appointing Internal Audit staff and will ensure that appointments are made in order to achieve the appropriate mix of qualifications, experience and audit skills. The Chief Auditor may engage the use of external resources where it is considered appropriate, including the use of specialist providers.

## 9. DUE PROFESSIONAL CARE

- 9.1 The work of Internal Audit will be performed with due professional care and in accordance with the IIA's Global Internal Audit Standards (2025), the Accounts and Audit Regulations (2015), as amended 2020 and with any other relevant statutory obligations and regulations.
- 9.2 In carrying out their work, Internal Auditors must exercise due professional care by considering:
- The extent of work needed to achieve the required objectives.
  - The relative complexity, materiality or significance of matters to which assurance procedures should be applied.
  - The adequacy and effectiveness of governance, risk management and control processes.
  - The probability of significant errors, fraud or non-compliance; and
  - The cost of assurance in proportion to the potential benefits.
- 9.3 Internal Auditors will also have due regard to the Seven Principles of Public Life Selflessness; Integrity, Objectivity; Accountability; Openness; Honesty; and Leadership.
- 9.4 The Chief Auditor will control the work of Internal Audit at each level of operation to ensure that a continuously effective level of performance – compliant with the IIA's Global Internal Audit Standards, is maintained.
- 9.5 A Quality Assurance Improvement Programme (QAIP) is in place which is designed to provide reasonable assurance to its key stakeholders that Internal Audit:
- Performs its work in accordance with its Charter/Mandate.
  - Operates in an effective and efficient manner; and,
  - Is adding value and continually improving the service that it provides.

- 9.6 The QAIP requires an annual review of the effectiveness of the system of Internal Audit to be conducted. Instances of non-conformance with the IIA's Global Internal Audit Standards, including the impact of any such non-conformance, must be disclosed to the Audit Committee. Any significant deviations must be considered for inclusion in the Council's Annual Governance Statement.
- 9.7 An external assessment is required every five years by a qualified and independent assessor, for Reading this will be due in 2027/28. Approval of the external assessment plan and outcomes of the resulting report will be presented to the Audit and Governance Committee.

## 10. **COMMITMENT TO ADHERENCE TO THE GLOBAL INTERNAL AUDIT STANDARDS**

- 10.1 The internal audit service will adhere to the mandatory elements of the Institute of Internal Auditors' International Professional Practices Framework, which are the Global Internal Audit Standards and Topical Requirements. The Chief Auditor will report annually to the Audit & Governance Committee and senior management regarding the internal audit's conformance with the Standards.

## Audit and Governance Committee

08 April 2026



**Reading**  
Borough Council  
*Working better with you*

<b>Title</b>	Strategic Risk Register – April 2026
<b>Purpose of the report</b>	To note the report for information
<b>Report status</b>	Public report
<b>Executive Director/ Statutory Officer Commissioning Report</b>	Louise Duffield, Executive Director of Resources
<b>Report author</b>	Robin Pringle, Corporate Health, Safety and Risk Management Lead
<b>Lead Councillor</b>	Councillor Ellie Emberson, Lead Councillor for Corporate Services and Resources
<b>Council priority</b>	Ensure Reading Borough Council is fit for the future
<b>Recommendations</b>	1. That Audit and Governance Committee are asked to consider the Councils Strategic Risk Register as of April 2026 (Appendix 1)

### 1. Executive Summary

- 1.1. This report outlines the April 2026 update of the Strategic Risk Register. The Register is presented to the Council's Audit & Governance Committee every six months. The previous report was presented to the Council's Audit and Governance Committee in September 2025.
- 1.2. The following documents are appended:
  - Appendix 1 - The Council's Strategic (Corporate) Risk Register

### 2. Policy Context

- 2.1. The Risk Management Policy and Procedure was presented to Audit & Governance Committee in October 2024, and it is available on the Intranet.
- 2.2. Risk management is a key part of corporate governance. Good risk management will help identify and deal with key strategic risks facing the Council in the pursuit of its goals and is a key part of good management, not simply a compliance exercise. Risk management and internal controls are important and integral parts of a performance management system and are crucial to the achievement of outcomes. They consist of an ongoing process designed to identify and address significant risks involved in achieving the Council's outcomes.
- 2.3. RBC are operating a comprehensive risk management system, to provide greater governance and reassurances to our insurers and Members. This is achieved by improving:
  - The policy commitments and roles and responsibilities,
  - Defining a clear operating procedure,
  - The frequency of risk reporting, and
  - Working closely with our insurers and risk consultants to embed the new system.

- 2.4. The Corporate Management Team (CMT) and Directorate Management Teams (DMT's) are required to continually review their existing risks, determine if they are still relevant and fit for purpose and determine whether there are new risks that need incorporating into the Risk Registers. DMT's are also asked to determine if any risks should be escalated to the Strategic Risk Register.
- 2.5. The Strategic Risk Register provides a concise, focused, high-level overview of strategic risks that can be easily communicated to all staff, councillors, and stakeholders (e.g., Council's Insurers). It should always be supplemented by directorate, service and project risk registers.

### **3. The Proposal**

- 3.1. The Strategic Risk Register covers the actions completed by the Council between October 2025 - March 2026 and the future risk ratings for the Council for May – August 2026. Timing of reports to Audit & Governance Committee means the report is produced slightly before the end of the quarter.
- 3.2. The Strategic Risk Register was reviewed by the Corporate Management Team (CMT) on the 17th March 2026.
- 3.3. The Strategic Risk Register (Appendix 1) for agreement, consists of 12 risks – the same as the previous report. The risks are:
  1. Risk of loss from cyber-attack.
  2. Lack of local special educational needs and disabilities (SEND) placement provision to meet current and future levels of demand. Insufficient provision impacts on the Dedicated Schools Grant (DSG) High Needs Block (HNB) deficit.
  3. Unable to deliver a balanced budget as a result of demand pressures and achieving income targets.
  4. Failure to deliver zero carbon commitments (Climate mitigation)
  5. Failure to safeguard vulnerable adults.
  6. Failure to safeguard vulnerable children.
  7. Failure to retain and recruit staff.
  8. Failure to adapt to the impacts of climate change (Climate adaptation)
  9. Information Governance - Failure to protect personal data.
  10. Failure to fulfil our obligations under the PREVENT Duty
  11. Failure to mitigate risks or manage issues, associated with health & safety, appropriately
  12. Risk to adherence to Care Act Statutory duties as residents are waiting in Adult Social Care

#### **3.4. Risks that have been escalated from Directorate registers to the Strategic Register**

- **Directorate of Children's Services**
  - No risks escalated.
- **Directorate of Resources**
  - No risks escalated
- **Directorate of Adult Care and Health Services**
  - No risks escalated
- **Directorate of Economic Growth and Neighbourhood Services**
  - No risks escalated

#### **3.5. Risks for de-escalation from the Strategic Risk Register to Directorate registers**

- **Directorate of Children's Services**
  - No risks de-escalated
- **Directorate of Resources**
  - No risks de-escalated
- **Directorate of Adult Care and Health Services**

- No risks de-escalated.
- **Directorate of Economic Growth and Neighbourhood Services**
- No risks de-escalated.

3.6. There are 6 red risk cards.

1. Risk of loss from cyber-attack.
2. Unable to deliver a balanced budget because of cost-of-living increases, demand pressures and achieving income targets.
3. Failure to deliver zero carbon commitments (Climate mitigation).
4. Failure to adapt to the impacts of climate change (Climate adaptation).
5. Failure to safeguard vulnerable children.
6. Lack of local special educational needs and disabilities (SEND) placement provision to meet current and future levels of demand and the impact on the high need's deficit.

3.7 There are 6 amber cards.

1. Failure to retain and recruit staff.
2. Information Governance - Failure to protect personal data.
3. Failure to fulfil our obligations under the PREVENT Duty.
4. Failure to safeguard vulnerable adults.
5. Failure to mitigate risks or manage issues, associated with health & safety, appropriately. Whilst this risk rating has fluctuated over the past 4 quarters, it currently sits at an amber risk, due to the completion of a significant number of actions within the Housing H&S Action Plan.
6. Risk to adherence to Care Act Statutory duties as residents are waiting in Adult Social Care. The risk rating reduced 6 months ago due to the RAG rating processes having been reviewed and refreshed, and cases can now be tracked on PowerBI and actioned.

3.8 Guidance is provided in relation to the scoring of risks to enable as much consistency as possible; it remains a subjective process. The primary aim of the Strategic Risk Register is to identify those key vulnerabilities that Corporate Management Team consider need to be closely monitored in the forthcoming months and, in some instances, years ahead. In many cases this will be because the risk is relatively new and, whilst being effectively managed, the associated control framework is yet to be fully defined and embedded. In such circumstances it follows that not only will the potential impact be large, but the risk of likelihood of occurrence could also be increased.

3.9 In order to focus senior management and Member attention on areas of greatest risk, the Register should include only the key current risks that have not been mitigated down to the acceptable risk level. Where risks have been rated as green for 2 or more consecutive quarters they are removed from the Register. These can be re-instated should the risk increase again.

3.10 In order to support the embedding of risk management principles across the Council, 226 Managers have now completed the 'Risk Management for Managers' training course and twice monthly courses are planned for 2026 and 2027. The target is 300 managers. These will be provided by the Councils Senior Risk and Health and Safety Adviser.

3.11 The risk management intranet page and SharePoint site has been updated to include numerous guidance notes to support managers complete their duties.

#### 4. **Contribution to Strategic Aims**

4.1. Regular review of the Policy, and Strategic Risk Register, is an integral part of effective risk management arrangements and corporate governance. Each risk is linked to a Corporate Plan theme.

4.2. 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

4.3. 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

4.4. 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.

## **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 are no specific environmental and climate implications arising from the decision. The Strategic Risk Register includes two risks related to climate implications and the actions to mitigate these risks are included in Appendix One.

## **6. Community Engagement**

6.1. The consultation duty is not applicable to the Risk Management Policy & Procedure.

## **7. Equality Implications**

7.1. An Equality Impact Assessment (EIA) is not relevant to this report.

## **8. Other Relevant Considerations**

8.1. There are no other considerations relevant for this report

## **9. Legal Implications**

9.1. There are no specific legal implications arising from the recommendations in this report.

## **10. Financial Implications**

10.1. There are no specific financial implications arising from the recommendations in this report.

## **11. Timetable for Implementation**

11.1. Each individual risk card identifies its own implementation timetable.

## **12. Background Papers**

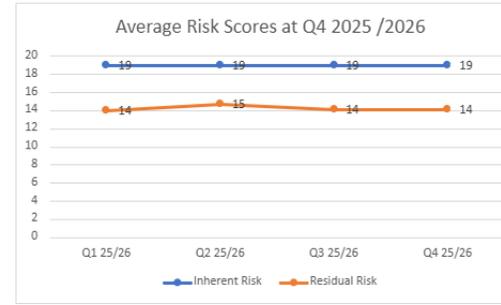
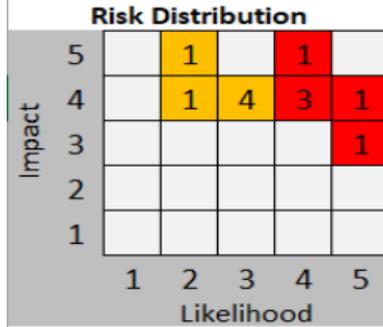
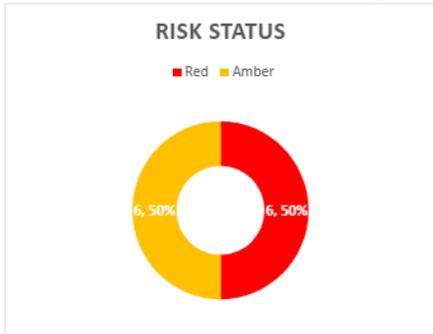
12.1. There are no background papers.

## **Appendices**

1. Strategic Risk Register as at April 2026



# Strategic Risk Register Summary Q4 2025/2026



Risk	Q1 25/26	Q2 25/26	Q3 25/26	Q4 25/26	Current RAG
Strategic Risk: Failure to retain and recruit staff	12	12	12	12	Amber
Strategic Risk: Information Governance - Failure to protect personal data	8	8	8	8	Amber
Strategic Risk: Cyber - Risk of loss from cyber attack	12	20	20	20	Red
Strategic Risk: Risk to adherence to Care Act Statutory duties as residents are waiting in Adult Social Care	16	16	12	12	Amber
Strategic Risk: Unable to deliver a balanced budget as a result of demand pressures and achieving income targets.	20	20	20	20	Red
Strategic Risk: Failure to deliver zero carbon commitments (Climate mitigation)	15	15	15	15	Red
Strategic Risk: Failure to adapt to the impacts of climate change (Climate adaptation)	16	16	16	16	Red
Strategic Risk: Failure to safeguard vulnerable adults	12	12	12	12	Amber
Strategic Risk: Directorate of Children's Services - Lack of local special educational needs and disabilities (SEND) placement provision to meet current and future levels of demand. Insufficient provision impacts on the Dedicated Schools Grant (DSG) High Needs Block (HNB) deficit.	16	16	16	16	Red
Strategic Risk: Failure to fulfil our obligations under the PREVENT Duty	10	10	10	10	Amber
Strategic Risk: Failure to mitigate risks or manage issues, associated with health & safety, appropriately	15	15	12	12	Amber
Strategic Risk Failure to safeguard vulnerable children	16	16	16	16	Red

Page 1 of 5

Risk

## Strategic Risk: Failure to retain and recruit staff.

Register: Strategic

**Residual Score**  
12

Risk Owner: Kathryn Cook

**Risk**

Failure to retain and recruit staff.

**Cause**

There is a national shortage of skilled staff for some areas (e.g. Social Workers, Occupational Therapists, local government lawyers and financial professionals, Planners etc). In other areas, local government salaries and the impact of the cost-of-living crisis may mean that the Council is not able to keep pace with salaries being offered in the private sector (e.g. Surveyors, IT professionals and Drivers) and staff may leave for higher paid jobs in other sectors.

**Potential Impact**

Failure to meet demand. Statutory duties not met. Negative impact on staff motivation and stress related illness.

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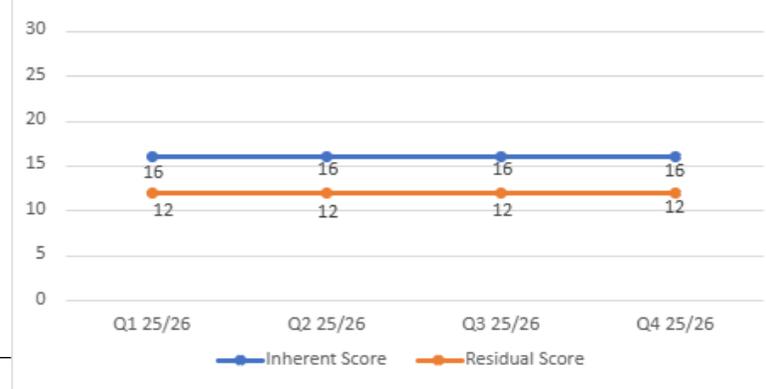
### Risk Status

Treat the risk – agreeing to implement further controls to change the nature of the risk

### Risk Scores

Risk Type	Q1 25/26	Q2 25/26	Q3 25/26	Q4 25/26
Impact Inherent	4	4	4	4
Likelihood Inherent	4	4	4	4
Inherent Score	16	16	16	16
Impact Residual	4	4	4	4
Likelihood Residual	3	3	3	3
Residual Score	12	12	12	12

### Trends - Risk Scores



### Specific Actions Required

	Title	Date for completion	Status
1	Further development of the Council's approach to apprenticeships including targeting some apprenticeships at care experienced people and focussing recruitment in more deprived parts of the Borough	31/03/2027	In Progress
2	Disability statement and action plan	30/09/2026	In Progress
<b>Predicted Score</b>			<b>9</b>

## Background Information

There is an on-going shortage of skilled staff in the employment market for some key local government professions (e.g. Social Workers, Occupational Therapists, local government lawyers and financial professionals) and therefore recruitment in these areas is difficult. We compare our data with other local authorities and national recruitment statistics. RBC has had a record number of applications in the rolling year to date. Some roles are being held vacant to assist with financial savings.

## Existing Controls in Place

- Resourcing Team well established to ensure proactive approach and success of permanent and all other types of recruitment. Time to fill (advert to start date) has improved to an average of 57 days (Feb 26) and represents a best ever performance for the council. Success rate of recruitment has is currently 82% (Feb 2026). Whilst fill rates are high for most jobs, there are a small number of jobs where considerable challenges recruiting have been experienced. These difficulties are experienced on a national level by most local authorities and are typically in shortage occupations such as experienced solicitors and social workers.
- Our results for 2025 were encouraging with the council receiving the highest application numbers on record, an increase of 33% on the previous year. This has seen permanency rates in key hard to fill areas such as qualified social workers and solicitors increase by over 40% during the year. The Human Resources Team continues to work with services to help improve recruitment and retention.
- Access to pool of appropriately qualified temporary staff via agency contract. The contract continues to perform well, meeting the vast majority (98% by spend) of our temporary staffing needs and kept off-contract usage to a minimum.
- Apprentice and work experience programmes provide access to a pool of younger and less experienced and skilled staff who can be internally developed to fill hard-to-recruit positions in the future. We continue to support apprenticeships for existing and new staff.
- Staff Surveys have been conducted annually since 2021 to provide insight into how staff feel about the Council as an employer and an opportunity to build on and maintain positive results and address areas for improvement. The 2025 survey ran from mid-November, closing on the 12 December. Participation has increased again and reached 53% including strong contribution from the Directorate of Children's Services who are now in-house. Questions asked were identical to previous surveys (to enable tracking of responses over time) and scores have improved again year on year. A corporate action plan is being developed alongside action plans for each Executive Director (ED) area.
- The Team Reading Programme is embedded to support delivery of the People Strategy which aims to achieve a highly skilled, high performing and motivated workforce. Programme governance reflects the important role of service 'voice' through the Team Reading Stakeholder Group. Items for decisions are remitted to the Corporate Management Team.
- Our Inclusion and Diversity Strategy and Plan was launched in January 2024. The strategy is supported by a three-year action plan with quarterly reviews with a member of CMT and Staff network Chairs. This strategy aims to ensure RBC is an employer where everyone can do their best work and can thrive. Work in this area continues to have a positive impact on retention and on recruitment. The year three plan has been presented to CMT, Staff network chairs and Personnel Committee's annual update report. Year three (2026) actions include an ongoing focus on what it means for the Council to be an anti-racist organisation following launch of the Council's anti racism statement and actions to all staff in December 2025 with pilot training sessions held to support increased understanding in this area. Year 3 actions also include an ongoing focus on Disability inclusion. Staff members receive quarterly updates on delivery plan progress. Work will be completed during 2026 to review the strategy.
- The latest most recent Leadership Development Programme completed in July 2025. A formal commitment has been agreed to launching a programme across 2026/2027 to ensure all managers and leaders have had the opportunity to attend. This programme is designed to ensure managers deliver high quality, inspiring leadership and role model the Team Reading Leadership Behaviours. Proposal for the next phase of the programme have been discussed with CMT.
- Quarterly reporting of Human Resources (HR) & Organisational Development (OD) performance metrics to Corporate Management Team (CMT) and monthly to Directorate Management Teams (DMT's), to identify areas of good practice that can be shared, and areas that require improvement so that these can be addressed.

- A communications campaign to continually promote the benefits available to staff is underway (e.g. Employee Assistance Programme, benefits platform and discounts with retailers and gym memberships, lease cars scheme, pensions etc).
- The Council is part of national pay bargaining and so has limited scope to increase pay but market supplement payments can be awarded for particularly hard to fill posts which present recruitment/retention challenges. The National Employers organisation negotiate on RBC behalf. This is a rolling year on year process.
- The number and range of staff groups continue to evolve and now includes a carers group and work is underway to support a faith group. Staff awards are held annually. A new long service recognition event is held regularly to celebrate those with 30+ years employment with the Council.
- Continued deployment of the work experience programme providing opportunities for school children to understand the opportunities available in local government and gain work experience.
- Reverse mentoring pilot launched in June 2025 with 5 members of CMT. Evaluation activity is currently being finalised with recommendations for next steps.
- Anti racism statement and Action Plan launch - Completed - December 2025

Risk

# Strategic Risk: Information Governance - Failure to protect personal data

Register: Strategic

**Residual Score**  
**8**

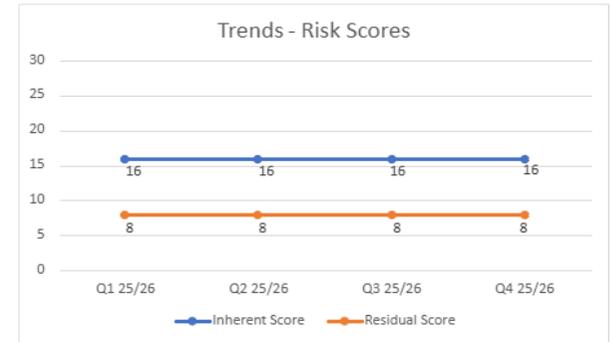
Risk Owner: Ade Marques

**Risk** Information Governance - failure to protect personal data.

**Cause** User error, lack of policy guidance and procedures, failure of system reminders, staff workloads resulting in insufficient care and attention to detail.

**Potential Impact** Fines/penalties, reputational damage and service failure. Wasted time and cost involved in responding to service failure.

Risk Scores				
Risk Type	Q1 25/26	Q2 25/26	Q3 25/26	Q4 25/26
Impact Inherent	4	4	4	4
Likelihood Inherent	4	4	4	4
<b>Inherent Score</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>16</b>
Impact Residual	4	4	4	4
Likelihood Residual	2	2	2	2
<b>Residual Score</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>



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## Risk Status

Treat the risk – agreeing to implement further controls to change the nature of the risk

Specific Actions Required			
	Title	Date for completion	Status
1	Refresh and relaunch Information Governance Champions Network	30/06/2026	In Progress
2	Information Sharing Protocols to be reviewed by Information Governance Champions Network (IGCN)	31/07/2026	Not Started
3	Records of Processing Activities (ROPA) in place. 2026/27 review to occur.	30/09/2026	In Progress
4	Cascade of compliance requirements now through the Information Governance Champions Network (IGCN).	31/07/2026	Not Started
<b>Predicted Score</b>			<b>6</b>

## Background Information

Information governance is an important issue for the Council as information is a corporate resource and is essential for the delivery of services to residents. The Council has duties to manage information properly, under the General Data Protection Regulations (GDPR). In addition, in order to make best use of the information, it should be organised in a way that allows Services to derive maximum benefit from it.

