

To: Councillor Williams (Chair)
Councillors Stevens, Asare, Gavin, Keane,
Magyarosy, McGrother, Moore and Smith

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7 July 2026

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

NOTICE OF MEETING - AUDIT AND GOVERNANCE COMMITTEE 15 JULY 2026

A meeting of the Audit and Governance Committee will be held on Wednesday, 15 July 2026 at 6.30 pm in the Council Chamber, Civic Centre, Reading RG1 2LU. The Agenda for the meeting is set out below.

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1. DECLARATIONS OF INTEREST	
2. MINUTES OF THE PREVIOUS MEETING HELD ON 8 APRIL 2026	5 - 10
3. QUESTIONS	
4. 2025/26 DRAFT STATEMENT OF ACCOUNTS	11 - 180
This report updates the Committee and reports that the draft 2025/26 Statement of Account has been published on the Council's website by the statutory deadline of 30 June 2026, the formal public inspection period will run from 1 July – 11 August 2026 and the Government has set a backstop date of 31 January 2027 for the external audit opinion to be issued on the 2025/26 Statement of Accounts.	
5. CHIEF AUDITOR'S ANNUAL ASSURANCE REPORT 2025/26	181 - 196
This report presents the annual assurance report of the Chief Auditor required by the Accounts and Audit Regulations and the Public Sector Internal Audit Standards.	
6. INTERNAL AUDIT & INVESTIGATIONS - QUARTER 1 UPDATE 2026/27	197 - 212
This report provides an update on key findings emanating from Internal Audit reports issued since the last quarterly progress report.	

7.	AUDIT RECOMMENDATIONS TRACKER	213 - 228
	This report sets out a summary of progress against the management actions to address the internal audit recommendations for audits assigned a 'limited' or 'no assurance' opinion.	
8.	OFFICER DECLARATIONS OF INTEREST AND GIFTS AND HOSPITALITY	229 - 280
	Further to Minute 24 of the meeting of the Audit and Governance Committee on 21 January 2025, this report updates Committee on steps taken to introduce centralised and regularly updated registers of Officer Declarations of Interest and Gifts and Hospitality.	
9.	ANNUAL TREASURY MANAGEMENT REVIEW 2025/26	281 - 294
	This report fulfils the requirement in the Treasury Management Strategy to produce an Annual Outturn Report to review the Treasury Management activity which took place from 1st April 2025 to 31st March 2026.	
10.	ANNUAL GOVERNANCE STATEMENT 2025/26	295 - 312
	A report on the draft Annual Governance Statement for 2025/26 for publication with the Council's financial statements.	
11.	AUDIT & GOVERNANCE COMMITTEE ANNUAL REPORT	313 - 352
	To consider the annual report, associated action plan, and detailed feedback on the Audit & Governance Committee's performance and to endorse that the report represents a fair reflection of the year, prior to its submission to Council.	

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Present: Councillor Williams (Chair);
Councillors Asare, Dennis, Keane, McGrother and Stevens

Apologies: Councillors McGoldrick, Ballsdon and Moore

25. MINUTES OF THE PREVIOUS MEETING HELD ON 20 JANUARY 2026

The Minutes of the meeting held on 20 January 2026 were confirmed as a correct record and signed by the Chair.

Further to Minute 20, in relation to the discussion on Gifts & Hospitality and the Declarations of Interest Register, the Committee was informed that on 1 September 2025, updated legislation on fraud prevention had been introduced. In response, the Council's Conflict of Interest Policy (including gifts and hospitality) had been updated and had been approved by Personnel Committee on 12 March 2026. A report giving an update on the latest situation on Gifts & Hospitality and the Declarations of Interest Register would be brought to the next meeting of the Audit and Governance Committee.

26. EXTERNAL AUDITOR UPDATE

The Committee received a covering report on behalf of the Council's External Auditor, KPMG, which had attached the final version of KPMG's ISA 260 report for 2024/25 and their External Audit Plan & Strategy for the year ended 31 March 2026. Ming Guo from KPMG addressed the Committee on the ISA 260 year-end report and the Plan & Strategy and provided an update on current progress.

The ISA 260 report set out the final findings from the external audit of the 2024/25 financial statements, highlighting key risks, audit work undertaken, and conclusions on financial reporting and value for money arrangements. It explained that, due to the national audit backlog and unresolved assurance issues, particularly around opening balances, reserves and prior-year comparatives, KPMG intended to issue a disclaimer of opinion on the 2024/25 accounts, while work continued to rebuild assurance with the aim of moving to a qualified opinion in future.

The External Audit Plan & Strategy set out the planned audit approach for the 2025/26 financial year, setting out the scope of the external audit, key risks, materiality levels, and how the audit would be delivered.

In response to a query, Ming Guo confirmed that on page 6 of the ISA 260 report, on the Valuation of post-retirement benefit obligations audit risk, the statement "Our specialist is finalising their work and will provide an update to the next Audit Committee meeting" should not have been included after "We found the valuation of post-retirement obligations to be balanced".

Resolved:

(1) That KPMG's final 2024/25 ISA 260 year-end report be noted;

- (2) That KPMG's External Audit Plan & Strategy for the year ended 31 March 2026 be noted.**

27. INTERNAL AUDIT QUARTERLY PROGRESS REPORT Q4

The Committee considered a report providing an update on the key findings emanating from the Internal Audit reports issued for the period from 1 January to 31 March 2026 (Quarter 4).

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

- Capital Programme & Monitoring (Substantial Assurance opinion given);
- Housing Benefits (Substantial Assurance opinion given);
- Health & Safety (Reasonable Assurance opinion given);
- Commercial Leases Rent Roll – Follow-up (Limited Assurance opinion given);

In relation to Commercial Leases, the follow-up audit had reviewed progress in addressing weaknesses identified in the previous commercial leases audit. Limited Assurance remained appropriate, as while some improvement had been made, weaknesses persisted in rent roll management, billing controls, data quality and reconciliations. Governance and insurance arrangements also required strengthening, and a number of recommendations had been re-raised to reflect the ongoing level of risk.

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

It was noted that, for the Commercial Leases audit, the audit tracker had shown the recommendations which had been agreed at the last audit marked as completed but, on the follow-up audit, it had been discovered that they had not been completed. The Committee was informed that the relevant Executive Director had been very disappointed to discover this and the relevant Director was having fortnightly meetings to ensure that the actions were implemented. The Committee requested an update to the next meeting on the situation with the Commercial Leases Rent Roll from the relevant Director to give assurance.

Resolved:

- (1) That the audit findings be noted, and the recommendations and management action underway, as set out in the Internal Audit & Investigations 2025/26 Quarter 4 Update Report, be endorsed.;**
- (2) That a report giving an update on the situation with the Commercial Leases Rent Roll be submitted to the next meeting.**

28. DRAFT INTERNAL AUDIT PLAN AND INTERNAL AUDIT CHARTER 2026/2027

The Committee considered a report setting out the work Internal Audit was planning to undertake during the financial year 2026/2027. The report explained that internal audit was responsible for providing an annual formal opinion on the Council's control environment. The Audit Plan, which was attached at Appendix 1 to the report, would allow for the effective discharge of this responsibility. In accordance with the Accounts and Audit Regulations and the Public Sector Global Internal Audit Standards (the Standards), the Committee was asked to approve and monitor progress against the internal Audit Plan. The report also had attached at Appendix 2 the Internal Audit Charter which set out the purpose, authority, responsibility and scope of internal audit and had been refreshed to reflect revised Global Internal Audit Standards. The Standards intended to ensure sound corporate governance and set out roles and responsibilities for internal audit services. The Standards required an Internal Audit Charter to be in place, which must be reviewed periodically and presented to the Committee for approval.

Resolved: That the Internal Audit Plan for the period April 2026 to March 2027 and the Internal Audit Charter be approved, as attached to the report at Appendices 1 and 2 respectively.

29. STRATEGIC RISK REGISTER APRIL 2026

The Committee considered a report outlining the updates to the Strategic Risk Register (SRR), in line with the requirements of the Council's Risk Management Strategy. A copy of the SRR was attached to the report at Appendix 1. The Risk Register covered the actions completed by the Council between October 2025 and March 2026 and the future risk ratings for May to August 2026. The SRR had been reviewed by CMT on 17 March 2026 and no risks had been removed or de-escalated to the relevant Directorate Risk Register and there had been no new risks added to the SRR.

The Committee was asked to note there were now six red risk cards, as follows:

- Risk of loss from cyber-attack.
- Unable to deliver a balanced budget because of cost-of-living increases, demand pressures and achieving income targets.
- Failure to deliver zero carbon commitments (Climate mitigation).
- Failure to adapt to the impacts of climate change (Climate adaptation).
- Failure to safeguard vulnerable children.
- 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.

The report stated there were now six amber risk cards, with the following two risks having been reduced from a 'red' to an 'amber' rating:

- Failure to mitigate risks or manage issues, associated with health & safety, appropriately - Whilst this risk rating had fluctuated over the past four quarters, it

AUDIT AND GOVERNANCE COMMITTEE MEETING MINUTES - 8 APRIL 2026

currently sat at an amber risk, due to the completion of a significant number of actions within the Housing H&S Action Plan.

- Risk to adherence to Care Act Statutory duties as residents are waiting in Adult Social Care - The risk rating had reduced six months ago due to the RAG rating processes having been reviewed and refreshed, and cases could now be tracked on PowerBI and actioned.

Resolved: That the Council's Strategic Risk Register, as of April 2026, as set out in Appendix 1 to the report, be noted.

30. TREASURY MANAGEMENT REVIEW QUARTER 3 2025/26

The Committee received a report on the activity of the Treasury Management function during the third quarter of the year for the period 1 October 2025 to 31 December 2025. The report stated that the CIPFA Code of Practice for Treasury Management 2021 recommended that the Committee should be updated on treasury management activities at least quarterly. The Committee was advised that there had been full compliance during this period with the Treasury Management Strategy Statement (TMSS), as agreed by Council on 27 February 2024.

The report had attached the MUFG Corporate Markets Economics Review of Quarter 3; Borrowing and Investment Portfolios; and the list of approved countries for investments.

It was reported at the meeting that, since publication of the report, Brighter Futures for Children Ltd had repaid to Reading Borough Council the £5m loan listed in Appendix 3 that had been given to the company at its commencement.

The Committee noted that, in the Investment Portfolio in Appendix 3, the table listed maturity dates, many of which had passed, and it was queried whether the new maturity dates which may have been renegotiated for investments should be included in the appendix instead. It was explained that officers wanted to look at the best way of presenting the information to the Committee so that both the new dates and the fact that the original deadlines had passed, and that repayments in the terms originally agreed were overdue, were presented. It was also reported that a number of the overdue repayments had been paid before the end of the financial year.

Resolved:

- (1) That the Treasury Management Review Quarter 3 report for 2025/26 be noted;**
- (2) That it be noted that officers would be reviewing the way that the investment portfolio figures were presented in Appendix 3 for future reports.**

31. INFORMATION GOVERNANCE UPDATE

The Committee considered a report outlining the action under way to improve the Council's policies, systems and processes for Information Governance.

The report provided an update on: the action being taken to address the backlog of Subject Access Requests (SARs); the on-time responses to Freedom of Information (FOI) requests, which stood at 77.6% in Quarter 4 to date; Improvement Actions planned, including a comprehensive review of the processes for complaints, FOI requests and SARs; Data Transparency; the work of the Information Governance (IG) Board; the Information Management Strategy, which set out the Council's approach to information management and governance; and uptake of the compulsory Cyber Security and GDPR training for all staff and Members, which now stood at 90.28% and 91.5% compliance respectively with the IG Team carrying out bespoke training for colleagues without access to IT systems.

The report also contained further information on the cyber security programme, giving details of cyber incidents and security updates.

The report stated that the focus of the IG Team would be on:

- 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

It was queried what had caused the large number of inbound emails automatically blocked by cyber security tools in February 2025 (11m compared to usual monthly figures of around 3.5m). It was explained that the general increase between February and May 2025 might partially be explained by increased cyber-attack activity in the run up to the May elections, but the cause of the large number in February 2025 would need to be investigated.

Resolved:

- (1) That the progress being made to improve the Council's Information Governance be noted, and the future actions outlined in the report be endorsed;**
- (2) That officers investigate the cause of the large number of inbound emails automatically blocked by cyber security tools in February 2025 and include an update in the next report to the Committee.**

32. CIPFA FINANCIAL MANAGEMENT CODE 2025/26

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

The 2025/26 self-assessment had identified the following key changes:

- i) A significant reduction in the number of internal audit reports that had received limited or no assurance in 2024/25 (18%) compared with 2023/24 (44%) which had been a significant factor in the Chief Auditor's Annual Assurance Report which had given a Reasonable assurance view for the year (2023/24 had been Limited assurance);
- ii) The 2026/27 Local Government Finance Settlement provided much more clarity on future funding for the period 2026/27 to 2028/29 which in turn improved the Council's medium term financial planning;
- iii) The Council had 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 had recommended improvement plans. Whilst the Council was making good progress on all those areas, this work was still underway and would continue into the next financial year.

The report stated that the self-assessment had identified that one standard (A - The leadership team is able to demonstrate that the services provided by the authority provide value for money) had reduced from a previous rating of Green to Amber and two standards (C - The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control) and (G - The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members) had improved from Amber to Green. All other standards remained as per the 2024/25 assessment. A proposed action plan, setting out the required actions to improve those standards rated Amber to Green, was set out in Appendix 1.

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

Resolved: That the findings of the 2025/26 Financial Management Code Self-Assessment be noted.

(The meeting started at 6.30pm and closed at 7.50 pm)

Audit and Governance Committee

15 July 2026



Reading
Borough Council
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Title	2025/26 Draft Statement of Accounts
Purpose of the report	To note the report for information
Report status	Public report
Executive Director/ Statutory Officer Commissioning Report	Darren Carter, Director of Finance (S.151 Officer)
Report author	Nicky Blacker, Deputy Chief Accountant
Lead Councillor	Cllr Ruth McEwan, Lead Councillor for Corporate Services and Resources
Council priority	Not applicable, but still requires a decision
Recommendations	1. That the Committee notes the unaudited draft 2025/26 Statement of Accounts

1. Executive Summary

- 1.1. This report updates the Committee and confirms that the draft 2025/26 Statement of Accounts has been published on the Council's website by the statutory deadline of 30 June.
- 1.2. The formal public inspection period commenced on 1 July 2026 and runs for 30 working days until 11 August 2026.
- 1.3. The Government has set a backstop date of 31 January 2027 for the external audit opinion to be issued on the 2025/26 Statement of Accounts.

2. Contribution to Strategic Aims

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

3. Progress on publication

- 3.1. Reading's Draft 2025/26 Statement of Accounts has now been published on the Council's website and is available at the link below and also as an appendix to this report:

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

- 3.2. The accounts comprise the Statement of Accounts for Reading Borough Council, and also the Reading Borough Council Group which includes the three significant subsidiaries Brighter Futures for Children (which ceased trading on 30 September 2026), Reading Transport Limited and Homes for Reading.

- 3.3. The information included for the Group entities is based on draft unaudited financial statements.
- 3.4. The latest national position for published draft accounts, compiled by an independent local government finance specialist, showed that only 83% of Councils in England published by the statutory deadline, an improvement from last year where only 75% achieved this.

		Published Accounts Tracker			
		2024/25		2025/26	
		Not published	Published Unaudited	Not Published	Published Unaudited
ILB		1	11	4	8
OLB		6	14	3	17
Met		13	23	8	28
Unitary		13	49	9	53
County		1	20	2	19
Upper Tier		34	117	26	125
Districts		46	118	28	136
Total England		80	235	54	261
			75%		83%

Information as at 30 June 2026.

- 3.5. Members will recall that the Council's accounts were disclaimed last year. This means that the opening balances for the 2025/26 Statement of Accounts, and in many cases prior year comparator figures will need an additional amount of work to gain audit assurance on them. KPMG will be in attendance at the Audit and Governance meeting to give a verbal update on this Building Back Assurance work.
- 3.6. The Annual Governance Statement is presented for approval elsewhere on tonight's agenda and is also contained in these draft accounts.

4. Audit Progress

- 4.1. The Council has already been working on the audit by supplying early data and explanations around processes and controls in accordance with the audit plan.
- 4.2. The main audit fieldwork will commence early in August and will continue through to mid-September, with some residual work continuing afterward.
- 4.3. KPMG have indicated that they will be selecting samples in July ahead of their main audit visit in August so the Council will be working to provide evidence for transactions for these transactions ahead of the audit fieldwork starting.

5. Draft 2025/26 Statement of Accounts

- 5.1. The Council is required to prepare annual Statement of Accounts and to arrange for them to be audited and reported in accordance with the Accounts and Audit Regulations 2015 and the 2025/26 Code of Practice on Local Authority Accounting in the United Kingdom, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Statement of Accounts presents the overall financial position of the Council and comprises: a narrative report, annual governance statement, comprehensive income and expenditure statement, balance sheet, movement in reserves statement, cash flow statement, collection fund statement, group accounts, and supporting notes.
- 5.2. The Council has prepared the accounts on a going concern basis and has disclosed all material and required information in accordance with the Code of Practice.
- 5.3. There was a net adverse variance of £3.1m on General Fund revenue expenditure and this will be funded from the Financial Resilience Reserve. The general fund balance has increased by £1.1 million to £10.0 million. Earmarked reserves have decreased from

£40.9 million to £31.2 million. These figures included balances of £1.2 million held for individual maintained schools.

- 5.4. The cumulative Dedicated Schools' grant (DSG) deficit brought forward from the last financial year of £24.9 million has increased by £22.0 million, representing the deficit in 2025/26, to £46.9 million. In line with the School and Early Years Finance (England) Regulations 2020, the deficit reserve is classified as an unusable reserve instead of an earmarked reserve.
- 5.5. On 9 February 2026, the Government set out a new national approach to DSG Deficits, confirming significant financial support for Local Authorities. Section 2 of the Government's response to the Provisional Local Government Finance Settlement confirms that councils holding a DSG deficit at the end of 2025/26 will be eligible for a new High Needs Stability Grant, which will fund 90% of the total eligible DSG deficit, subject to conditions. The conditions are that the Council commits to funding the remaining 10% and a SEND Reform Plan is approved by the DFE. At the end of 2025/26 the DSG deficit for the Council is £46.9m, 90% of this total would result in potential grant income of £42.2m. At the time of publishing the draft accounts the Council has not yet met these conditions, so the Council has not accounted for this grant income in 2025/26.
- 5.6. There has been a change to the measurement of non-investment assets within the 2025/26 Code include adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. Up to 31 March 2025, the Code required that assets included in the Balance Sheet at current value were re-valued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year end, but as a minimum every five years. From 1 April 2025 the requirement is to revalue assets on a five-year rolling basis, supported by indexation in intervening years. The change in policy is applied prospectively, so that the carrying amounts of Property, Plant and Equipment assets at 31 March 2025 have not been adjusted, and indexation has been applied for the first time to establish carrying amounts at 31 March 2026.
- 5.7. Following a review of the Code as part of the preparation of the draft Statement of Accounts we have expanded our related party disclosure to increase transparency in this area. Note 16 now includes a table of payments made to voluntary bodies and organisations where members have declared an interest. We have also expanded this disclosure note to include information related to our subsidiary entity transactions and balances.
- 5.8. The Council has consolidated its subsidiary on the basis of unaudited draft accounts for Brighter Futures for Children, and on the latest trial balance information available from Reading Transport Ltd and Homes for Reading. The figures in our Group Accounts will need to be updated when their audits are complete. All subsidiaries are expected to have their audits concluded in time for any potential amendments to Group Accounts to be considered. In the meantime, it is normal auditor to auditor protocol in group structures to exchange commentary and information to support the parent company's (RBC) audit and this will be co-ordinated by KPMG.

6. Environmental and Climate Implications

- 6.1. None Arising.

7. Community Engagement

- 7.1. The formal public inspection period commenced on 1 July 2026 and runs for 30 working days until 11 August 2026.
- 7.2. The public inspection period is a statutory 30-working-day window during which local councils must legally make their unaudited accounting records available for public review. It allows local electors to examine spending or formally object to the accounts.