Breach of information governance poses significant risk to the privacy of individuals and fines and reputational damage to the Council by the ICO.

## Existing Controls in Place

- Information Governance Board (IGB) set up to oversee delivery of Information Management Strategy and compliance.
- Information Management Strategy agreed at Policy Committee on 7th March 2022.
- Corporate training programme for data protection, raising awareness with staff groups of the need to handle personal data securely and properly. Data Protection Training is mandatory for all staff.
- Oversight from the Audit and Governance Committee on a regular basis.
- Face to Face Data Protection refresher training is available for staff as and when needed.
- Subject Access Request policy and Breach Management policy reviewed by Information Governance Board. Further training to be delivered to staff.
- Privacy Notices are being updated for each service area and made available to service users. This is kept under review in Information Governance Champions Network (IGCN).
- Information Sharing Protocols have been centralised and will be reviewed by IGCN.
- The Council now has retention schedules for each directorate. All retention schedules have been updated and will be reviewed through ongoing IGCN programme to ensure they are being actioned. Further work through the IGCN will ensure that the schedules are given greater visibility and to assess level of compliance.
- New Information Governance and Cyber Security modules have been rolled out as mandatory training. Uptake is subject to monitoring at Information Governance Board.
- Corporate Management Team (CMT) have confirmed a corporate approach to mandatory training which includes Data Protection and Information Governance (January 2024).
- Review of Breach Management Policy commissioned in relation to external suppliers of software systems.
- Roll out of annual refresher training for Information Governance

**Risk Strategic Risk: Cyber - Risk of loss from cyber attack**

Register: Strategic

Risk Owner: Ade Marques

**Residual Score 20**

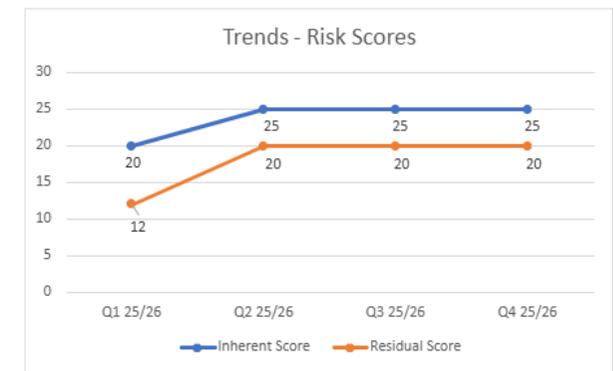
**Risk** Attack by hostile nation states, criminals or activists. Likelihood remains high. The continuing evolution of the threat environment means that the likelihood will remain high, notwithstanding the council's ongoing efforts to improve our cyber posture.

**Cause** Loss of service, loss of reputation, Loss of data, legal challenges, recovery costs

**Potential Impact** Fines/penalties, reputational damage and service failure. Wasted time and cost involved in responding to service failure.

**Risk Scores**

Risk Type	Q1 25/26	Q2 25/26	Q3 25/26	Q4 25/26
Impact Inherent	5	5	5	5
Likelihood Inherent	4	5	5	5
Inherent Score	20	25	25	25
Impact Residual	3	4	4	4
Likelihood Residual	4	5	5	5
Residual Score	12	20	20	20



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**Risk Status**

Treat the risk – agreeing to implement further controls to change the nature of the risk

Specific Actions Required			
	Title	Date for completion	Status
1	Implementation of Security information and Event Management (SIEM)	31/09/2027	Not Started
2	Achieve Cyber Essentials Plus certification (delayed as a result of delays in legacy application replacement)	31/03/2027	Not Started
3	Introduction of the Customer & Case Management new IT system to remove old software	31/03/2027	In Progress
<b>Predicted Score</b>			<b>16</b>

## Background Information

The continuing evolution of the threat environment - not least owing to the war in Ukraine and Middle East - means that the likelihood will remain high, notwithstanding the significant set of actions in place. As evidence of this, we continue to intercept over 75% of emails sent to our network. We also continue to block over 5,000 attempts by users to access web links that led to malicious sites monthly.

The high impact of cyber incidents has been demonstrated by incidents such as the Haringey and Redcar & Cleveland, M&S and Jaguar Land Rover (summer 2025) ransomware attacks.

While the risk to loss of applications and data from a cyber attack does not diminish, in this financial year we have taken further measures to reduce the likelihood slightly. This has included the introduction of Multifactor Authentication as well as further enhancement and enforcement of cyber training programme for all staff across RBC. We have also tightened the criteria for onboarding new applications into our IT estate.

## Existing Controls in Place

### Organisational controls

- Security governance provided by Information Governance Board, which reviews policy and strategy relating to cyber security, and also monitor reports of security incidents to identify corrective action. Assistant Director Legal & Democratic Services has been appointed as cyber security champion for Corporate Management Team (CMT), and a similar role is played in Council by the Lead Member for Corporate Resources & Customer Services.
- Staff awareness and training is critical. Training (including annual refresher training) has been made mandatory.
- A new training module has been developed in house by the digital and IT team to make this mandatory training more bespoke and user friendly.
- Cyber insurance in place (and ongoing purchase)
- Assessment of security strategy and policy to be conducted against new Local Government profile of Cyber Assessment Framework being conducted by Department for Levelling Up Housing and Communities Future Councils programme (as part of our grant award).
- Local Government Cyber Assessment Framework assessment and remediation planned.
- Agreed and implemented policy and approach to enforcing mandatory training (cleansing of personnel data for tracking completed, allowing monitoring of training completion to be implemented in June/July) - Information Governance Board

### Controls focused on resistance to attack

- Improved defences against attack from Internet via email and internet are now in place.
- External certification of cyber countermeasures against Cyber Essentials Plus framework - work to address gaps identified by internal review is in progress, with the most significant actions relating to work (by both IT and business teams) on certain legacy applications. Following an internal audit report that raised questions over remediation plans, an external review has been conducted. There were no major new issues arising from this review. However, we have moved the target date for Cyber Essentials assessment back by to reflect the revised timing of the implementation of some business applications on which achievement of the criteria depend, and also to allow time for a full audit of business and web applications.
- A ransomware simulation event was held in the spring of 2025, to help measure our level of preparedness for a ransomware attack.

- A similar exercise was carried out for all managers on the 24th of September at the Team Talk session.
- A higher grade of Microsoft antivirus Defender P2, has been procured and implemented from 1st January 2026 to further prevent malware into the RBC network.

### **Controls focused on recovery from attack**

- Cyber incident response plan and cyber incident “playbooks” to reflect learning from recent attacks on the public sector and the latest guidance from the National Cyber Security Centre (NCSC).
- An exercise is in place to review business continuity plans for cyber across all areas of the business. This assessment will be followed by a cross-business cyber resilience rehearsal/exercise, following on from a limited exercise run in Legal & Democratic Services. See 'Specific Actions'
- Independent assessment of security improvement plans and threat monitoring to ensure we have robust plan to achieve Cyber Essentials Plus certification conducted.
- Preparedness for cyber-attack to be assessed through review of business continuity plans - review workshops completed with all DOR services; DEGNS and DCASC to be completed - Action completed December 2024
- Carrying out actions from the ransomware simulation rehearsal April 2025.
- A cyber preparedness summit was convened by the Assistant Director Digital and IT early December 2025. Bringing together suppliers who will be involved in a cyber recovery exercise. This was convened in response to the heightened security alert following the Tri-Borough cyber attack in November 2025.

**Risk** People do not receive timely adult social care interventions to meet their needs, overspend of budget as the numbers of people waiting does not factor into demand pressures

**Cause** Increased demand which outstrips staff capacity. Lack of capacity in the various teams to meet the complexity of demand

**Potential Impact** Risk of death, harm or injury to vulnerable persons for whom we have a statutory responsibility  
 Breach to meeting statutory obligations as defined by the Care Act 2014

Risk Scores				
Risk Type	Q1 25/26	Q2 25/26	Q3 25/26	Q4 25/26
Impact Inherent	4	4	4	4
Likelihood Inherent	5	5	5	5
Inherent Score	20	20	20	20
Impact Residual	4	4	4	4
Likelihood Residual	4	4	3	3
Residual Score	16	16	12	12

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**Risk Status**

Specific Actions Required	
	Title
1	Deep Dive into the Social Care AWB (Advice Well Being) processes and forms to determine effectiveness
2	Efficiencies to MOSAIC to aid workers and reporting



Treat the risk – agreeing to implement further controls to change the nature of the risk.

## Background Information

The waiting times for people who draw on care and support waiting for an assessment or review of their social care needs continues to be high as demand for interventions outstrips staff capacity across the various teams.

Post-COVID all teams are seeing significant demand and additional complexity. Pre-COVID as we operate our strengths based model many cases could have been brought to a resolution after 2-3 visits with the person, however this is more likely to be 4-6 visits now and practitioners are needing to undertake more joint working with the National Health Service (NHS) and other partners. Teams have reported that more court work is required which involves lengthy Mental Capacity Assessments, Court of Protection applications and Safeguarding Enquiries.

Data is collected weekly by the Performance Team via a new PowerBI dashboard has been developed to allow managers to analysis their individual waiting lists and target the longest waits.

This data is also reviewed at the Working for People Board and the Directorate Leadership Board which is where we oversee the impact of the mitigations, we are deploying to address the waiting times.

Q1 2025/26 - Demand and resources remain ongoing issues as part of the council's financial position. Demand continues to outstrip capacity with the service seeing as many as 20 referrals per day, as a result the risk rating has increased. We are now undertaking a deep dive to review the internal processes and referral pathways.

Further demand anticipated with the loss of NRS Equipment contract, this in turn will increase referrals as less trusted assessors for less complex equipment.

The RAG rating processes have been reviewed and refreshed, and the Red RAG cases can now be tracked on PowerBI and actioned.

## Existing Controls in Place

- Mitigation controls that have been put in place so far include:
- Increased Governance and oversight of waits at CMT, the Directorate Leadership Team & performance Board and Team managers are monitoring the waiting times within their teams. December 2024
- Adult Social Care have developed and implemented a BRAG (Black/Red/Amber/Green) rating system including an overarching 'Waiting Well' Policy that provides guidance for cases that are awaiting allocation to a worker. All residents are being triaged to assess levels of Risk to support this rating system. October 2024
- Risk Matrix tool set up. November 2024
- Additional resources (both short term and permanent) have been agreed and deployed across the service to address the waiting times.
- Deep Dive into the internal processes and referral pathways. Ongoing.
- This targeted approach has demonstrated great progress in both safeguarding and the Hub who have noted reductions in waits and improved adherence to target timeframes for targeted interventions for our Residents.
- New PowerBI system developed and rolled out.
- Reviewed capacity across the service to ensure staff are deployed in the correct teams to meet need - Directorate Leadership Team (DMT). October 2024

- All residents referred into Adult Social Care will be risk assessed to ensure those who are RAG rated red/urgent will be triaged within 24 hours.
- The RAG rating processes have been reviewed and refreshed, and the Red RAG cases can now be tracked on PowerBI and actioned.
- Medium Term Financial Strategy (MTFS) submission for additional resources submitted for 2025/26. October 2024
- Ongoing development work on Advice and Well Being Hub, Digital Front Door and Voluntary and Community Sector Front Door to manage future demand.
- Q1 25/26 - Number of referrals continues to increase on both the Social Care and Occupational Therapy (OT) pathways, with demand outstripping capacity. The wait times for OT pathway sits at approximately 500 workflows.
- NRS Equipment closed at the end of July 2025, this may increase the referrals into the OT service. Generally the demand remains high in August 2025.
- Reviewed MOSAIC pathways to ensure alignment with practice and facilitates robust business intelligence and performance information i.e. PowerBI. July 2025 - Completed
- There has been key recruitment into key roles.
- Improved Power BI reports now being produced to monitor productivity of staff.

**Strategic Risk: Unable to deliver a balanced budget as a result of demand pressures and achieving income targets.**

**Risk** Failure to deliver a balanced budget as a result of increasing demand for services, increasing complexity of need and uncertainty about local government funding reforms.

**Cause** Financial pressures arising from increasing demand pressures, increasing complexity of need, and volatility in global markets.

**Potential Impact** There is a planned draw down from reserves of £4.633 million to fund the forecast 2025/26 deficit. The 2026/27 budget has been balanced through a drawdown from reserves of £0.3 million.

Risk Scores				
Risk Type	Q1 25/26	Q2 25/26	Q3 25/26	Q4 25/26
Impact Inherent	5	5	5	5
Likelihood Inherent	4	4	4	4
<b>Inherent Score</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>
Impact Residual	5	5	5	5
Likelihood Residual	4	4	4	4
<b>Residual Score</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>



**Risk Status**

Treat the risk – agreeing to implement further controls to change the nature of the risk

Specific Actions Required			
	Title	Date for completion	Status
1	~	~	~
2	~	~	~
<b>Predicted Score</b>			<b>20</b>

## Background Information

The 2025/2026 Quarter 3 forecast is an adverse net variance of £4.633m.

The budget report presented to Council in February 2026 included a drawdown from reserves of £0.3million to balance the budget.

There is a forecast budget gap of £2million for 2027/2028.

## Existing Controls in Place

- Controls include regular reporting to CMT and DMT's, plus quarterly reporting to Policy Committee.

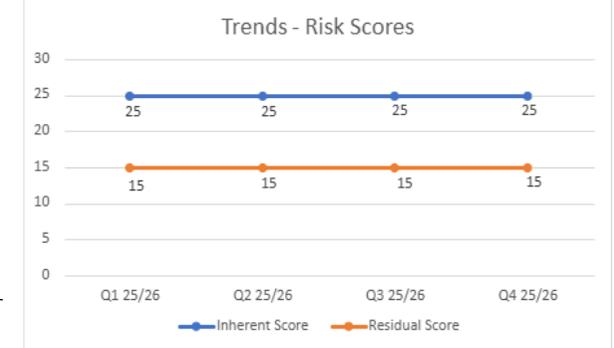
**Risk** Failure to deliver net zero carbon commitments across the borough

- Cause**
1. Lack of clear policies and plans in place to deliver
  2. Insufficient investment of Council resources in delivery
  3. Lack of partner/resident engagement and ownership of climate action
  4. Inadequate government funding and policy support for delivery.

**Potential Impact**

The main direct impacts on the Council are (i) practical in the sense that if the Council is not seen to be leading by example, the success of its efforts to persuade other partners and residents to cut their emissions will be reduced and (ii) reputational, in that the Council may be accused of not delivering on its promises, noting that some of the action required to deliver a net zero Reading by 2030 is beyond the Council's control. The 'impact' score is therefore based on this rather than the ultimately catastrophic impacts which will arise in the long-term from unmitigated climate change (see also 'Failure to adapt to climate change' risk card).

Risk Scores				
Risk Type	Q1 25/26	Q2 25/26	Q3 25/26	Q4 25/26
Impact Inherent	5	5	5	5
Likelihood Inherent	5	5	5	5
<b>Inherent Score</b>	<b>25</b>	<b>25</b>	<b>25</b>	<b>25</b>
Impact Residual	3	3	3	3
Likelihood Residual	5	5	5	5
<b>Residual Score</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>



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Risk Status

Treat the risk – agreeing to implement further controls to change the nature of the risk

Specific Actions Required			
	Title	Date for completion	Status
1	Climate training roll out to priority cohorts (officers and members) to continue through 2026/2027	31/12/2026	In Progress
2	Complete Heat Network detailed project development & apply for Green Heat Network Fund	01/05/2026	In Progress
3	Solar Investment Programme - First Project Completion	31/12/2026	In Progress
4	Levelling up Fund Decarb of Hexagon	31/03/2027	In Progress
		<b>Predicted Score</b>	<b>12</b>

**Background Information**

This risk relates primarily to the Borough-wide target of net zero by 2030 which the Council can influence but not control in its entirety (delivering the corporate net zero by 2030 target is a separate risk in the Directorate of Economic Growth and Neighbourhood Services (DEGNS) Directorate Risk Register). A major factor is the prevailing government policy and funding position which, as Reading's climate emergency declaration made clear, would need to change significantly to enable the 2030 target to be met. The 7th Carbon Budget Report released (February 2025) by the Committee For Climate Change sets out a balanced pathway to net zero by 2050 which indicates that net zero position would not be met until there is widespread uptake of key technologies. This would most likely go out beyond 2030 and so the risk of not meeting net zero by 2030 remains high albeit a new climate emergency strategy focusses on continuing decarbonisation efforts beyond 2030. Failure to deliver the Council's net zero commitments will ultimately contribute to catastrophic climate change impacts although the 'contribution' of greenhouse gas emissions from Reading will ultimately be indistinguishable from that of other jurisdictions. Government policy has shifted in some respects, namely the introduction of Great British Energy and decarbonisation of the electricity grid but Local Authority funding specifically has reduced with the withdrawal of the Public Sector Decarbonisation Fund for England. Major investment is needed to install electric technologies for vehicles and heat and this is not currently forthcoming. Heat Network Infrastructure plans are progressing, however as this area was supported by Treasury.

## Existing Controls in Place

Action is broken down in relation to 'cause' categories listed above as follows:

### 1. Lack of clear policies and plans in place to deliver:

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- Reading Borough Council (RBC) worked with partners to develop the Reading Climate Emergency Strategy 2025-2030, which includes action plans for all key policy areas (endorsed by Strategic Environment, Planning & Transport (SEPT) Committee November 2025). Implementation ongoing
- Reading Borough Council produces its own Corporate Carbon Plan to set out its pathway to net zero and action required (adopted by Strategic Environment, Planning & Transport Committee November 2020). In place but new five-year plan required for 2026-31. In development (at Mar 26).
- Annual Reports on progress with both the Climate Strategy and Carbon Plan are presented to Strategic Environment, Planning & Transport (SEPT) Committee on the anniversary of their publication. In place and the latest Annual Reports were published November 2025.
- A mandatory section of Committee Reports requires report authors to assess the environmental and climate impacts of decisions, using a climate impact assessment tool and accompanying guidance where appropriate. This is in place with periodic audit of compliance completed Q4 2022-2023 and remedial action underway. Similar mechanism included in Budget Bids from 2023.

### 2. Insufficient investment of Council resources in delivery:

- The Council's capital programme has funded significant investment designed to directly support net zero goals, including investment in public transport, energy efficient housing, sustainable waste management practices, and carbon reduction measures in the Council's own buildings and fleet. However, these capital funds (principally the low carbon capital programme and the fleet replacement programme) expire in the next year or two, and further provision will need to be made to manage this risk. Efforts have also been made to secure external grants to support installation of low carbon measures (e.g. successful applications to Thames Valley Berkshire Local Enterprise Partnership (TVB LEP) for Civic Offices decarbonisation, and to Public Sector Decarbonisation Scheme (PSDS) for Hexagon decarbonisation). Grant has also been secured for social and public housing albeit there was a relatively low settlement for Reading due to a lack of match funding offered. The PSDS was revoked in the last spending review, meaning less available funding.
- The Council's revenue budgets for dedicated work on climate change are modest, and the proposed restructure reduces these further.

- Across the organisation, efforts are being made to ensure that climate action is embedded in all services and service plans through provision of support such as guidance and training for officers. A programme of Carbon Literacy training for senior officers and elected members is now underway with over 100 managers trained.

### 3. Engagement of partners and residents:

- Emissions from the Council's direct operations represent just 1.2% of the total for Reading, and it can influence an estimated 33% of Borough emissions overall. Securing ownership of climate action from organisations, businesses and residents is therefore vital. Some of these partners come together in the Reading Climate Change Partnership (RCCP) which is hosted by the Council. The Council is working with partners to deliver the latest Climate Emergency Strategy (25-30). Reading Climate Change Partnership and Dialogue Matters won an award for their Reading project. The strategy was published in November 2025.

### 4. Inadequate government funding and policy support for delivery

- While Government policy is aligned to net zero, the national target of 2050 remains less ambitious than the local target of 2030 albeit the new government has now implemented a policy objective for clean electricity for 2030 (95% clean power by 2030). Some key Government policies have also been diluted or target dates delayed (such as the Zero Emission Vehicles mandate) though some of these have been reinstated since the General Election. Even so, some policies are not fully aligned, and while Government has made significant funding available it is not yet of the scale required to support net zero by 2030. Furthermore, most funding streams are extremely competitive and/or over-subscribed. The Council therefore works through representative bodies to lobby for more generous financial support and a more ambitious policy framework to enable net zero by 2030. Regular engagement with representative bodies who have influence over government i.e., Association of Directors of Environment, Economy, Planning and Transport (ADEPT) Climate Board continues, and this lobbying is an ongoing task.
- The annual progress report on the Reading Climate Change Strategy in November 2023 highlights that while progress was being made with Borough-wide emissions reduction (which have been cut by 57% since 2005, the 12th largest reduction out of almost 400 UK local authorities), the pace of the reduction needs to increase significantly to achieve 'net zero by 2030'. Some of the Borough-wide action needed to achieve net zero is beyond the Council's control, but the wider community understandably looks to the Council to lead by example. In this regard, the Council is no longer on track to meet its own corporate Carbon Plan target of an 85% reduction in emissions by 2025 (en-route to net zero by 2030) - achieving a 74% cut since 2008/2009 with little chance of making that level of reduction in the final year of reporting against the 2020 to 2025 Carbon Plan. Further investment will, therefore, be needed to meet the net zero by 2030 target and without this the gap between target and actual will widen further. Monitoring and reporting on an annual basis is in place.
- Borough wide emissions for 2023 were published in June 2025 and showed a 57% reduction on the 2005 baseline.
- An internal audit of the Council's climate action programme was concluded in February 2022 giving 'reasonable assurance' - this made a number of recommendations to improve accountability for delivery of the Council's net zero commitments.
- Clear identification of responsible teams/officers for actions in the Reading Climate Emergency Strategy where Reading Borough Council (RBC) is listed as a delivery partner, with these actions being better reflected in the Service Plans of relevant services - this work was completed in September 2022 and guidance was issued to Assistant Directors' on how to reflect climate action in Service Plans from 2023-2024 - this was updated and re-issued for the 2024-2025 Service Plans but staff resource has now allowed this process to be supported in 25/26.
- Clearer articulation of timescales and accountability for various actions in the corporate Carbon Plan - this was completed in November 2022 and, again, guidance has been issued to relevant Assistant Directors on reflecting these actions in Service Plans from 2024-2025
- Improved support and training for officers and services to embed climate action in their work - a climate module is included in staff induction, guidance on climate assessment in Committee Reports has been produced, and sessions on climate have been included in Team Talk and Senior Leadership Group meetings. A more comprehensive 'Carbon Literacy' training offer for members and managers is underway. See 'Specific Actions'
- Reading's Climate Emergency Declaration made clear that additional powers and resources would be needed from central government to enable delivery of 'net zero by 2030' - to date, these have not been forthcoming to the extent required and this remains probably the biggest risk to delivery of the Council's commitments.

- Further developments from the government have made some resources available through retrofit for which RBC have just joined the Portsmouth led Consortium, offering retrofits across 31 Local Authorities in the South. For Reading, this represents a tiny fraction of the amount required. £0.5m Grant has also been secured for social and public housing albeit there was a relatively low settlement for Reading due to a lack of match funding available.
- The Local Electric Vehicle Infrastructure (LEVI) funding for public electric vehicle charging and the Boiler Upgrade Scheme which enables boilers to be replaced with heat pumps are important priorities for net zero. Public Sector Decarbonisation funding has now been withdrawn. The Council still has many buildings that need decarbonising.
- A bid to invest in decarbonisation and improving the condition of the Town Hall was submitted, but funding for decarbonisation was not supported.
- Published climate emergency strategy with partners 25-30.
- Climate emergency communication campaign implemented.
- Reading Bus Depot Electric Vehicles Delivered
- Influencing government policy through ADEPT, Greater South East Net Zero Hub and other bodies. (ADEPT - Association of Directors of Environment, Economy, Planning and Transport) - Ongoing

**Risk** Failure to adapt to the impacts of climate change

**Cause** Inadequate planning and preparedness and long-term planning to adapt to the impacts of climate change.

**Potential Impact** Risk of death, harm or injury to vulnerable persons for whom we have a statutory responsibility. Breach to meeting statutory obligations as defined by the Care Act 2014

Risk Scores				
Risk Type	Q1 25/26	Q2 25/26	Q3 25/26	Q4 25/26
Impact Inherent	5	5	5	5
Likelihood Inherent	4	4	4	4
<b>Inherent Score</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>
Impact Residual	4	4	4	4
Likelihood Residual	4	4	4	4
<b>Residual Score</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>16</b>



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**Risk Status**

Treat the risk – agreeing to implement further controls to change the nature of the risk

Specific Actions Required			
	Title	Date for completion	Status
1	Business continuity plans to take account of climate impacts and changes to working practices which may be needed to protect staff and service users. (Lack of resources)	31/07/2026	Not Started
2	Continue to roll-out Carbon Literacy training to priority cohorts of senior officers and members throughout 2025/2026	31/12/2026	In Progress
3	Incorporate adaptation measures into the Town Centre and Public Realm Strategies	31/03/2026	In Progress
4	Incorporation of Adaptation Framework within Service Plans	31/03/2027	In Progress
<b>Predicted Score</b>			<b>16</b>

## Background Information

Key climate impacts for which the Council needs to prepare are:

Flood Risk: The Council is responsible for surface water flooding and produced a Local Flood Risk Management Strategy in 2015 (Review commenced October 2024 - awaiting final report August 2025)

Heatwave risk: Various local agencies, including the Council and National Health Service (NHS), participate in the Berkshire Heatwave Plan and England Heatwave Plan.

Extreme weather events: The Council has a variety of roles as infrastructure owner, service provider, community leader and first responder which may involve it taking some level of responsibility prior to/during/after extreme weather events. 2024 was the warmest year on record.

The Council has (as of Q3 2024) implemented adaptation framework and this work highlighted the need to integrate adaptation planning into service planning. There isn't currently the resources to drive this work through so the risk won't effectively be mitigated.

## Existing Controls in Place

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- Flood Risk: The Council is responsible for surface water flooding and produced a Local Flood Risk Management Strategy in 2015. Action has been taken in all but one of 6 'hotspots' identified and plans for works at the remaining site (Stone Street) have been approved. Flash flooding from extreme rainfall events is likely to be an increasing but unpredictable risk. The Environment Agency is responsible for fluvial flooding and we are working with the Agency to address our main fluvial flood risks from the Thames, though the Agency's decision not to proceed with the Reading & Caversham Flood Alleviation Scheme raises questions about how to address the inherent flood risk which remains. The floods of winter 2023/2024, which tested the Council's emergency preparedness, highlighted the sort of events which are likely to become more frequent and more extreme as a result of climate change and a 'lessons learnt' exercise has been conducted. Statutory responsibility: Lead Local Flood Authority responsibility sits with Environment and Commercial Services (Sam Shean). Procedures in place: Emergency Planning Officer will open rest centres if major flooding occurs due to extreme rainfall under direction taken from Thames Valley Police Command. A sandbag policy is in place.
- Heatwave risk: Various local agencies, including the Council and National Health Service (NHS), participate in the Berkshire Heatwave Plan and England Heatwave Plan. A 'Heat Health Planning Advice' alert was introduced in 2023 and the Council has played its part in responding to these alerts. Heatwave plans were tested in the 2022 heatwaves during which there were a significant number of excess deaths. As the severity and frequency of hot weather events increases, however, more action will be needed to protect vulnerable people and infrastructure.
- Adverse Weather and Health Plan: This new plan was launched by UK Health security Agency (UKHSA) in 2023 and creates new responsibilities for Local Authorities and others in responding to adverse weather events which may impact on public health. Reading Public Health and Emergency Planning are working on this activity.
- Extreme weather events: Service business continuity plans are in place to help prepare for such events, but it will be important to ensure that these reflect the changing risk profile associated with climate change and extreme weather.
- Climate impact assessment in decision-making: A protocol for climate impact assessment in Committee reports is now in place and being used by report authors - this includes tests to ensure that decisions are taking account of key climate impacts.
- Planning policy and new development: The Reading Local Plan includes policies on climate change adaptation (CC3) and flood risk (EN18) designed to ensure that new development is resilient to climate impacts. The Local Plan monitoring process should enable assessment of how well these policies are being applied, and the Local Plan review provides an opportunity to revisit policies which may support resilience to climate impacts. See 'Specific Actions'.
- 3rd National Adaptation Plan (NAP 3): Was published in July 2023 and provides an updated view of the key climate related risks and vulnerabilities facing the UK at national level (<https://www.gov.uk/government/publications/third-national-adaptation-programme-nap3#:~:text=The%20NAP3%20sets%20out%20the,under%20the%20Adaptation%20Reporting%20Power>). It also emphasises the need for Local government to

ensure that local services are resilient to local climate impacts. We are expecting further clarification on what is expected by Local Government in terms of Resilience Planning.

- A programme of accredited Carbon Literacy training is being rolled out to priority cohorts of senior officers and members to help embed awareness of climate risk and response across the organisation.
- A Climate Change Adaptation Framework has been adopted. It sets out how services need to adapt to a change in climate.
- A number of strategies including the public realm and town centre strategies incorporate adaptation measures. For example, recognising the need to enable mobility of water resources in the urban environment for through sustainable urban drainage and through the provision of planting to encourage shade and reduction of flood risk factors. Engagement has taken place with utility companies, namely Scottish and Southern Electricity Networks (SSEN) and Thames Water regarding the incorporation of adaptation planning measures into their functions.
- The Council adopted a Climate Adaptation Framework at Strategic Environment, Planning & Transport (SEPT) committee on the 20th of November 2024. This now needs to be embedded in the Council's services, focussing first on the highest risks identified to establish targeted actions which services can embed into their service plans.
- Ensured the Local Plan review updates adaptation policies where required. November 2024
- Completed the corporate climate change adaptation framework for the Council. November 2024
- Submitted local plan review update (net zero and heat networks). April 2025.
- Worked with partners to launch and deliver the Reading Climate Emergency Strategy Action Plan

<b>Risk</b>	<b>Strategic Risk: Directorate of Children’s Services - Lack of local special educational needs and disabilities (SEND) placement provision to meet current and future levels of demand. Insufficient provision impacts on the outcomes for children, the Dedicated Schools Grant (DSG) and High Needs Block (HNB) deficit.</b>	Register: Strategic Risk Owner: Brian Grady	<b>Residual Score 16</b>
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**Risk** Poor outcomes for children and failure to deliver a balanced budget position on the High Needs Block of the Dedicated Schools Grant as a result of increasing numbers of children with special educational needs and lack of local special provision.

**Cause** Risk that the needs of children with SEND cannot be met in Reading -and/or 'Out of Borough' placements will be required, leading to costs exceeding budget and poorer outcomes for the children in question.

**Potential Impact** Risk that the needs of children with SEND cannot be met in Reading and/or Out of Borough placements will be required, leading to costs exceeding budget and poorer outcomes for the children in question. Risk that the deficit on the High Needs Block continues to increase and puts at risk the financial stability of the council.

Risk Scores				
Risk Type	Q1 25/26	Q2 25/26	Q3 25/26	Q4 25/26
Impact Inherent	4	4	4	4
Likelihood Inherent	4	4	4	4
<b>Inherent Score</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>16</b>
Impact Residual	4	4	4	4
Likelihood Residual	4	4	4	4
<b>Residual Score</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>16</b>



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**Risk Status**

Treat the risk – agreeing to implement further controls to change the nature of the risk

Specific Actions Required			
	Title	Date for completion	Status
1	New special school provision of up to 244 places to be available	01/09/2027	In Progress
2	Additionally resourced provision places in the secondary phase	30/09/2026	In Progress
<b>Predicted Score</b>			<b>9</b>

## Background Information

The Local Authority (LA) has a statutory responsibility to provide sufficient school places for pupils, including those with Special Educational Needs and Disabilities (SEND). There is a national and local shortage of resources and placements for children within SEND, in addition to an increase in demand for support and services. Following a steady increase in the number of Educational Health and Care Plan's (EHCP) since 2018, there has been a sharper increase in EHCP's in 2022/2023, which has been at a higher rate than the increase in the population of children and young people, meaning that a higher proportion of pupils now have an EHCP. Following the period of the pandemic more children and young people are being identified as having SEND, including in the early years, particularly increased levels of speech, language and communication needs and social and emotional mental health needs. There has also been an increase in children with autism. Collectively these needs have resulted in the increase in EHCP's, the number of which rose at a higher rate in the last year than previous years.

Demand for EHCPs is rising. As of November 2023, there were 1959 Children and Young People (CYP) aged 0-25 with EHCPs for whom the Council is responsible. This represents an increase in EHCPs of 12% since January 2023. If EHCP numbers had continued to rise at the 22/23 rate, we anticipated there being 2194 EHCP plans by September 2024. As of November 2024, there are 1972 children with an EHCP; a stabilising in terms of percentage increase, but with a greater proportion of EHCPs requiring additional funding.

From September 2024, projections have confirmed that Reading needs 1184 places for CYP with EHCPs outside of mainstream settings. From September 2024, all proposed Additionally Resourced Provisions (ARPs) opened, and Hamilton school increased its intake to 64 children, resulting in a total of 800 places available for children in ARPs (408) and Maintained Special Schools (MSS) (392). New all-through Independent Non-Maintained Special Schools (INMSS) provision has been explored, with a possible 140 places in total for which Reading children given priority from September 2024.

This means that there are 940 places available in INMSS/ARP/MSS for Reading children, but a need of 1184 places, leaving a shortfall of 244 places.

Participation in the Department of Education (DfE) Delivering Better Value programme established a future demand and financial forecast based on data from 2020 to 2023. This identified an unmitigated forecast of financial pressure, which, if not mitigated, would lead to an accrued budget pressure of £97,598,000 by 2027/28. The pressures are being driven through the significant increase in Education health and Care Plans from April 2022, and the increased demand pressures leading to more INMSS places being used, in the absence of other more cost effective school places being available. Planned mitigations reduce the projected budget pressure to £50,000,000 by 2030. Further special school places are needed to reduce the budget pressure further.

Planned Additionally Resourced Provision Places have been delivered for the 25/26 academic year. As of December 2025, RIBA Stage 3 work is progressing on the identified two school sites for the key action, new special school provision. However, the risk rating remains unchanged due to the ongoing financial pressures.

## Existing Controls in Place

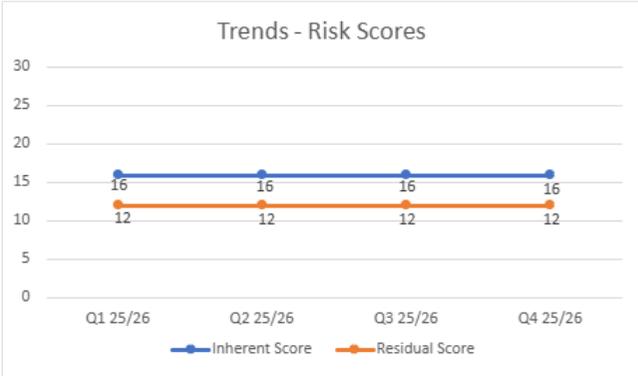
The local area SEND Strategy 2022-2027 sets out partnership actions to identify and respond to needs of children with SEND at the earliest opportunity and in the most efficient way and develop the appropriate range of provision to meet need. Joint partnership steering group for the strategy is overseeing action plan and monitoring progress. The following bullet points confirm the controls and measures in place from 2023 to present:

- New free special school opened in Wokingham September 2023, providing 75 places for Wokingham and Reading children, as a joint partnership between Reading and Wokingham Councils. 17 places have been secured for Reading children as part of the phased opening.
- An additional 90 places have been secured from local schools to deliver Additionally Resourced Provision from September 2023.
- Further places in Additionally Resourced Provision (ARP) from April and September 2024 have been delivered.
- RBC have undertaken work to appraise options, including RBC owned assets and schools' sites to secure more mainstream and specialist school places for children with SEND for September 2025.
- Two independent special school providers have established additional local provision in the past nine months, which is helping meet immediate need for places for children with Special Educational Needs and Disabilities. Exploring options with other providers to establish provision in the area for 2023/2024 continues.
- Regular High Needs Block (HNB) meetings monitor the spend in this area and inform forecasting. Monitoring occurs monthly.
- Recruitment to key Delivering Better Value posts completed. New SEND advisory and support service commenced January 2024.

- Strategic Asset Review completed, identifying opportunities for special schools on community school sites to meet the needed 244 projected places. Transition to adulthood planning and post 16 placements for children with SEND through closer working with Adult Social Care. SEND Strategy Steering Group (from April 2024)
- 'High needs block' deficit management plan being implemented; including EHCP reviews and demand management actions - High Needs Block Review Meeting. Executive Director and Chief Finance Officer present at these meetings.
- 10 more local specialist school places for children with SEND (Social, Emotional & Mental Health) through improved local provision - SEND Transformation Group
- Options for special school delivery secured, and work with schools underway overseen by the SEND Transformation Group and Corporate Management Team (CMT) School sites reviewed for potential special school provision. November 2024
- Procurement of architects to confirm programme viability for four shortlisted options. November 2024
- Reviewed transition plans for top 50 children in high-cost placement, including those transitioning to adult services. November 2024
- Consideration of options for new special school provision presented to ACE Committee in January 2025
- 40 more 'Additionally Resourced Provision' places in North and East Planning Area. June 2025

<b>Risk</b>	Person(s) with care and support needs experiencing a serious incident, near miss or death
<b>Cause</b>	Delay in screening safeguarding concerns and completion of Section 42 enquiries, resulting in people waiting for a significant period without appropriate risk assessment or action taken.
<b>Potential Impact</b>	Harm, injury or death of person(s) to whom adult social care has a duty Potential of legal claim for negligence, corporate manslaughter Reputational damage Media coverage

Risk Scores				
Risk Type	Q1 25/26	Q2 25/26	Q3 25/26	Q4 25/26
Impact Inherent	4	4	4	4
Likelihood Inherent	4	4	4	4
<b>Inherent Score</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>16</b>
Impact Residual	4	4	4	4
Likelihood Residual	3	3	3	3
<b>Residual Score</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>



**Risk Status**

Treat the risk – agreeing to implement further controls to change the nature of the risk

Specific Actions Required			
	Title	Date for completion	Status
1	Gather feedback from people with lived experience to ensure services are shaped to meet the needs of the community.	30/06/2026	In Progress
		<b>Predicted Score</b>	<b>9</b>

## Background Information

Deaths and serious incidents relating to abuse or neglect are reported to the Executive Director who raises as appropriate with the Chief Executive, Lead Member and Leader. They are also reported to West Berkshire Safeguarding Adult Board (WBSAB) which Reading Borough Council is the lead agency under the requirements of the Care Act 2014. The Safeguarding Review Panel (SAR Review Panel) which is a subcommittee of the Board considers all such cases in order to determine where a Safeguarding Adult Review (SAR) is required and reports its findings to the Board. All agencies represented on the Board have a duty of co-operation under the Care Act to cooperate with any such review and to consider and act on the learning from reviews to improve practice and take mitigating action to ensure such failures to safeguard are reduced and lessons are learnt.

Safeguarding Adults Reviews are published by the Board and reported onto the Care Quality Commission (CQC) who regulate Adult Social Care Statutory (ASC) Services whether provided directly by the Council or commissioned from external agencies.

This card was separated from a joint Risk Card with Children's Safeguarding in June 2024 to provide greater accuracy about each service's ability to manage the risk.

The risk of likelihood has reduced due to concerns raised being screened within 48 hours, this enables immediate actions to be taken where necessary and make enquiries to identify risks and consider safety measures. August 2024.

## Existing Controls in Place

- Page 160
- All Directorate staff and relevant other Officers receive mandatory training to assess safeguarding risks. Staff and Managers have regular refresher training which is mandatory and these are reported on completion to the 'Workforce Board' and Directorate Leadership Team (DLT) on a quarterly basis. Due to staff turnover and the frequency of staff refresher training, employees are continually required to update their knowledge.
  - Supervision policy has been improved to ensure that staff receive 1-1 supervision from their managers where safeguarding is discussed and practice support is available.
  - Ongoing support is provided through the Safeguarding Adults Team.
  - Open safeguarding episodes are reviewed and reported weekly to the Executive Director and monthly through Working with People Board, Managers in the teams have oversight and support from senior managers.
  - RBC follows the local policies and procedures, as set out by West Berkshire Safeguarding Adults Board (WBSAB).
  - All referrals received are screened, risk assessed and prioritisation decisions made. Process for this is well embedded.
  - All learning from Safeguarding Adults Reviews (SAR's) is used to improve practice across Adult Social Care and multi-agency partners. As new reviews / cases occur the Principal Social Worker (PSW's) is responsible for implementing appropriate processes and sharing information across the service.
  - Inspection findings from the Care Quality Commission (CQC) are acted on in services provided directly by the Council or by external Providers where services are commissioned and/or supported. Procedures and staffing are in place to manage situations as they arise. Monitoring of providers occurs through Commissioning arrangements, to ensure that identified improvements occur.
  - Directorate of Communities and Adult Social Care (DCASC) provides safeguarding and quality oversight of care settings and where Serious Concerns (SC) are identified.
  - Providers are held to account for improvements required and quality assures care quality through the contractual relationships which are commissioned. Process in place.
  - Head of Strategic Safeguarding, Strategy and Improvement recruited to and commenced in role in June 2025.
  - Pan Berkshire Policies and Procedures agreed and in place.

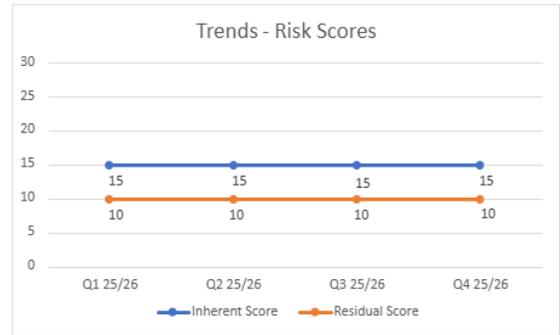
- Effective relationships embedded with key partners and forums.
- Management and supervision of staff in place across the service.
- Berkshire West Safeguarding Board in place
- Quality Assurance Framework in place
- Established and recruited to a Permanent Strategic Safeguarding Lead, recruitment process.

**Risk** Failure to fulfil our obligations under the PREVENT Duty.

**Cause** The terrorist threat we are currently facing is multifaceted with a changing and diverse landscape particularly driven by social media, highlighted by the disorder after the Southport incident on 29 July 2024 and Manchester Synagogue incident October 2025. Limited resources. Area for development: Partnership working.

**Potential Impact** Reading suffered a terrorist attack in June 2020. Since the start of 2017, (as of April 2025) agencies and law enforcement have disrupted 39 late-stage plots and there have been 16 domestic terror attacks. These tragic attacks have caused deaths and casualties among people going about their daily lives as well as impacting on the whole community. The most recent attack in October 2025 took place at a Manchester synagogue where two people died. A terrorist attack in the UK by a self-initiated terrorist (S-IT) is likely and could relate to either Extreme Right-Wing Terrorism or Islamist Terrorism. Low-sophistication methodologies, such as use of bladed weapons or vehicles, remain the most likely method of attack across all ideologies.

Risk Scores				
Risk Type	Q1 25/26	Q2 25/26	Q3 25/26	Q4 25/26
Impact Inherent	5	5	5	5
Likelihood Inherent	3	3	3	3
<b>Inherent Score</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>
Impact Residual	5	5	5	5
Likelihood Residual	2	2	2	2
<b>Residual Score</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>



Page 1 of 2

**Risk Status**

Treat the risk – agreeing to implement further controls to change the nature of the risk

Specific Actions Required			
	Title	Date for completion	Status
1	Raise awareness across organisations and communities about the increasing threat from extremist and fascination with violence influence on social media and gaming platforms	31/07/2026	In Progress
2	Monitor community tensions to understand and mitigate risks to vulnerable groups and the wider community	31/07/2026	In Progress
3	Promote awareness of the Prevent and Channel process to professionals, the voluntary sector and business community to safeguard young and vulnerable individuals	31/07/2026	In Progress
4	Ensure the local Reading Channel Panel is an effective and knowledgeable working partnership in managing individuals referred for support	31/07/2026	In Progress
5	Cases adopted by the panel are offered appropriate and targeted support on a voluntary basis	31/07/2026	In Progress
6	Partners deliver an annual tiered training according to role to ensure staff have the knowledge and capabilities to understand their role in identifying and supporting individuals vulnerable to radicalisation	31/07/2026	In Progress

## Background Information

The Prevent Programme is one of 4 strands of the Government's Counter-Terrorism Strategy- Contest (the others being Pursue, Protect, Prepare) and is therefore one element of the government's approach to reduce the risk of terrorism in the area.