8. Equality Implications

8.1. None arising.

9. Other Relevant Considerations

9.1. There are none.

10. Legal Implications

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

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

11. Financial Implications

11.1. The audit fees were contained in the Audit Plan which was presented to the April Audit and Governance meeting.

12. Timetable for Implementation

12.1. Not applicable.

13. Background Papers

13.1. There are none.

Appendices

1. Draft unaudited 2025/26 Statement of Accounts



UNAUDITED DRAFT STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2026

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Narrative Report

An introduction to Reading

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

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

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

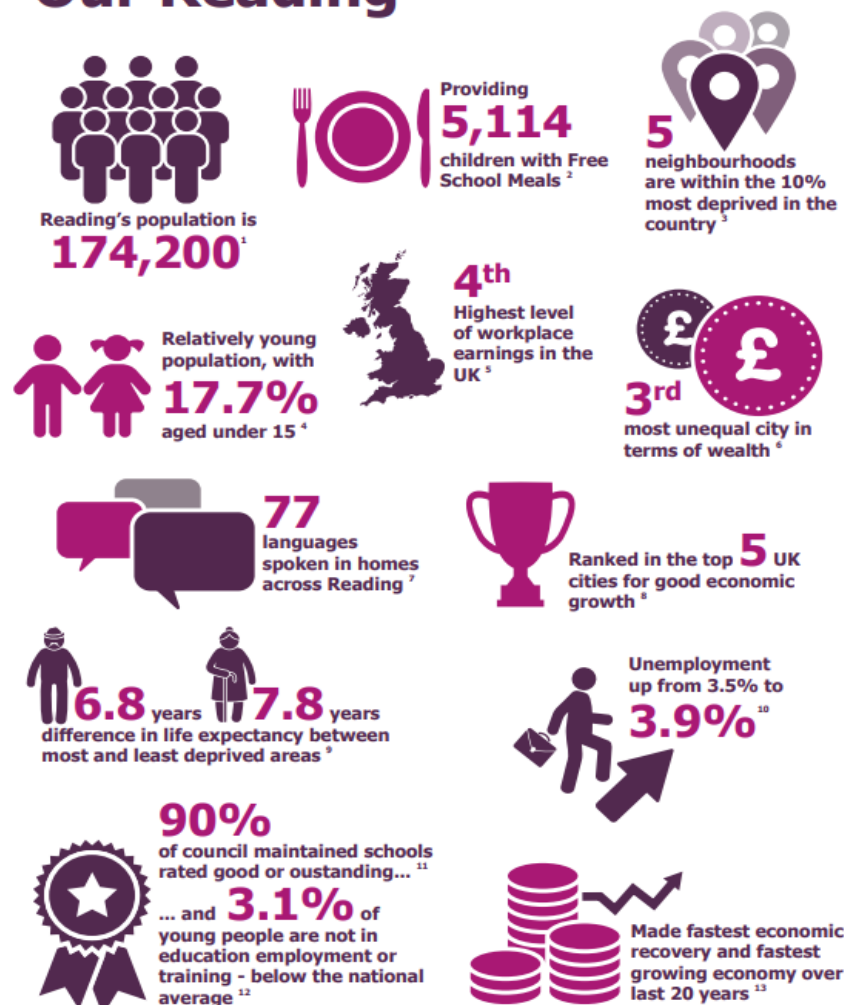
Every year it hosts the Reading Festival, one of the country's major music events, as well as the Reading Beer Festival, Reading Pride, and the Reading Half Marathon.

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

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

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

Our Reading



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

5

Our Achievements

We are proud of the achievements and investments we have delivered in 2025/26 and will continue to build on these successes.

 Resurfaced 60 sections of major roads in Reading, with 80% of our residential roads now classified as being in good condition.	 Invested £375k in a new skatepark in Whitley as well as delivering new playgrounds for Emmer Green (£350k) and Victoria Park (£462k) which opened ahead of schedule.	 Provided 519 new daily wraparound childcare places, with every mainstream primary school in Reading now offering some form of wraparound childcare.	 Brought our children's services (formally Brighter Futures for Children) back in-house which will provide the Council with better direct control of Children's Services and improve collaborative working.
 Changed waste and recycling collection days for all households in the borough to create a more efficient and reliable service, expand capacity in preparation for kerbside glass recycling, and meet demand from population and housing growth.	 Added eight new electric buses to our fleet of 24 new zero-emission double-deckers, using £1.3m in funding from the Department for Transport.	 Achieved a 'Good' Ofsted rating for childcare for all Council-run nurseries in Reading and Pinecroft residential home for children and young people was rated as 'Outstanding' in all areas by Ofsted.	 Delivered 154 new homes under the Local Authority New Build scheme in 2025 and started work on 30 new affordable homes in Dwyer Road, as well as adding 16 new homes to the housing register at Watchman's Place. This is part of a £37.6 million programme of investment.
 Opened our new Civic Centre customer space in January 2026 with the state of the art Central Library due to open in June 2026.	 Approved a new Public Spaces Protection Order (PSPO) for Reading to help tackle anti-social behaviour in the town centre, which will come into force in March 2026.	 Filled 1,407 potholes.	
 Received an 'outstanding' rating for Rivermead Leisure Centre from Quest, Sport England's quality scheme for sport and leisure.	 Provided 30 Additionally Resourced Provision Places in schools, so that now 269 children with Special Educational Needs are getting the support they need to thrive in mainstream education.	 Secured £150k match funding from the DfE to develop a small local children's home for children with complex needs, with a total investment of £1.7 million for 3 additional children's homes.	 Submitted a proposal to Government to change the boundary between Reading and West Berkshire and keep the whole of Tilehurst in Reading, following West Berkshire's proposal to join Oxfordshire Councils and form a new Ridgeway Council. This will improve service delivery and address the democratic deficit experienced by residents who use Reading services but pay Council Tax to West Berkshire.

Residents Survey Results 2025



In 2025 we conducted a survey with a representative sample of 1,000 Reading residents about satisfaction with the Council and the services we provide. Key findings were:

- 63% were 'Very' or 'Fairly' satisfied with the way Reading Borough Council runs things overall (compared to 56% nationally)
- 45% agreed that Reading Borough Council provides value for money (compared to 36% nationally)
- 64% agreed that Reading Borough Council keeps residents informed (compared to 47% nationally)

Our Vision and Priorities

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

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

Promote more equal communities in Reading



Secure Reading's economic and cultural success



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



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



Ensure Reading Borough Council is fit for the future



2025/26 Budget

The 2025/26 budget for Reading Borough Council was agreed by Council on 25 February 2025 and forms part of the Council's Medium Term Financial Strategy (MTFS).

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

General Fund Revenue Account

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

Housing Revenue Account (HRA)

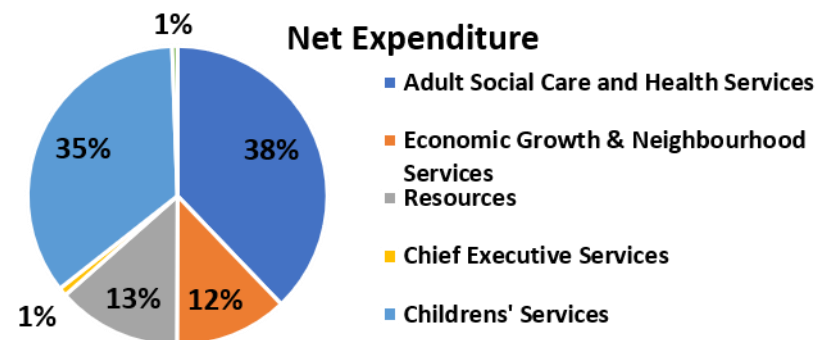
This is a ring-fenced budget for expenditure on the Council's Housing stock and is funded by council tenants' rents.

Capital

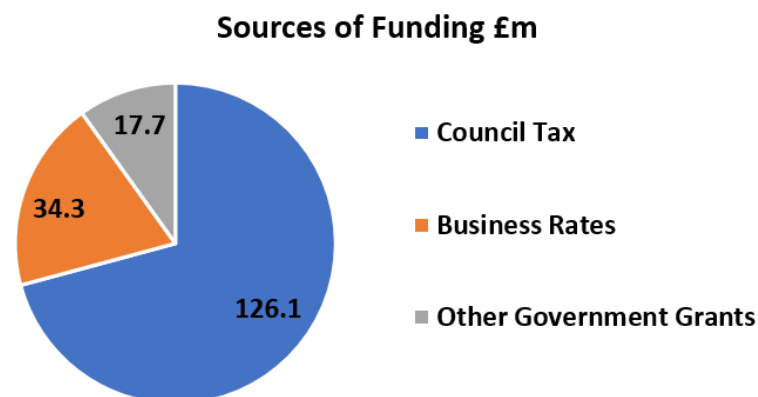
This is the expenditure incurred to make improvements to the Council's assets or for the purchase or creation of new assets. The Council has two capital programmes, one for the General Fund and one for the Housing Revenue Account. Capital is funded by grants, contributions from developers, capital receipts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

For 2025/26, the Council has a net revenue budget of £178.1m, a General Fund Capital Programme of £66.8m, Housing Revenue Account budget of £57.3m and HRA Capital Programme of £90.1m.

The Chart below set out the relative proportions of the net budget spent in each of the key service areas for 2025/26.



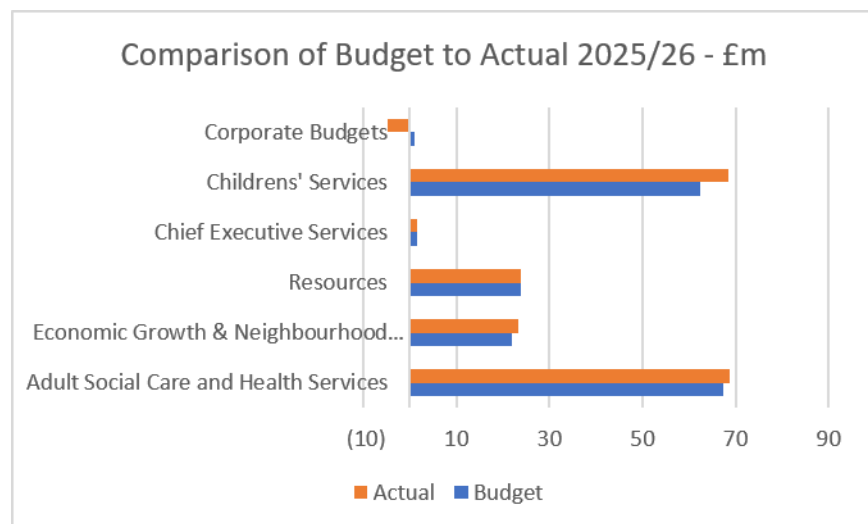
The chart below shows the net funding for the General Fund revenue budget of £178.1m



Financial Performance 2025/26

General Fund Revenue

The financial outturn for 2025/26 is due to be presented to Policy Committee on 13 July 2026. There was a net adverse variance of £3.1m on General Fund revenue expenditure and this will be funded from the Financial Resilience Reserve. The comparison of budget to actual for each service was broken down as follows:



The original budget for 2025/26 included assumed savings of £11.5m. A total of £8.7m of ongoing savings were delivered in 2025/26, with £1.9m of non-deliverable savings removed as part of the 2026/27 budget setting process. This leaves a residual balance of £0.9m to be carried forward for delivery in future years.

The General Fund reserve balance was increased to £10.0m and General Fund earmarked reserves were £31.2m, giving total General Fund reserves of £41.2m.

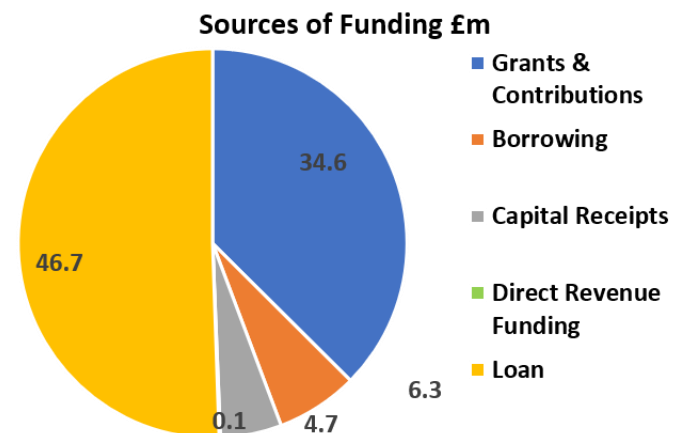
Capital Expenditure

General Fund capital expenditure amounted to £46.3m and HRA capital expenditure was £45.7m, giving total capital expenditure for the year of £92.0m.

Capital expenditure for the year included:

- Major Repairs – Existing Homes £6.2m
- Purchase of Homes for Reading properties £11.3m
- New Build Housing £25.6m
- Highways Infrastructure £5.2m
- Delivery Fund £2.4m
- Hexagon Theatre £5.0m
- New library at Civic Centre £7.3m
- Zero Emission Bus Regional Areas grant to RTL £2.7m
- Bus service improvements £2.4m
- Learning Disabilities respite facility and sheltered housing flats £4.6m

Funding of General Fund capital expenditure:



Housing Revenue Account

Net expenditure on the Housing Revenue Account was £3.4m higher than expected. The final drawdown from reserves was £9.7m. The HRA reserve now stands at £23.1m.

Performance of Council owned companies

The Council's year-end Balance Sheet includes investments in limited companies and joint ventures. Its three principal interests are Brighter Futures for Children (which ceased trading on 30 September 2025), Reading Transport Limited, and Homes for Reading. All three are wholly owned subsidiaries of the Council. A summary of the most recent unaudited accounts for 2025/26 is as follows:

	Reading Transport Ltd £'000	Homes for Reading £'000	Brighter Futures for Children £'000
Turnover	68,220	753	71,448
Profit/(Loss)	(1,114)	(300)	(6,222)

Commercial Investments

Reading Borough Council has a small portfolio of investment properties:

Property	Annual Rental Yield Mar 26 £'000	Capital Value Mar 26 £'000	Purchase Price £'000
Kennet Wharf	874	9,740	21,276
Adelphi House	687	7,650	12,116
160-163 Friar St	667	6,200	11,884
Four 10 TVP	2,328	24,350	39,968

Brighter Futures for Children Closure

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

Schools and the High Needs Block

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

The **Schools Earmarked Reserve** has been established to hold balances held by Schools under the delegation scheme. The Schools' surplus of £1.2m comprises the unspent revenue balances held by schools in surplus, offset by the overdrawn revenue balances of schools in deficit. This part of the balance can only be used by the Schools and is not available to the Council for general use.

Dedicated Schools Grant

The Dedicated Schools Grant (DSG) is showing a cumulative DSG deficit of £46.9m at 31 March 2026.

The primary driver of the overspend is the High Needs Block, which was £20.0m overspent in 2025/26. This reflects continued growth in Education, Health and Care Plans (EHCPs), increased demand for higher-cost placements, and rising top-up funding requirements across both local authority and independent provision.

In Spring 2026, the Government announced that it will fund 90% of historic deficits relating to SEND, accrued up to the end of 2025/26, through a High Needs Stability Grant, subject to scrutiny of local authority financial data. More detail can be found in Note 40.

The Balance Sheet

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

Usable reserves and balances have been built up over time and can be used to fund future service costs or capital expenditure. Unusable reserves cannot be accessed and relate primarily to statutory accounting adjustments for capital transactions and pensions. A summary of the balance sheet as at 31 March 2026 is:

	March 2025 £'000	March 2026 £'000
Long-term Assets	1,291,011	1,300,886
Current Assets	107,288	82,025
Current Liabilities	(227,074)	(273,400)
Long-term Liabilities	(446,878)	(459,183)
Net Assets	724,347	650,328
Usable Reserves	(168,363)	(164,522)
Unusable Reserves	(555,984)	(485,806)
Total Reserves	(724,347)	(650,328)

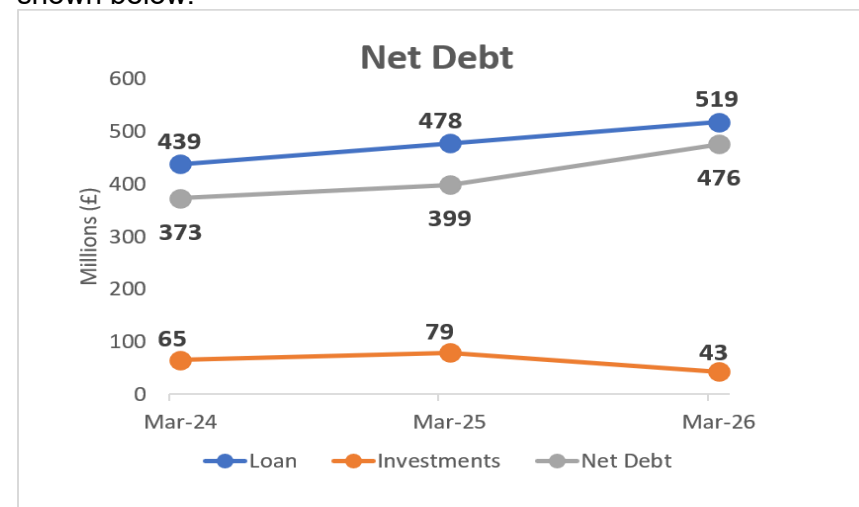
The reduction in net assets is primarily driven by an increase in borrowing of £42.0m and an increase in pensions liability of £33.1m.

Treasury Management

The Council has a small treasury management function, ensuring that funds are invested to achieve a return whilst maintaining adequate cash balances to meet liabilities as they fall due. New borrowing undertaken during 2025/26 totalled £245.0m. Principal repayments on loans totalling £204.5m were made.

The net change in the gross borrowing position between 31 March 2025 and 31 March 2026 was an increase of £40.5m. Net Debt increases to reflect the Council's capital investment in buildings, roads, schools and infrastructure which are part funded through borrowing.

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



Pensions

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

Although pension benefits are not payable until employees retire, the Council has a commitment to make payments and must account for them in the year in which the future entitlements are earned. Accounting Standards require future pensions liabilities to be

recognised on the Council's balance sheet as the employing body rather than in the pension fund's accounts.

There is a net pensions deficit in the balance sheet of £95.3m at 31 March 26, the equivalent deficit figure for 2024/25 was £62.2m. In April 2023 the Council made an up-front payment of employer's contributions payable to the scheme of £17.4m for the three years 2023/24 to 2025/26 to secure a cashflow discount.

Looking ahead

A balanced budget for 2026/27 was set by Council in February 2026, including a budgeted net contribution from reserves of £8.0m and with planned savings of £14.8m across the 3-years of the MTFS.



Darren Carter
Director of Finance
Section 151 Officer
Reading Borough Council

29 June 2026

A guide to the Financial Statements

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

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

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

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

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

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

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

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

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

The Notes provide more detail about individual transactions and balances.

Annual Governance Statement 2025/26

Executive Summary

This Annual Governance Statement (AGS) provides a transparent and evidence-based assessment of Reading Borough Council's governance arrangements for the financial year ending 31 March 2026. It is prepared in accordance with the Accounts and Audit Regulations 2015 and the CIPFA/SOLACE Delivering Good Governance in Local Government Framework (2016), including the 2025 Addendum.

The AGS sets out how the Council has complied with the seven core principles of good governance, evaluates the effectiveness of its arrangements, and identifies areas for improvement.

Scope of Responsibility

Reading Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently, and effectively.

The Council has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way its functions are exercised. In discharging this responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions.

Our risk management process is a key part of our governance arrangements and provides assurance that:

- Our business is conducted in accordance with all relevant laws and regulations;
- Public money is safeguarded and properly accounted for; and
- Resources are used economically, efficiently, and effectively to achieve agreed priorities which benefit local people.

The Governance Framework

The governance framework comprises the systems, processes, culture and values by which the Council is directed and controlled. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money. The framework is based on the seven core principles of good governance as defined by CIPFA/SOLACE:



Key elements of the Council's governance framework, which have been in place throughout 2025/26, are set out below:

Leader, Lead Councillors and Council

The Council operates a committee model of governance which divides the Council into politically balanced committees that make decisions. The Council's committee system is led by 48 councillors, representing 16 wards.

Under the committee system and rules set out in our constitution, decisions are taken by either:

- Full Council
- Standing committees and sub-committees
- Regulatory committees
- Other committees, such as the Health and Wellbeing Board
- Consultative bodies

Risk and Performance Management

The Council's risk management arrangements ensure operational and strategic risks are managed effectively to support increased performance and delivery of corporate priorities. Identified risks and mitigating controls are monitored through Service, Directorate, and Corporate Risk Registers which are reported to the Corporate Management Team and Audit and Governance Committee.

Statutory Officers

- **Head of Paid Service (the Chief Executive):** responsible for the operational management, leadership and strategic direction of the Council, alongside the management and performance of the Corporate Management Team.
- **Director of Legal and Governance (the Monitoring Officer):** responsible for maintaining the Constitution and ensuring that functions act in accordance with the Constitution and relevant legal requirements. These arrangements include overseeing the ethical conduct of the Council and the production of associated codes, conventions and protocols.
- **Director of Finance (Section 151 Officer):** responsible for the oversight and delivery of financial management arrangements; achieved through a robust financial control framework, financial procedure rules, a scheme of delegation, and an independent and objective Internal Audit function.
- **Statutory Scrutiny Officer:** responsible for promoting the role of the Council's Scrutiny Committees within the Council and providing guidance and support to Scrutiny Members. This role cannot be held by the Head of Paid Service, Monitoring Officer, or Chief Finance Officer.

Corporate Management Team

The Council's Corporate Management Team (CMT) is collectively responsible for ensuring that effective governance arrangements are in place and are subject to regular review. The CMT provides leadership, determines policy, and upholds expected standards of behaviour.

Scrutiny Activity

Policy development, decision-making, and performance challenge are embedded directly into politically balanced standing committees and sub-committees.

Effective and objective scrutiny is undertaken within the responsibilities of each of the Council's committees. The role of the scrutiny is to help develop policy, to carry out reviews of Council and other local services, to provide effective challenge, and to hold decision makers to account for their actions and decisions.

Audit and Governance Committee

The Audit and Governance Committee oversees the Council's audit and corporate governance arrangements and provides independent assurance on the adequacy of the risk management framework and internal controls. The Committee considers annual audit plans and reports of internal, and external auditors.

External Audit

External audit provides an opinion on the Council's annual Statement of Accounts and review the Council's Value For Money (VFM) arrangements which are designed to secure economy, efficiency, and effectiveness in its use of resources.

Internal Audit

Internal audit provides an independent and objective opinion on the Council's governance, risk management and control environment; evaluating effectiveness through a risk-based approach. The annual Internal Audit Plan comprises operational audit reviews, cross-cutting governance audits, annual review of key financial system controls, IT audits, grant assurance work, and any other special or unplanned review aligned to the Council's corporate risks.

Review of Effectiveness

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework. This review is informed by:

- The Chief Auditor's annual report and opinion;
- Assurances from statutory officers (Chief Executive, Section 151 Officer and Monitoring Officer);
- Performance and risk management reports;
- External audit and inspection reports;
- Feedback from the Audit and Governance Committee; and
- Self-assessments against the CIPFA Financial Management Code and other relevant standards. [Agenda for Audit and Governance Committee on Wednesday, 8th April, 2026, 6.30 pm - Reading Borough Council](#)

During 2025/26, the Council continued to operate within a sound governance framework while responding to significant organisational change, sustained financial pressures, and response to external regulatory findings.

Key governance developments during the year included:

- The adoption of the Council Plan 2025–28;
- Updates to the Constitution and Financial Regulations;
- The reintegration of Children's Services into the Council; and
- Ongoing oversight of high-risk service areas through the Strategic Risk Register and internal audit programme.

Key strengths during the year included:

- Strong member oversight through the Audit and Governance Committee, supported by regular internal audit, investigations, and risk reporting;
- An established Strategic Risk Register, reviewed quarterly, which provided visibility of the Council's most significant risks, including financial sustainability, safeguarding, cyber security, and statutory service delivery;
- Effective internal audit coverage across core financial systems and high-risk operational areas, with a high proportion of audits receiving reasonable or substantial assurance;
- Improved transparency and governance oversight following previous weaknesses, including in relation to Traffic Regulation Orders, fuel management and information governance; and
- Improvements recognised following the 2025/26 CIPFA Financial Management Code self-assessment which identified that two individual standards have improved from Amber to Green and one standard has reduced from Green to Amber since last year, whilst retaining an overall Amber rating against the Code.

Significant governance issues identified during the year included:

- Management and oversight of improvement actions arising from CQC, Social Housing Regulator and Children's Services inspections;
- Ongoing delivery of improvement plans across Children's Services, Youth Justice, SEND, Home to School Transport, and fostering services;
- Strengthening governance and contract management arrangements for housing repairs and property services;
- Enhanced governance capability through targeted Digital, IT, financial, and leadership training;
- Continued embedding of ethical governance arrangements, including Gifts and Hospitality and Declarations of Interest;
- Financial resilience risks arising from demand pressures and reliance on reserves to balance the budget;
- Capacity pressures within internal audit and investigations, resulting in amendments to the approved audit plan; and
- Areas where internal audit provided limited assurance, requiring continued management attention.

These issues are set out in Section 6 of this Statement, together with the actions being taken to address them.

Governance Arrangements by Principle

This section outlines how the Council's arrangements align with each of the seven CIPFA/SOLACE principles. Full details are available in the Council's Local Code of Governance.

Principle A: Integrity, Ethics, and Lawfulness

- Codes of conduct for members and officers are in place and regularly reviewed.
- Registers of interests and gifts/hospitality are maintained and published.
- Whistleblowing and anti-fraud policies are operational and accessible.
- Statutory officers, along with their deputies, meet regularly to review key governance matters, complementing the work of CMT

Principle B: Openness and Stakeholder Engagement

- Public consultations are conducted on key policies and decisions.
- Council meetings and decisions are published and accessible online.
- Residents can attend committee meetings, ask questions, submit petitions and access councillors through local surgeries.
- Engagement strategies are in place for residents, businesses, and partners.

Principle C: Defining Outcomes

- The Council's strategic objectives and priorities are set out in the Council Plan 2025–28 and are supported by service planning, budget setting, and performance reporting arrangements. Progress against priorities is monitored through regular performance and financial reporting to Members, with value for money assessed through benchmarking, service reviews, and internal audit work.
- Major change programmes are overseen through cross-cutting internal boards, with outcomes feeding into the CMT performance cycle.
- The Medium-Term Financial Strategy provides a realistic assessment of available resources, while the annual Budget and Policy Framework sets spending limits, savings, and key priorities.
- Performance and risk are tracked through KPIs and regular reports to CMT, Policy Committee, and Audit and Governance Committee

Principle D: Interventions and Decision-Making

- CMT meets monthly to monitor performance, using KPI reports that track progress, risks and issues, and ensuring remedial action where services underperform.
- Business planning and budget setting are aligned with strategic priorities.
- Equality impact assessments are conducted for major decisions.
- Programme and project management frameworks are in place.

Principle E: Capacity and Capability

- Member and officer development programmes are delivered annually.
- Workforce planning and succession strategies are in place.
- Statutory roles are clearly defined and supported.
- The Monitoring Officer left the Council at the end of December 2025, with the duties and responsibilities transferring to an interim officer to provide stability and cover. The Council will recruit to a permanent successor during 2026/27.

Principle F: Risk Management and Internal Control

- The Council maintains a Strategic Risk Register, which is reviewed quarterly by the CMT and the Audit and Governance Committee. During 2025/26 key strategic risks included financial sustainability, cyber security, safeguarding of vulnerable adults and children, SEND provision, information governance, and health and safety.
- Internal audit operates in accordance with the Public Sector Internal Audit Standards and provided reasonable assurance overall. Where weaknesses were identified, management action plans were agreed and progress monitored through audit follow-up and committee reporting.
- Financial management complies with the CIPFA Financial Management Code.
- Individual Directorates continue to exercise robust financial management through routine expenditure control processes, identifying variances from budget in a timely and transparent manner, and actively monitors expenditure and income trends and savings targets. This is a key process to ensure the Council fulfils its Best Value duty to secure continuous improvement in the economy, efficiency and effectiveness in the use of its resources.

Principle G: Transparency and Accountability

- The AGS and financial statements are published on the Council's website.
- The Audit and Governance Committee provides independent oversight.
- External audit recommendations are tracked and implemented.
- In year commentary and reporting by external and internal audit, including any assurances provided or risks emerging, are discussed through Finance Management Team, CMT and through Lead Members and committees as appropriate. Both external and internal audit have unfettered and independent access to Audit and Governance and to all other Members at all times.

Governance Developments and Key Matters During 2025/26

During 2025/26 the Council's governance framework continued to evolve in response to strategic policy decisions, organisational change and external requirements. Key developments included the adoption of the Council Plan 2025–28, updates to constitutional and financial governance arrangements, the reintegration of Children's Services into the Council, and changes to group governance following the closure of a Council-owned company. Member oversight through Policy Committee, the Audit and Governance Committee and Full Council ensured these matters were managed through established governance processes, supported by performance monitoring, risk management and assurance activity.

The Council Plan 2025–28 established the Council's strategic priorities, intended outcomes and performance framework for the medium term. It provides the overarching framework for service planning, budget setting and performance management, with progress monitored through regular reporting to Members.

During the year, updates to the Council's Constitution and Financial Regulations were approved, strengthening clarity around decision-making responsibilities, financial controls and delegations, and supporting effective accountability and compliance with proper standards.

The reintegration of Children's Services represented a significant organisational and governance change. Arrangements were put in place to manage the associated governance and assurance implications, including strengthened member oversight, revised internal audit planning, and the incorporation of services into the Council's corporate risk and performance management frameworks.

In its role overseeing Council-owned companies, the Policy Committee approved the closure of Reading Hampshire Property Partnership Ltd. This resulted in a change to the Council's group governance arrangements and was managed through established governance processes to ensure appropriate oversight of risk, financial implications, and accountability during the wind-up process.

The CQC outcome was finalised in January 2026 and a revised Adult Social Care improvement plan is being implemented, with progress monitored through established governance and committee arrangements during 2026/27.

An improvement plan to address issues identified through the Social Housing Regulator inspection is in place, with progress monitored through internal governance arrangements until formal sign-off is confirmed by the Regulator.

Significant progress has been made in strengthening housing repairs and property services governance, with a number of high-priority contracts secured and a clear programme in place to complete Priority 1, 1A and 2 contracts and embed these within a rolling programme of contract management during 2026/27.

The Children's Services Integrated Improvement Plan and Partnership Improvement Plan have been fully implemented and continue to be embedded through established governance and assurance arrangements.

Youth Justice arrangements continue to be monitored by the independently chaired Youth Justice Management Board, with positive progress recognised by the Youth Justice Board and Phase 2 of the Service Improvement Plan implemented following completion of the Rapid Improvement Plan.

TRO-related issues were substantially resolved during the year, the Restitution Scheme was closed in September 2025, and the Digital TRO programme progressed, with implementation of digital waiting, moving traffic and speed limit orders planned through to 2027/28.

The Council's policy framework was strengthened through legislative updates, including the introduction of a new Declarations of Interest policy requiring annual staff declarations to support compliance with *failure to prevent fraud* requirements.

The transfer of BFfC functions back to the Council has been fully implemented, supported by strengthened governance arrangements and an independently chaired Improvement Board, with formal company closure progressing in line with an agreed closure plan.

The Council's Anti-Fraud, Bribery and Corruption Policy was revised to reflect legislative changes and formally approved by the Policy Committee in October 2025, strengthening the Council's overall counter-fraud framework.

Throughout the year, the Audit and Governance Committee provided oversight of risk management, internal control and assurance arrangements, including scrutiny of internal audit delivery, the Strategic Risk Register, information governance improvements, and external audit and inspection findings.

Forward Look

Looking ahead to 2026/27, the Council anticipates the following governance developments:

- i. Implement and oversee improvement actions arising from Adult Social Care's CQC assessment through established internal governance arrangements, with progress reported to the Adults, Children's & Education Committee.
- ii. Deliver and monitor improvement actions arising from the Social Housing Regulator Inspection through internal governance boards, with progress reported to the Regulator and the Housing, Neighbourhoods and Leisure Committee.
- iii. Progress the procurement strand of the housing repairs and property services improvement plan to ensure contractual arrangements are current, effectively mobilised and supported by robust contract management arrangements.
- iv. Continue delivery of the Children's Services Integrated Improvement Plan and Partnership Improvement Plan, overseen by the Children's Services Improvement Board, the Reading Safeguarding Children's Partnership and the Adults, Children's & Education Committee.
- v. Continue implementation of the Youth Justice Improvement Plan, with progress monitored through the Youth Justice Management Board.
- vi. Implement the Children's Services *How We Care* Gold Programme, with oversight provided by the RBC Transformation and Efficiency Board and the Children's Services Improvement Board.
- vii. Implement the Children's Services SEND and Home to School Transport Gold Programmes, monitored by the RBC Transformation and Efficiency Board and the Children's Services Improvement Board.
- viii. Deliver targeted training and support for Digital and IT leadership to strengthen governance, assurance and decision-making arrangements.
- ix. Roll out financial management training for councillors and managers during 2026/27 to strengthen financial governance and accountability.
- x. Continue embedding Gifts and Hospitality and Declarations of Interest policies and processes across councillors and officers, including a refresh of staff declarations.

Conclusion

We are satisfied that Reading Borough Council's governance arrangements for 2025/26 were fit for purpose. Where areas for improvement have been identified, appropriate action plans are in place.

Cllr Liz Terry

Leader of Reading Borough Council

Date:

Jackie Yates

Chief Executive of Reading Borough Council

Date:

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

To follow

Statement of Responsibilities

Responsibilities of the Council

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, for 2025/26, the Chief Financial Officer is the Director of Finance.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Arrange for the approval of the Statement of Accounts at the conclusion of the audit. In this Council, the approval is delegated to the Audit and Governance Committee.

Responsibilities of the Chief Financial Officer

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

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

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

The Chief Financial Officer has also:

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

Approval of the Accounts

This Statement of Accounts gives a true and fair view of the financial position of the Council at 31 March 2026 and its income and expenditure for the year ended 31 March 2026.

Darren Carter
Director of Finance (S151 Officer)
Date:

Financial Statements

Comprehensive Income and Expenditure Statement

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

	Gross Expenditure £'000	2024/25 Gross Income £'000	Net Expenditure £'000	Service Area	Note	Gross Expenditure £'000	2025/26 Gross Income £'000	Net Expenditure £'000
	130,500	(69,506)	60,994	Communities and Adult Social Care		141,644	(73,626)	68,018
	48,830	(26,210)	22,620	Resources		47,480	(23,490)	23,990
	1,895	(425)	1,470	Chief Executive Services		1,961	(542)	1,419
	43,090	(50,835)	(7,745)	Corporate		37,592	(46,541)	(8,949)
	209,653	(120,671)	88,982	Children's Services		233,396	(139,543)	93,853
	100,221	(42,973)	57,248	Economic Growth and Neighbourhood Services		95,603	(47,360)	48,243
	52,826	(50,504)	2,322	Housing Revenue Account		49,152	(51,607)	(2,455)
	587,015	(361,124)	225,891	Costs of Services		606,828	(382,709)	224,119
			2,071	Other Operating Expenditure	10			(4,279)
			19,563	Financing and Investment Income and Expenditure	11			15,088
			(214,818)	Taxation and Non-Specific Grant Income	12			(210,515)
			32,707	(Surplus) or Deficit on Provision of Services				24,413
		(268)		(Surplus) or Deficit on Revaluation of Available for Sale Financial Assets				1
		(57,860)		Remeasurements of the Net Defined Benefit Liability	44			36,644
		(22,048)		(Surplus) or Deficit on Revaluation of Property, Plant and Equipment				12,961
		(80,176)		Other Comprehensive Income and Expenditure				49,606
		(47,469)		Total Comprehensive Income and Expenditure				74,019

Please Note: This table and all others within this document are subject to some rounding of figures.

Movement in Reserves Statement

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

2025/26	REVENUE RESERVES						CAPITAL RESERVES			Total Usable Reserves	Total Unusable Reserves	Total Reserves
	General Fund balance	Earmarked General Fund Reserves	Total General Fund balances	Housing Revenue Account (HRA)	Earmarked HRA Reserves	Total HRA Balances	Capital Receipts Reserve	Major repairs Reserve	Capital Grants Unapplied Account			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2025	(8,905)	(40,899)	(49,804)	(24,245)	(8,591)	(32,836)	(16,846)	(11,440)	(57,437)	(168,363)	(555,984)	(724,347)
(Surplus)/Deficit on provision of services	21,241	-	21,241	3,172	-	3,172	-	-	-	24,413	-	24,413
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	-	-	49,606	49,606
Total Comprehensive Income and Expenditure	21,241	-	21,241	3,172	-	3,172	-	-	-	24,413	49,606	74,019
Adjustments between accounting basis and funding basis under regulations	(12,431)	-	(12,431)	6,581	-	6,581	(4,837)	(7,686)	(2,200)	(20,573)	20,573	-
Net (increase)/decrease before transfers to/(from) earmarked reserves	8,810	-	8,810	9,753	-	9,753	(4,837)	(7,686)	(2,200)	3,840	70,179	74,019
Transfers to/(from) earmarked reserves	(9,888)	9,726	(162)	(926)	926	-	-	-	162	-	-	-
(Increase)/decrease for the year	(1,078)	9,726	8,648	8,827	926	9,753	(4,837)	(7,686)	(2,038)	3,840	70,179	74,019
Balance at 31 March 2026	(9,983)	(31,173)	(41,156)	(15,418)	(7,665)	(23,082)	(21,683)	(19,126)	(59,475)	(164,522)	(485,806)	(650,328)

2024/25 - Restated	REVENUE RESERVES						CAPITAL RESERVES			Total Usable Reserves	Total Unusable Reserves	Total Reserves
	General Fund balance	Earmarked General Fund Reserves	Total General Fund balances	Housing Revenue Account (HRA)	Earmarked HRA Reserves	Total HRA Balances	Capital Receipts Reserve	Major repairs Reserve	Capital Grants Unapplied Account			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2024	(8,394)	(57,751)	(66,145)	(27,388)	(9,524)	(36,912)	(32,670)	(11,786)	(59,406)	(206,919)	(469,959)	(676,878)
(Surplus)/Deficit on provision of services	23,028	-	23,028	9,679	-	9,679	-	-	-	32,707	-	32,707
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	-	-	(80,176)	(80,176)
Total Comprehensive Income and Expenditure	23,028	-	23,028	9,679	-	9,679	-	-	-	32,707	(80,176)	(47,469)
Adjustments between accounting basis and funding basis under regulations	(6,676)	-	(6,676)	(5,604)	-	(5,604)	15,824	346	1,959	5,849	(5,849)	-
Net (increase)/decrease before transfers to/(from) earmarked reserves	16,352	-	16,352	4,075	-	4,075	15,824	346	1,959	38,556	(86,025)	(47,469)
Transfers to/(from) earmarked reserves	(16,862)	16,852	(10)	(933)	933	-	-	-	10	-	-	-
(Increase)/decrease for the year	(510)	16,852	16,341	3,143	933	4,075	15,824	346	1,969	38,556	(86,025)	(47,469)
Balance at 31 March 2025	(8,905)	(40,899)	(49,804)	(24,245)	(8,591)	(32,836)	(16,846)	(11,440)	(57,437)	(168,363)	(555,984)	(724,347)

Balance Sheet

2024/25 £'000	Balance Sheet	Note	2025/26 £'000
1,051,468	Property, Plant & Equipment	22	1,056,654
137,097	Infrastructure	23	155,045
3,273	Heritage Assets	24	3,179
52,310	Investment Property	25	50,540
9,077	Intangible Assets	26	7,940
23,347	Long-term Investments	29	23,346
14,439	Long-term Debtors	34	4,181
1,291,011	Non-Current Assets		1,300,886
186	Financial Assets Held for Sale		197
568	Inventories	31	627
72,733	Short-term Debtors	34	60,616
33,801	Cash and Cash Equivalents	33	20,585
107,288	Current Assets		82,025
(122,182)	Short-term Borrowing	29	(182,684)
(86,914)	Short-Term Creditors	35	(70,137)
(9,785)	Revenue Receipts in Advance	35	(9,467)
(6,101)	Short-Term Provisions	36	(8,609)
(2,092)	PFI Short-Term Liabilities and Deferred Income	42	(2,503)
(227,074)	Current Liabilities		(273,400)
(355,485)	Long-Term Borrowing	29	(336,985)
(62,179)	Liability relating to defined benefit pension scheme	44	(95,260)
(28,242)	PFI Long-Term Liabilities and Deferred Income	42	(25,713)
(972)	Other Long Term Liabilities		(1,225)
(446,878)	Long Term Liabilities		(459,183)
724,347	Net Assets		650,328
(168,363)	Usable Reserves	37	(164,522)
(555,984)	Unusable reserves	38	(485,806)
(724,347)	Total Reserves		(650,328)

Darren Carter
Director of Finance (S151 Officer) – Date:

Cash Flow Statement

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

2024/25 £'000	Cash Flow	Note	2025/26 £'000
32,707	Net (surplus) or deficit on the provision of services		24,413
(71,718)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	45	(47,708)
55,724	Adjustments for items included in the net surplus on the provision of services that are investing and financing activities	45	48,442
16,713	Net cash flows from Operating Activities		25,147
13,228	Investing Activities	46	25,061
(39,573)	Financing Activities	47	(36,992)
(9,632)	Net (increase) or decrease in cash and cash equivalents		13,216
24,169	Cash and cash equivalents at the beginning of the reporting period		33,801
9,632	Net increase or (decrease) in cash and cash equivalents		(13,216)
33,801	Cash and cash equivalents at the end of the reporting period	33	20,585

Notes to the Statement of Accounts

Note 1 – Significant Accounting Policies

i. General Principles

The Statement of Accounts summarises the Council's transactions for the 2025/26 financial year and its position as at 31 March 2026.