A Counter Terrorism South East Local Profile (CTLP) produced each March, is used to inform the local action plan and updates are reported to the Prevent Management Group Quarterly by the Counter Terrorism police team. The CTLP has highlighted the continuing risk of community tensions in the profile March 2025. Following the murders in Southport of three young girls, riots broke out first in Southport fuelled by misinformation on social media and led to violent disorder across the country. This has been linked to Extreme Right Wing (ERW) narratives. Subsequently a Prevent Learning Review (PLR) has been published relating to the perpetrator, which will lead to updates to Prevent and Channel guidance documents over 2025. Policy updates have been released through 2025 which aim to mitigate risk by reinforcing the Prevent Category of Fixation with Violence and Mass Casualty Attacks and how to manage repeat Prevent referrals. A new policy has been introduced whereby cases in overt counter terrorism investigation can be referred to Prevent.

## Existing Controls in Place

The aim of the Prevent Duty is to safeguard people from supporting terrorism or becoming terrorists:

- The Prevent Action Plan 2025/2026 (annual plan) has been approved by the Prevent Management Group in July and was approved at the Community Safety Partnership in September 2025. It is informed by the Counter Terrorism Local Profile and local risk assessment with actions across partners to mitigate risks identified. The plan is signed off annually by the multi-agency Prevent Management Group and Community Safety Partnership.
- There is also a statutory requirement to produce an annual training plan and community and engagement plan to build skills and knowledge and raise awareness across our community. Updated plans have been produced over August / September 2025 informed by the action plan.
- Prevent Delivery is assessed annually by the Home Office against a set of seven benchmarks and in 2025 was assessed as exceeding against all seven.
- The Home Office Prevent advisor also attends the Prevent Management Group at its quarterly meetings where quarterly updates against the action plan are presented.
- The multi-agency Channel Panel which delivers bespoke support to individuals identified as being susceptible to radicalisation is also subject to an annual assurance by the Home Office. A self- assessment was submitted in May 2024 showing all five key areas of control fully met. The 2025 assurance was postponed because of the work being done on policy and guidance in respect of Channel following Southport. It has been announced that self-assessment annual assurance will be replaced by panel observations and feedback on learning and development needs.
- With the rising threat of influence from extremists on-line, a key aim is to raise local awareness in the community about keeping safe on-line.
- The Council's website has dedicated pages for Prevent and on-line safety aimed at children and young people. The website is updated with any new information as required. In 2023/2024 we ran a banner campaign in playgroups which remain in place and distributed QR code stickers to schools with a link to on-line safety information on the Council's website.
- Since 2023 we have run Facebook campaigns to raise awareness:
- Facebook campaigns ran targeting parents and carers with on-line safety information.

- Social Media Campaign in October 2024 (Hate Crime Awareness week). Facebook: reach 2,335 Twitter Reach: 3,252 people and accompanied by residents' newsletter article and February Safer Internet Day 2025 Reach: 814. In October 2025, a further campaign took place during Hate Crime Awareness week| 8 posts generated 7,359 impressions with an engagement rate of 0.8%.
- On November 2024 an on-line safety summit took place for young people and practitioners aimed at better understanding of what adults can do to help young people keep safe on-line. A digital goodie bag was produced for attendees including a video made by young people. In February 2025, a small group of young people taking part in work experience at the council produced a video about on-line safety. A year two Young People's Summit took place on 20 November 2025 with a new digital resource pack produced for attendees.
- From summer 2024 online safety posters have been displayed in GP surgeries and pharmacies.
- In January 2025 the Safer Reading Forum received a presentation on Prevent and the importance of on-line safety. Briefings are regularly offered for councillors and Safeguarding Leads in Schools. In June 2025, the Reading Voluntary Action Safeguarding forum received a presentation on Prevent and a discussion took place on on-line safety. In November 2025, secondary and primary school SEND teacher forums received a presentation on the importance of on-line safety in schools. Work is underway with the voluntary sector to hold a community and faith leaders meeting to discuss together how we can do more to raise awareness about keeping safe online and keeping venues safe to mitigate the risk of a terrorist attack.
- In March 2024, a new mandatory Safeguarding and Prevent course was launched for all staff to build knowledge and understanding about the Prevent Duty and spotting the signs of individuals being radicalised. The compliance rate was 85.4% in April 2025. The Prevent lead provides virtual training sessions for front line staff and councillors and briefings for businesses.
- In March 2024 and September 2025(Hydra) joint development days for all Channel Panel members took place for four Berkshire boroughs
- In 2023, there was a successful joint bid to the Home Office for funding which delivered training for the voluntary sector in April/May 2023
- A bid to provide a briefing video and resources package for the business sector has been submitted for 2024. The Home Office has provided a set of Communication assets to circulate to businesses.
- In 2025 a bid to develop knowledge and upskill Channel Panel member about Neurodivergence and pathways to support relevant cases in panel was approved and will start March 2026.
- Action Counters Terrorism operational and Prevent briefing sessions take place every year for pubs and retailers delivered by the Council in partnership with Counter Terrorism Policing South East (CTPSE). Sessions took place in Oct and November 2023, July 2024 and May 2025.
- Nationally, following the adoption of the On-line Safety Bill, the government commissioned a sprint review which was set out in their manifesto. This explored how we can improve responses to extremism including in the online space, to stop people being radicalised. The online space is specifically mentioned because its known encourage the spreading of extremist views, and this work has completed with actions announced by the Home Secretary in December 2024 including tackling on-line radicalisation.

Risk

# Strategic Risk: Failure to mitigate risks or manage issues, associated with health & safety, appropriately

Register: Strategic

**Residual Score**  
12

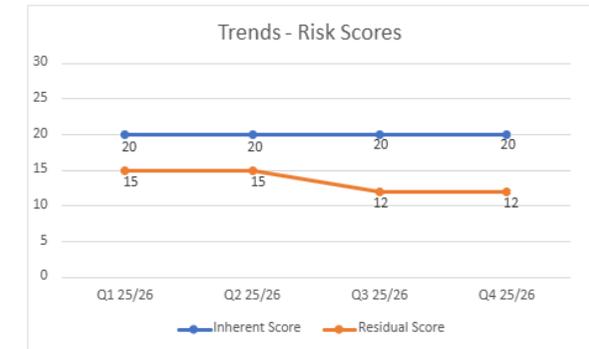
Risk Owner: Louise Duffield

**Risk** Failure to mitigate risks or manage issues, associated with health & safety (H&S), appropriately

**Cause** Ineffective health and safety policies, structures or culture.

**Potential Impact** Risks include unsafe working practices, lack of robust processes and required procedures, inadequate reviews of Health and Safety risks to required timescales. Resulting in elevated risks of harm to staff, and civil and criminal litigation being taken against the Council.

Risk Scores				
Risk Type	Q1 25/26	Q2 25/26	Q3 25/26	Q4 25/26
Impact Inherent	5	5	5	5
Likelihood Inherent	4	4	4	4
<b>Inherent Score</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>
Impact Residual	5	5	4	4
Likelihood Residual	3	3	3	3
<b>Residual Score</b>	<b>15</b>	<b>15</b>	<b>12</b>	<b>12</b>



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## Risk Status

Treat the risk – agreeing to implement further controls to change the nature of the risk

Specific Actions Required			
	Title	Date for completion	Status
1	Completion of Directorate H&S Action Plans (2025-2028)	31/03/2028	In Progress
2	High risk work equipment inspection and maintenance is carried out by competent individuals	31/12/2026	In Progress
3	Outcome of Internal Audit findings to be implemented	31/10/2026	In Progress
4	Compliance audits and fire risk assessments: Where actions for improvement have been identified evidence is provided to demonstrate that the action has been completed.	31/03/2027	In Progress
5	Mandatory and job specific H&S training is completed	31/12/2026	In Progress
6	Suitable health surveillance is undertaken with appropriate controls put in place.	31/12/2026	In Progress
<b>Predicted Score</b>			<b>9</b>

## Background Information

Areas of weakness had been found in risk assessments, safe operating procedures, training, records and local management's monitoring of activities. One incident resulted in an intervention from the Health & Safety Executive who identified breaches in legislation including failing to plan and risk assess activities.

Q3 2025/26 Wider range of controls in place across the Council.

## Existing Controls in Place

### Existing controls in place:

- Priority changes are being implemented and a full review of the health and safety model across the council has been initiated.
- Health & Safety (H&S) Policy and Codes of Practice in place. As of February 2026, only two COPs remain outstanding.
- Building Compliance meetings to review process and systems. Action Plan for Housing Repairs in place and progressing (July 2025).
- Health and Safety Boards (Committees) at Directorate and Corporate Level meeting every quarter. Unions present. Monitoring of health and safety data occurs at these meetings.
- Corporate health and safety team in place and compliance teams within Property Services and Housing Property Services.
- SharePoint site set up to record directorate data. H&S intranet page makes all Codes of practice (COP's) available to all staff.
- New audit process and programme in place which focusses actions on higher risk service areas. Programmed Audits being completed (July 2025).
- H&S Training programmes in place across the council. (Corporate and high-risk service areas)
- Water Safety Partnership (WSP) established involving numerous various partners which meets regularly. Action Plan in place. (July 2025)
- In-depth review of health and safety policies, structures and culture across the council completed.
- Corporate Property Services undertake 'Building Compliance' Audits of corporate properties with register maintained and actions monitored.
- Automated workflows within Directorate Action Logs to ensure actions are completed. Progress monitored by Health and Safety Boards.
- Risk assessments monitored at H&S Boards (quarterly) and CMT (quarterly).
- Zero Tolerance Policy is in place. Action Plan implemented. Revised banning process for the most serious offenders being developed. (July 2025)
- Core health and safety training now has a mandatory refresh every two years. Programme for next 12 months launched. (August 2025)
- SharePoint site set up for storage and tracking of risk assessments, self-audits and Directorate Health & Safety Board's Action Logs (June 2025).
- Housing H&S Action Plan agreed and being worked on. 2025
- Internal Audit carried out audit of H&S governance across the council - draft report provides 'reasonable assurance'.
- Water Safety - Recommendations received from Fire Service for rescue equipment at specified locations. Action plan to be developed post Risk Assessment report received.
- New schools online training courses launched (February 2026)
- Lone worker device re-tender approved and being rolled out across the council (February 2026)
- Water Safety: Working group with partners set up and an outline plan developed.
- Health and safety controls of contractors are in place and monitored. Central list of contractors generated.

**Risk Strategic Risk: Failure to safeguard vulnerable children**

Register: Strategic

**Residual Score 16**

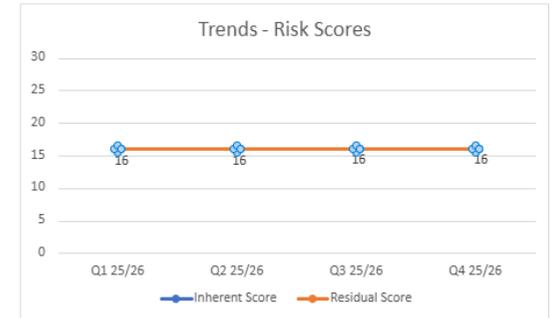
Risk Owner: Lisa James

**Risk** Child, young person or children experiencing a serious incident, near miss or death

**Cause** High level of risk to a child, including unforeseen risk, inadequate risk assessment and management, lack of or poor safeguarding response, failure to provide adequate health and safety measures.

**Potential Impact** Harm, injury or death of person(s) to whom Children's Social Care has a duty  
 Children experience serious harm and negative long-term impacts  
 Potential of legal claim for negligence, corporate manslaughter  
 Reputational damage  
 Media coverage

Risk Scores				
Risk Type	Q1 25/26	Q2 25/26	Q3 25/26	Q4 25/26
Impact Inherent	4	4	4	4
Likelihood Inherent	4	4	4	4
<b>Inherent Score</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>16</b>
Impact Residual	4	4	4	4
Likelihood Residual	4	4	4	4
<b>Residual Score</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>16</b>



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**Risk Status**

Treat the risk – agreeing to implement further controls to change the nature of the risk

Specific Actions Required			
	Title	Date for completion	Status
1	Review multi-agency safeguarding arrangements	31/10/2026	In Progress
		<b>Predicted Score</b>	<b>9</b>

## Background Information

Our role is to safeguard vulnerable children and protect and support children who have been subject to neglect, abuse, exploitation or harm outside the home.

In the Directorate of Children's Services, there has been an increase in the number of children referred into the service with more complex needs who require an immediate safeguarding response. A large proportion of the workforce consists of newly qualified social workers and overseas workers, requiring higher levels of support, supervision and management oversight. The number of children subject to Child Protection Plans (CPP's) has increased and service delivery is mostly at the higher end of complexity and intensity, with practitioners working with high numbers of children.

Q1 - 2025/26 -There has been a lack of progress in the timeliness and quality of practice for children in need and children in need of protection, which has resulted in an increase in the residual risk score, until additional mitigations have embedded and there is sustained evidence of impact.

Q1/2 2025/26 update: In March 2025 Reading received a Joint Targeted Area Inspection (JTAI), a partnership inspection of the impact of domestic abuse on children under 7yrs. The JTAI findings resulted in a 'Priority Action' for the partnership. Single and multi-agency rapid improvement plans were put in place immediately to respond to the findings of the inspection. Whilst rapid improvement has been achieved, it is imperative that measures are embedded and impact is evidenced and sustained before the risk score can be reduced.

Any serious harm, injury or death of a child is referred to BWSCP (Berkshire West Safeguarding Children's Partnership), through any of the partnership agencies (social care, health, police or education). For RBC Children's Services a Serious Incident Notification (SIN) is made to Ofsted, a Rapid Review (RR) follows and a recommendation is made to the National Safeguarding Panel (NSP) if a Child Safeguarding Practice Review (CSPR) should be undertaken or if local learning would suffice to ensure learning is adequate and risk is mitigated. CSPR's are published and local learning reviews are shared with the wider partnership to ensure actions are taken to mitigate risk and learning positively impacts on practice.

## Existing Controls in Place

- Safeguarding practice is governed by statute and is highly regulated and inspected by Ofsted.
- Local guidance and practice expectations are set out locally, in accessible format. Children's Services follows local policies and procedures, as set out by Berkshire West Safeguarding Children's Partnership (BWSCP), alongside local practice guidance, where appropriate.
- In April 2024 an Inspection of Local Authority Children's Services (ILACS) by Ofsted graded children's services as Requires Improvement, with 'Good' sub judgements for children looked after and care leavers. An action plan was in place to deliver against the areas for improvement, and these actions have now been aligned with the JTAI findings and action plan.
- The fostering service was graded as Good in July 2024.
- The Youth Justice Service (YJS) was inspected in September 2024 and judged as Inadequate. An Improvement Plan is in place that is driven by the partnership Youth Justice Board (YJB). Positive progress is being made against the action plan, endorsed by the National Youth Justice Board who provide additional oversight and scrutiny.
- An extra familial risk/contextual safeguarding pathway for adolescents has been established to provide support for young people exposed to exploitation risks, potential gang affiliation, criminality and risk outside of their family. A dedicated team, Reconnect, delivers a bespoke service to these children and has close links with the missing children team - to understand and respond to associated risk.

- The leadership of Community Safety and Children's Services, work in partnership with Thames Valley Police (TVP), the Berkshire, Oxfordshire and Buckinghamshire Integrated Care System (BOB ICS), and the Berkshire West Adolescent Risk Group (BWARG) to ensure an effective safeguarding response to the risks of extra-familial harm, exploitation and serious violence.
- All staff receive mandatory training to assess safeguarding risks when commencing employment, with regular refresher training which is mandatory and reported to the directorate Management Team on a quarterly basis.
- Supervision is crucial to provide clear guidance and decision making for children. Managers attended supervision workshops at the end of 2024 and in 2025 managers were assigned a more senior manager as a mentor to strengthen supervision skills. Performance reports support the monitoring of compliance to the supervision policy, and the quality of supervision is scrutinised through audits and remains an area of ongoing focus.
- A new Foundations in Practice programme has been rolled in Autumn 2025 out, for all social work staff and managers, spanning practice and supervision knowledge and skills.
- CSIB (Children's Services Improvement Board) was launched in November and is independently chaired on a 6 weekly basis to ensure our improvement journey is on track and delivering against our Rapid Improvement Plans
- Following the 2025 JTAI Children's Services receive oversight from a DfE Improvement Advisor, report on progress to the DfE and receive 3-4 monthly Monitoring Visits by Ofsted (first one in November 2025).
- A multi-agency partnership group, chaired by the DfE Improvement Advisor, oversees the progress of a multi-agency improvement plan to safeguard children.
- External auditors scrutinise practice, identify and share learning to develop practice and build on areas of strengths.
- The Performance and Quality Assurance frameworks, including audits and performance meetings across teams and services, provide forums to identify and address safeguarding risks. Both the Performance and Quality Assurance Framework (QAF) have been reviewed, and a new Performance Framework and Quality Assurance Program have been launched (June 2025)
- Quarterly learning reviews provide a forum to share learning from practice and complaints, including serious incidents and safeguarding risks and to mitigate future risks.
- A Need-to-Know process is in place to alert senior managers to risks for individual children and to provide assurance as to how those risks are to be mitigated.
- All referrals are screened, risks assessed and prioritisation decisions made in Children's Single Point of Access (CSPoA). This is well established and subject to dip-sampling and auditing to ensure robust, consistent application of threshold decision making.
- The Berkshire West Safeguarding Children Partnership (BWSCP) Multi Agency Safeguarding Hub (MASH) Oversight Board was established in 2024 to hold all partners to account for consistent service delivery that meets children's safeguarding needs.
- Learning from Safeguarding Practice Reviews or local learning reviews is used to improve practice across Children's Services and multi-agency partners. Monitoring of the quality of commissioned providers, including foster carers and children's homes, takes place through our Commissioning team and through our Independent Reviewing Officers to ensure that children are safeguarded and any identified improvements are made.
- The Edge of Care Service was established in 2025 to prevent children from becoming looked after, reduce escalation of risk and to support children to remain or return home where it is safe to do so.
- Increased partnership understanding and awareness of safeguarding duties and procedures by reissuing BWSCP policies and procedures in March 2025.
- In the context of multiple improvement plans it is essential for systems leaders in Reading to have a coherent and integrated oversight of improvement across children's services; and for the interdependencies across children's services to be fully understood. Senior leaders have introduced an Integrated Improvement Plan for Children's Services and a Rapid Improvement Plan for Children's Social Care. June 2025
- A multi-agency JTAI plan has been created with partners and is scrutinised and monitored through weekly meetings overseen by the Director for Transformation, Improvement and QA (interim) and the Executive Director of Children's Services (June 2025)
- Rolled out the refreshed Early Help Strategy and our response to the national Families First Partnership Programme through the One Reading Partnership to ensure that needs are met across the partnership to drive the delivery of Family Hubs. June 2025
- Rapid improvement plan in place to address risk in the Together for Families service to positively impact on the timeliness and quality of practice and reduce the number of children practitioners are working with - Completed Action - December 2025

- Setting up Children's Improvement Board and recruiting an Independent Chair to drive improvement when children's services moves back into RBC - Completed Action - December 2025
- Pincroft Shared Care children's home has been inspected to be Outstanding by Ofsted.
- Cressingham have been inspected to be Good by Ofsted.
- 3 new Children's Residential Care Homes will be launched in 2026.
- Strengthening the front door to ensure that need is met by Family Help and/or universal/community services at the earliest opportunity preventing escalation of need and risk.
- Multi-agency action plan to ensure timely, robust and good quality safeguarding processes are in place.

## Audit and Governance Committee

08 April 2026



**Reading**  
Borough Council  
*Working better with you*

<b>Title</b>	Treasury Management Review Quarter 3 2025/26
<b>Purpose of the report</b>	To note the report for information
<b>Report status</b>	Public report
<b>Executive Director/ Statutory Officer Commissioning Report</b>	Darren Carter, Director of Finance
<b>Report author</b>	Anna Barefoot, Capital and Treasury Lead
<b>Lead Councillor</b>	Councillor Emberson, Lead Councillor for Corporate Services and Resources
<b>Corporate priority</b>	Not applicable, but still requires a decision
<b>Recommendations</b>	1. That the Committee notes the content of the Treasury Management Review Quarter 3 report for 2025/26.

### 1. Executive Summary

- 1.1. The Council adopted a Treasury Management Strategy and an Annual Investment Strategy for 2025/26 at its meeting on 25<sup>th</sup> February 2025.
- 1.2. The purpose of this report is to update Members on the activity of the Treasury Management function during the third quarter of 2025/26 for the period 1<sup>st</sup> October 2025 to 31<sup>st</sup> December 2025.
- 1.3. The Bank of England held the base interest rate at 4.00% in the meeting on 6<sup>th</sup> November, but made a cut from 4.00% to 3.75% at the meeting on 18<sup>th</sup> December 2025.
- 1.4. Outside of the reporting period, the rate was held at 3.75% on 5<sup>th</sup> February 2026, and again on 19<sup>th</sup> March 2026.
- 1.5. The Council remains significantly under borrowed against its Capital Financing Requirement and is continuing to follow the approved borrowing strategy of deferring any potential long-term borrowing whilst interest rates remain at current levels and is instead utilising short or temporary borrowing from the local authority market as required. No long-term loans (those over one year in duration) have been taken out during the year to date.
- 1.6. The Council is currently forecasting a positive variance of £1.443m on investment income for the year. Additionally, there is a forecast adverse variance of £0.464m on interest payable. These variances were reported to Policy Committee on 16<sup>th</sup> March 2026 as part of the [2025/26 Quarter 3 Performance and Monitoring Report](#).
- 1.7. The Council's Borrowing and Investment portfolios are attached as appendices 2 and 3 to the report.
- 1.8. The Council continues to operate within all of its treasury indicators, and none have been breached during the year to date.

## **2. Policy Context**

- 2.1. The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management 2021 recommends that members be updated on treasury management activities at least quarterly.
- 2.2. This report facilitates that process providing details of the Council's treasury management activity for the third quarter of 2025/26.