The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015 (as amended), which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (the Code), supported by International Financial Reporting Standards (IFRS). The single entity statements and the statement of group accounts have consistently applied the accounting policies detailed within each note.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The Statement of Accounts has been prepared on a "going concern" basis, under the assumption that the council and its subsidiary entities will continue in existence for the foreseeable future.

ii. Events after the Reporting Period

Events after the balance sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the statement of accounts is authorised for issue.

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

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

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

iii. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

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

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

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

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

When **revenue or expenditure is recognised**, but the cash has not transferred, a debtor or creditor for the relevant amount is included in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

The Council has set a general de minimis level for accruals that are calculated manually at year end, this is to avoid additional time and cost in the preparation of the accounts. The level has been set at £5,000 for 2025/26 and is reviewed annually.

iv. **Interest Income & Expense**

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

An interest expense on a qualifying asset can be capitalised.

v. **Exceptional Items**

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

vi. **Cash and Cash Equivalents**

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

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

In the Balance Sheet, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

vii. Council Tax and Non-Domestic Rates

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

Accounting for Council Tax and NDR

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

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

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

viii. Employee Benefits

Benefits Payable during employment

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave, paid sick leave, bonuses and non-monetary benefits (e.g., cars) for current employees and are recognised as an expense for services in the year in which employees render service to the authority. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g., time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the surplus or deficit on the provision of services, but then reversed out through the Movement in Reserves Statement to the accumulated absences account so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy in exchange for those benefits. Costs are charged on an accruals basis to the Corporate Support Services segment in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of the benefits or when the Council recognises the costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for termination benefits related to pensions enhancements and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

Post-Employment Benefits

Employees of the Council may be members of one of three separate pension schemes:

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

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

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

The Local Government Pension Scheme

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

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

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

The assets of the Royal County of Berkshire Pension Fund, attributable to the Council, are included in the Balance Sheet at their fair value:

- **quoted securities** – current bid price.
- **unquoted securities** – professional estimate.
- **unitised securities** – current bid price.
- **property** – market value.

The change in the net pensions liability is analysed into the following components:

Service costs comprising:

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

Increases in Liabilities resulting years of the service earned in the year – are allocated in the Comprehensive Income and Expenditure Statement to the revenue accounts for the service for which the employees worked.

Past Service Cost - the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the surplus or deficit on the provision of services in the comprehensive income and expenditure statement [note that the treatment of past service costs will depend on the decisions of the authority about how they are allocated to service segments].

Net interest on the net defined benefit liability (asset), - i.e. net interest expense for the Authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the financing and investment income and expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments

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

The return on Plan Assets - excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the pensions reserve as other comprehensive income and expenditure.

Actuarial Gains and Losses - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the pensions reserve as other comprehensive income and expenditure.

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

The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

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

ix. Financial Instruments

Financial instruments are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost.

Financial Liabilities

Financial liabilities are recognised on the balance sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the financing and investment income and expenditure line in the comprehensive income and expenditure statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognized.

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

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

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

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is deducted from, or added to, the

amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. The authority holds financial assets measured at:

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

The Council's business model is to hold investments to collect contractual cash flows financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

Financial Assets measured at amortised cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable using the effective interest rate. Any gains and losses that arise on the derecognition of a financial asset are credited or debited to the financing and investment income and expenditure line in CIES.

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

Financial assets that are measured at FVOCI are recognised on the balance sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value.

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

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

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

Financial assets that are measured at FVPL are recognised on the balance sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses and any gains/losses that arise on the derecognition of the asset are recognised.

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

x. Government Grants and Contributions

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

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

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

Grants and contributions received where the conditions have not been satisfied are carried on the Balance Sheet as Revenue Receipts in Advance. When conditions are satisfied or there are no conditions, the grant or contribution is credited to the relevant service line (for revenue grants and contributions) or Taxation and Non-Specific Grant Income (for non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement. Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

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

the relevant services within the Comprehensive Income and Expenditure Statement.

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

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

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

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

Inventories

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

xii. Interests in Companies and Other Entities

Companies

The Council has interests in three subsidiary companies, which:

- are carried on the Council Balance Sheet at historic cost less any provision for impairment; and
- where material and actively trading they have been consolidated into the Council's Group Accounts on a line-by-line basis after first re-aligning accounting policies with the Council where appropriate and eliminating intra-Group transactions.

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

As at 31 March 2026 the company had not yet been formally wound up so all transactions up to 31 March 2026 and balances at 31 March 2026 are included in the Group Accounts.

Schools

The council makes a judgement as to whether to account for schools' assets as if they are owned (on balance sheet) or not owned (off balance sheet). This is an assessment based on the level of control and decision-making. Schools maintained by the Council are recognised on the Balance Sheet as the balance of control lies with the Council. Consequently, all those schools' assets, liabilities, reserves and cash flows are recognised in the Council's financial statements (and not the Group Accounts). Voluntary Aided and Voluntary Controlled schools are not recognised on the Council's Balance Sheet as the balance of control for those schools lies with the respective dioceses. Academies are also not recognised on the Balance Sheet as they are controlled by Academy Trusts.

xiii. Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the financing and investment income and expenditure line in the comprehensive income and expenditure statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the financing and investment income line and result in a gain for the general fund balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the general fund balance. The gains and losses are therefore reversed out of the general fund balance in the movement in reserves statement and posted to the capital adjustment account and (for any sales proceeds greater than £10,000) the capital receipts reserve.

xiv. Leases

A lease is a contract or part of a contract that conveys the right to use an asset for a period of time in exchange for consideration. It also includes peppercorn leases where consideration paid is nil or nominal (significantly below market value) but in all other respects meet the definition of a lease.

The Council determines the term of the lease term with reference to the non-cancellable period and any options to extend or terminate the lease which the Council is reasonably certain to exercise.

Council as Lessee

A right-of use asset and corresponding lease liability are recognised at the commencement of the lease. The lease liability is measured at the present value of the lease payments, discounted at the interest rate implicit in the lease. Where an implicit rate cannot be readily determined the lease will be discounted at the lessee's incremental borrowing rate specific to the term and start date of the lease. The incremental borrowing rate is based on the relevant Public Works Loan Board (PWLB) rate for new loans on an annuity basis.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured, with a corresponding adjustment to the right-of-use asset, when there is a change in future lease payments resulting from a rent review, change in an index or rate such as inflation, or change in the Council's assessment of whether it is reasonably certain to exercise a purchase, extension or break option.

The right-of-use asset is initially measured at cost, comprising: the initial lease liability; any lease payments already made less any lease incentives received; initial direct costs; and any dilapidation or restoration costs. The right-of-use asset is subsequently depreciated on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Lease payments are apportioned between:

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

Where leases are for items of low value (under £10k), or the lease term is less than 12 months from commencement, amounts paid under the lease are charged to the Comprehensive Income and Expenditure Statement, as an expense of the services benefitting from the use of the leased item.

Council as Lessor

The Council assesses each of its leases and classifies them as either a finance lease or an operating lease. Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal and replaced by a long-term debtor in the Balance Sheet valued on the future income due under the finance lease.

Income from lessees is apportioned between:

- a charge to write down the lease debtor for the acquisition of the leased item; and

- finance income (i.e., interest) which is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and will be required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Unapplied Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are paid, the element for the charge for the acquisition of the interest in the property is used to write down the lease asset. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against Council Tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is retained on the Balance Sheet and measured according to the accounting policy for its category of Property, Plant and Equipment. Lease income is recognised in the Comprehensive Income and Expenditure Statement on a straight-line basis over the lease term.

xv. Overhead and support service recharges

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

xvi. Prior period adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e., in the current and future years affected by the change and do not give rise to a prior period adjustment.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period. Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

As detailed in Note 2 there has been a change to the measurement of non-investment assets within the 2025/26 Code include adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. These have the same effect as requiring a change in accounting policy due to an amendment to standards, which would normally be disclosed under IAS 8. However, the adaptations also include a relief from the requirements of IAS 8 following a change in accounting policy. Up to 31 March 2025, the Code required that assets included in the Balance Sheet at current value were re-valued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year end, but as a minimum every five years. From 1 April 2025 the requirement is to revalue assets on a five-year rolling basis, supported by indexation in intervening years. The change in policy is applied prospectively, so that the carrying amounts of Property, Plant and Equipment assets at 31 March 2025 have not been adjusted, and indexation has been applied for the first time to establish carrying amounts at 31 March 2026.

During the preparation of the 2025/26 accounts the following updates have been made to the prior period financial statements (as previously reported) to correct previously reported numbers.

Primary Statement		General Fund Previously Reported £'000	Note A £'000	Restated Figure £'000
MIRS - Reporting Line 2024/25				
MIRS	Adjustments between accounting basis and funding basis under regulations	8,823	(15,499)	(6,676)
MIRS	Transfers to / (from) earmarked reserves	(32,362)	15,500	(16,862)

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A. **DSG (Dedicated Schools Grant) Deficit / Surplus (see MIRS and Notes 7, 7A & 8)** – The Council has previously reported the transfer to the DSG reserve in the MIRS on the line for ‘Transfers to/(from) earmarked reserves’ (previously the DSG reserve was an earmarked reserve). As the DSG reserve is now classed as Unusable under statute, this transfer should instead appear within the line for ‘Adjustments between accounting basis and funding basis under regulations’.

The adjustment is for £15.499m in the MIRS and Group MIRS for 2024/25 (in some cases rounded to £15.500m) and amends the two items in the table above, along with associated totals and subtotals. There is an additional line within Note 8 for this item. Notes 7 and 7A are also updated to reflect these changes. There is no impact on the Balance Sheet or the DSG Reserve balance itself.

xvii. Property, Plant and Equipment

Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e., repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially valued at cost comprising:

- the purchase price.
- costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and
- an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located (where appropriate).

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

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

The cost of assets acquired other than by purchase is deemed to be their fair value, unless the acquisition does not have commercial substance (i.e., it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

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

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

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

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

Assets included in the Balance Sheet at current value are revalued on a five-year rolling basis and supported by indexation in intervening years. Where an appropriate index has not been identified for an asset, an asset is revalued every five years, supplemented by a desktop revaluation in year three. Increases in valuations and indexation adjustments are matched by credits to the revaluation reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service, adjusted for depreciation that would have been charged if the loss had not been recognised.

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

- Where there is a balance of revaluation gains and indexation adjustments for the asset in the revaluation reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).

- Where there is no balance in the revaluation reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains and indexation adjustments recognised since 1 April 2007 only – the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed annually at year-end to determine whether there is any indication they may have been impaired. Where indications exist and possible differences are estimated to be material, the recoverable amount of the asset is estimated and where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall:

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

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful economic lives. An exception is made for assets without a determinable finite useful life i.e., Freehold Land and certain selected Community Assets, and assets that are not yet available for use i.e. Assets Under Construction.

Depreciation is calculated on the following bases:

- **Dwellings and Other Buildings** – straight-line allocation over the useful life of the property as estimated by a qualified valuer.
- **Vehicles, Plant, Furniture and Equipment** – straight-line allocation over their useful economic lives, as estimated at the time of purchase by a suitably qualified officer. Assets acquired under finance leases are depreciated over their lease term.
- **Infrastructure** – straight-line allocation over 5 to 40 years depending on the type of asset.

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

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

Disposals

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

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

Assets that are to be abandoned or scrapped are not reclassified as assets held for sale. When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e., netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

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

The balance of receipts remains within the Capital Receipts Reserve and can then only be used for new capital investment (or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against Council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing.

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

Heritage Assets

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

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

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

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

Componentisation

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

Significant Component Factors:

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

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

xviii. Service Concessions

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

The original recognition of these assets at current value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Authority.

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

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

xix. Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

Provisions are charged as an expense to the appropriate Service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When a payment for expenditure against a provision is made, the expenditure is charged directly to that provision. All provisions are reviewed each year. Where some or all of the payment required to settle a provision is expected to be recovered from another party, e.g., from an insurance claim, this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

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

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

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

Contingent Assets

A contingent asset arises where an event has taken place that gives the authority a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority.

Contingent assets are not recognised in the balance sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

xx. Reserves

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

When expenditure to be financed from the Reserve is incurred, it is charged to the appropriate Service line in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The Reserve is then appropriated back to the General Fund Balance or Housing Revenue Account Balance in the Movement in Reserves Statement so that there is no overall charge against Council Tax in respect of the costs incurred.

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

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

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

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

xxii. Value Added Tax (VAT)

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

Note 2 – Accounting Standards Issued but Not Yet Adopted

The Code of Practice requires that the Council discloses the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This requirement applies to accounting standards that come into effect for financial years commencing on or before 1 January of the financial year in question (i.e., on or before 1 January 2025 for 2025/26). At the balance sheet date, the following new standards and amendments to existing standards have been published but not yet adopted by the code of practice of local authority accounting in the United Kingdom, these are:

Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland - Heritage Assets.

Amendments to IFRS 9 Financial Instruments & IFRS 7 Financial Instruments: Disclosures - Classification & measurement of Financial Instruments.

Amendments to IFRS 9 Financial Instruments & IFRS 7 Financial Instruments: Disclosures - Contracts referencing nature-dependant electricity.

Annual Improvements to IFRS Accounting Standards - Volume 11.

These changes are not expected to have a material effect on the Council's Statement of Accounts.

Note 3 – Critical Judgements in Applying Accounting Policies

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

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

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

The Council has a number of properties for which it receives rental income. The nature of these holdings has been assessed against the Code requirements for Investment Properties in line with IAS 40 Investment Property, and the definition of this asset class. Properties that are held principally for the rental incomes

received, or for increases in the capital value of the building, have been treated as Investment Properties, with the income and expenditure resulting from them included within the 'Investment Income' line in the Comprehensive Income and Expenditure Statement (CIES).

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

The Council has to determine whether individual leases are Operating or Finance in nature, based upon assessment criteria as outlined in IAS 17 Leases and IFRIC 4 Determining whether or not an arrangement contains a lease. The relevant accounting policy applied to the lease is based upon the outcome of this assessment. The requirements for determining the treatment of leases changed in 2024/25 when IFRS 16 came into force.

Based upon the criteria described in the Code, the Council has undertaken a detailed review to assess the extent of Group accounting relationships. The Council has identified the entities that it consolidates, on the basis of materiality, in relation to the financial statements. Reading Transport Limited (RTL), Homes for Reading (HfR) and Brighter Futures for Children (BFfC) are deemed to constitute a material Group interest and these wholly owned subsidiaries have been consolidated within the Group Accounts. On 28 January 2025, the Council decided to bring the Brighter Futures for Children contract to an end and bring back its children's services in house. Services and staff transferred back to Reading Borough Council on 1 October 2025 with contracts being novated to the Council to ensure continuity of service provision. As at 31 March 2026 the company had not yet been formally wound up so all transactions up to 31 March 2026 and balances at 31 March 2026 are included in the Group Accounts. The Council has several interests in other entities which have been deemed as falling outside the scope of consolidation on the grounds of significant influence and control in line with the Code. Furthermore, the Council's interests in these entities in aggregate are not sufficiently substantial to warrant consolidation within the Group Accounts.

In 2018/19 the Council transferred a number of staff to the newly established Council subsidiary, Brighter Futures for Children Ltd. As part of the transfer agreement the Council provided an indemnity to the company in respect of all costs, liabilities, contributions and expenses which relate to any deficits in the Local Government Pension Fund from time to time. Management's view is that this indemnity provides a constructive obligation on the Council to meet the post-employment benefits of staff who transferred to the company at the transfer date of 1 December 2018. Accordingly, for 31 March 2025 the Council has accounted for the liabilities arising in Note 44 and in accordance with IAS 19. For the 31 March 2026 all staff had transferred back into the Council as part of the agreement to bring its children's services in house and are therefore automatically included within the Council's IAS 19 liabilities.

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

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

The items in the Council's Balance Sheet at 31 March 2026 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Property, Plant and Equipment

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £0.903m for every year that useful lives had to be reduced.

Valuation of HRA dwellings

The valuation of HRA Dwellings has been split between land and buildings. Land values do not depreciate. The proportion of total HRA Dwellings value attributable to land has been derived by multiplying the residential land rate per hectare by the hectareage occupied by HRA Dwellings; the remaining balance of the total value is attributable to buildings and is depreciated. The annual depreciation charge would increase by £0.196m for a 1% shift in the overall proportion of Dwellings value in favour of buildings over land, and would reduce by the same for a 1% shift in favour of land value over buildings.

Pensions Liability

Estimation of the net liability to pay pensions depends on complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates, and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about these assumptions and judgments and has provided the sensitivity analysis shown below for 2025/26:

Impact on the defined benefit obligation	Increase in assumption £'000	Decrease in assumption £'000
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(9,705)	9,942
Rate of increase in salaries (increase or decrease by 0.1%)	457	(454)
Rate of inflation (increase or decrease by 0.1%)	10,093	(7,800)
Longevity (increase or decrease by 1 year)	23,110	(22,267)

The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pensions liability of £9.705m. See Note 44 for more details of the LGPS Pension Scheme.

Arrears

At 31 March 2026, the Council had a balance of sundry debtors of £18.065m (net of impairments). A review of significant balances suggested that an impairment of doubtful debts of £10.894m was appropriate. If collection rates were to deteriorate, a 1% increase in the value of impairments for doubtful debts would require an additional £0.109m to set aside as an allowance.

Service Concessions

Estimates of the future payments due to contractors are based on assumptions regarding inflation and satisfactory performance as determined by the terms laid out within the contract. Inflation increases will lead to the Council having to pay over more to the contractor and therefore amounts disclosed will be understated. If the contractor's performance is below the service level that has been built into the financial model linked to the Scheme, the contractor will have penalty charges levied against it and therefore the Council's costs will be lower than disclosed. Estimates may also be impacted by other assumptions (e.g., waste volumes). A 1% increase in the amount payable to the contractors due to inflation would result in an estimated additional annual cost of approximately £0.119m.

Business ratepayer appeals

Business ratepayers may lodge appeals against the rateable value given to their properties on the current rating list. The Council makes a provision for this in the Collection Fund, estimated as the expenditure required to settle outstanding appeals based on the likely outcome of those appeals. The provision at 31 March 2026 was £13.522m, which is shared between the Council, Central Government, and the Fire Authority. The Council's share of this provision totals £6.626m. The provision at 31 March 2026 has been calculated based on appeals submitted and analysis of appeals submitted in other areas. The eventual outcome of all outstanding appeal cases cannot be assessed with certainty. A 1% variance between actual and expected outcomes would increase the Council's share of potential appeals by £0.066m.

Note 5 – Material Items of Income and Expense

There were no material items of Income and Expenditure which are not separately detailed elsewhere in the accounts.

Note 6 – Events After the Reporting Period

Events taking place after 30 June 2026 are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2026, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

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

Note 7 – Expenditure and Funding Analysis

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

The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

	2024/25 - Restated			2025/26			
	Net Expenditure Chargeable to the GF and HRA Balances	Adjustments	Net Expenditure in the CIES	Net Expenditure Chargeable to the GF and HRA Balances	Adjustments	Net Expenditure in the CIES	
	£'000	£'000	£'000	£'000	£'000	£'000	
Page 69	61,664	(671)	60,994	Communities and Adult Social Care	67,905	113	68,018
	23,777	(1,157)	22,620	Resources	25,999	(2,009)	23,990
	1,559	(89)	1,470	Chief Executive Services	1,562	(143)	1,419
	(10,182)	2,437	(7,745)	Corporate	(20,793)	11,844	(8,949)
	82,003	6,979	88,982	Children's Services	90,743	3,110	93,853
	26,984	30,264	57,248	Economic Growth and Neighbourhood Services	24,667	23,576	48,243
	3,900	(1,578)	2,322	Housing Revenue Account	9,810	(12,265)	(2,455)
	189,705	36,185	225,891	Cost of Services	199,893	24,226	224,119
	(169,288)	(23,896)	(193,184)	Other Income and Expenditure	(181,330)	(18,376)	(199,706)
	20,417	12,289	32,707	(Surplus) or Deficit on Provision of Services	18,563	5,850	24,413
		(103,057)	Opening General Fund and HRA Balances as at 1 April			(82,640)	
		-	Transfer from Capital Grants Unapplied to Earmarked Reserve			(162)	
		20,417	(Surplus) or Deficit on Provision of Services (Statutory Basis)			18,563	
		(82,640)	Closing General Fund and HRA Balances as at 31 March			(64,238)	

Please Note: This table and all others within this document are subject to some rounding of figures.

Note 7a – Note to the Expenditure and Funding Analysis

2024/25 - Restated						2025/26					
Capital Statutory Adjustments £'000	Net Pension Statutory Adjustments £'000	Salary Accruals £'000	Other Adjustments £'000	Total Adjustments £'000		Capital Statutory Adjustments £'000	Net Pension Statutory Adjustments £'000	Salary Accruals £'000	Other Adjustments £'000	Total Adjustments £'000	
513	(1,136)	24	(72)	(671)	Communities and Adult Social Care	2,086	(1,910)	19	(82)	113	
362	(1,484)	23	(58)	(1,157)	Resources	310	(2,295)	14	(38)	(2,009)	
-	(88)	(1)	-	(89)	Chief Executive Services	-	(149)	6	-	(143)	
(6,236)	(552)	-	9,225	2,437	Corporate	(6,236)	(115)	183	18,012	11,844	
8,308	(1,357)	2	26	6,979	Children's Services	6,314	(3,184)	17	(37)	3,110	
27,473	(1,725)	13	4,503	30,264	Economic Growth and Neighbourhood Services	22,975	(2,784)	(2)	3,387	23,576	
7,456	(685)	(1)	(8,348)	(1,578)	Housing Revenue Account	(12)	(1,016)	-	(11,237)	(12,265)	
37,876	(7,027)	60	5,276	36,185	Net Cost of Services	25,437	(11,453)	237	10,005	24,226	
1,931	-	-	140	2,071	Other Operating Expenditure	(4,421)	-	-	142	(4,279)	
5,270	4,140	-	10,144	19,554	Financing and investment income	958	2,108	-	12,022	15,088	
(47,655)	-	-	2,134	(45,521)	Taxation and non - specific grants	(36,839)	-	-	7,654	(29,185)	
Difference between GF/HRA (surplus)/ deficit and											
(2,578)	(2,887)	60	17,694	12,289	CIES (surplus) /deficit	(14,865)	(9,345)	237	29,823	5,850	

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

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

Net Change for the Pensions Adjustments

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

- For services this represents the removal of the employer pension contributions made by the Council as allowed by statute and the replacement with current service costs and past service costs.
- For Financing and Investment Income and Expenditure – the net interest on the defined benefit liability is charged to the CIES.

Net Change for Salary Adjustments

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

Other Differences

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

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- For Financing and Investment Income and Expenditure the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- The charge under Taxation and Non-Specific Grant Income and Expenditure represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.
- The DSG (Dedicated Schools Grant) Deficit / Surplus is transferred to the DSG reserve within the Corporate line above. The Council has previously reported the transfer to the DSG reserve in the MIRS on the line for 'Transfers to/(from) earmarked reserves', with an additional line on the bottom of Note 7. This has been restated in the 2024/25 figures above. More detail on this change is included within Note 1, section xvi.

Note 7b – Segmental Analysis of Income

The Segmental Analysis of Income provides analysis of the revenue generated from external customers:

Segmental income	Total Income per CIES £'000	Less Grants in Note 21 £'000	Net Income £'000
Communities and Adult Social Care	(73,626)	(27,337)	(46,289)
Resources	(23,490)	(3,317)	(20,173)
Chief Executive Services	(542)	-	(542)
Corporate	(46,541)	(46,408)	(133)
Children's Services	(139,543)	(134,823)	(4,720)
Economic Growth and Neighbourhood Services	(47,360)	(7,536)	(39,824)
Housing Revenue Account	(51,607)	(4,047)	(47,560)
	(382,709)	(223,468)	(159,241)

Note 7c – Expenditure and Income Analysed by Nature

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

2024/25 £'000	Nature of Expenditure or Income	2025/26 £'000
151,941	Council employees	172,702
13,444	Voluntary Aided Schools	14,091
165,385	Sub total	186,793
54,504	Depreciation, amortisation, impairment	43,886
25,439	Interest payments	24,001
372,536	Other service expenses	377,249
37,642	Business Rates Tariff	37,642
1,927	Net Loss on Asset Disposals	-
4	Payments to Housing Capital Receipts Pool	-
657,437	Total Expenditure	669,571
(152,545)	Revenue from external customers and other service income	(159,241)
(11,147)	Interest and investment income	(9,871)
(184,722)	Income from Council Tax and NDR	(193,704)
(276,316)	Government grants and contributions	(277,921)
-	Net Gain on Asset Disposals	(4,421)
(624,730)	Total Income	(645,158)
32,707	(Surplus) or Deficit for Year	24,413

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

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

Note 8 – Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against.

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

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

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

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

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

2025/26	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:						
Pension cost (transferred to (or from) the Pensions Reserve)	3,375	188	-	-	-	(3,563)
Pensions Prepayment from prior year transferred from Pensions Reserve	5,110	672	-	-	-	(5,782)
Council tax and NDR (transfers to or from the Collection Fund)	(7,792)	-	-	-	-	7,792
Holiday pay (transferred to the Accumulated Absences reserve)	(239)	2	-	-	-	237
Transfer Surplus / (Deficit) to DSG Reserve	(22,031)	-	-	-	-	22,031
Charges for depreciation and impairment of non-current assets	(26,234)	(13,895)	-	-	-	40,129
Movements in the market value of investment properties	(958)	-	-	-	-	958
Amortisation of intangible assets	(2,604)	(196)	-	-	-	2,800
Revenue expenditure funded from capital under statute	(8,264)	-	-	-	-	8,264
Amounts of non-current assets write off on disposal or sale as part of the gain/loss on disposal	(2,039)	(5,141)	-	-	-	7,180
Capital grants and contributions unapplied	36,839	-	-	-	(36,839)	-
Total Adjustments to Revenue Resources	(24,837)	(18,370)	-	-	(36,839)	80,046
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	2,196	9,406	(11,602)	-	-	-
Posting of Housing Revenue Account resource from revenue to the Major Repairs Reserve	-	13,992	-	(13,992)	-	-
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	10,097	1,553	-	-	-	(11,650)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	113	-	-	-	-	(113)
Total Adjustments between Revenue and Capital Resources	12,406	24,951	(11,602)	(13,992)	-	(11,763)
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	6,765	-	-	(6,765)
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	-	6,306	-	(6,306)
Application of capital grants to finance capital expenditure	-	-	-	-	34,639	(34,639)
Total Adjustments to Capital Resources	-	-	6,765	6,306	34,639	(47,710)
Total Adjustments	(12,431)	6,581	(4,837)	(7,686)	(2,200)	20,573

2024/25 - Restated	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:						
Pension cost (transferred to (or from) the Pensions Reserve)	(2,839)	(128)	-	-	-	2,967
Pensions Prepayment from prior year transferred from Pensions Reserve	5,187	665	-	-	-	(5,852)
Council tax and NDR (transfers to or from the Collection Fund)	(2,185)	-	-	-	-	2,185
Holiday pay (transferred to the Accumulated Absences reserve)	(61)	1	-	-	-	60
Transfer Surplus / (Deficit) to DSG Reserve	(15,499)	-	-	-	-	15,499
Charges for depreciation and impairment of non-current assets	(24,896)	(21,717)	-	-	-	46,613
Movements in the market value of investment properties	(5,270)	-	-	-	-	5,270
Amortisation of intangible assets	(2,620)	-	-	-	-	2,620
Revenue expenditure funded from capital under statute	(13,588)	-	-	-	-	13,588
Amounts of non-current assets write off on disposal or sale as part of the gain/loss on disposal	(7,055)	(2,941)	-	-	-	9,996
Capital grants and contributions unapplied	47,655	-	-	-	(47,655)	-
First time recognition of IFRS 16	311	-	-	-	-	(311)
Total Adjustments to Revenue Resources	(20,860)	(24,120)	-	-	(47,655)	92,635
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	3,966	4,103	(8,069)	-	-	-
Posting of Housing Revenue Account resource from revenue to the Major Repairs Reserve	-	12,770	-	(12,770)	-	-
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	10,153	1,485	-	-	-	(11,638)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	69	158	-	-	-	(227)
Total Adjustments between Revenue and Capital Resources	14,188	18,516	(8,069)	(12,770)	-	(11,865)
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	7,281	-	-	(7,281)
Capital receipts not linked to sales	-	-	16,900	-	-	(16,900)
Capital receipts pooling	(4)	-	4	-	-	-
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	-	13,116	-	(13,116)
Application of capital grants to finance capital expenditure	-	-	-	-	49,614	(49,614)
Cash payments in relation to deferred capital receipts	-	-	(292)	-	-	292
Total Adjustments to Capital Resources	(4)	-	23,893	13,116	49,614	(86,619)
Total Adjustments	(6,676)	(5,604)	15,824	346	1,959	(5,849)

Note 9 – Transfers to/from Earmarked Reserves

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

	Balance at 31 March 2024 £'000	Transfers Out £'000	Transfers In £'000	Balance at 31 March 2025 £'000	Transfers Out £'000	Transfers In £'000	Balance at 31 March 2026 £'000
General Fund Reserves:							
Emergency Planning Reserve	(1,000)	51	-	(949)	949	-	-
Communications Reserve	(126)	20	-	(106)	20	-	(86)
Public Health Reserve	(1,519)	-	(178)	(1,697)	-	(638)	(2,335)
Schools Deficit Liability Reserve	(1,301)	-	-	(1,301)	-	-	(1,301)
Climate Change Reserve	(222)	68	-	(154)	45	-	(109)
Legal & Taxation Reserve	(226)	162	(290)	(354)	119	-	(235)
Commercial Property Liabilities Reserve	(2,776)	808	-	(1,968)	1,090	-	(878)
Revenue Grants Unapplied Reserve	(11,459)	4,992	(666)	(7,133)	2,244	(2,821)	(7,710)
Self Insurance Reserve	(3,182)	698	(562)	(3,046)	1,938	(562)	(1,670)
IT & Digital Reserve	(2,591)	2,591	-	-	-	-	-
Cyber Security Risk Reserve	-	532	(2,591)	(2,059)	1,819	-	(240)
Transformation Reserve	(1,551)	702	(300)	(1,149)	303	(404)	(1,250)
Capital Financing Smoothing Reserve	(6,722)	6,722	-	-	-	-	-
Redundancy Reserve	(241)	241	-	-	-	-	-
Demographic & Cost-Led Pressures Reserve	(5,000)	5,000	-	-	-	-	-
Abortive Capital Costs Reserve	(101)	10	-	(91)	-	-	(91)
Collection Fund Smoothing Reserve	(3,557)	2,884	(2,092)	(2,765)	-	(7,018)	(9,783)
Better Care Fund Reserve	(1,877)	466	-	(1,411)	614	(115)	(912)
Joint Legal Team Reserve	-	-	(408)	(408)	546	-	138
Financial Resilience Reserve	(8,236)	4,047	(7,323)	(11,512)	11,553	(3,130)	(3,089)
Energy Reserve	(500)	500	-	-	-	-	-
Ministry of Justice Liability Order Reserve	(119)	119	-	-	-	-	-
Pay & Inflation Reserve	(3,000)	1,330	-	(1,670)	1,670	-	-
Health & Safety Reserve	(71)	42	-	(29)	-	-	(29)
Project Management Office Reserve	(163)	-	-	(163)	-	-	(163)
Hardship Fund	(433)	86	-	(347)	347	-	-
Schools Reserve	(1,780)	1,666	(1,234)	(1,348)	2,101	(1,931)	(1,178)
Elections Reserve	-	-	(41)	(41)	-	(211)	(252)
Pooled Investment Fund Reserve	-	-	(1,200)	(1,200)	1,200	-	-
Total General Fund	(57,751)	33,737	(16,885)	(40,898)	26,558	(16,830)	(31,173)
Housing Revenue Account Reserves:							
North Whitley PFI	(9,524)	933	-	(8,591)	926	-	(7,665)
Total Housing Revenue Account	(9,524)	933	-	(8,591)	926	-	(7,665)
Total Earmarked Reserves	(67,275)	34,670	(16,885)	(49,490)	27,484	(16,830)	(38,838)

The Council holds these Reserves for the following purposes:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Note 10 – Other Operating Expenditure

2024/25 £'000		2025/26 £'000
140	Levies	142
4	Payments to the Government Housing Capital Receipts Pool	-
1,927	(Gains)/Losses on the disposal of non-current assets	(4,421)
2,071	Total	(4,279)

Note 11 – Financing and Investment Income and Expenditure

2024/25 £'000		2025/26 £'000
19,342	Interest payable and similar charges	21,893
4,140	Net interest on the net defined benefit liability (asset)	2,108
(4,214)	Interest receivable and similar income	(5,418)
(4,475)	Income and expenditure in relation to investment properties	(4,453)
5,270	Changes in the fair value of Investment Properties	958
(500)	Reading Transport Limited Dividend	-
19,563	Total	15,088

Note 12 – Taxation and Non-Specific Grant Income

2024/25 £'000		2025/26 £'000
(117,587)	Council Tax Income	(124,348)
(67,135)	Non-Domestic rates income	(69,356)
37,642	Non-Domestic Rates Tariff and Levy	37,642
(20,083)	Non-Ringfenced Government Grants	(17,614)
(47,655)	Capital Grants and Contributions	(36,839)
(214,818)	Total	(210,515)

Note 13 – Officers' Remuneration

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

2025/26 Senior Officers' Remuneration

2025/26	Post Holder Information	Salary, fees and allowances*	Expenses allowances	Compensation for loss of office	Total remuneration	Employer's pension contributions	Total remuneration including pension
		£'000	£'000	£'000	£'000	£'000	£'000
	Chief Executive (Jackie Yates)	188	-	-	188	30	218
	Director of Finance (S151 Officer)	135	-	-	135	22	157
	Executive Director of Communities & Adult Social Care Services (Melissa Wise)	154	-	-	154	25	179
	Executive Director Of Resources 1*	4	-	-	4	1	5
	Executive Director Of Resources 2*	101	-	-	101	16	117
	Executive Director for Economic Growth & Neighbourhood Services	143	-	-	143	23	166
	Director of Public Health Berkshire West	134	-	-	134	22	156
	Executive Director of Children's Services	138	-	-	138	22	160
	Assistant Director of Legal & Democratic Services (Monitoring Officer) 3*	94	-	-	94	15	109
	Interim Director, Legal & Governance (Monitoring Officer) 4*	94	-	-	94	-	94
		1,185	-	-	1,185	176	1,361

*Salary, Fees and Allowances includes market supplements, acting up allowances and honorarium

1* Left the role on 08/04/2025

2* Started the role on 07/07/2025

3* Left the role on 31/12/2025. The Assistant Director of Legal & Democratic Services is also the Returning Officer. In 2025/26 there were no elections.

4* Started the role on 01/12/2025

2024/25 Senior Officers' Remuneration

2024/25	Post Holder Information	Salary, fees and allowances*	Expenses allowances	Compensation for loss of office	Total remuneration	Employer's pension contributions	Total remuneration including pension
		£'000	£'000	£'000	£'000	£'000	£'000
	Chief Executive (Jackie Yates)	182	-	-	182	30	212
	Director of Finance (S151 Officer)	130	-	-	130	21	151
	Executive Director of Communities & Adult Social Care Services	150	-	-	150	24	174
	Executive Director Of Resources	150	-	-	150	24	174
	Executive Director for Economic Growth & Neighbourhood Services 1*	132	-	-	132	21	153
	Interim Director of Public Health Berkshire West 2*	53	-	-	53	-	53
	Director of Public Health Berkshire West 3*	95	-	-	95	15	110
	Executive Director of Children's Services	134	-	-	134	22	156
	Assistant Director of Legal & Democratic Services (Monitoring Officer) 4*	115	-	-	115	19	134
		1,141	-	-	1,141	176	1,317

1* Salary, Fees and Allowances includes market supplements, acting up allowances and honorarium

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

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

3* Started the role on 01/07/2024

4* The Assistant Director of Legal & Democratic Services is also the Returning Officer and their salary includes £13,611 and £2,205 in Employer's Pension contributions for this role

50k Banding

The Council's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts. Please note that in a change to previous years this table includes the employees shown in the senior employees' disclosure note above:

2024/25 Restated			Number of Employees	2025/26		
Schools	Non-schools	Total		Schools	Non-schools	Total
45	82	127	£50,001 to £55,000	74	189	263*
24	53	77	£55,001 to £60,000	32	82	114
15	38	53	£60,001 to £65,000	12	70	82
6	21	27	£65,001 to £70,000	13	51	64
6	15	21	£70,001 to £75,000	5	19	24
4	8	12	£75,001 to £80,000	4	16	20
4	6	10	£80,001 to £85,000	5	10	15*
3	4	7	£85,001 to £90,000	7	6	13*
4	5	9	£90,001 to £95,000	-	7	7
2	1	3	£95,001 to £100,000	3	5	8*
-	3	3	£100,001 to £105,000	2	5	7
-	4	4	£105,001 to £110,000	-	2	2
2	2	4	£110,001 to £115,000	-	1	1
-	1	1	£115,001 to £120,000	-	2	2*
-	-	-	£120,000 to £125,000	-	2	2*
-	1	1	£125,001 to £130,000	-	1	1
-	2	2	£130,000 to £135,000	-	2	2
1	-	1	£135,000 to £139,999	-	1	1
-	-	-	£140,000 to £144,999	-	1	1
-	1	1	£145,000 to £149,999	1	-	1
-	2	2	£150,000 to £154,999	-	2	2
-	-	-	£155,000 to £159,999	-	-	-
-	-	-	£160,000 to £164,999	-	-	-
-	-	-	£165,000 to £169,999	-	-	-
-	-	-	£170,000 to £174,999	-	-	-
-	-	-	£175,000 to £179,999	-	-	-
-	1	1	£180,000 to £184,999	-	-	-
-	-	-	£185,000 to £189,999	-	2	2*
-	-	-	£190,000 to £194,999	-	-	-
-	-	-	£195,000 to £199,999	-	-	-
-	-	-	£200,000 to £204,999	-	1	1*
116	250	366	Total	158	477	635

*These bands include employees in receipt of one-off termination payments

Note 14 – Exit Packages

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band (£'000)	
	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26
£0 - £20,000	-	6	23	23	23	29	113	187
£20,001 - £40,000	-	-	4	2	4	2	118	58
£40,001 - £60,000	-	-	-	1	-	1	-	48
£60,001 - £80,000	-	2	-	1	-	3	-	205
£80,001 - £100,000	-	-	-	1	-	1	-	90
£100,001 - £150,000	-	1	-	1	-	2	-	251
£150,001 - £200,000	-	2	-	-	-	2	-	364
£200,001 - £250,000	-	-	-	-	-	-	-	-
Total	-	11	27	29	27	40	231	1,203
Add: Amounts provided for in CIES not included in bandings							-	-
Total cost included in CIES							231	1,203

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

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

Note 15 – Members’ Allowances

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

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

The total amounts paid to Members and Co-opted Officers during 2025/26 was as follows:

2024/25 £'000		2025/26 £'000
458	Basic Allowances	472
177	Special Responsibility Allowance	186
1	Travelling and Subsistence Allowance	1
1	Co-optees' Allowance	-
637		659

Note 16 – Related Parties

This disclosure note has been prepared using the Council’s Register of Members’ Declarations of Interest in addition to a specific declaration obtained in respect of related party transactions from members and senior officers. The Council is required to disclose material transactions with related parties - bodies and individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council.

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

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

Members are required to complete the Register of Members’ Interests. The Council retains and updates a full copy of this document. It is available to view during office hours at the Council’s Offices. From the Register, it is determined whether any Members held positions of control or significant influence in related parties to the Council during 2025/26. Further details are shown below.

Central Government

Central Government has an effective general control over the operations of the Council. It is responsible for providing the statutory framework within which the Council operates, provides a significant portion of the Council’s funding in the form of grants and prescribes the terms of many of the transactions that the

Council has with other parties. Details of the transactions with other Government departments include items reported within Note 21 Grant Income, Note 28 Capital Expenditure, Note 34 Debtors and Note 35 Creditors.