## **3. Interest Rates**

### **Monetary Policy Committee (MPC) Meetings**

- 3.1. The Bank of England's Monetary Policy Committee (MPC) voted to hold the base rate in the 6<sup>th</sup> November meeting. On 18<sup>th</sup> December 2025 the Bank of England chose to reduce rates from 4.00% to 3.75%.
- 3.2. Outside of the reporting period, the rate was held at 3.75% on 5<sup>th</sup> February 2026, and again on 19<sup>th</sup> March 2026.

### **Interest Rate Forecast**

- 3.3. The Council has appointed MUFGB Corporate Markets as its treasury management advisors and part of their service is to assist the Council to formulate a view on interest rate and Public Works Loan Board (PWL) forecasts.
- 3.4. The most recent interest rate forecast, received on 22<sup>nd</sup> December 2025, set out a view that short term rates were expected to reduce and at this point in time two base rate cuts were pencilled in for 2026/27.
- 3.5. In light of recent events in the Middle East they have reported that the MPC is assessing the implications for inflation that is likely to result from higher energy costs and other associated costs. At the time of drafting this report, markets are pricing in as many as three base rate hikes during the forthcoming year with the first as early as June 2026.
- 3.6. MUFGB will reconsider their interest rate forecast once there is more clarity on events in the Middle East and their potential impact on national and global economies, and the Council's treasury team are monitoring movements in interest rates on a daily basis

## **4. Treasury Management Strategy Statement and Annual Investment Strategy Update**

- 4.1. The Treasury Management Strategy Statement (TMSS) for 2025/26 was approved by Council on 25<sup>th</sup> February 2025.
- 4.2. There are no policy changes proposed to the TMSS for 2025/26. This report sets out the Council's position compared to the TMSS considering budgetary changes already approved and revised in-year forecasts of capital expenditure.

## 5. The Council's Capital Position (Prudential Indicators)

### Prudential Indicators for Capital Expenditure

- 5.1. The Council is required to ensure that all its capital expenditure, investments and borrowing decisions are prudent and sustainable. The prudential indicators for capital expenditure set out whether the Council is delivering within its approved budgets.
- 5.2. Tables 1 and 2 below show the Council's forecast capital expenditure compared to the Capital Programme agreed in February 2025 (Original Budget) and the Capital Programme as at Quarter 3 (Revised Budget) as approved by Policy Committee as part of the 2025/26 Quarter 3 Performance and Monitoring Report in March 2026.
- 5.3. The indicators show that the Council is forecasting a negative net variance against the approved Capital Programme budget of £(0.247)m for the General Fund.

**Table 1. General Fund Capital Programme**

General Fund	2025/26 Original Budget	2025/26 Revised Budget Q3	2025/26 Full Year Forecast (as at 31st December 2025)	Variance
	£m	£m	£m	£m
Community & Social Care Services	8.876	7.087	7.087	0.000
Children's Services	0.816	1.698	1.698	0.000
Economic Growth & Neighbourhood Services	41.162	33.926	33.926	0.000
Economic Growth & Neighbourhood Services – Education Schemes	9.323	5.285	5.285	0.000
Resources	3.028	2.305	2.425	0.120
Corporate	3.623	3.505	3.138	(0.367)
<b>Total General Fund</b>	<b>66.828</b>	<b>53.806</b>	<b>53.559</b>	<b>(0.247)</b>

- 5.4. The indicators show that the Council is forecasting to spend to budget against the approved HRA Capital Programme budget of £62.154m.

**Table 2. HRA Capital Programme**

Housing Revenue Account	2025/26 Original Budget	2025/26 Revised Budget Q3	2025/26 Full Year Forecast (as at 31st December 2025)	Variance
	£m	£m	£m	£m
Housing Revenue Account	90.143	62.154	62.154	0.000
<b>Total Housing Revenue Account</b>	<b>90.143</b>	<b>62.154</b>	<b>62.154</b>	<b>0.000</b>

- 5.5. Further details on significant variances on individual capital schemes are reported to Policy Committee as part of the Quarterly Performance and Monitoring Reports.

## Changes to the Financing of the Capital Programme

- 5.6. Tables 3 and 4 below identify the expected financing arrangements of the Council's capital expenditure plans. The Borrowing Requirement increases the underlying indebtedness of the Council by increasing the Capital Financing Requirement (CFR), although this will be reduced in part by revenue contributions for the repayment of debt (the Minimum Revenue Provision).

**Table 3. Financing of the General Fund Capital Programme**

General Fund	2025/26 Original Budget	2025/26 Revised Budget Q3	2025/26 Full Year Forecast (as at 31st December 2025)
	£m	£m	£m
<b>Total Capital Expenditure</b>	66.828	53.806	53.559
<b>Financed by:</b>			
Capital Receipts	(3.693)	(6.220)	(5.973)
Capital Grants and other Contributions	(45.076)	(35.739)	(35.739)
Direct Revenue Financing		(0.073)	(0.073)
<b>Total Financing (excluding Borrowing)</b>	<b>(48.769)</b>	<b>(42.032)</b>	<b>(41.785)</b>
<b>Net Borrowing Requirement</b>	18.059	11.774	11.774

**Table 4. Financing of the HRA Capital Programme**

Housing Revenue Account	2025/26 Original Budget	2025/26 Revised Budget Q3	2025/26 Full Year Forecast (as at 31st December 2025)
	£m	£m	£m
<b>Total Capital Expenditure</b>	90.143	62.154	62.154
<b>Financed by:</b>			
Capital Receipts	(2.849)	(0.595)	(0.595)
Capital Grants and other Contributions	(14.401)	(11.189)	(11.189)
Capital Reserves	(21.730)	(9.670)	(9.670)
Direct Revenue Financing		<b>0.000</b>	<b>0.000</b>
<b>Total Financing (excluding Borrowing)</b>	<b>(38.980)</b>	<b>(21.454)</b>	<b>(21.454)</b>
<b>Net Borrowing Requirement</b>	51.163	40.700	40.700

## Changes to the Prudential Indicators for the Capital Financing Requirement (CFR), External Debt and the Operational Boundary

- 5.7. Table 5 shows the Council's Operational Boundary and Authorised Limit as approved by Council on 25<sup>th</sup> February 2025. These prudential indicators cannot be amended without approval from full Council.

**Table 5. Operational Boundary & Authorised Limit**

	£m
Operational Boundary (approved 25 <sup>th</sup> February 2025)	689.107
Capital Financing Requirement Forecast (as at 31 <sup>st</sup> December 2025)	663.896
Authorised Limit (approved 25 <sup>th</sup> February 2025)	729.107
Actual Borrowing (as at 31 <sup>st</sup> December 2025)	529.500

- 5.8. Table 6 shows the Council's CFR, which is its total underlying indebtedness. Whilst the CFR forecast has decreased from £669.107m to £663.896m, due to the revised expenditure and financing forecasts, it remains significantly below the Operational Boundary set by Council in February 2025, therefore, there is no requirement to seek approval to amend the Operational Boundary indicator.

**Table 6. Capital Financing Requirement and Actual Borrowing**

	2025/26 Original Estimate	2025/26 Full Year Forecast (as at 31st December 2025)	2025/26 Actual Position (Q3)
	£m	£m	£m
Borrowing	540.222	518.500	529.500
Other Long-Term Liabilities	19.204	19.204	19.204
<b>Total Debt</b>	<b>559.426</b>	<b>537.704</b>	<b>548.704</b>
<b>CFR – General Fund</b>	403.015	395.191	395.191
<b>CFR - HRA</b>	266.092	268.705	268.705
<b>CFR - Total</b>	<b>669.107</b>	<b>663.896</b>	<b>663.896</b>
<b>Over/(under) Borrowing</b>	<b>(109.681)</b>	<b>(126.192)</b>	<b>(115.192)</b>

- 5.9. The Council's current level of external debt, including borrowing and other long-term liabilities, (as at 31<sup>st</sup> December 2025) is £548.704m, as set out in Table 6 above. The Council is significantly under borrowed compared to the CFR and is operating significantly within its Operational Boundary.

### Limits to Borrowing Activity

- 5.10. Over the medium term, net borrowing (borrowings less investments) should only be for capital purposes. Gross external borrowing should not, except in the short term, exceed the total of the Council's CFR in the preceding year plus the estimates of any additional CFR for 2025/26 and next two financial years. This allows some flexibility for limited early borrowing for future years. The Council has approved a policy within the TMSS for borrowing in advance of need which will be adhered to if this proves prudent.
- 5.11. The Authorised Borrowing Limit is the expected maximum borrowing need with some headroom for unexpected movements. This is a statutory limit determined under section 3 (1) of the Local Government Act 2003 and sets the limit beyond which borrowing is prohibited without Member approval. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. Table 5 above sets out the Authorised Limit. The current level of external debt of £548.704 (as of 31<sup>st</sup> December 2025) is significantly below the Authorised Limit.

## **6. Borrowing**

- 6.1. The Council's estimated Capital Financing Requirement (CFR) for 2025/26 as at 31<sup>st</sup> December 2025 is £663.896m. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing) to fund capital expenditure. The balance of external and internal borrowing is generally driven by market conditions.
- 6.2. Table 6 above shows that the Council has external borrowing (including prior year borrowing) of £548.704m and has utilised £115.192m of cash flow funds in lieu of borrowing. This is a prudent and cost-effective approach in the current economic climate but will require ongoing monitoring in respect of the Council's cashflow requirements, long-term borrowing requirement and interest rate increases.
- 6.3. Due to the overall cashflow position and the underlying need to borrow for capital purposes (the Capital Financing Requirement), new external short-term borrowing totalled £53.000m over the quarter at an average rate of 4.057%.
- 6.4. The additional borrowing of £53.000m taken in this reporting period is forecast to complete the borrowing requirement for 2025/26.
- 6.5. Outside of the reporting period the Council has taken the decision to repay the £5.000m LOBO as it is financially beneficial to do so.
- 6.6. The Council's Borrowing Portfolio is set out at Appendix 2.

## **7. Debt Rescheduling**

- 7.1. No debt rescheduling (restructuring the terms of any existing loans) took place during Quarter 3 of 2025/26.

## **8. Compliance with Treasury and Prudential Limits**

- 8.1. During the quarter ended 31<sup>st</sup> December 2025, the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement for 2025/26. The Director of Finance reports that no difficulties are envisaged for the current or future years in complying with these indicators.
- 8.2. All treasury management operations have also been conducted in full compliance with the Council's Treasury Management Practices.

## **9. Annual Investment Strategy**

- 9.1. The Treasury Management Strategy Statement (TMSS) for 2025/26, which includes the Annual Investment Strategy, was approved by Council on 25<sup>th</sup> February 2025. In accordance with the CIPFA Treasury Management Code of Practice, it sets out the Council's investment priorities as being:

- Security of capital.
- Liquidity.
- Yield.

- 9.2. The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity, aligned with the Council's risk appetite. In the current economic climate, over and above keeping investments short-term to cover cash flow needs, there is a benefit to seek out value available in periods up to 12 months with high credit rated financial institutions, using the MUFG Corporate Markets suggested creditworthiness approach, including a minimum sovereign credit rating and Credit Default Swap (CDS) overlay information.

### **Creditworthiness**

- 9.3. There have been few changes to credit ratings over the quarter under review. However, officers continue to closely monitor these, and other measures of creditworthiness to ensure that only appropriate counterparties are considered for investment purposes.

### **Investment Counterparty Criteria**

- 9.4. The current investment counterparty criteria selection approved in the TMSS is meeting the requirement of the treasury management function.

### **Investment Balances**

- 9.5. The average level of funds available for investment purposes during the year to 31<sup>st</sup> December 2025 was £60.268m. These funds were available on a temporary basis, and the level of funds available was mainly dependent on the timing of precept payments, receipt of grants and Capital Programme expenditure. These funds have earned an average rate of 4.23% The comparable performance indicator is the 7 days backward looking Sterling Overnight Index Average (SONIA) un-compounded rate, which was 4.10%.
- 9.6. The current level of treasury investments as of 31<sup>st</sup> December 2025 total £81.876m and are detailed in Appendix 3.
- 9.7. The Council also has £15.000m invested in the CCLA Property Fund which is a long-term investment and has received an income of £0.543m over the nine-month period to 31<sup>st</sup> December 2025. The total income return on the fund is 4.81%.
- 9.8. The Council's budgeted General Fund investment return for 2025/26 was £1.466m; the forecast General Fund interest received from investments as of 31<sup>st</sup> December 2025 was £2.909m, a £1.443m positive variance compared to budget. This budget includes interest in respect of the loans to the Council's wholly owned companies, which are non-treasury investments and are therefore shown separately throughout this report.
- 9.9. The position on interest income must be compared with external interest costs payable. The forecast external interest costs as of 31<sup>st</sup> December 2025 are £9.346m against a budget of £8.882m; a £0.464m adverse variance against the General Fund budget. The net General Fund position on interest receivable/payable is therefore a net positive variance of £0.980m. These variances were reported to Policy Committee on 16<sup>th</sup> March 2026 as part of the [2025/26 Quarter 3 Performance and Monitoring Report](#).

### **Approved Limits**

- 9.10. Officers can confirm that the approved limits within the Annual Investment Strategy were not breached during the quarter ended 31<sup>st</sup> December 2025.
- 9.11. There is no policy changes required to the TMSS. This report sets out the Council's position compared to the TMSS considering the updated economic position, budgetary changes already approved and revised in-year forecasts of capital expenditure.
- 9.12. A full list of investments held as of 31<sup>st</sup> December 2025 is set out in Appendix 3.

## **10. Contribution to Strategic Aims**

- 10.1. 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.
- 10.2. Delivery of the Council's budget is essential to ensuring the Council meets its strategic aims and remains financially sustainable going forward.

## **11. Environmental and Climate Implications**

- 11.1. 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).
- 11.2. As part of the review carried out in 2022/23 and approved as part of the Annual Investment Strategy for 2025/26, the Council will only invest in countries deemed as "Free" as per the Freedom House Global Freedom rating system.
- 11.3. 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.

## **12. Community Engagement**

- 12.1. Budget-related communications and consultations will continue to be a priority over the next three years as we work to identify savings.

## **13. Equality Implications**

- 13.1. None have been identified as arising directly from this report.

## **14. Other Relevant Considerations**

- 14.1. There are none.

## **15. Legal Implications**

- 15.1. None have been identified as arising directly from this report.

## **16. Financial Implications**

- 16.1. The financial implications are set out in the body of the report.

## **17. Timetable for Implementation**

- 17.1. Not applicable.

## **18. Background Papers**

18.1. There are none.

## **Appendices**

- 1. MUFG Corporate Markets Economics Review of Quarter Three**
- 2. Borrowing Portfolio as at 31<sup>st</sup> December 2025**
- 3. Investment Portfolio as at 31<sup>st</sup> December 2025**
- 4. Approved Countries for Investments as at 31<sup>st</sup> December 2025**

## **Appendix 1 – MUFG Corporate Markets Economics Review of Quarter Three**

The third quarter of 2025/26 saw:

- A -0.1% month on month (m/m) change in real Gross Domestic Product (GDP) in October, leaving the economy no bigger than at the start of April.
- The 3 month year on year (y/y) rate of average earnings growth excluding bonuses fall to 4.6% in October, having been as high as 5.5% earlier in the financial year.
- Consumer Price Index (CPI) inflation fall sharply from 3.6% to 3.2% in November, with core CPI inflation easing to 3.2%.
- The Bank of England cut interest rates from 4.00% to 3.75% in December, after holding in November.
- The 10-year gilt yield fluctuate between 4.4% and 4.7%, ending the quarter at 4.5%.

From a GDP perspective, the financial year got off to a bumpy start with the 0.3% m/m fall in real GDP in April as front-running of US tariffs in Q1 (when GDP grew 0.7% on the quarter) weighed on activity. Despite the underlying reasons for the drop, it was still the first fall since October 2024 and the largest fall since October 2023. However, the economy surprised to the upside in May and June so that quarterly growth ended up 0.3% quarter on quarter (q/q) which was subsequently revised down to 0.2% q/q. Nonetheless, the 0.0% m/m change in real GDP in July, followed by a 0.1% m/m increase in August and a 0.1% decrease in September will have caused some concern (0.1% q/q). October's disappointing -0.1% m/m change in real GDP suggests that growth slowed to around 1.4% in 2025 as a whole.

Sticking with future economic sentiment, the composite Purchasing Manager Index (PMI) for the UK rose from 51.2 in November to 52.1 in December, suggesting the economy may be benefitting somewhat from pre-Budget uncertainty fading. This may also reflect a diminishing drag from weak overseas demand. While the services PMI rose from 51.3 to 52.1, the improvement in the manufacturing output balance from 50.3 to 51.8 was larger. Indeed, the manufacturing sector has been more exposed to the recent weakness of external demand and has lagged the services sector since the end of last year.

Turning to retail sales volumes, and the 1.5% year-on-year rise in September, accelerating from a 0.7% increase in August, marked the highest gain since April. Nonetheless, the 0.1% m/m fall in retail sales volumes in November built on the 0.9% m/m drop in October, suggesting the longer-lasting effects of weak employment and slowing wage growth are impacting. Moreover, the decline in the Growth from Knowledge (GfK) measure of consumer confidence from -17 in October to -19 in November suggests that consumers are not that optimistic at present.

Prior to the November Budget, the public finances position looked weak. The £20.2 billion borrowed in September was slightly above the £20.1 billion forecast by the Office for Budget Responsibility (OBR). For the year to date, the £99.8 billion borrowed is the second highest for the April to September period since records began in 1993, surpassed only by borrowing during the COVID-19 pandemic. The main drivers of the increased borrowing were higher debt interest costs, rising government running costs, and increased inflation-linked benefit payments, which outweighed the rise in tax and National Insurance contributions.

A looser labour market is driving softer wage pressures. The 3myy growth rate of average earnings including bonuses eased from 4.9% in September to 4.7% in October. And excluding bonuses, the 3myy rate slowed from 4.7% to 4.6%. Regular private sector pay growth continued to slow from 4.2% to 3.9%. That left it broadly on track to meet the Bank's end of December prediction of 3.5%.

The weakening in the jobs market looked clear in the spring. May's 109,000 m/m fall in the PAYE measure of employment was the largest decline (barring the pandemic) since the data began and the seventh in as many months. The monthly change was revised lower in five of the previous seven months too, with April's 33,000 fall revised down to a 55,000 drop. More recently, however, the monthly change was revised higher in seven of the previous nine months by a total of 22,000. So instead of falling by 165,000 in total since October, payroll employment is now thought to have declined by a smaller 153,000. Even so, payroll employment has still fallen in nine of the ten months since the Chancellor announced the rises in National Insurance Contributions (NICs) for employers and the minimum wage in the October Budget. The number of job vacancies in the three months to August stood at 728,000. Vacancies have now fallen by approximately 47% since its peak in April 2022. All this suggests the labour market continues to loosen, albeit at a declining pace.

CPI inflation fell sharply in November, easing from 3.6% in October to 3.2%. This was the third consecutive softer-than-expected inflation outturn and suggests that disinflation is well underway. There was a widespread easing in price pressures with inflation slowing in 10 of the 12 main categories. Core inflation fell from 3.4% to 3.2% and services inflation dipped from 4.5% to 4.4%. However, a great deal will depend on the adjustments to regulated and indexed prices scheduled for next April. Capital Economics forecast CPI inflation to drop from 3.2% in March to 2.0% in April, thereby leaving inflation on track to settle at the 2.0% target, or below, by the end of 2026.