Bodies where the Council can exhibit control or significant influence

The Council has a number of subsidiaries over which it has control. The Council's subsidiary companies, and related transactions are summarised below:

2025/26							
Name	Investment	Debtor	Amounts owed by Subsidiary - loans	Expenditure	Income	Income outstanding to RBC (RBC debtor balance)	Balance outstanding (RBC creditor balance)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Brighter Futures for Children	-	-	-	32,046	(3,428)	-	(638)
Homes for Reading	5,327	-	8,295	277	(1,053)	1,680	(277)
Reading Transport Limited	3,974	-	5,319	5,483	(212)	479	(822)
Reading Hampshire Property Partnership	-	-	-	-	-	-	-

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2024/25							
	Investment	Debtor	Amounts owed by Subsidiary - loans	Expenditure	Income	Income outstanding to RBC (RBC debtor balance)	Balance outstanding (RBC creditor balance)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Brighter Futures for Children	-	-	5,000	66,519	(7,673)	8,480	(17,811)
Homes for Reading	5,327	-	20,807	816	(1,386)	899	(584)
Reading Transport Limited	3,974	500	6,800	7,538	(376)	427	(1,249)
Reading Hampshire Property Partnership	-	-	-	1,349	-	-	-

Brighter Futures for Children ceased to trade from 30 September 2025 with the Children's services within Reading being brought back in-house and delivered directly by Reading Borough Council.

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

The Council holds 49% of the shareholding of Reading-Hampshire Property Partnership (RHPP); this is a Joint Venture between the Council and Hampshire County Council and provides services to support work on property, notably the Primary School Expansion Programme. Following a review of Hampshire's ability to continue to provide the professional services which have been delivered since 2014, notice was served on Reading BC to terminate the Service Contract. As Hampshire County Council withdraw from providing these services to the Council there is no longer a need for the Company. Handover of projects commenced in September 2024 and the company was dissolved and struck off in May 2026. The Council has been assessed as being able to exert significant influence over the organisation but as transactions with RHPP total £nil (2024/25: £1.349m) and the entity has no assets, RHPP has been excluded from the Group Accounts on materiality grounds.

The Council made payments of £15.366m during the year (2024/25: £14.865m) to voluntary bodies and organisations where members have declared an interest (either due to a Council nomination or in an independent capacity).

	2025/26 £'000
Royal Berkshire Fire Authority (RBFA)	6,687
Royal Berkshire NHS Foundation Trust	2,838
Maiden Erlegh School	2,020
Reading's Economic & Destination Agency (REDA)	1,838
Readibus	838
Berkshire Pension Fund	661
Reading Voluntary Action	339
Reading Community Welfare Rights Unit (RCWRU)	46
The Weller Centre	45
South East Employers	29
The Association for Public Service Excellence (APSE)	12
Reading Community Energy Society Ltd	9
South East England Councils	4
	15,366

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

In 2025-26 the transactions with REDA totaled £1.838m (2024/25: £1.877m), however this income for REDA is not from the Council but principally from the two Business Improvement Districts. The Council is simply collecting the levy as part of the Business Rates on REDA's behalf and paying it over. The Council's direct contribution is £0.020m.

Note 17 – External Audit Costs

KPMG were appointed as the Council's external auditors for the financial year 2023/24 and beyond. The previous external auditors were EY. The amounts payable by the Council to EY and KPMG for external audit services are as follows, in some cases there will be a credit following a previous year's estimate:

2024/25 £'000		2025/26 £'000
Certification of grant claims and returns for the following years		
51	Financial Year 2021-22	-
(22)	Financial Year 2022-23	22
(25)	Financial Year 2023-24	21
73	Financial Year 2024-25	24
-	Financial Year 2025-26	75
Certification of Pooling Returns for the following years		
73	Financial Years 2017-18 to 2023-24	-
7	Financial Year 2024-25	1
-	Financial Year 2025-26	7
Fees payable in regard to external audit services for the following years		
(76)	Financial Year 2020-21	-
-	Financial Year 2021-22	-
-	Financial Year 2022-23	(7)
34	Financial Year 2023-24	-
335	Financial Year 2024-25	58
-	Financial Year 2025-26	345
450	Total	546

Note 18 – Trading Operations

The Council operates a trading account for the service below:

Building Control - Trading Account

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

2024/25		2025/26
£'000		£'000
(249)	Turnover	(351)
461	Expenditure	484
212	(Surplus)/Deficit	133

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

Note 19 – Pooled Budgets

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

1) Berkshire Community Equipment Stores

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

2024/25 £'000		2025/26 £'000
Funding Within the Pooled Budget		
(858)	Reading Borough Council - Adult Services	(919)
(121)	Reading Borough Council - Children's Services	(50)
(4,313)	Other Berkshire Councils	(3,672)
(7,090)	Berkshire Clinical Commissioning Groups	(7,088)
(12,382)		(11,729)
Expenditure Within the Pooled Budget		
129	Management Fund Costs	137
12,253	Nottingham Rehab Supplies Equipment	11,592
12,382		11,729
-	Net (Surplus)/Deficit within the scheme	-

2) Better Care Fund

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

2024/25 £'000		2025/26 £'000
Funding Provided to the Pooled Budget		
(4,304)	Reading Borough Council	(6,395)
(15,256)	Berkshire West ICB	(14,887)
(19,560)		(21,282)
Expenditure within the Pooled Budget		
13,715	Reading Borough Council	15,330
5,279	Berkshire West ICB	5,109
18,994		20,439
(566)	Net (Surplus)/Deficit within the scheme	(843)

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Note 20 – Dedicated Schools Grant

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

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

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

As of 31 March 2026, the cumulative DSG deficit is £46.935m. On 9 February 2026, the Government set out a new national approach to DSG Deficits, confirming significant financial support for Local Authorities. Section 2 of the Government's response to the Provisional Local Government Finance Settlement confirms

that councils holding a DSG deficit at the end of 2025/26 will be eligible for a new High Needs Stability Grant, which will fund 90% of the total eligible DSG deficit, subject to conditions. The conditions are that the Council commits to funding the remaining 10% and a SEND Reform Plan is approved by the DFE. See Note 40 – Contingent Assets for more information.

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

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

2025/26	Central Expenditure £'000	Individual Schools Budget £'000	Total £'000
Final DSG for 2025/26 before Academy recoupment			(201,368)
Academy figure recouped for 2025/26			82,677
Total DSG after Academy recoupment for 2025/26			(118,691)
Plus: Brought forward from 2024/25			-
Less: Carry forward to 2026/27 agreed in advance			-
Agreed initial budgeted distribution in 2025/26	(24,078)	(94,613)	(118,691)
In year adjustments	-	253	253
Final budgeted distribution for 2025/26	(24,078)	(94,360)	(118,438)
Less: Actual central expenditure	43,711	-	43,711
Less: Actual ISB deployed to schools	-	96,759	96,759
Plus: Local Authority contribution for 2025/26	-	-	-
In-year Carry-forward to 2026/27	19,633	2,399	22,031
DSG deficit within Unusable Reserves at the end of 2024/25			24,904
Addition to DSG deficit within Unusable Reserves at the end of 2025/26			22,031
Total of DSG deficit within Unusable Reserves at the end of 2025/26			46,935
New DSG position at the end of 2025/26			46,935

Note 21 – Grant Income

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

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

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

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

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

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2025/26 as follows:

2024/25 £'000	Credited to Taxation and Non Specific Grant Income	2025/26 £'000
(14,666)	Business Rates Reliefs	(13,893)
(2,652)	Revenue Support Grant	(2,771)
(1,255)	New Homes Bonus	(812)
(979)	Funding Guarantee Grant	-
(214)	Services Grant	-
(318)	Other Non Specific Revenue Grants	(138)
(5,866)	Capital Grants*	(2,600)
(41,789)	Capital Contributions (including CIL and S106 monies)*	(34,239)
(67,738)	Total	(54,453)

2024/25 £'000	* Capital Grants and Contributions	2025/26 £'000
(3,227)	Affordable Housing Homes England Funding	(7,373)
(10,070)	Levelling Up Funds (LUF)	(7,279)
(2,930)	Schools Standards Fund	(6,980)
(2,613)	LTP - Integrated Transport Block Grant	(4,364)
(477)	Local Authority Housing Fund	(1,784)
(7,113)	Bus Service Improvement Plan	(1,680)
(1,486)	Disabled Facilities Grant	(1,590)
(4,736)	Zero Emissions Bus Regional Areas (ZEBRA)	(1,349)
(4,802)	Community Infrastructure Levy - Contributions	(1,305)
(1,065)	S106 Contributions	(1,295)
(777)	Salix Low Carbon Skills Fund	(558)
(183)	Active Travel	(489)
-	Social Housing Decarbonisation Fund	(478)
(4,309)	Housing Infrastructure Fund (school)	-
(1,609)	Housing Partner Contribution	-
(817)	Pothole Action Fund	-
(1,443)	Other Capital grants	(315)
(47,655)	Total	(36,839)

2024/25 £'000	Credited to Services	2025/26 £'000
(103,765)	Dedicated Schools Grant (DSG)	(117,574)
(40,127)	Housing Benefit Subsidy	(33,001)
(11,016)	Public Health Grant	(11,631)
(9,948)	Social Care Grant	(11,467)
(3,997)	North Whitley PFI - Housing	(3,997)
(4,004)	Pupil Premium Grant	(3,951)
(2,054)	Preventing Homelessness Grant	(3,406)
(2,693)	Improved Better Care Fund	(3,322)
(2,151)	Unaccompanied Asylum-Seeking Children Funding	(3,242)
-	Packaging & Package Waste Grant	(3,074)
(2,492)	Market Sustainability Fund	(2,492)
(1,258)	Rough Sleeping Recovery and Prevention Grant	(2,128)
(2,261)	DWP Household Support Fund	(1,993)
(1,456)	Core Schools Budget Grant	(1,758)
(1,453)	Employers National Insurance Contributions Grant	(1,613)
(1,568)	Drug and Alcohol Treatment and Recovery	(1,581)
(1,350)	ESFA Funded Adult Education Grant	(1,313)
(768)	Children and Families Grant	(1,272)
(1,182)	Universal Infants Free School Meals	(1,218)
(1,097)	National Insurance Contributions Mainstream Schools	(1,134)
(1,057)	PFI Central Berkshire Waste Disposal	(1,057)
(882)	Rough Sleeping Accommodation Project	(882)
(683)	Asylum Dispersal Grant	(820)
(1,384)	Bus Service Improvement Plan	(783)
(669)	Sixth Form Funding	(717)
-	Schools Budget Support Grant	(580)
-	Children's Social Care Prevention Grant	(554)
(529)	Primary PE and Sport Premium	(483)
(484)	Housing Benefit Admin Subsidy	(474)
(521)	Holiday Activities and Food Programme	(463)
-	Domestic Abuse Duty	(444)
(440)	Homes for Ukraine Sponsor Thank You Grant	(304)
(492)	Shared prosperity Fund (Revenue)	(267)
(574)	Afghan Citizens Resettlement Scheme & Afghan Relocation and Assistance Policy (ARAP & ACRS)	(166)
(629)	Discharge Fund	-
(557)	SEND Programmes	-
(5,037)	Other Grants	(4,307)
(208,578)	Total	(223,468)

Note 22 – Property, Plant and Equipment

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

Asset type	Valuation basis	Date of valuation	Valuation frequency
Council dwellings	Existing Use Value – Social Housing	31 March 2026	Annual
Other land and buildings	Existing Use Value	31 March 2026	Five-yearly
Surplus Assets	Fair value	31 March 2026	Annual

Other land and buildings and surplus asset valuations were undertaken by the external Valuer Sanderson Weatherall LLP. The valuation date is the 31 March 2026 for all valuations completed.

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

Revaluations

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

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

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

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

For DRC Valuations:

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

For Valuations using MEA:

The MEA is adopted when the actual area is lower.

The actual area is adopted where the MEA is larger.

MEA based on DFE guidance per pupil per m².

For Valuations based on Comparable/Capitalised rent:

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

Net Initial Yields excludes acquisition costs.

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

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

Cap Adj running yield is based on cumulative capital invested.

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

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

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	Council Dwellings NBV £'000	Other Land & Buildings NBV £'000	Vehicles, Plant & Equipment NBV £'000	Surplus Assets NBV £'000	Total NBV £'000
Carried at Historical Cost	-	-	15,893	-	15,893
Carried at Present Value (IFRS16 RoU Assets)	-	873	340	-	1,213
Valued at Current Value as at:					
31 March 2022	-	52,137	-	-	52,137
31 March 2023	-	47,510	-	-	47,510
31 March 2024	-	123,950	-	-	123,950
31 March 2025	-	95,171	-	5,693	100,864
31 March 2026	568,214	53,843	-	16,391	638,448
Total	568,214	373,484	16,233	22,084	980,015

All asset valuations were carried out by Sanderson Weatherall LLP.

Property, Plant and Equipment 2025/26

Movements to 31 March 2026	Council Dwellings	Land and Buildings	Vehicles, Plant & Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
at 1 April 2025	567,149	386,338	40,701	9,381	22,609	67,664	1,093,841
Additions	19,793	4,978	1,551	200	91	48,211	74,824
Remeasurement of IFRS 16 leases	(34)	7	-	-	-	-	(27)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(19,657)	6,137	189	-	370	-	(12,961)
Derecognition – disposals	(4,542)	(139)	(33)	-	(979)	(599)	(6,292)
Reclassifications and transfer	19,010	3,569	-	-	-	(45,300)	(22,721)
Other movements in cost or valuation	(13,505)	(25,661)	-	-	(7)	-	(39,173)
at 31 March 2026	568,214	375,229	42,408	9,581	22,084	69,976	1,087,492
Accumulated Depreciation and Impairment							
at 1 April 2025	-	(16,362)	(23,148)	(2,147)	-	(716)	(42,373)
Depreciation charge	(13,539)	(10,477)	(3,234)	(55)	(7)	-	(27,312)
Impairment (losses)/reversals recognised in the Surplus/Deficit on the Provision of Services	34	(567)	207	-	-	-	(326)
Derecognition – disposals	-	-	-	-	-	-	-
Reclassifications and transfers	-	-	-	-	-	-	-
Other movements in depreciation and impairment	13,505	25,661	-	-	7	-	39,173
at 31 March 2026	-	(1,745)	(26,175)	(2,202)	-	(716)	(30,838)
Net Book Value							
at 31 March 2025	567,149	369,976	17,553	7,234	22,609	66,948	1,051,468
at 31 March 2026	568,214	373,484	16,233	7,379	22,084	69,260	1,056,654

Property, Plant and Equipment 2024/25

Movements to 31 March 2025	Council Dwellings	Land and Buildings	Vehicles, Plant & Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
at 1 April 2024	550,571	376,062	37,985	9,258	23,772	47,277	1,044,926
Adjustment owing to initial application of IFRS16	8,710	2,796	70	-	-	-	11,576
Revised Opening Balance at 1 April 2024	559,282	378,858	38,055	9,258	23,772	47,277	1,056,502
Additions	19,747	3,891	2,444	123	41	33,309	59,555
Revaluation increases/(decreases) recognised in the Revaluation Reserve	12,682	8,095	-	-	1,269	-	22,046
Derecognition – disposals	(2,909)	(6,590)	(899)	-	(814)	-	(11,211)
Reclassifications and transfer	(488)	9,299	1,100	-	(1,607)	(12,922)	(4,618)
Other movements in cost or valuation	(21,165)	(7,215)	-	-	(53)	-	(28,433)
at 31 March 2025	567,149	386,338	40,701	9,381	22,609	67,664	1,093,841
Accumulated Depreciation and Impairment							
at 1 April 2024	-	(14,068)	(20,824)	(2,094)	-	(717)	(37,702)
Depreciation charge	(12,532)	(10,393)	(3,173)	(53)	(10)	-	(26,161)
Impairment (losses)/reversals recognised in the Surplus/Deficit on the Provision of Services	(8,710)	407	-	-	(47)	-	(8,350)
Derecognition – disposals	77	476	849	-	4	-	1,406
Reclassifications and transfers	-	-	-	-	-	1	1
Other movements in depreciation and impairment	21,165	7,215	-	-	53	-	28,433
at 31 March 2025	-	(16,362)	(23,148)	(2,147)	-	(716)	(42,373)
Net Book Value							
at 31 March 2024	550,571	361,995	17,161	7,164	23,772	46,560	1,007,223
at 31 March 2025	567,149	369,976	17,553	7,234	22,609	66,948	1,051,468

Note 23 – Infrastructure Assets

Movements on Balances	2024/25 £'000	2025/26 £'000
Net Book Value at 1 April	137,168	137,097
Additions	9,680	7,823
Derecognition	-	-
Reclassifications	2,241	22,505
Depreciation	(11,992)	(12,380)
Impairment	-	-
Adjustments	-	-
Net Book Value at 31 March	137,097	155,045

Property, Plant and Equipment (PPE)	2024/25 £'000	2025/26 £'000
Infrastructure Assets	137,097	155,045
PPE excluding Infrastructure Assets	1,051,468	1,056,654
Net Book Value at 31 March	1,188,565	1,211,699

In accordance with the Temporary Relief offered by the Update to the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

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

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

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

Note 24 – Heritage Assets

2024/25 £'000	Heritage Assets	Reading Abbey £'000	Civic Regalia £'000	Other £'000	Total 2025/26 £'000
3,376	Opening Balance	1,671	1,424	179	3,273
(111)	Depreciation	(111)	-	-	(111)
8	Additions	17	-	-	17
3,273	Closing Balance	1,577	1,424	179	3,179

Heritage assets include:

- Reading Abbey Quarter: in 2009 the remains of Reading Abbey were closed to the public. This was due to their deteriorating condition making them unsafe for visitors. The 'Reading Abbey Revealed' project was conceived by Reading Borough Council in 2010 to develop the Abbey Quarter. In December 2015 the project secured Heritage Lottery funding of £1.77m. This was match-funded by Reading Council with £1.37m from ring-fenced development contributions. This made a total of £3.15m. The Ruins re-opened to the public on 16 June 2018 and the project ran until 2020. From 1st April 2019, the Abbey Ruins are held on the balance sheet at historic cost. This is a change of accounting policy from prior year where the Ruins balance was based on a land valuation from 2007 (prior to the commencement of restoration works) plus the cost of additional works carried out since the valuation. The change of accounting policy is to ensure the costs of bringing the Ruins into their current state is appropriately represented in the Accounts. In line with this change of accounting policy, the Works are now depreciated. Further information at <https://www.readingabbeyquarter.org.uk/>
- Civic Regalia: the collection contains around 200 items, mainly donated by individuals or organisations local to the area, and includes a George III Coronation Mace bearing the Royal Arms & Crown (dated 1769) and the Mayor's Robes and Chain. The collection is held on the balance sheet at Insurance Valuation; there was a full revaluation of the Regalia carried out in FY23/24.
- Father Willis Organ: the organ was built by Henry Willis in 1864 for the old Town Hall, which dates from 1785. The organ was rebuilt by Willis for the new Hall in 1882. The Organ is held on the Balance Sheet at the cost of the restoration works in 1999.
- Art Works: the John Piper photolithograph prints are of the Reading Tapestries – the two tapestries, Reading Townscape and Rural Reading, were commissioned by Reading Borough Council to celebrate the opening of the New Civic Offices in 1970. The tapestries are held in secure storage, with reproductions of the same hanging in the Council Chamber, Civic Offices. The prints are held on the Balance Sheet at a value based on previous sales.

Note 25 – Investment Properties

2024/25 £'000		2025/26 £'000
(4,680)	Rental income from Investment Property	(4,775)
205	Direct operating expenses arising from Investment Property	322
(4,475)	Net (Gain) / Loss	(4,453)

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

2024/25 £'000		2025/26 £'000
57,580	Opening balance	52,310
-	Additions	148
-	Disposals	(960)
(5,270)	Net gains / (losses) from fair value adjustments	(958)
52,310	Closing balance	50,540

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

Note 26 – Intangible Assets

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

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

The carrying amount of Intangible Assets is amortised on straight-line basis over the useful life of the Asset. The amortisation of £2.799 million was charged to revenue in 2025/26 (£2.620 million in 2024/25).