## Appendix 2 – Borrowing Portfolio as at 31<sup>st</sup> December 2025

Class	Type	Start / Purchase Date	Maturity Date	Counterparty	Profile	Rate	Principal O/S (£)
Loan	Temporary Borrowing - Fixed	14/07/25	14/05/26	West Midlands Combined Authority	Maturity	4.000%	30,000,000.00
Loan	Temporary Borrowing - Fixed	16/07/25	27/04/26	West Yorkshire Combined Authority	Maturity	4.100%	15,000,000.00
Loan	Temporary Borrowing - Fixed	31/07/25	30/04/26	Liverpool City Region Combined Authority	Maturity	4.050%	10,000,000.00
Loan	Temporary Borrowing - Fixed	07/08/25	30/04/26	Derry City & Strabane District Council	Maturity	4.000%	2,000,000.00
Loan	Temporary Borrowing - Fixed	14/08/25	14/05/26	Vale of White Horse District Council	Maturity	4.060%	5,000,000.00
Loan	Temporary Borrowing - Fixed	29/10/25	29/04/26	Tendring District Council	Maturity	4.000%	3,000,000.00
Loan	Temporary Borrowing - Fixed	09/09/25	09/03/26	Blackburn with Darwen Borough Council	Maturity	3.900%	5,000,000.00
<b>Temporary Borrowing - Fixed Total</b>						<b>4.026%</b>	<b>70,000,000.00</b>
Loan	Fixed	17/04/25	17/04/26	PWLB	Maturity	4.270%	50,000,000.00
Loan	Fixed	28/10/25	28/10/26	PWLB	Maturity	4.060%	50,000,000.00
Loan	Fixed	26/03/18	25/03/68	PWLB	Maturity	2.280%	15,000,000.00
Loan	Fixed	27/09/18	27/09/43	PWLB	Maturity	2.820%	15,000,000.00
Loan	Fixed	27/09/18	27/09/49	PWLB	Maturity	2.790%	15,000,000.00
Loan	Fixed	11/03/19	11/03/66	PWLB	Maturity	2.380%	15,000,000.00
Loan	Fixed	13/03/19	13/03/37	PWLB	Maturity	2.420%	5,000,000.00
Loan	Fixed	13/03/19	13/03/57	PWLB	Maturity	2.420%	5,000,000.00
Loan	Fixed	01/04/19	01/04/64	PWLB	Maturity	2.200%	10,000,000.00
Loan	Fixed	01/10/19	02/10/62	PWLB	Maturity	1.640%	5,000,000.00
Loan	Fixed	01/10/19	01/10/63	PWLB	Maturity	1.630%	5,000,000.00
Loan	Fixed	07/10/19	07/10/66	PWLB	Maturity	1.630%	5,000,000.00
Loan	Fixed	07/10/19	08/10/68	PWLB	Maturity	1.630%	5,000,000.00
Loan	Fixed	11/03/20	25/09/69	PWLB	Maturity	2.070%	15,000,000.00
Loan	Fixed	13/05/05	25/09/51	PWLB	Maturity	4.150%	2,000,000.00
Loan	Fixed	11/01/06	25/09/55	PWLB	Maturity	3.900%	5,000,000.00
Loan	Fixed	23/01/06	25/09/55	PWLB	Maturity	3.700%	5,000,000.00
Loan	Fixed	23/05/06	25/09/47	PWLB	Maturity	4.200%	2,000,000.00
Loan	Fixed	19/07/06	25/03/52	PWLB	Maturity	4.250%	20,000,000.00
Loan	Fixed	20/09/06	25/09/51	PWLB	Maturity	4.200%	5,000,000.00
Loan	Fixed	28/09/06	25/09/52	PWLB	Maturity	4.050%	10,000,000.00
Loan	Fixed	08/03/07	25/03/53	PWLB	Maturity	4.250%	10,000,000.00
Loan	Fixed	08/03/07	25/03/54	PWLB	Maturity	4.250%	10,000,000.00
Loan	Fixed	05/08/08	25/03/58	PWLB	Maturity	4.480%	2,000,000.00
Loan	Fixed	15/08/08	25/09/57	PWLB	Maturity	4.390%	6,000,000.00
Loan	Fixed	02/12/08	25/09/58	PWLB	Maturity	4.120%	10,000,000.00
Loan	Fixed	20/08/09	25/03/59	PWLB	Maturity	4.200%	5,000,000.00
Loan	Fixed	31/08/10	25/03/60	PWLB	Maturity	3.920%	10,000,000.00
Loan	Fixed	14/07/11	25/03/26	PWLB	EIP	3.590%	250,000.00
Loan	Fixed	15/09/11	25/03/31	PWLB	EIP	3.350%	2,750,000.00

Loan	Fixed	28/03/12	25/03/51	PWLB	Maturity	3.530%	12,000,000.00
Loan	Fixed	28/03/12	25/09/26	PWLB	Maturity	2.970%	12,000,000.00
Loan	Fixed	28/03/12	25/03/50	PWLB	Maturity	3.530%	15,000,000.00
Loan	Fixed	28/03/12	25/03/41	PWLB	Maturity	3.490%	15,000,000.00
Loan	Fixed	28/03/12	25/03/61	PWLB	Maturity	3.480%	15,000,000.00
Loan	Fixed	28/03/12	25/03/32	PWLB	Maturity	3.300%	12,000,000.00
Loan	Fixed	28/03/12	25/09/41	PWLB	Maturity	3.490%	15,000,000.00
Loan	Fixed	28/03/12	25/09/51	PWLB	Maturity	3.520%	3,000,000.00
Loan	Fixed	28/03/12	25/03/62	PWLB	Maturity	3.480%	15,000,000.00
Loan	Fixed	28/03/12	25/03/41	PWLB	EIP	2.990%	15,500,000.00
Loan	Fixed	06/12/05	06/12/55	Barclays Bank plc	Maturity	3.990%	5,000,000.00
<b>Fixed Total</b>						<b>3.454%</b>	<b>454,500,000.00</b>
Loan	LOBO	30/01/08	31/01/78	Dexia	Maturity	4.190%	5,000,000.00
<b>LOBO Total</b>						<b>4.190%</b>	<b>5,000,000.00</b>
<b>Loan Total</b>						<b>3.537%</b>	<b>529,500,000.00</b>

### **Appendix 3 - Investment Portfolio as at 31<sup>st</sup> December 2025**

Class	Type	Deal Ref	Start / Purchase Date	Maturity Date	Counterparty	Rate	Principal O/S (£)
<b>Treasury Investments</b>							
Deposit	Fixed	LA Fixed Short Term Loan	30/10/25	19/02/26	Surrey County Council	4.350%	10,000,000.00
Deposit	Fixed	LA Fixed Short Term Loan	31/10/25	27/02/26	Suffolk County Council	4.400%	5,000,000.00
Deposit	Fixed	LA Fixed Short Term Loan	30/10/25	19/03/26	South Lanarkshire Council	4.300%	5,000,000.00
Deposit	Fixed	LA Fixed Short Term Loan	12/11/25	19/02/26	Telford and Wrekin Borough Council	4.300%	10,000,000.00
Deposit	Fixed	LA Fixed Short Term Loan	06/11/25	19/01/26	Cornwall Council	4.300%	10,000,000.00
Deposit	Fixed	LA Fixed Short Term Loan	06/11/25	26/01/26	Cornwall Council	4.300%	5,000,000.00
Deposit	MMF	Federated	N/A	N/A	Federated Prime Rate Sterling Liquidity 4	3.920%	16,500,000.00
Deposit	MMF	Aberdeen	N/A	N/A	SLI Sterling Liquidity/CI 2	3.910%	5,050,000.00
Deposit	Fixed Current	CCPF	31/03/15	N/A	CCLA Local Authorities Property Fund	4.800%	15,000,000.00
Deposit	A/c	Lloyds	N/A	N/A	Lloyds Bank Plc	1.400%	325,832.31
<b>Treasury Investment Total</b>							<b>81,875,832.31</b>
<b>Non-Treasury Investments</b>							
Deposit	Fixed	18004BFC	25/03/21	24/03/26	Brighter Futures for Children Ltd	1.810%	5,000,000.00
Deposit	Fixed	17002HFR to 170013HFR	16/04/19	24/03/29	Homes for Reading Ltd	6.350%	11,274,999.00
Deposit	Fixed	19008	30/04/19	30/04/29	RTL	5.000%	2,264,095.35
Deposit	Fixed	19009	15/08/19	30/07/29	RTL	5.000%	500,000.00
Deposit	Fixed	18001	08/04/18	01/07/23	RTL	5.000%	490,297.04
Deposit	Fixed	18002	03/06/18	01/07/23	RTL	5.000%	206,749.85
Deposit	Fixed	18003	29/07/18	01/07/23	RTL	5.000%	164,084.05
Deposit	Fixed	18004	20/01/20	01/01/24	RTL	5.000%	150,785.28
Deposit	Fixed	20001	21/08/20	01/10/24	RTL	5.000%	700,000.00
<b>Non-Treasury Investments Total</b>							<b>20,751,010.57</b>
<b>Total Investments</b>							<b>102,626,842.88</b>

\*Values above do not include lease agreements with Reading Transport Ltd.

## **Appendix 4 - Approved Countries for Investments as at 31<sup>st</sup> December 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.

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## Audit and Governance Committee

08 April 2026



**Reading**  
Borough Council  
Working better with you

<b>Title</b>	Information Governance Update
<b>Purpose of the report</b>	To note the report for information
<b>Report status</b>	Public report
<b>Executive Director/ Statutory Officer Commissioning Report</b>	Louise Duffield, Executive Director of Resources
<b>Report author</b>	Nayana George, Information Rights Services Manager Ade Marques, Director Digital & IT
<b>Lead Councillor</b>	Cllr Ellie Emberson, Lead Councillor for Corporate Services and Resources
<b>Council priority</b>	Not applicable, but still requires a decision
<b>Recommendations</b>	The Committee is asked to: 1. Note the progress to date and future actions outlined in this report 2. Identify matters of interest for future reports

### 1. Executive summary

1.1. This report provides an update on the actions in progress to improve the Council's policies, systems and processes around Information Governance.

### 2. Policy context

2.1. 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

2.2. 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. Data is playing an increasing role in designing, delivering and transforming public

services to improve outcomes for customers and drive efficiencies within current financial constraints.

2.3. The Local Government Association describe the value of data to public services as facilitating:

- The design of services around user needs
- The engagement and empowerment of citizens to build their communities
- Efficiencies and public service transformation
- Economic and social growth
- Greater transparency and accountability

2.4. Effective information governance is a key requirement for the Council which has duties to be both open and transparent whilst at the same time protecting the confidential information it holds about people and businesses.

### **3. Subject Access Requests Q3 & Q4 (1<sup>st</sup> October 2025 to 16<sup>th</sup> March 2026)**

3.1. Across the Council (excluding Children's Services) a total of 92 cases were received in this reporting period, compared to the 81 cases received in Q1 & Q2.

3.2. 56 cases were closed as invalid requests. Of the remaining 36 cases received in this reporting period, 12 have been completed and 24 remain outstanding. 1 of the outstanding cases is on hold awaiting receipt of identification and/or consent from the customer.

3.3. We report on Children's Services requests separately. These are predominantly:

- request from parents of children open to services;
- directly from young people who are currently in care;
- or adults who were in care when they were children.

3.4. A total of 58 cases were received for Children's Services, compared to the 57 received in Q1 and Q2. 19 cases have been closed as invalid requests. Of the remaining 39 cases, 4 have been completed and 25 remain outstanding. 1 of the outstanding cases is currently on hold waiting identification verification and/or consent to be provided.

3.5. Subject Access Requests (SARs) require careful review to ensure that whilst disclosing information to the individual, the Council does not breach data protection requirements or release confidential information. Appropriate redaction is therefore a critical stage of the SARs process, and the Council has been working to utilise software to support staff to complete this efficiently and effectively.

3.6. Unfortunately, the current redaction software is not meeting our requirements following rigorous testing and as a result staff are reliant on more manual processes whilst a new procurement exercise is undertaken. Officers are currently developing the specification for this procurement and undertaking soft market testing, including demonstrations from several new suppliers. This work is being supported jointly by the Information Governance Team, the Procurement Team and the Digital & IT Service.

3.7. Over the last 3 years there has been a significant increase in the volume of SARs received. At the same time, the complexity of these cases has also increased. These two factors have led to a backlog in SARs processing. The table below provides a summary of the position as of 16 March 2026.

	2020/21		2021/22		2022/23		2023/24		2024/25		2025/26	
	RBC	BfC	RBC	BfC	RBC	BfC	RBC	BfC	RBC	BfC	RBC	DoCS
<b>No. received</b>	<b>35</b>	<b>64</b>	<b>44</b>	<b>38</b>	<b>46</b>	<b>59</b>	<b>80</b>	<b>75</b>	<b>144</b>	<b>58</b>	<b>190</b>	<b>122</b>
<b>No. outstanding</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>9</b>	<b>11</b>	<b>35</b>	<b>50</b>
No. on hold (Requires further info)	0	0	0	0	0	0	0	0	0	0	0	1
No. on hold (No consent / ID)	0	0	0	0	0	0	0	0	0	0	2	11
<b>No. Completed</b>	<b>35</b>	<b>64</b>	<b>44</b>	<b>38</b>	<b>45</b>	<b>54</b>	<b>68</b>	<b>62</b>	<b>49</b>	<b>23</b>	<b>30</b>	<b>25</b>
No. Declined (Invalid request <sup>1</sup> )	0	0	0	0	1	4	11	12	86	24	99	35
No. Declined (Services request)	0	0	0	0	0	0	0	0	0	0	24	0

#### 4. Freedom of Information (FOI) requests

4.1. As previously reported, a number of measures have been taken with the aim of increasing FOI performance:

- Centralisation of the function in the Customer Relations Team
- Implementation of a new case management system
- Review of the procedures
- Training has been provided to Officers
- Continual monitoring weekly by CMT

4.2. In accordance with the Information Commissioners Office (ICO) guidelines, we are monitoring and reporting the number of cases responded to vs number of cases responded to in timescale.

<sup>11</sup> Invalid request: requests that have been submitted without ID or Proof of Address, no response to requests to provide, 6 week time limit passed (as per ICO Guidelines)

- 4.3. The table below shows the total number of FOI's received in Q1 and Q2 of 2025/26.

<b>Directorate</b>	<b>Total Number Received Q1</b>	<b>Total Number Received Q2</b>
Children's Services & Education	40	52
Communities, Adult Social Care & Housing	58	59
Environment, Growth & Neighbourhood Services	115	167
Resources	99	84
<b>Total</b>	<b>312</b>	<b>362</b>

- 4.4. The table below shows the total number of FOI's responded to within timescales in Q1 and Q2 of 2025/26.

<b>Directorate</b>	<b>Total Number responded to in timescale Q1</b>	<b>Total Number responded to in timescale Q2</b>
Children's Services & Education	44	36
Communities, Adult Social Care & Housing	59	52
Environment, Growth & Neighbourhood Services	110	164
Resources	97	75
<b>Total</b>	<b>310 (87%)</b>	<b>327 (87%)</b>

- 4.5. The following table shows the number of FOI cases received in Q3 and up to 23 March of Q4 of 2025/26.

<b>Directorate</b>	<b>Total No Received Q3</b>	<b>Total No Received Q4</b>
Children's Services & Education	57	46
Communities, Adult Social Care & Housing	44	43
Environment, Growth & Neighbourhood Services	141	165
Resources	81	80
<b>Total</b>	<b>323</b>	<b>334</b>

- 4.6. Tables below show the total number of FOI's responded to in Q1 of 2025/26 by Directorate was 73% and in Q4 to date it is at 77.6%.

<b>Directorate</b>	<b>Total Number responded to in timescale Q3</b>	<b>Total Number responded to in timescale Q4</b>
Children's Services & Education	64	38
Communities, Adult Social Care & Housing	47	43
Environment, Growth & Neighbourhood Services	148	151
Resources	87	78
<b>Total</b>	<b>346 (73%)</b>	<b>310 (77.6%)</b>

- 4.7. Q1 and Q2 saw improvements in the timescales for responses, with a slight reduction in Q3. There was improvement in Q4, although still below the performance in the first half of the year. System generated email reminders are being sent to Responders at key intervals to encourage timely responses. Reports outlining Overdue and Upcoming requested are provided to Executive Director and Directors to provide an overview within service areas. Executive Director and Directors also have direct access to the system to monitor more frequently and access any detailed information required to support a response.
- 4.8. During this reporting period there were 18 requests for Internal Review of Freedom of Information responses. 11 were completed with the Council's original response upheld and 7 are open still at review stage.

### **Improvement Actions**

- 4.9. We recognise that improvements need to be consistent and the Change Delivery Team has been commissioned to undertake a comprehensive review of the following processes: Complaints, Freedom of Information (FOI) Requests, and Subject Access Requests (SAR).
- 4.10. The purpose of this review is to strengthen how the organisation responds to issues raised on behalf of residents, ensure resources are deployed effectively, and promote a more efficient and consistent approach across all enquiry types.
- 4.11. Where customers use the webform to making their request it significantly reduces the processing time as the information is fed directly into the system, rather than being copied into the system by Officers. As well as providing more capacity for Officers to work with Responders to complete timely responses, this also reduces the risk of errors. We will, therefore, continue to promote the webform as the most effective way to submit requests.
- 4.12. Case allocation emails are automatically generated by the case management system to support responders to monitor requests and meet deadlines. Feedback has identified that these are not always easy to manage, particular for services with higher case volumes. Improvements have therefore been made to make these easier to view and read for Responders and Approving Managers.

- 4.13. A key method of reducing repeat demand within FOIs is to ensure that information is easily accessible for customers. Where information is already published and easy to find it removes the need for customers to submit an FOI. Officers are establishing an FOI Publication Log to support this work, which will allow customers to self-serve and review the log before submitting a new FOI request.
- 4.14. Council wide training will be carried out to improve consistency and raise standards by improving understanding of the process, requirements and responsibilities.

## **5. Data Transparency**

- 5.1. The Data Transparency web pages are up to date for Contracts costing over £5,000 with data for Q1-3 of 2025/26 published.
- 5.2. Expenditure over £500 for Q1-3 and first 2 months of Q4 of 2025/6 is also published. Information related to April is currently being drafted ready for publication.
- 5.3. The Constitution was updated in October 2025 to reflect the changes to the Directorate of Children's Services coming back into the Council. The senior management structure chart is also up to date. Areas where annual changes are required will be completed by the end of April, such as the Fraud data and Pay policy statement.
- 5.4. At the last Committee we reported that the Parking Services accounts and Parking Annual Report for 2025/25 required publishing. This is now complete.

## **6. Information Governance Board**

- 6.1. The Information Governance Board meets monthly and reviews Cyber Security Incidents and possible breaches of the Data Protection Act which may need to be reported to the Information Commissioners Office (ICO).
- 6.2. As part of good information governance, it is essential that the Council has a culture where staff are encouraged to report any data related incidents swiftly. This is supported and reinforced by mandatory annual training, which is updated each year to incorporate learning and themes from the previous year.
- 6.3. There were 105 data related incidents reported to the Information Governance Team in Q3 and Q4 to date. This is an increase from Q1 & Q2 when 94 incidents were reported.
- 6.4. One report from Q3 met the criteria for notifying the ICO. This incident involved the disclosure, via email, of court documents issued to a parent. The disclosure was fully investigated and the cause was identified as incorrect instructions about sharing information for this case within the social care case management system. Swift action has been taken to update with the correct information. The data was confirmed as deleted by the parent's solicitor. The ICO recommended no further action for the Council on this matter.
- 6.5. The main theme from data breaches has been identified as misdirection of emails and postal communications as a result of human error, rather than any systemic or governance failures.
- 6.6. All breaches are discussed at the Information Governance Board and where subsequent actions are identified these are monitored by the Board. Actions have included specific training and improvement action plans for services.

- 6.7. Regular internal communications messaging is used to encourage checking that the correct recipients and their addresses (email and postal) are correct before sending. The ICO's Preventative Measures Leaflets are sent out following a breach. A copy of any ICO Decision Notices, along with their recommendations, are provided to relevant Service Managers and staff.

## **7. Information Management Strategy**

- 7.1. The Information Management Strategy and Action Plan was presented and signed off by the Policy Committee in March 2022. This sets out the Council's approach to information management and governance.
- 7.2. The Action Plan from this has since been adapted to align to the ICO's template. This allows for better tracking and reporting of actions completed.
- 7.3. The Action Plan is supported by a team of Data Stewards operating at both service at corporate levels across the organisation. They are also responsible for promoting good data management.
- 7.4. Due to the impact of staff absences and turnover within the specialist Information Governance Team, there has been limited support provided to the Data Stewards over the last year. The Council is in the process of recruiting into roles within the team, including apprenticeship positions. This will provide additional capacity and enable the work with the Data Stewards to continue.
- 7.5. Despite the above issue, the Information Governance Team has created and maintained a Data Stewards site on SharePoint. This provides access to guidance, templates and processes that Data Stewards require to complete work outlined in the Action Plan and to support their teams and colleagues.
- 7.6. Further work to update the external website to share information and ensure transparency about how the Council work to the Data Protection Act will be completed once current recruitment has been successfully completed.

## **8. Training**

- 8.1. Cyber Security and Information Governance (GDPR) training is a mandatory requirement within the Council.
- 8.2. The training is available to all staff and councillors through Learning Pool, the Council's e-learning package.
- 8.3. Completion rates of these two training courses are monitored regularly by senior managers and the Mandatory Training Task & Finish Group. This enables managers to take appropriate action to encourage their staff to complete the training. Ultimately, where training is not completed access to system can be reduced or removed to protect the Council.
- 8.4. As a result, the Council has a high completion rate for these courses:
- Cyber Security 90.28%
  - GDPR 91.50%
- 8.5. These figures include staff who do not use IT equipment.
- 8.6. The figures will be impacted by some staff that may be on long term sick leave, maternity leave or any new starters who are waiting to complete the training.
- 8.7. Over 600 members of staff provided positive feedback on the new format of the training and have made suggestions to improve it further by including more

audio and video content. With the feedback and advice received from the ICO and learning from the breach management process, the Cyber Security and GDPR training is being revised in readiness for the 2026/27 roll out.

- 8.8. The Information Governance Team will continue to provide bespoke advice, training and support for colleagues. This includes for those without access to IT systems.

## **9. Next Steps**

- 9.1. In the next period, the of the Information Governance Team will be:
- Identifying and implementing improvements to processes resulting from the review project
  - Successful recruitment into vacant roles
  - Further improvements to the Cyber Security and GDPR training content, for the coming year
  - Procurement of new redaction software to support safe, effective and efficient SARs processing.
  - Recommencing work with the Data Stewards Network.

## **10. Cyber Security Programme**

- 10.1. The Audit & Governance Committee requested an update regarding the cyber security programme, in recognition of the seriousness with which this matter is considered within the Strategic Risk Register.
- 10.2. It is important to recognise that cyber security is a significant risk for all organisations, and not just the Council. The high risk rating should not, therefore, be seen as an indication that the Council is failing to take the necessary actions to protect itself.
- 10.3. The following section provides an update on some of the risks that we are facing and the actions being taken.

### **Cyber incidents**

- 10.4. We continue to see more sophistication in the cyber threats facing the Council, with email a particular channel for these attacks. Common attacks include
- Phishing is a technique for attempting to acquire sensitive data, such as bank account numbers, through a fraudulent solicitation in email or on a website, in which the perpetrator masquerades as a legitimate business or reputable person
  - Malware is software that is specifically designed to disrupt, damage, or gain unauthorised access to a computer system.
  - Drive by download attack refers to the unintentional download or malicious code to a computer or mobile device that leaves it open to a cyberattack.
- 10.5. The scale of these attempts is significant. Between January and March 2025 the Council recorded over 20,000 attempted phishing attacks each month. The volume of malware and drive by attempted attacks has been consistently over 1,000 each month, but has peaked at over 25,000 attacks in December 2025.

- 10.6. The Council has a number of tools designed to identify and automatically remove these before they reach users. Phishing attacks have dramatically declined as a result.
- 10.7. The table below provides a summary of the incoming mail blocked by our cyber security tools.

<b>Month</b>	<b>Quantity of inbound emails automatically blocked</b>	<b>% of all inbound emails</b>
January 2025	3,212,538	80.70%
February 2025	11,616,034	94.40%
March 2025	7,595,422	90.80%
April 2025	4,441,740	86.30%
May 2025	4,405,655	86.00%
June 2025	3,688,091	83.20%
July 2025	3,605,594	82.70%
August 2025	3,610,978	84.50%
September 2025	3,562,605	82.10%
October 2025	3,511,244	81.40%
November 2025	3,572,952	82.80%
December 2025	3,396,004	83.30%
January 2026	3,464,976	82.00%
February 2026	3,173,249	81.50%

### **Security Updates**

- 10.8. The Council has recently implemented Microsoft defender P2 to provide ongoing automated investigation remediation, threat hunting and treat analytics to our Microsoft 365 estate.
- 10.9. This is currently the highest tier or protection Microsoft offers which we have implemented for majority of the council's estate.
- 10.10. Further rollout of Defender P2 is planned for field workers in the coming months.
- 10.11. The council is currently in conversations partners to redesign the IT network infrastructure to move it closer to a zero-trust cloud-based network connective model to improve security and performance.
- 10.12. A security review on the use and security of Council devices and network is planned.