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

2024/25 £'000	Intangible Asset	2025/26 £'000
18,042	Gross Book Value at 1 April	22,480
(10,814)	Accumulated Amortisation at 1 April	(13,403)
7,228	Net Book Value at 1 April	9,077
Changes in year		
2,158	Additions	1,446
(31)	Transfers Out / Impairment	-
2,342	Transfers In	216
(2,620)	Amortisation	(2,799)
9,077	Net Book Value at 31 March	7,940
22,480	Gross Book Value at 31 March	24,142
(13,403)	Accumulated Amortisation at 31 March	(16,202)
9,077	Closing Balance	7,940

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

Note 27 – Capital Commitments

At 31 March 2026, the Council has entered into a number of contracts for the construction or enhancement of property, plant and equipment in 2025/26 and future years at a cost of £36.495m. The major commitments are as follows:

2024/25 £'000		2025/26 £'000
146	Levelling Up Delivery Plan - Hexagon Theatre	10,481
-	New Build Housing	8,075
19,370	New Build Day Opportunities and Sheltered Housing	7,215
8,120	Leisure Centre Procurement - GLL	6,746
8,710	New Build Housing and Respite Facility	2,276
1,636	Schools Capital Programme	1,367
-	Civic Centre Fire Stopping Works	335
6,326	Levelling Up Delivery Plan - New Library at the Civic Centre	-
1,048	Bus Service Improvement	-
45,356	Total	36,495

Note 28 – Capital Expenditure and Capital Financing

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

2024/25		2025/26
£'000		£'000
628,515	Opening Capital Finance Requirement	637,265
11,265	O/B Adjustment re IFRS 16 Liability Remeasurements	-
639,780	Opening Capital Finance Requirement	637,265
	Capital investment:	
69,235	Property, plant and equipment and Infrastructure	82,551
-	Investment property	148
2,158	Intangible assets	1,446
13,588	Revenue Expenditure Funded through Capital Under Statute	8,264
8	Heritage assets	17
84,989		92,426
	Sources of finance:	
(6,989)	Capital receipts	(4,679)
(49,614)	Government grants and other contributions	(34,639)
(227)	Sums set aside from revenue	(113)
(13,116)	Major Repairs Reserve	(6,306)
(5,920)	Application of capital receipts to reduce debt	(14,777)
(75,866)		(60,514)
(11,638)	Minimum Revenue Provision	(11,649)
637,265	Closing Capital Finance Requirement	657,528

2024/25		2025/26
£'000		£'000
	Movements in year:	
15,043	Increase in underlying need to borrow (unsupported by Government financial assistance)	46,689
(5,920)	Capital receipts applied to reduce existing Capital Financing Requirement	(14,777)
(9,436)	Statutory provision for repayment of debt (Minimum Revenue Provision)	(9,358)
(1,827)	Statutory provision for PFI and finance lease debt (Minimum Revenue Provision)	(1,977)
(375)	Statutory provision for Right of Use asset debt (Minimum Revenue Provision)	(314)
(2,515)	Increase/(decrease) in Capital Finance Requirement	20,263

Note 29 – Financial Instruments

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

2024/25			2025/26	
Non-current £'000	Current £'000		Non-current £'000	Current £'000
Financial Assets				
Fair value through profit and loss				
14,162	-	Investments	14,161	-
-	33,820	Cash and cash equivalents	-	4,120
9,125	-	Investments in subsidiaries	9,125	-
60	-	Investment in Energy Company	60	-
Amortised cost				
14,438	19,511	Debtors	4,181	19,763
	(19)	Cash and cash equivalents		16,465
Designated as fair value through other comprehensive income				
37,786	53,312	Total Financial Assets	27,527	40,348
Financial Liabilities				
Amortised cost				
(355,485)	(122,182)	Loans outstanding	(336,985)	(182,684)
(28,242)	(2,092)	PFI lease liability	(25,713)	(2,503)
-	(30,166)	Creditors	-	(26,561)
		Bank overdraft		
Designated as fair value through other comprehensive income				
(383,727)	(154,440)	Total Financial Liabilities	(362,698)	(211,748)

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

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

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

The Council invested £64,000 in 60,000 shares in Municipal Bonds Agency plc (MBA) when the MBA was first established in 2015/16. The Council has designated the holding as fair value through comprehensive income as it does not hold the shares for short-term trading. Based on the latest available audited accounts to 30 November 2024, the net worth of the company was an overall loss of £1.164m. There have been no dividends declared for the 2025/26 financial year. On this basis the value of the Council's holding of £64,000 has been written out to the Financial Instruments Revaluation Reserve.

Income, Expense, Gains and Losses

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

2025/26	Financial Liabilities Measured at amortised cost £'000	Financial Assets Measured at amortised cost £'000	Fair value through profit and loss £'000	Total £'000
Realised (Gains)/Losses	-	-	-	-
Unrealised (Gains)/Losses	-	-	1	1
Net (Gains)/Losses in Surplus/Deficit on Provision of Services	-	-	1	1
Interest expense	21,893	-	-	21,893
Fee expense	-	-	23	23
Total expense in Surplus/Deficit on the Provision of Services	21,893	-	23	21,916
Interest income	-	(2,004)	(1,633)	(3,637)
Dividend income/distributions	-	-	(740)	(740)
Total Income in Surplus/Deficit on the Provision of Services	-	(2,004)	(2,373)	(4,377)
Total (Gain)/Loss in Surplus/Deficit on Provision of Services	21,893	(2,004)	(2,349)	17,540
Net (Gain)/Loss for the Year	21,893	(2,004)	(2,349)	17,540

2024/25	Financial Liabilities Measured at amortised cost £'000	Financial Assets Measured at amortised cost £'000	Fair value through profit and loss £'000	Total £'000
Realised (Gains)/Losses	-	-	-	-
Unrealised (Gains)/Losses	-	-	(268)	(268)
Net (Gains)/Losses in Surplus/Deficit on Provision of Services	-	-	(268)	(268)
Interest expense	19,342	-	-	19,342
Fee expense	-	-	86	86
Total expense in Surplus/Deficit on the Provision of Services	19,342	-	86	19,428
Interest income	-	(3,431)	-	(3,431)
Dividend income/distributions	-	-	(1,283)	(1,283)
Total Income in Surplus/Deficit on the Provision of Services	-	(3,431)	(1,283)	(4,714)
Total (Gain)/Loss in Surplus/Deficit on Provision of Services	19,342	(3,431)	(1,465)	14,446
Net (Gain)/Loss for the Year	19,342	(3,431)	(1,465)	14,446

Note 30 – Fair Value

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

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

Sensitivity of assets valued at level 3

Having analysed historical data and current market trends, the Council's advisers have determined that the valuation methods described above are likely to be accurate to within the following ranges and have set out below the consequent potential impact on the closing value of investments held at 31 March 2026.

2025/26	Assessed valuation range		Value at 31 March 2026	Value on increase	Value on decrease
	+	-	£'000	£'000	£'000
Investment property	5%	5%	50,540	53,067	48,013
Surplus assets	0%	5%	22,084	22,084	20,980
Total			72,624	75,151	68,993

2024/25	Assessed valuation range		Value at 31 March 2025	Value on increase	Value on decrease
	+	-	£'000	£'000	£'000
Investment property	5%	5%	52,310	54,926	49,695
Surplus assets	0%	5%	22,609	22,609	21,479
Total			74,919	77,535	71,174

Fair value hierarchy

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

- Level 1** Assets and liabilities at level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 comprise quoted equities, quoted fixed securities, quoted index linked securities and unit trusts.
- Level 2** Assets and liabilities at level 2 are those where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value.
- Level 3** Assets and liabilities at level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

Transfers between level 1 and 2

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

Reconciliation of fair values within Level 3

2025/26	Transfers into Level 3	Transfers out of Level 3	Purchases	Sales	Unrealised gains and losses	31 March 2026
£'000	£'000	£'000	£'000	£'000	£'000	£'000
52,310 Investment property	-	-	148	(960)	(958)	50,540
22,609 Surplus assets	-	-	91	(979)	363	22,084
74,919 Total	-	-	239	(1,939)	(595)	72,624

2024/25	Transfers into Level 3	Transfers out of Level 3	Purchases	Sales	Unrealised gains and losses	31 March 2025
£'000	£'000	£'000	£'000	£'000	£'000	£'000
57,580 Investment property	-	-	-	-	(5,270)	52,310
23,771 Surplus assets	-	(1,607)	41	(814)	1,218	22,609
81,351 Total	-	(1,607)	41	(814)	(4,052)	74,919

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Note 31 – Inventories

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

	Balance at 1 April 2025 £'000	Movement in 2025/26 £'000	Balance at 31 March 2026 £'000
Refuse bins	92	11	103
Building Maintenance Stocks	309	79	388
Other	167	(31)	136
Total	568	59	627

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

Overall procedures for managing risk

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

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

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

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

Credit Risk

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

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

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

Credit Risk - Treasury Investments

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

Credit Rating	2024/25		2025/26	
	Long Term £'000	Short Term £'000	Long Term £'000	Short Term £'000
Banks or Building Societies rated A- or higher	-	423	-	1,018
Unrated Local Authorities	-	-	-	10,000
Public Corporations	30,092	-	12,401	-
Total	30,092	423	12,401	11,018
Credit Risk Non applicable*				
Money Market Funds	-	33,650	-	4,050
Property Funds	15,000	-	15,000	-
Total Investments	45,092	34,073	27,401	15,068

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

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

Credit and Counterparty Risk – Trade Debtors

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

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

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

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

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

At March 2026	Total £'000	Not past due (0-30 days) £'000	1-3 months £'000	3 - 6 months £'000	over 6 months £'000
Debtors collectively assessed	10,744	3,633	556	815	5,740
Loss rate		4.33%	5.04%	7.21%	15.91%
Total Lifetime Expected Credit Losses	(1,157)	(157)	(28)	(59)	(913)

At March 2025	Total £'000	Not past due (0-30 days) £'000	1-3 months £'000	3 - 6 months £'000	over 6 months £'000
Debtors collectively assessed	10,355	2,870	738	641	6,106
Loss rate		1.56%	6.73%	12.00%	47.50%
Total Lifetime Expected Credit Losses	(3,073)	(45)	(50)	(77)	(2,901)

Credit risk - long-term debtors

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

As at 31 March 2026, the gross carrying amount of long-term debtors measured at amortised cost was £14.181m (£14.438m at 31 March 2025). Of the balance at 31 March 2026, £3.837m are intra-group loans to wholly owned subsidiaries of the Council. The Council is of the view that the assets of the companies would be sufficient to cover the liabilities without impairment of the loans. Therefore, no credit loss allowance has been recognised in respect of long-term debtors.

Liquidity risk

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

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

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

	Approved minimum limits	Approved maximum limits	Actual 31 March 2026	Actual 31 March 2025	Actual 31 March 2026 £'000	Actual 31 March 2025 £'000
Less than 1 year	0%	100%	34.43%	25.00%	178,500	119,500
Between 1 and 2 years	0%	20%	0.29%	2.82%	1,500	13,500
Between 2 and 5 years	0%	20%	0.87%	0.94%	4,500	4,500
Between 5 and 10 years	0%	30%	3.28%	3.66%	17,000	17,500
Between 10 and 20 years	0%	40%	10.61%	11.72%	55,000	56,000
Between 20 and 30 years	0%	50%	22.95%	21.76%	119,000	104,000
Between 30 and 40 years	0%	60%	19.86%	21.55%	103,000	103,000
Over 40 years	0%	60%	7.71%	12.55%	40,000	60,000
Total			100.00%	100.00%	518,500	478,000

As of 31 March 2026, the Council holds £14.133m (£33.820m as at 31 March 2025) of liquid financial assets that can be withdrawn or sold at short notice if required to meet cash outflows on financial liabilities.

Market Risks

Interest rate risk

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

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

Investments measured at historic cost and loans borrowed are not carried at fair value on the Balance Sheet, so changes in their fair value will have no impact on the Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the surplus or deficit on the provision of services and affect the General Fund balance.

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

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

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

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

At 31 March 2026, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	£'000
Increase in interest payable on variable rate borrowings	-
Increase in interest receivable on variable rate investments	122
Impact on surplus/deficit on the provision of services	122
Decrease in fair value of fixed rate investments	-
Impact on Other comprehensive income and expenditure	-
Decrease in fair value of fixed rate borrowing liabilities (no impact on the surplus or deficit on the provision of services or other comprehensive income and expenditure)	(26,472)

The impact of a 1% fall in interest rates would be as above but with the movements being reversed. The above sensitivity analysis is based on the loans and investments as at 31 March 2026.

Note 33 – Cash and Cash Equivalents

31 March 2025		31 March 2026
£'000		£'000
5,530	Bank current accounts (including unrepresented bank items)	8,074
(5,549)	Cash held by the Council	(1,622)
33,820	Short term deposits with banks and building societies	14,133
33,801	Total	20,585

Note 34 – Debtors

Long Term Debtors

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

2025/26	Balance at 1 April 2025	New advances recognised	Advances repaid	Transfer (to)/from short term or other	Balance at 31 March 2026
	£'000	£'000	£ '000	£'000	£'000
Amounts due from Subsidiary undertakings	14,074	-	-	(10,237)	3,837
Other long term debtors	365	-	-	(21)	344
	14,439	-	-	(10,258)	4,181

Short Term Debtors

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

31 March 2025 £'000		31 March 2026 £'000
	Government Bodies	
4,182	HMRC	2,713
6,357	Other Central Government	4,791
3,112	Other Local Authorities	4,937
972	NHS Bodies	2,905
5	Public Corporations	-
	Other Entities and Individuals	
2,178	Business Rates payers	2,687
6,474	Council Tax payers	7,387
1,607	Housing Benefits Overpayments	1,686
2,699	Housing	3,510
28,339	Group Subsidiaries	11,935
16,808	Other Sundry Debtors	18,065
72,733	Total Debtors	60,616

31 March 2025 £'000		31 March 2026 £'000
	Other Entities and Individuals	
(4,272)	Business Rates payers	(4,345)
(16,713)	Council Tax payers	(18,024)
(3,058)	Housing Benefits Overpayments	(2,777)
(3,921)	Housing	(4,649)
(9,413)	Other Sundry Debtors	(10,894)
(37,377)	Total Impairment Allowance	(40,689)

Note 35 – Creditors

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

31 March 2025 £'000		31 March 2026 £'000
	Government Bodies	
(3,279)	HMRC – PAYE and NI	(4,308)
(14,958)	Other	(8,296)
(677)	Other Local Authorities	(923)
(248)	NHS Bodies	(193)
	Other Entities and Individuals	
(19,644)	Group Subsidiaries	(1,737)
(8,064)	Business Rates payers	(6,623)
(3,710)	Council Tax payers	(3,696)
(2,092)	Accumulated Absences	(2,329)
(34,242)	Other Creditors	(42,032)
(86,914)	Total	(70,137)
(9,785)	Receipts in Advance	(9,467)
(96,699)	Total	(79,604)

Note 36 – Provisions

	Balance at 1 April 2025 £'000	Amounts Used in 2025/26 £'000	Additional Provisions Made in 2025/26 £'000	Balance at 31 March 2026 £'000
Provision for NNDR Appeals	(5,009)	-	(1,617)	(6,626)
Insurance	(912)	-	(656)	(1,568)
Other	(180)	-	(235)	(415)
Total	(6,101)	-	(2,508)	(8,609)

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

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

Note 37 – Usable Reserves

The Usable Reserves of the Council are as follows:

31 March 2025 £'000		31 March 2026 £'000
(8,905)	General Fund (GF)	(9,983)
(24,245)	Housing Revenue Account (HRA)	(15,418)
(8,591)	HRA Earmarked Reserves	(7,665)
(40,899)	GF - Earmarked Reserves	(31,173)
(11,440)	Major Repairs Reserve	(19,126)
(57,437)	Capital Grants Unapplied	(59,474)
(16,846)	Capital Receipts Reserve	(21,683)
(168,363)	Total	(164,522)

Major Repairs Reserve (HRA)

2024/25 £'000		2025/26 £'000
(11,786)	Balance 1 April	(11,440)
(12,770)	Depreciation and amortisation	(13,992)
13,116	Application to finance capital expenditure	6,306
(11,440)	Balance 31 March	(19,126)

Capital Grants Unapplied

2024/25 £'000		2025/26 £'000
(59,406)	Balance 1 April	(57,437)
(47,655)	Capital grants recognised in year	(36,839)
49,614	Capital grants and contributions applied	34,639
10	Capital Contribution applied to Revenue via EM Reserve	163
(57,437)	Balance 31 March	(59,474)

Capital Receipts Reserve

2024/25 £'000		2025/26 £'000
(32,670)	Balance 1 April	(16,846)
(8,069)	Capital receipts in year	(11,602)
(291)	Deferred receipts realised	-
4	Capital receipts pooled	-
(5,629)	Capital receipts from repayment of intercompany loans	(12,691)
6,989	Capital receipts used for financing capital expenditure	4,679
5,920	Capital receipts used to reduce CFR	14,777
16,900	Other movement	-
(16,846)	Balance 31 March	(21,683)

Note 38 – Unusable Reserves

The Unusable Reserves of the Council are as follows:

31 March 2025 £'000		31 March 2026 £'000
(245,272)	Revaluation Reserve	(226,457)
(409,799)	Capital Adjustment Account	(415,795)
67,961	Pensions Reserve	95,260
(1,213)	Deferred Capital Receipts Reserve	(1,213)
4,441	Collection Fund Adjustment Account	12,233
2,092	Accumulated Absences Account	2,329
838	Pooled Fund Adjustment Account	839
64	Financial Instrument Revaluation Reserve	64
24,904	Dedicated Schools Grant	46,935
(555,984)	Total	(485,806)

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Revaluation Reserve

2024/25 £'000		2025/26 £'000
(228,452)	Balance at 1 April	(245,272)
(26,741)	Upward revaluation of assets	(8,108)
4,693	Downward revaluation of assets and impairment losses	21,070
(22,048)	Surplus or deficit on revaluation of non-current assets not posted to the Comprehensive Income and Expenditure Statement	12,961
3,813	Difference between fair value depreciation and historic cost depreciation	4,313
1,415	Accumulated gains on assets disposed	1,541
-	Other movements	-
5,228	Amount written off to the Capital Adjustment Account	5,854
(245,272)	Balance at 31 March	(226,457)

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

The balance is reduced when assets with accumulated gains are:

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

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

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or additions to those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or subsequent costs as depreciation, impairment losses and amortisation are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert current and fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and subsequent costs. The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council. The Account also contains revaluation gains accumulated on property, plant and equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

In the current year the value for "Application of capital receipts to reduce debt" has been split out within "Capital financing applied in year" in the Capital Adjustment Account to ensure that the presentation is consistent with Note 28 – Capital Expenditure and Capital Financing. Previously this total had been included within "Other Movements". The prior year number has been restated to ensure year on year consistency of presentation. There is no change to the total movement in the Capital Adjustment Account or the closing balance so this adjustment only changes the presentation of this number within the note.

2024/25 £'000		2025/26 £'000
(383,573)	Balance at 1 April	(409,799)
(311)	Opening Balance Adjustment re IFRS16 for First time Recognition of Leased In Assets at Peppercorn Rent (Donated Assets)	-
(383,884)		(409,799)
46,614	Charges for depreciation and impairment of non-current assets	40,129
-	Reversal of impairment of subsidiary holding	-
2,620	Amortisation of intangible assets	2,799
13,588	Revenue expenditure funded from capital under statute	8,264
9,996	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	7,181
72,818	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	58,373
(5,228)	Adjusting Amounts written out of the Revaluations Reserve	(5,854)
67,590	Net written out amount of the cost of non-current assets consumed in year	52,519
(6,989)	Use of Capital Receipts Reserve to finance new capital expenditure	(4,679)
(13,116)	Use of the Major repairs reserve	(6,306)
(49,614)	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement which have been applied to capital expenditure	(34,639)
(11,638)	Statutory provision for the financing of capital investment charged against the General Fund and HRA balance	(11,649)
(227)	Capital expenditure charged against the General Fund and HRA balances	(113)
(5,920)	Application of capital receipts to reduce debt	(14,777)
(87,504)	Capital financing applied in year:	(72,163)
5,270	Movement in the fair value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	958
(11,271)	Other Movements	12,691
(409,799)	Balance at 31 March	(415,795)

Pensions Reserve

2024/25 £'000		2025/26 £'000
128,707	Balance at 1 April	67,961
(57,860)	Actuarial gains and losses on scheme assets and liabilities	36,644
18,471	Reversal of charges to the Comprehensive Income and Expenditure Statement	14,803
(21,357)	Employer's pension contributions	(24,148)
67,961	Balance at 31 March	95,260

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

Normally the Pensions Reserve would directly offset the Pensions Liability (£62.179m in 2024/25 and £117.072m in 2023/24), however the Council made an up-front payment of employer's contributions payable to the scheme of £17.4m for the three years 2023/24 to 2025/26 to secure a cashflow discount. This resulted in a difference between the value of the Pensions Reserve and the Net Pensions Liability on the Balance Sheet for those years, as shown in the table below. After the third year covered by the prepayment, the Pensions Liability and the Pensions Reserve match again at 2025/26 year end.