### **11. Contribution to strategic aims**

- 11.1. The purpose of Information Governance is cross-cutting and relevant to all Services of the Council and to all of our public facing services which collect and retain data about the public. The role of Information Governance contributes to the Corporate Priority foundation of "Getting the best value".

## **12. Environmental and climate implications**

12.1. There are no implications in relation to this report.

## **13. Community engagement**

13.1. No consultation is planned in relation to the Information Management Strategy or Action Plan. It will, however, be in the public domain via published reports and updates.

## **14. Equality Implications**

14.1. All citizens have rights to information. There is no evidence that any section of the community is disadvantaged in accessing those rights under the current service provision.

## **15. Legal implications**

15.1. How the Council collects, uses, stores, shares and destroys personal data is governed by the Data Protection Act.

15.2. The Council also has to comply with the Freedom of Information Act, the Environmental Information Regulations and the Access to Information Act in relation to its records. Compliance is monitored by the Information Commissioner who has wide ranging powers including the ability to impose considerable financial penalties for breaches of the Data Protection Act.

15.3. Effective governance, policies and practices are essential to minimising the risk of data protection breaches and to help ensure the appropriate handling of information requests. Failure to do so could result in regulatory action being taken against the Council.

## **16. Financial implications**

16.1. There are no direct financial implications arising from this report.

## **17. Background papers**

17.1. There are none.

## Audit and Governance Committee

08 April 2026



**Reading**  
Borough Council  
Working better with you

<b>Title</b>	CIPFA Financial Management Code 2025/26
<b>Purpose of the report</b>	To note the report for information
<b>Report status</b>	Public report
<b>Report author</b>	Mark Sanders, Chief Accountant (Deputy S.151 Officer)
<b>Lead Councillor</b>	Councillor Emberson, Lead Councillor for Corporate Services & Resources
<b>Corporate priority</b>	Our Foundations
<b>Recommendations</b>	1. That Audit and Governance Committee note the findings of the Financial Management Code Self-Assessment for 2025/26.

### 1. Executive Summary

- 1.1. The Chartered Institute of Public Finance & Accountancy (CIPFA) launched the Financial Management Code (FM Code) in 2019. The Code sets out seventeen standards of financial management for local authorities to assess themselves against and had an implementation date of 1<sup>st</sup> April 2021.
- 1.2. The Guidance Notes to the FM Code, are intended to provide practical guidance regarding the implementation of the Code. The guidance notes state that “it is for the individual authority to determine whether it meets the standards and to make any changes that may be required to ensure compliance. Authorities should be able to provide evidence that they have reviewed their financial management arrangements against the standards and that they have taken such action as may be necessary to comply with them.” Effectively an annual self-assessment exercise has been required to assess compliance with the FM Code since 1<sup>st</sup> April 2021.
- 1.3. The 2025/26 self-assessment has retained an overall Amber rating, whilst acknowledging that two individual standards have improved from Amber to Green and one standard has reduced from Green to Amber since last year.
- 1.4. The standards are monitored throughout the year and reflect feedback from independent inspectors and commentators as appropriate. The self assessment is a management tool to support improvement in financial standards and governance.
- 1.5. The key changes reflected in this year’s assessment are:
  - i) A significant reduction in the number of internal audit reports that received limited or no assurance in 2024/25 (18%) compared with 2023/24 (44%) which was a significant factor in the Chief Auditor’s Annual Assurance Report which gave a Reasonable assurance view for the year (2023/24 was Limited assurance);
  - ii) The 2026/27 Local Government Finance Settlement provides much more clarity on future funding for the period 2026/27 to 2028/29 which in turn improves the Council’s medium term financial planning;

- iii) The Council has received adverse external inspections on housing and adult social care services, and a joint inspection with other agencies for children’s social care which all have recommended improvement plans. Whilst the Council is making good progress on all these areas, this work is still underway and will continue into next financial year.

- 1.6. A proposed action plan, setting out the required actions to improve those standards rated Amber to Green is set out in Appendix 1.

**Table 1. Financial Management Standards Progress Summary**

<b>RAG Rating</b>	<b>Progress Report</b>	<b>Number of Financial Management Standards (April 2025)</b>	<b>Number of Financial Management Standards (April 2026)</b>	<b>Change</b>
<b>GREEN</b>	Compliance is being demonstrated.	11	12	+1
<b>AMBER</b>	Minor to Moderate improvements are required to demonstrate compliance.	6	5	-1
<b>RED</b>	Moderate to Significant improvements are required to demonstrate compliance.	0	0	0
<b>TOTAL</b>		<b>17</b>	<b>17</b>	<b>0</b>

- 1.7. A total of 12 standards (71%) are RAG rated as Green with the remaining 5 (29%) as Amber. The results of the self-assessment indicate an overall rating of Amber.

## **2. Policy Context**

### **Background**

- 2.1. The Chartered Institute of Public Finance & Accountancy (CIPFA) launched a Financial Management Code (FM Code) in 2019 with an implementation date of 1<sup>st</sup> April 2021 which sets out seventeen standards of financial management for local authorities.
- 2.2. The FM Code is designed to support good practice in financial management and to assist local authorities to demonstrate their financial sustainability.
- 2.3. Local government finance in the UK is governed by legislation, regulation and professional standards. The general financial management of a local authority, however, has not until now been supported by a professional code. The Code was introduced because of fundamental weaknesses in financial management revealed in some organisations in recent years and concerns about the financial sustainability of some Councils.
- 2.4. Whilst there is much good practice across the sector, any failures threaten stakeholders’ confidence in local government as a whole and more importantly, risk the services on which local people rely.
- 2.5. CIPFA’s intention is that the FM Code will have the same standing as the Prudential Code for Capital Finance in Local Authorities (CIPFA, 2017), which promotes the financial sustainability of local authority capital expenditure and associated borrowing. So, although the FM Code does not have legislative backing, it applies to all local authorities.

- 2.6. While the FM Code applies to all local authorities, it recognises that some have different structures and legislative frameworks. Where compliance with the Code is not possible, adherence to the principles is still considered appropriate.

### **Responsibility**

- 2.7. Application of the FM Code is a professional responsibility of all finance staff and establishes how the Chief Financial Officer (CFO) demonstrates that they are meeting their statutory responsibility for sound financial administration.
- 2.8. However, CIPFA considers application of the Code to be the collective responsibility of each authority's organisational leadership team, not just the responsibility of the CFO or the finance team. For the purposes of the Code the 'Leadership Team' is defined as the collective group of elected members and senior officers. Therefore, depending on the model in place, it includes executive committees, elected mayors, portfolio holders with delegated powers and key committees of the authority as well as senior officers.

### **Compliance**

- 2.9. It is for the individual authority to determine whether it meets the standards and to make any changes that may be required to ensure compliance. Authorities should be able to provide evidence that they have reviewed their financial management arrangements against the standards and that they have taken such action as may be necessary to comply with them.
- 2.10. It is important to note, also, that the financial management standards are minimum standards. Some authorities may feel that their own financial management arrangements exceed the standards set out in the FM Code.

### **CIPFA Principles of Good Financial Management**

- 2.11. The FM Code applies a principle-based approach. It does not prescribe the financial management processes that local authorities should adopt. Instead, it requires that an authority demonstrates that its processes satisfy the principles of good financial management for an authority of its size, responsibilities and circumstances and that they are proportionate to the risks to the authority's financial sustainability posed by the twin pressures of scarce resources and the rising demands on services.
- 2.12. The underlying principles that inform the FM Code have been developed in consultation with senior practitioners across the sector and associated stakeholders. The principles have been designed to focus on an approach that will assist in determining whether, in applying standards of financial management, a local authority is financially sustainable.
- 2.13. The 6 Principles of Good Financial Management set out in the FM Code are:
- **Organisational leadership** – demonstrating a clear strategic direction based on a vision in which financial management is embedded into organisational culture.
  - **Accountability** – based on medium-term financial planning that drives the annual budget process supported by effective risk management, quality supporting data and whole life costs.
  - Financial management is undertaken with **transparency** at its core using consistent, meaningful and understandable data, reported frequently with evidence of periodic officer action and elected member decision making.
  - Adherence to professional **standards** is promoted by the leadership team and is evidenced.

- Sources of **assurance** are recognised as an effective tool mainstreamed into financial management, including political scrutiny and the results of external audit, internal audit and inspection.
- The long-term **sustainability** of local services is at the heart of all financial management processes and is evidenced by prudent use of public resources.

### CIPFA Financial Management Standards

2.14. The FM Code sets out the seventeen CIPFA Financial Management Standards with detailed explanatory notes.

### 3. FM Code Self-Assessment

3.1. A self-assessment exercise to benchmark Reading Borough Council's current processes and practice against the FM Standards has been undertaken using a RAG Rating approach as set out below:

**Table 2. RAG Rating Key**

RAG Rating	Progress Report
<b>GREEN</b>	Compliance is being demonstrated.
<b>AMBER</b>	Minor to Moderate improvements are required to demonstrate full compliance.
<b>RED</b>	Moderate to Significant improvements are required to demonstrate full compliance.

3.2. The following table summarises the self-assessment RAG Rating for each standard. A more detailed analysis per standard is provided later in the report, including an explanation of the reason for any changes.

**Table 3. Financial Management Standard Self-Assessment**

Standard Reference	Financial Management Standard	RAG Rating (April 2025)	RAG Rating (April 2026)
<b>Section 1: The Responsibilities of the Chief Finance Officer and Leadership Team</b>			
<b>A</b>	The leadership team is able to demonstrate that the services provided by the authority provide value for money.	<b>GREEN</b>	<b>AMBER</b>
<b>B</b>	The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government.	<b>GREEN</b>	<b>GREEN</b>
<b>Section 2: Governance and Financial Management Style</b>			
<b>C</b>	The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.	<b>AMBER</b>	<b>GREEN</b>
<b>D</b>	The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016).	<b>GREEN</b>	<b>GREEN</b>
<b>E</b>	The financial management style of the authority supports financial sustainability.	<b>GREEN</b>	<b>GREEN</b>
<b>Section 3: Long to Medium-Term Financial Management</b>			

<b>F</b>	The authority has carried out a credible and transparent financial resilience assessment.	<b>GREEN</b>	<b>GREEN</b>
<b>G</b>	The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members.	<b>AMBER</b>	<b>GREEN</b>
<b>H</b>	The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities.	<b>GREEN</b>	<b>GREEN</b>
<b>I</b>	The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans.	<b>AMBER</b>	<b>AMBER</b>
<b>Section 4: The Annual Budget</b>			
<b>J</b>	The authority complies with its statutory obligations in respect of the budget setting process.	<b>GREEN</b>	<b>GREEN</b>
<b>K</b>	The budget report includes a statement by the chief finance officer on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves.	<b>GREEN</b>	<b>GREEN</b>
<b>Section 5: Stakeholder Engagement and Business Plans</b>			
<b>L</b>	The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget.	<b>GREEN</b>	<b>GREEN</b>
<b>M</b>	The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.	<b>AMBER</b>	<b>AMBER</b>
<b>Section 6: Monitoring Financial Performance</b>			
<b>N</b>	The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability.	<b>GREEN</b>	<b>GREEN</b>
<b>O</b>	The leadership team monitors the elements of its balance sheet that pose a significant risk to its financial sustainability.	<b>AMBER</b>	<b>AMBER</b>
<b>Section 7: External Financial Reporting</b>			
<b>P</b>	The chief finance officer has personal and statutory responsibility for ensuring that the statement of accounts produced by the local authority complies with the reporting requirements of the Code of Practice on Local Authority Accounting in the United Kingdom.	<b>GREEN</b>	<b>GREEN</b>
<b>Q</b>	The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions.	<b>AMBER</b>	<b>AMBER</b>

### **Section 1: The Responsibilities of the Chief Finance Officer and Leadership Team**

- 3.3. As set out above, the FM Code follows the practice of the CIPFA Statement of the Role of the Chief Financial Officer in Local Government in referring to the collective group of elected members and officers as the leadership team. In local authorities, therefore, the concept of the 'leadership team' includes executive committees, elected mayors, portfolio holders with delegated powers, key committees of the authority and senior officers.

**Standard A. The leadership team is able to demonstrate that the services provided by the authority provide value for money.**

**Self-Assessment RAG Rating: AMBER (previous rating GREEN)**

- 3.4. Council received the External Auditor's Annual Report for 2024/25 on 24<sup>th</sup> February 2026 as part of the Statement of Accounts 2024/25 audit process. This report identified one significant weakness in respect of the governance arrangements the Council had in place during the year in relation to children's services following a Joint Targeted Area Inspection (JTAI).
- 3.5. The JTAI was an inspection of the Brighter Futures partnership, carried out by inspectors from Ofsted, the Care Quality Commission (CQC), His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) and His Majesty's Inspectorate of Probation (HMIP). An improvement notice was issued on 31 July 2025, and a DfE Improvement Advisor was appointed to oversee progress against the highlighted areas for improvement.
- 3.6. The External Auditor reported:-
- "While we appreciate that some of the issues identified were known by the Council and were being worked upon by the Council, some of them were not, which raises questions regarding the underlying monitoring arrangements and escalation of risk.*
- We note that the Council have responded well to the findings of the report, and a detailed action plan is in place to respond to the findings and this is being effectively monitored with effective governance arrangements supporting the action plan.*
- We also note that Brighter Futures has recently transferred back into the Council from October 2025 and the detailed action plans are being effectively monitored".*
- 3.7. During November 2025, the Council received the first monitoring visit since the Joint Targeted Area Inspection (JTAI) in March 2025. This visit was carried out in line with the inspection of local authority children's services (ILACS) framework. The monitoring visit noted there has been a strengthened focus and effective action by senior leaders and others to start to address the areas of concern and weakness identified in March 2025.
- 3.8. The recent transfer of Brighter Futures for Children back into the Council from October 2025 reinforces the Council's governance process to identify any issues as soon as possible so that any mitigating action can be put in place.
- 3.9. There have also been two other adverse inspections:-
- Social Housing  
The regulator issued a judgement on 30 April 2025 resulting in a C3 grading. Reading Borough Council (00MC) - Regulatory Judgement: 30 April 2025 - GOV.UK . The report highlighted serious failings in delivery of the outcomes of the consumer standards. The issues raised had previously been identified by the internal controls maintained by the Council and demonstrable improvements have been made with the latest monitoring reported to the Housing, Neighbourhoods and Leisure Committee on 12 November 2025.
- Adult Social Care  
A CQC inspection report in October 2025 CQC rates Reading Borough Council's adult social care provision as requires improvement - Care Quality Commission gave a 'requires improvement' judgement grading. The Council has a robust action plan in place to manage improvements although it should also be noted that the Council is not in agreement with all the factors that supported the inspector's judgement and retains its own view of the improvements necessary.
- 3.10. Whilst the Council is making good progress in all these areas, they are improvement programmes that are still in progress.

3.11. Notwithstanding this, in conclusion the External Auditor reported that:-

*“We do not consider there is a significant weakness in improving economy, efficiency and effectiveness as we have seen action plans the council have in place and evidence for monitoring the implementation of action plans. However, we have determined that there was a significant weakness in governance as we do not see evidence of the Council identifying and attempting to mitigating risks in advance of the JTAI report. We are however happy that the action plans are in place to respond.”*

3.12. As set out in more detail within Standard C, the Chief Auditor’s Annual Assurance Report 2024/25, gives the Chief Auditor’s opinion on the overall adequacy and effectiveness of the organisation’s governance arrangements, risk management and internal control environment. The 2024/25 report, presented to Audit & Governance Committee on 16<sup>th</sup> July 2025, reported a reasonable assurance level, which is an improvement from the previous year 2023/24 which gave a limited assurance level. This report and the associated opinion would however have been shared with the external auditors and therefore would have formed part of their conclusion that that there were no significant weaknesses in arrangements to improving economy, efficiency and effectiveness for 2024/25.

3.13. The previous financial year 2024/25 resulted in an adverse net variance from budget of £9.3m. The cost pressures have continued into 2025/26 where the latest Q3 Finance Reporting shows an adverse variance of £4.6m from budget. The Council is managing demand and cost pressures down as much as it can, however the underlying financial position remains challenging.

3.14. A robust budget has been set for 2026/27 mindful of the need to continue to mitigate any demand led budget pressures that arise.

3.15. The latest Residents Survey (2025) reported that 45% of people agreed that Reading Borough Council provides value for money (compared to 36% nationally) .

3.16. On balance it is considered that the self-assessment rating for 2025/26 should be Amber RAG rated until the above performance and financial pressures are improved.

**Standard B. The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government.**

**Self-Assessment RAG Rating: GREEN (No Change)**

3.17. The CIPFA Statement on the Role of the Chief Financial Officer in Local Government states that the Chief Financial Officer:

- is a key member of the leadership team, helping it to develop and implement strategy and to resource and deliver the authority’s strategic objectives sustainably and in the public interest (Principle 1);
- must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer-term implications, opportunities and risks are fully considered, and alignment with the authority’s financial strategy (Principle 2);
- must lead the promotion and delivery by the whole authority of good financial management so that public money is always safeguarded and used appropriately, economically, efficiently and effectively (Principle 3);
- must lead and direct a finance function that is resourced to be fit for purpose (Principle 4);

- must be professionally qualified and suitably experienced (Principle 5).
- 3.18. The Council complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government in respect of all of the above criteria, except for one minor element within Principle 1 as the Chief Finance Officer does not report directly to the Chief Executive. Therefore, a Green RAG Rating has been determined.

## Section 2: Governance and Financial Management Style

### **Standard C. The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.**

#### **Self-Assessment RAG Rating: GREEN (Previous Rating AMBER)**

- 3.19. The Chief Auditor's Annual Assurance Report, as required by the Accounts and Audit regulations and the Public Sector Internal Audit Standards, gives the Chief Auditor's opinion on the overall adequacy and effectiveness of the organisation's governance arrangements, risk management and internal control environment, drawing attention to any issues particularly relevant to the preparation of the Annual Governance Statement. It also sets out key themes arising from the work of the Audit Team during the financial year, and compared the audit work undertaken with that planned, summarising the performance of the Internal Audit function against its performance measures and targets.
- 3.20. The 2024/25 report, presented to Audit & Governance Committee on 16<sup>th</sup> July 2025, reported a reasonable assurance level (the 2023/24 reported a limited assurance level. Key highlights from the report include:
- A decrease in the number of internal audit reports that received limited or no assurance in 2024/25 (18%), compared with 2023/24 (44%), 2022/23 (26%) and 2021/22 (38%);
  - 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 limited assurance opinion is not a reflection of the key financial systems of the Council which support and underpin the production of the annual accounts, as these systems reached a point of reasonable assurance during the 2022/23 financial year.
- 3.21. The report also notes that an audit is a snapshot at one moment in time and therefore weaknesses may have been rectified and improvements made since the audit review, for example through management actions as a result of individual internal audit report findings. Audits with a limited or no assurance rating will be subject to audit follow-up during the subsequent 12-18 months or sooner.
- 3.22. The following table lists the internal audit assurance on the Council's key financial controls. As can be seen, all controls have at least a Reasonable level of assurance.

**Table 4. Key Financial Controls**

	Date of last Audit	Assurance Opinion	2026/2027
Accounts Payable/P2P	Mar-25	Reasonable	
Accounts Receivable*	May-22	Reasonable	
General Ledger	Jan-25	Reasonable	✓

Payroll	Nov-23	Reasonable	
Budgetary Control/Management	Apr-23	Substantial	
Fixed Assets	Mar-26	Substantial	
Debt Management	Mar-25	Reasonable	
Treasury Management	Jun-22	Substantial	✓
Housing Rents	Mar-25	Reasonable	
Bank & Cash Reconciliations	April-24	Reasonable	
Housing Benefits <b>(Draft)</b>	Feb-26	Substantial	
Business Rates	Sep-24	Reasonable	
Council Tax	Jul-23	Substantial	

\*Audit currently being undertake at field work stage

- 3.23. As the prior year's Amber RAG Rating had been determined based on the Chief Auditor's Annual Assurance Report having given a limited assurance opinion, a Green rating has been determined for 2024/25 based on the overall reasonable assurance level for 2024/25.

**Standard D. The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016).**

**Self-Assessment RAG Rating: GREEN (No Change)**

- 3.24. The Council's published Statement of Accounts for 2024/25 contain an Annual Governance Statement that sets out the Council's governance arrangements in conjunction with the CIPFA/SOLACE Delivering Good Governance in Local Government Framework.
- 3.25. As set out against Standard A, the Council received the External Auditor's Annual Report for 2024/25 on 24<sup>th</sup> February 2026 as part of the Statement of Accounts 2024/25 audit process. This report concluded that no significant weaknesses in arrangements to improving economy, efficiency and effectiveness for 2024/25.
- 3.26. The self-assessment for this standard reflects the Council's governance arrangements to manage risk and deliver services. Actions to strengthen governance has been taken by the Council with regard to bringing back in house the management of Brighter Futures for Children and have been at least maintained in all other areas. Noting also the external audit assessment it has been concluded that is standard can be retained as a Green rating.

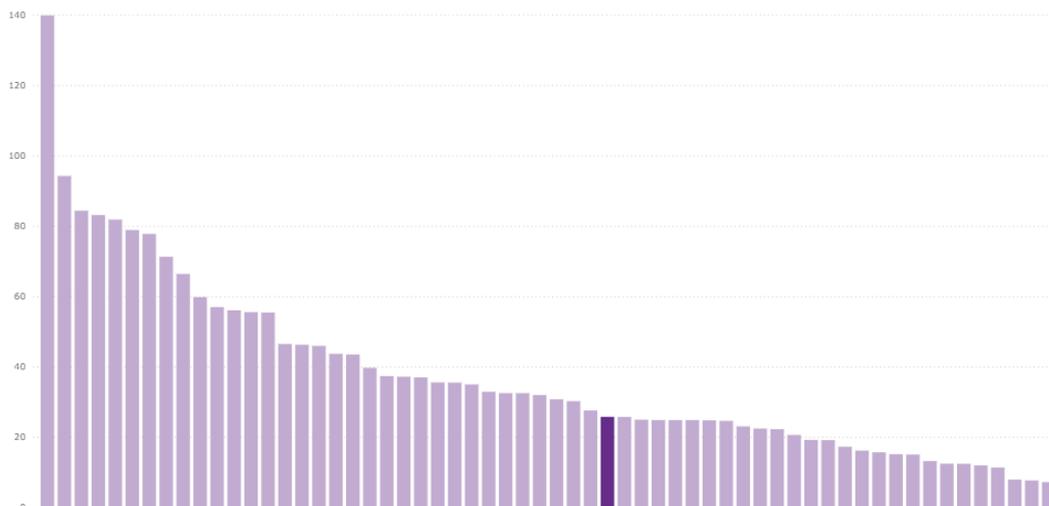
**Standard E. The financial management style of the authority supports financial sustainability.**

**Self-Assessment RAG Rating: GREEN (No Change)**

- 3.27. CIPFA have recently published its latest Financial Resilience Index (2024/25) which uses a basket of indicators to measure each individual authority's financial resilience in comparison with local authority comparator groups. The index for Reading Borough Council as compared to other unitary authorities is as follows:



- 3.28. The main risk identified in this index is 'Growth Above Baseline'. This is the degree to which the council's baseline funding level + retained Business Rates income exceeds baseline funding level. The risk to the council would be the likely reduction in funding arising following a Business Rates reset. (It should be noted that this report is prior to the implementation of the local government funding review in February 2026 which is referenced later in this report).
- 3.29. Reading's growth above baseline was recorded as the 34<sup>th</sup> most exposed unitary council. While this does demonstrate a continued economic success of the borough, the risk that the financial benefit of that growth would be lost or reduced under the business rates base is reset in 2026/27, in relation to other Unitary Authorities, was reduced from 2022/23.
- 3.30. On 31<sup>st</sup> March 2025, the level of reserves held by Reading Borough Council equated to 25.71% of net revenue expenditure. The following chart shows the level of reserves of all unitary authorities, with Reading being the darker coloured line in the middle of the chart.



- 3.31. Based on the latest data available (2024/25), in terms of the indices relating to levels of financial reserves, the Council is placed in the middle of all Unitary Authorities. As outlined in Appendix 1 of the Chief Finance Officer's Report on the Robustness of the 2026/27 Budget, the Council's reserves are forecast to reduce over the 2026/27-2028/29 Medium Term Financial Strategy period. The amount held in reserves will continue to be of concern whilst the Council continues to face demand and cost led pressures on the annual budget.
- 3.32. A detailed savings tracker is reported to the Corporate Management Team (CMT) monthly and all savings proposals that are presented as part of the Medium Term Financial Strategy (MTFS) process are risk assessed for deliverability and an appropriate level of contingency provided within the budget to mitigate that risk.
- 3.33. The 2026/27 Budget was approved by Council in February 2026 and includes a total forecast drawdown of £7.302m from earmarked reserves. However, a budget gap of £1.996m (0.9% of the total budget) for 2027/28, falling to £0.207m for 2028/29 is forecast which will need to be closed.

- 3.34. The 2026/27 local government finance settlement also provided confirmation that the Government will fund 90% of the accumulated High Needs Block SEND deficit as at 31st March 2026. This new ring-fenced grant is subject to each local authority submitting and securing the Department for Education's approval of a local SEND reform plan. Based on current forecasts this one off grant is estimated to reduce Reading Borough Council's cumulative deficit by £44m, with the Council needing to fund the remaining 10% of the deficit in 2028/29. The grant will be applied to the cumulative High Needs Block deficit currently held in the unusable reserves section of the council's balance sheet, in accordance with the provisions of the statutory override that is in place until 31st March 2028. Confirmation of this new funding will considerably improve the Council's financial sustainability.
- 3.35. The Code guidance recommends that the assessment of an authority's financial management style is best undertaken by means of peer review. A Corporate Peer Challenge exercise, organised by the Local Government Association (LGA), took place in 2022. The findings of the Peer Challenge included the following:
- It is clear that the Council's financial position and financial management arrangements have recovered and strengthened significantly since 2016/17;
  - New arrangements have created a more strategic and transformational approach to the annual budget process. Strategic financial planning is now more mature and supported by an appropriate level of analysis, with robust budget setting and monitoring procedures;
  - The Council has a good recent record of delivering transformation and savings, with a multi-year approach and associated costs and investment met through the dedicated Delivery Fund and the flexible use of capital receipts;
  - Contingency provision is prudently built into each year of the MTF5 to mitigate against possible slippage or non-achievement of higher risk savings plans;
  - The recent creation of the Transformation and Efficiency Board provides the mechanism through which to develop a singular and corporate overview of change and transformation across the organisation and the delivery of planned related savings;
  - The Capital Strategy is agreed annually at Full Council and both this and the capital programme link clearly to the corporate plan's three themes and thus the political priorities;
  - The Treasury Management Strategy is comprehensive and reflects the borrowing decisions associated with the capital strategy and programme.
- 3.36. Council received the External Auditor's Annual Report for 2024/25 on 24<sup>th</sup> February 2026 as part of the Statement of Accounts 2024/25 audit process. This report concluded that:
- "Our risk assessment procedures identified a risk of significant weakness in the area of financial sustainability. We noted the 24/25 outturn was an adverse variance of £9.3 million to budget. As larger budget deficits can be indicative of weaknesses in arrangement around financial sustainability, we focused more on this area. As our response to the risk identified above we performed additional procedures at year end. We have completed additional procedures and have concluded that no significant weakness identified".*
- 3.37. In light of the findings set out above, the rating for this standard has been retained as Green. It is however important to note that the current financial climate remains

challenging, reserves are forecast to reduce over the current MTFs period and there is a modest <1% budget deficit for 2027/28 that will need to be addressed.

### **Section 3: Long to Medium-Term Financial Management**

#### **Standard F. The authority has carried out a credible and transparent financial resilience assessment.**

##### **Self-Assessment RAG Rating: GREEN (No Change)**

- 3.38. A separate report, the “Chief Finance Officer’s Report on the Robustness of the Council’s 2026/27 Budget” was presented to Council on 24<sup>th</sup> February 2026, alongside the “2026/27 Budget and Medium-Term Financial Strategy 2026/27-2028/29” report, which contains statements on:
- The robustness of the estimates made for the purposes of the calculations of the budget; and
  - The adequacy of the proposed level of financial reserves.
- 3.39. The report also took into consideration the published CIPFA Financial Resilience Indicators and scrutiny of those indicators which highlighted areas where the Council is potentially exposed to increased risk.
- 3.40. The Council has carried out a credible and transparent financial resilience assessment therefore a Green RAG Rating has been determined.

#### **Standard G. The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members.**

##### **Self-Assessment RAG Rating: GREEN (Previous rating AMBER)**

- 3.41. The Council has prepared and consulted on a subsequently approved 3-year Medium Term Financial Strategy. CIPFA advocate a minimum coverage of 3 years for the Medium-Term Financial Strategy and therefore, the Council’s Strategy is compliant. However, it should be noted that years 2 and 3 of the Medium-Term Financial Strategy do not currently balance, albeit by a modest <1% funding gap.
- 3.42. The Council’s Capital Strategy 2026/27, approved by Council in February 2026, covers a 5-year period, thus giving a longer-term view. Consideration needs to be given as to extending this further for example to 10 years to give the long- term view that the Capital Strategy guidance is really looking for.
- 3.43. The 2026/27 Local Government Finance Settlement provides much more clarity on future funding. For the first time in many years, the Council has received a three-year funding allocations (subject to annual minor amendments for technical changes) and have also had confirmation that 90% of the SEND deficit as at 31 March 2026 will be funded by Government upon approval of a local SEND reform plan.
- 3.44. This has been clearly outlined in the “2026/27 Budget and Medium-Term Financial Strategy 2026/27-2028/29” report to Council on 24<sup>th</sup> February 2026. It remains important for the Council to rebuild a level of General Fund reserves to support any future financial risk and uncertainty.
- 3.45. Notwithstanding the considerations for improvement reflected in standards I and L (below) on balance the implementation of the Fair Funding Review and the greater clarity provided to the Council to support its funding assumptions in the Medium Term Financial Strategy, it is considered that a Green RAG rating can now be applied to this standard.

**Standard H. The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities.**

**Self-Assessment RAG Rating: GREEN (No Change)**

- 3.46. The CIPFA Prudential Code for Capital Finance in Local Authorities sets out a framework for self-regulation for local authorities. The Code requires local authorities to determine that capital expenditure and investment decisions are affordable, prudent and sustainable, and to set limits on the amount they can afford to borrow in the context of wider capital planning.
- 3.47. The 2017 version of the code introduced the requirement for local authorities to produce a capital strategy. The purpose of the capital strategy is to firmly place decisions around borrowing in the context of the overall longer-term financial position of the authority and to provide improved links between the revenue and capital budgets.
- 3.48. The legislative requirements of the code require that the Council set an annual Minimum Revenue Provision (MRP) Policy to ensure prudent provision in relation to the repayment of debt.
- 3.49. The Council is also required to set annual Prudential Indicators to ensure that external debt is kept within sustainable prudent limits.
- 3.50. The Council has produced a Capital Strategy and sets an annual MRP Policy and a set of annual Prudential Indicators as part of the Treasury Management Strategy. Therefore, a Green RAG Rating is appropriate.

**Standard I. The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans.**

**Self-Assessment RAG Rating: AMBER (No Change)**

- 3.51. The Council's 3-year Medium Term Financial Strategy is at the minimum 3-year level advocated by CIPFA. Whilst it is demonstrable that the Medium-Term Financial Strategy has been developed in line with the Council Plan priorities, it is not clearly evidenced that it is linked to the more detailed service plan level in all cases. An Amber RAG Rating is therefore currently assigned.

**Section 4: The Annual Budget**

**Standard J. The authority complies with its statutory obligations in respect of the budget setting process.**

**Self-Assessment RAG Rating: GREEN (No Change)**

- 3.52. The Council complies with its statutory obligations in respect of the budget setting process as set out in the Local Government Finance Act (1992). A legal and balanced budget and corresponding Council Tax levels have been set by Council by the statutory deadline of 11<sup>th</sup> March and assurance has been provided by the Chief Finance Officer regarding the robustness of estimates and adequacy of reserve levels. A Green RAG Rating is therefore appropriate.

**Standard K. The budget report includes a statement by the chief finance officer on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves.**

**Self-Assessment RAG Rating: GREEN (No Change)**

3.53. A separate report, the “Chief Finance Officer’s Report on the Robustness of the Council’s 2026/27 Budget” was presented to Council on 24<sup>th</sup> February 2026, alongside the “2026/27 Budget and Medium Term Financial Strategy 2026/27-2028/29” report, which contains statements on:

- a. The robustness of the estimates made for the purposes of the calculations of the budget; and
- b. The adequacy of the proposed level of financial reserves.

3.54. A Green RAG Rating is therefore appropriate.

## **Section 5: Stakeholder Engagement and Business Plans**

### **Standard L. The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget.**

#### **Self-Assessment RAG Rating: GREEN (No Change)**

3.55. The public was consulted as part of the ‘Budget Engagement’, which ran from 19<sup>th</sup> December 2024 until 17<sup>th</sup> January 2026. The budget engagement exercise received 285 responses, which is an increase from the 178 responses received last year. A summary of the responses was included within the “2026/27 Budget and Medium-Term Financial Strategy 2026/27-2028/29” report to Council on 24<sup>th</sup> February 2026.

3.56. A summary of the feedback received is as follows:-

- Residents were split over whether to increase Council Tax by the proposed amount. 50.5% of respondents were opposed, while 49.5% were in favour. This compares with 39.3% opposed and 60.1% in favour last year.
- Residents were most comfortable with reducing spending on central services (customer services, human resources, finance, legal, digital and technology) and executive management team and communications. Around two-thirds of residents placed these areas in their top 3 areas for reducing spending.
- Residents were much more divided in their opinions about where they would be least comfortable reducing spend.
- 84.2% of respondents supported a 4.8% increase in social housing rents.
- The free text comments elicited a wide range of suggestions.

3.57. Feedback was also received on capital and revenue areas where the Council could reduce spending, and any other comments with regard to the Medium Term Strategy Update.

3.58. The Council consulted with local business rates payers on 9<sup>th</sup> February 2026 as part of its statutory requirements.

3.59. Whilst consultation with stakeholders is clearly demonstrated, some councils utilise more interactive consultation tools that encourage a higher level of engagement.

3.60. The standard refers specifically to medium and longer-term financial planning. The budget consultation, as well as the Council’s approved Medium Term Financial Strategy and Capital Strategy all cover a period of 3 years. CIPFA advocate a minimum coverage of 3 years for the Medium-Term Financial Strategy and whilst a minimum duration in respect

of the Capital Strategy is not proposed, it is expected to be of a long-term nature. The Council's published Capital Strategy for 2026/27 covers a 5-year period thus giving a longer-term view. Consideration needs to be given as to extending this further for example to 10 years to give the long-term view that the Capital Strategy guidance is really looking for.

- 3.61. On balance, it is considered that a Green RAG Rating remains justifiable, however there remains room for improvement in terms of exploring the future use of more interactive consultation tools that encourage a higher level of engagement and the further extension of the Capital Strategy.

**Standard M. The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.**

**Self-Assessment RAG Rating: AMBER (No change)**

- 3.62. The Council's Capital Programme Board has a matrix for the evaluation of capital investment decisions for new business cases for use in the 2026/27 budget setting process. This process is now embedded into the decision making process although the quality of business cases submitted remains variable.
- 3.63. There remain examples of strong revenue business cases but there are also examples where the quality and level of detail needs to be improved.
- 3.64. The revenue business case templates will be fully reviewed ahead of the 2027/28 Budget Setting process.
- 3.65. Overall, as improvements are still required in respect of the capital investment process, the rating has remained as Amber.

**Section 6: Monitoring Financial Performance**

**Standard N. The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability.**

**Self-Assessment RAG Rating: GREEN (No Change)**

- 3.66. The Council's Corporate Management Team receives monthly financial reports that provide appropriate information regarding projected outturn positions in respect of approved budgets for both revenue and capital. In addition, quarterly performance reports are received by Members at Policy Committee. These reports also contain progress reports in relation to the delivery of savings targets.
- 3.67. As a consequence of robust financial reporting, the Council's forecast spending highlighted sufficient variances from budget that prompted Corporate Management Team to initiate an Expenditure Control Process to help contain financial pressures. This was successfully implemented during 2024/25 and will remain in place as an active measure to control costs

- 3.68. Additionally, all reports to the leadership team contain a section that sets out the associated financial implications appropriate to the content and proposals of the report. A Green RAG Rating has therefore been applied.

**Standard O. The leadership team monitors the elements of its balance sheet that pose a significant risk to its financial sustainability.**

**Self-Assessment RAG Rating: AMBER (No Change)**

- 3.69. Financial reports, which include a section on debt performance, are reported to the Corporate Management Team and Lead Members monthly and quarterly to Policy Committee.
- 3.70. Quarterly reports on the Council's borrowing and investment positions, including the Treasury Management Prudential Indicators are currently prepared and presented to Audit & Governance Committee on a quarterly basis. These reports are not however presented directly to Council or Policy Committee.
- 3.71. Treasury management training is provided on a periodic basis and is available to all Members to ensure that those responsible for decision making within the Council can understand and scrutinise the contents of these, often very technical, reports.
- 3.72. Since 2023/24, a number of improvements to the financial information reported through to the Corporate Management Team and Policy Committee were made including the inclusion of visual aids such as graphs. These reports include:
- Monthly revenue and capital budget monitoring forecasts;
  - Outstanding debt levels of sundry debt (this will be further developed in 2024/25);
  - Collection Fund (Council Tax and Business Rates) collection performance.
- 3.73. The following elements have also been reported to Council and/or Policy Committee in the past 12 months:
- The CIPFA Financial Resilience Index (this is currently used as part of the budget setting reports);
  - Reserve assessments (currently reported as part of budget setting reports and at Outturn, though there is the potential to also incorporate into the quarterly budget monitoring reporting process);
  - Commercial Investment Performance and Risk (reported through the budget setting reports);
  - Specific reports non commercial investment matters
- 3.74. The enhanced and focussed reporting of financial information will enable the leadership team to better monitor and understand the Council's balance sheet and financial sustainability. Given the scale of the borrowing and investment portfolios and the fact that these are not reported on a wider scale, it is considered that an Amber RAG Rating is still appropriate at this stage. The Quarterly Performance & Monitoring Report will be reviewed for 2026/27 with a view to incorporating a section on borrowing and investment portfolios to enhance the visibility of these elements of the Council's Balance Sheet.

**Section 7: External Financial Reporting**

**Standard P. The chief finance officer has personal and statutory responsibility for ensuring that the statement of accounts produced by the local authority complies**

**with the reporting requirements of the Code of Practice on Local Authority Accounting in the United Kingdom.**

**Self-Assessment RAG Rating: GREEN (No Change)**

- 3.75. The Chief Financial Officer's responsibilities are set out in the "Statement of Responsibilities" within the annual Statement of Accounts. This statement clearly sets out that 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.
- 3.76. The responsibilities of the CFO are set out in the constitution, financial regulations and are also included in employment contract/job description as well as in statute. The latest audit reports acknowledge the accounts have been prepared in accordance with the Code of Practice and this has been independently verified by the Council's External Auditor through their Annual Auditor's Report.
- 3.77. The latest Statement of Accounts has been audited and an External Audit opinion given within the Government's statutory deadlines. There are no significant issues arising with regard to the Chief Finance Officer's responsibilities under this standard and therefore it is considered that a Green RAG rating is still appropriate.

**Standard Q. The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions.**

**Self-Assessment RAG Rating: AMBER (No Change)**

- 3.78. The presentation of the final outturn figures and variations from budget are clear and transparent.
- 3.79. The 2019/20 and 2020/21 Statement of Accounts received unqualified audit opinions which therefore provided external assurance with regards to the level of the Council's reserves. However, as the 2021/22 to 2024/25 Statement of Accounts have all been disclaimed (albeit with an increasing level of assurance over the latter two years from the audit fieldwork undertaken by KPMG), this external assurance on the reserve balances is several years out of date. Whilst Standard P has been rated as Green, that standard relates to compliance with reporting requirements and does not necessarily mean that audit adjustments that could impact on the Council's reserves would not have been required had the audits for 2021/22-2023/24 occurred in full. There is therefore a risk that reserve balances may still be subject to change as external audit seek to gain assurance over the opening balances brought forward from 2024/25.
- 3.80. The Council is working with its External Auditor to follow the national backstop recovery process and there are no issue arising from this work to date as it has been reflected in the Annual Auditor's Report.
- 3.81. In consideration that this work remains ongoing, it is therefore considered that an Amber RAG Rating is appropriate.

**Next Steps**

- 3.82. This self-assessment has shown that the Council is able to demonstrate reasonable compliance with most areas of the Financial Management Code, however there are still a small number of standards that require further improvements in order to change from an Amber to a Green rating.

- 3.83. This self-assessment exercise will need to continue to be carried out annually in future in order to demonstrate compliance with the FM Code. The next review period will be an assessment of 2026/76, to be reported to Audit & Governance Committee in April 2027.
- 3.84. The high level action plan, attached as Appendix 1, identifies the necessary improvements required that would facilitate those standards that are currently rated as Amber to be able to be rated Green.

#### **4. Contribution to Strategic Aims**

- 4.1. The delivery of strong financial management is fundamental to the delivery of the Council's strategic aims.

#### **5. Environmental and Climate Implications**

- 5.1. No environmental or climate implications have been identified as arising directly from this report.

#### **6. Community Engagement**

- 6.1. Community engagement is assessed through the residents' survey.

#### **7. Equality Implications**

- 7.1. No equalities impact implications have been identified as arising from this report.

#### **8. Other Relevant Considerations**

- 8.1. There are none.

#### **9. Legal Implications**

- 9.1. The FM Code itself does not currently have legislative backing, although CIPFA have set out their intention to pursue this. CIPFA's judgement is that compliance with the FM Code will assist local authorities to demonstrate that they are meeting existing important legislative requirements.

#### **10. Financial Implications**

- 10.1. There are no direct financial implications arising from this report.

#### **11. Timetable for Implementation**

- 11.1. Not applicable.

#### **12. Background Papers**

- 12.1. There are none.

### **Appendices**

#### **1. Financial Management Code Action Plan**

### Appendix 1 - Financial Management Code Action Plan

Standard	Description	Current RAG Rating	Action(s) Required	Responsible Officer(s)	Target Date
A	The leadership team is able to demonstrate that the services provided by the authority provide value for money.	<b>AMBER</b>	1. Continue to implement the recommendations of external assessments	Corporate Management Team	31 March 2027
B	The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government.	<b>GREEN</b>			
C	The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.	<b>GREEN</b>			
D	The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016).	<b>GREEN</b>			
E	The financial management style of the authority supports financial sustainability.	<b>GREEN</b>			
F	The authority has carried out a credible and transparent financial resilience assessment.	<b>GREEN</b>			
G	The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members.	<b>GREEN</b>			
H	The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities.	<b>GREEN</b>			

I	The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans.	<b>AMBER</b>	1. Continue to improve the linkages between Service Plans, the Corporate Plan and the MTFS.	Corporate Management Team	31st March 2027
J	The authority complies with its statutory obligations in respect of the budget setting process.	<b>GREEN</b>			
K	The budget report includes a statement by the chief finance officer on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves.	<b>GREEN</b>			
L	The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget.	<b>GREEN</b>			
M	The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.	<b>AMBER</b>	1. Implement revisions to business case templates and improve governance around the quality of cases submitted for decision.	Corporate Management Team	31st March 2027
N	The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability.	<b>GREEN</b>			
O	The leadership team monitors the elements of its balance sheet that pose a significant risk to its financial sustainability.	<b>AMBER</b>	1. Implement further improvements to budget monitoring templates to strengthen balance sheet reporting.	Director of Finance	31st March 2027
P	The chief finance officer has personal and statutory responsibility for ensuring that the	<b>GREEN</b>			

	statement of accounts produced by the local authority complies with the reporting requirements of the Code of Practice on Local Authority Accounting in the United Kingdom.				
Q	The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions.	<b>AMBER</b>	1. Achieving and maintaining an unqualified external audit opinion on the Council's Statement of Accounts to give assurance with regards to the level of the Council's reserves.	Director of Finance	Ongoing

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