2024/25 £'000	Pensions Reserve and Liabilities Recognised in the Balance Sheet	2025/26 £'000
67,961	Balance at 1 April	95,260
(5,782)	2025/26 Upfront payment	-
62,179	Balance at 31 March	95,260

Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

2024/25 £'000		2025/26 £'000
(1,504)	Balance 1 April	(1,213)
291	Transfer to the Capital Receipts Reserve upon receipt of cash	-
-	Other movements	-
(1,213)	Balance 31 March	(1,213)

Collection Fund Adjustment Account

2024/25 £'000		2025/26 £'000
2,257	Balance at 1 April	4,441
2,184	Amount by which Council Tax and NNDR credited to the Comprehensive Income and Expenditure Statement is different from amounts calculated for the year in accordance with statutory requirements	7,792
4,441	Balance at 31 March	12,233

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

Accumulated Absences Account

2024/25 £'000		2025/26 £'000
2,032	Balance at 1 April	2,092
(2,032)	Settlement or cancellation of accrual made at the end of the preceding year	(2,092)
2,092	Amounts accrued at the end of the current year	2,329
2,092	Balance at 31 March	2,329

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

Pooled Fund Adjustment Account

2024/25 £'000		2025/26 £'000
1,105	Balance at 1 April	838
(267)	Unrealised gains/(losses) on adjustment in fair value of financial instruments	1
838	Balance at 31 March	839

Financial Instruments Revaluation Reserve

2024/25 £'000		2025/26 £'000
64	Balance at 1 April	64
-	Downward revaluation of investments	-
64	Balance at 31 March	64

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

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

Dedicated Schools Grant

2024/25 £'000		2025/26 £'000
9,405	Balance at 1 April	24,904
15,499	(Surplus)/Deficit on the DSG for the year	22,031
24,904	Balance at 31 March	46,935

See also Notes 20 and 40 – when the DSG Reserve is in deficit, it is shown in the Unusable Reserves.

Note 39 – Contingent Liabilities

Municipal Mutual Insurance (MMI)

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

Duty of Care Claims

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

Business Rates Appeals

The Council has estimated that its share of the total maximum exposure to Business Rate Payers' appeals is £11.752m. A provision of £6.626m has been made within the accounts as a prudent but realistic estimate of the level of these appeals that will actually materialise. The remaining £5.126m has therefore been included as a contingent liability.

Note 40 – Contingent Assets

On 9 February 2026, the Government set out a new national approach to DSG Deficits, confirming significant financial support for Local Authorities. Section 2 of the Government's response to the Provisional Local Government Finance Settlement confirms that councils holding a DSG deficit at the end of 2025/26 will be eligible for a new High Needs Stability Grant, which will fund 90% of the total eligible DSG deficit, subject to conditions. The conditions are that the Council commits to funding the remaining 10% and a SEND Reform Plan is approved by the DFE.

Per Note 20, at the end of 2025/26 the DSG deficit for the Council is £46.935m, 90% of this total would result in potential grant income of £42.242m. At the time of publishing the Council has not yet met these conditions, so the Council has not accounted for this grant income in 2025/26.

Note 41 – Leases

Authority as Lessee - Finance Leases

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

Right of Use Assets

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

	Land and Buildings £'000	Vehicles, Plant and Equipment £'000	Community Assets £'000	Surplus £'000	Total £'000
Balance at 1 April 2025	15,140	49	532	-	15,721
Reclassifications	-	-	-	-	-
Depreciation	(1,052)	(71)	-	-	(1,123)
Additions	163	362	-	-	525
Revaluations	114	-	-	-	114
Disposals	(70)	-	-	-	(70)
Balance at 31 March 2026	14,295	340	532	-	15,167

Transactions under Leases

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

	2024/25 £'000	2025/26 £'000
Comprehensive income and expenditure statement		
Interest expense on lease liabilities	44	47
Expense relating to short-term leases	2	3
Expense relating to exempt leases of low-value items	69	77
Variable lease payments not included in the measurement of lease liabilities	103	67
Income from subletting right of use assets	-	-
Gains or losses arising from sale and leaseback transactions	-	-
Cash flow statement		
Total cash outflow for leases	434	408

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

Maturity analysis of lease liabilities

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

	2024/25 £'000	2025/26 £'000
Less than one year	251	282
One to five years	251	445
More than five years	-	-
Total undiscounted liabilities	502	727

Authority as Lessor - Finance Leases

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

2024/25 £ '000	Finance lease debtor (net present value of minimum lease payments):	2025/26 £ '000
-	Current	-
1,213	Non-Current	1,213
110	Unearned Finance Income	110
-	Unguaranteed Residual Value of Assets	-
1,323	Gross investment in the lease	1,323

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

Page 131	2024/25		2025/26	
	Gross investment in the lease £ '000	Minimum Lease Payments £ '000	Gross investment in the lease £ '000	Minimum Lease Payments £ '000
	-	-	-	-
	1,323	1,323	1,323	1,323
	-	-	-	-
	1,323	1,323	1,323	1,323

Authority as Lessor - Operating Leases

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

2024/25 £ '000		2025/26 £ '000
5,531	Payments due within one year	5,916
12,411	Payments due later than one year and not later than five years	6,810
8,291	Payments due later than five years	7,943
26,233	Total due	20,669

Note 42 – Service Concession Arrangements

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

Under IFRS 16, the opening finance lease liability is remeasured at the net present value of the future rental payments where an inflationary increase has been applied to the unitary payments. See Accounting Policies for more details about IFRS 16, page 52 Leases for more details.

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

2024/25 £'000	Balance Sheet	2025/26 £'000
(2,092)	PFI Short Term	(2,503)
(28,242)	PFI Long Term	(25,713)
(30,334)	Total	(28,216)

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

2024/25 £'000	PFI Liabilities - within 1 year	2025/26 £'000
(1,390)	Housing PFI - Reimbursement of CAPEX	(1,637)
(115)	Waste PFI - Annual Income Stream	(115)
(587)	Waste PFI - Repayment in year	(751)
(2,092)	Total	(2,503)

2024/25 £'000	PFI Liabilities - Long Term	2025/26 £'000
(23,188)	Housing PFI - Liability Outstanding	(21,518)
(602)	Annual Income Stream - Waste PFI	(487)
(4,452)	Waste PFI - Liability Outstanding	(3,708)
(28,242)	Total	(25,713)

a) North Whitley Housing PFI scheme

2025/26 was the twenty second year of a 30-year PFI contract to manage and maintain 1,235 dwellings on the North Whitley estate to defined availability and quality standard (31 March 2025: 1,246 dwellings). The contract does not provide for transfer of the assets to the contractor or any other third party at the end of the contract on 9 May 2034.

Property, Plant and Equipment

The Housing PFI assets used to provide services at North Whitley estate are recognised on the Council's Balance Sheet, the value of land & buildings is £117.8m at 31 March 2026 (£119.9m at 31 March 2025).

Payments

The Council makes an agreed payment to the contractor which is increased annually by the annual change in the retail prices index measure of inflation. Payments can be increased or decreased for performance and availability. Payments remaining to be made under the contract at 31 March 2026 are as follows:

Page 133	2024/25					2025/26			
	Service cost	Reimbursement of capital expenditure	Interest	Total		Service cost	Reimbursement of capital expenditure	Interest	Total
	£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
	4,305	1,390	2,720	8,415	within 1 year	4,343	1,637	2,563	8,543
	18,189	8,310	9,056	35,555	within 2-5 years	18,334	9,606	8,121	36,061
	20,279	14,878	4,485	39,642	within 6-10 years	15,247	11,911	2,830	29,988
	42,773	24,578	16,261	83,612		37,924	23,154	13,514	74,592

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

2024/25 £'000		2025/26 £'000
(17,040)	Opening balance	(24,578)
(8,710)	O/B Adjustment re IFRS16	-
-	Remeasurement of liability	34
1,172	Repayment of liability	1,390
(24,578)	Closing Balance	(23,154)

b) Waste PFI Scheme

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

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

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

Value of assets under the PFI contract

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2024/25				2025/26		
Land & Buildings £'000	Plant & Equipment £'000	Total £'000		Land & Buildings £'000	Plant & Equipment £'000	Total £'000
11,717	916	12,633	Opening Balance	11,586	841	12,427
1,723	-	1,723	O/B Adjust Re IFRS16	7	-	7
(1,723)	-	(1,723)	Impairment of O/B adjust	(7)	-	(7)
(130)	(75)	(206)	Depreciation	(130)	(75)	(205)
11,586	841	12,427	Closing balance	11,456	766	12,222

Payments

The Council makes payments to the contractor which cover the charge for services provided, repayment of the liabilities and interest on those liabilities. Payments remaining to be made under the contract at 31 March 2026 are set out below:

2024/25					2025/26				
Service cost	Reimbursement of capital expenditure	Interest	Total		Service cost	Reimbursement of capital expenditure	Interest	Total	
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000	
2,563	587	376	3,526	within 1 year	2,495	751	332	3,578	
10,458	3,288	985	14,731	within 2-5 years	10,743	3,467	741	14,951	
3,555	1,164	105	4,824	within 6-10 years	717	241	18	976	
16,576	5,039	1,466	23,081		13,955	4,459	1,091	19,505	

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

2024/25		2025/26
£'000		£'000
(115)	Within one year	(115)
(460)	2 to 5 years	(460)
(142)	6 to 10 years	(27)
-	11 to 15 years	-
(717)	Total	(602)

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

2024/25		2025/26
£'000		£'000
(3,971)	Opening balance	(5,039)
(1,723)	O/B Adjustment re IFRS16	-
-	Remeasurement of liability	(7)
655	Repayment	587
(5,039)	Closing balance	(4,459)

Note 43 – Pension Schemes Accounted for as Defined Contribution Schemes

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

The Scheme is a defined benefit scheme. The Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The notional fund is valued every four years. The Scheme has in excess of 3,700 participating employers and consequently the Council is not able to identify its share of the underlying position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2025/26, the Council paid £7.891m to the Teachers Pensions Agency in respect of teachers' retirement benefits, representing 28.7% of pensionable pay (in 2024/25 £7.714m was paid representing 28.7% of pensionable pay). There were no contributions payable at the year-end. The expected contributions to the Teachers' Pension Scheme for 2026/27 are £8.043m (representing 28.7% of pensionable pay).

Note 44 – Defined Benefit Pension Scheme

Local Government Pension Schemes

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

The Council participates in two post-employment schemes:

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

Transactions relating to post-employment benefits

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

i. Impact on Comprehensive Income & Expenditure Account

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2024/25			2025/26		
Funded	Unfunded	Comprehensive Income and Expenditure Statement	Funded	Unfunded	
£'000	£'000		£'000	£'000	
Cost of Services					
Service cost comprising:					
13,709	-	Current service cost	11,926	-	
117	-	(Gain) / loss from settlements and / or transfers	275	-	
505	-	Administration expenses	494	-	
Other Operating Expenditure:					
Financing and Investment Income and Expenditure					
4,140	-	Net interest expense	2,108	-	
18,471	-	Total charged to Surplus and Deficit on Provision of Services	14,803	-	

2024/25		Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	2025/26		
Funded £'000	Unfunded £'000		Funded £'000	Unfunded £'000	
Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement					
Remeasurement of the net defined benefit liability comprising:					
16,631	-	Return on plan assets, excluding the amount included in the net interest expense	18,943	-	
-	-	Other Actuarial (gains)/losses on assets	(59,106)	-	
(1,645)	-	Actuarial (gains)/losses arising from changes in demographic assumptions	9,313	-	
(95,776)	-	Actuarial (gains)/losses arising from changes in financial assumptions	(28,446)	-	
-	(417)	Actuarial (gains)/losses arising from changes in assumptions for Unfunded elements	-	3,124	
(1,588)	-	Other movements in the liability/(asset)	93,814	-	
24,935	-	Impact of asset ceiling	(998)	-	
(57,443)	(417)	Total charged to Other Comprehensive Income and Expenditure Statement	33,520	3,124	
(38,972)	(417)	Total charged to Comprehensive Income and Expenditure Statement	48,323	3,124	

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

2024/25		Movement in Reserves Statement	2025/26	
Funded £'000	Unfunded £'000		Funded £'000	Unfunded £'000
(18,471)	-	Reversal of net charges to the Surplus or Deficit on the Provision of Services for post employment benefits in accordance with the Code	(14,803)	-
Actual amount charged against the General Fund balance for pensions in the year:				
14,205	-	Employer contributions payable to the scheme	17,071	-
-	1,299	Benefits paid direct to beneficiaries	-	1,295
(4,266)	1,299		2,268	1,295

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

2024/25			Pensions Assets and Liabilities Recognised in the Balance Sheet	2025/26		
Funded £'000	Unfunded £'000	Total £'000		Funded £'000	Unfunded £'000	Total £'000
(575,323)	(9,801)	(585,124)	Present value of the defined obligation	(672,679)	(11,630)	(684,309)
547,880	-	547,880	Fair value of plan assets	614,435	-	614,435
(24,935)	-	(24,935)	Impact of Asset Ceiling	(25,386)	-	(25,386)
(52,378)	(9,801)	(62,179)	Net (liability) / asset arising from the defined benefit obligation	(83,630)	(11,630)	(95,260)

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

iii. **Reconciliation of the Present Value of the Scheme Liabilities**

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2024/25			Reconciliation of present value of the scheme liabilities (Defined Benefit Obligation)	2025/26		
Funded £'000	Unfunded £'000	Total £'000		Funded £'000	Unfunded £'000	Total £'000
(648,954)	(11,517)	(660,471)	Opening present value of liabilities	(575,323)	(9,801)	(585,124)
(13,709)	-	(13,709)	Current service cost	(11,926)	-	(11,926)
(32,838)	-	(32,838)	Interest cost	(32,350)	-	(32,350)
(5,735)	-	(5,735)	Contributions from scheme participants	(9,044)	-	(9,044)
			Remeasurement gain/(loss):			
1,645	-	1,645	Actuarial gains/(losses) arising from changes in demographic assumptions	(9,313)	-	(9,313)
95,776	-	95,776	Actuarial gains/(losses) arising from changes in financial assumptions	28,446	-	28,446
-	417	417	Actuarial gains/(losses) arising from changes in assumptions for Unfunded elements	-	(3,124)	(3,124)
1,588	-	1,588	Experience gain/(loss) on Defined Benefit Obligation	(93,814)	-	(93,814)
-	-	-	Past service cost	(275)	-	(275)
-	-	-	Loss on curtailments/settlements	-	-	-
-	-	-	Liabilities assumed on entity combinations	-	-	-
28,095	1,299	29,394	Benefits paid	30,920	1,295	32,215
(1,191)	-	(1,191)	Liabilities extinguished on settlements	-	-	-
(575,323)	(9,801)	(585,124)	Closing present value of liabilities	(672,679)	(11,630)	(684,309)

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

Funded £'000	2024/25		Movements in the Fair Value of Scheme Assets	Funded £'000	2025/26	
	Unfunded £'000	Total £'000			Unfunded £'000	Total £'000
543,399	-	543,399	Opening fair value of asset	547,880	-	547,880
28,698	-	28,698	Interest income	31,691	-	31,691
(16,631)	-	(16,631)	Return on plan assets, excluding the amount included in the net interest expense	(18,943)	-	(18,943)
14,205	1,299	15,504	Contributions from employer	17,071	1,295	18,366
5,735	-	5,735	Contributions by employees into the scheme	9,044	-	9,044
(28,095)	(1,299)	(29,394)	Net benefits paid out	(30,920)	(1,295)	(32,215)
1,074	-	1,074	Gains on settlements	-	-	-
(505)	-	(505)	Administration expense	(494)	-	(494)
-	-	-	Other Actuarial gains/(losses)	59,106	-	59,106
547,880	-	547,880	Closing fair value of assets	614,435	-	614,435

Basis for estimating assets and liabilities

Liabilities have been estimated on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. Both the LGPS and unfunded discretionary benefits liabilities have been valued by Barnett Waddingham, an independent firm of actuaries with estimates for the Berkshire Pension Fund being based on the latest full (triennial) valuation as at 31 March 2025.

In June 2023, the High Court handed down a decision in the case of Virgin Media Limited v NTL Pension Trustees II Limited and others relating to the validity of certain historical pension changes due to the lack of actuarial confirmation required by law. In July 2024, the Court of Appeal dismissed the appeal brought by Virgin Media Ltd against aspects of the June 2023 decision.

Our current understanding is that, whilst HM Treasury are still assessing the implications, they do not believe the case is relevant to Local Government pension schemes. Given this, and the unknown impact on benefits even if it were to be required, we have not made any allowance for the Virgin Media judgment.

v. Impact of Asset Ceiling

2024/25 £'000		2025/26 £'000
-	Opening impact of asset ceiling	24,935
-	Interest on impact of asset ceiling	1,449
24,935	Actuarial losses / (gains)	(998)
24,935	Closing impact of asset ceiling	25,386

The asset ceiling is the present value of any economic benefit available to the council in the form of refunds or reduced future employer contributions. As at 31 March 2026, the results show a net defined benefit liability position before considering IFRIC 14.

Reading Borough Council is currently paying deficit contributions towards a funding deficit and this minimum funding requirement constitutes an onerous funding commitment under the 2022 funding agreement – which gives a present value of secondary contributions of £69.874m as at 31 March 2026. There is therefore a further IFRIC 14 adjustment of £25.386m to bring the final net defined benefit liability on the balance sheet for 2025/26 to £95.260m.

per note ii above this is composed of the minimum funding obligation of £58.244m for LGPS and unfunded liabilities of £11.630m.

Principal Assumptions

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

2024/25 Years	Life expectancy assumptions	2025/26 Years
	Longevity at 65 for current pensioners	
20.7	Men	22.0
23.6	Women	24.2
	Longevity at 65 for future pensioners	
22.0	Men	23.5
25.0	Women	25.9

%	Financial assumptions	%
5.85	Discount rate	6.15
2.90	Pension increases (CPI)	2.90
3.20	RPI Inflation	3.30
3.90	Salary increases	3.90

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

Sensitivity Analysis

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

Impact on the defined benefit obligation	Increase in assumption £'000	Decrease in assumption £'000
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(9,705)	9,942
Rate of increase in salaries (increase or decrease by 0.1%)	457	(454)
Rate of inflation (increase or decrease by 0.1%)	10,093	(7,800)
Longevity (increase or decrease by 1 year)	23,110	(22,267)

vi. **Scheme Assets**

2024/25 £'000	Scheme assets comprised	2025/26 £'000
370,692	Equities	395,766
80,038	Other Bonds and Target Return Portfolio	102,259
45,903	Property	50,124
9,978	Cash	17,555
64,020	Infrastructure	71,540
(22,751)	Longevity insurance	(22,809)
547,880	Total	614,435

Asset and Liability Matching Strategy

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

Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. As at the 2025 triennial valuation, the Council's liabilities were 86% funded. The Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 14 years and this will shorten in future years. Funding levels are monitored on an annual basis.

vii. **Estimate of contributions for 2026/27**

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2027 are £21.513m.

Note 45 – Cash Flow from Operating Activities

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

2024/25 £'000	Cashflows relating to interest	2025/26 £'000
(6,172)	Interest received	(5,727)
25,439	Interest paid	21,950
(500)	Dividends received	-
18,767	Total	16,223

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

2024/25 £'000	Adjustments for non-cash movements	2025/26 £'000
(28,142)	Depreciation	(39,803)
(8,039)	Impairment and downward valuations	(326)
(2,620)	Amortisation	(2,799)
6,134	(Increase)/decrease in creditors	17,255
(11,511)	Increase/(decrease) in debtors	(15,009)
127	Increase/(decrease) in inventories	59
(2,967)	Movement in pension liability	3,563
(9,996)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(7,181)
(14,704)	Other non-cash movements charged to the surplus or deficit on provision of services	(3,467)
(71,718)	Total	(47,708)

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

2024/25 £'000	Adjustments relating to Investing and Financing Activities	2025/26 £'000
8,069	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	11,603
47,655	Any other items for which the cash effects are investing or financing cash flows	36,839
-	Proceeds from short-term (not considered to be cash equivalents) and long-term investments	-
55,724	Total	48,442

Note 46 – Cash Flow from Investing Activities

2024/25 £'000	Net Cash Flows from Investing Activities	2025/26 £'000
69,243	Purchase of property, plant and equipment, investment property and intangible assets	83,739
-	Purchase of short-term and long-term investments	-
-	Other payments for investing activities	-
(8,360)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(11,603)
-	Proceeds from short-term and long-term investments	-
(47,655)	Other receipts from investing activities	(47,075)
13,228	Total	25,061

Note 47 – Cash Flow from Financing Activities

2024/25 £'000	Net Cash Flows from Financing Activities	2025/26 £'000
(254,664)	Cash receipts of short-term and long-term borrowing	(246,502)
(2,376)	Other receipts from financing activities	-
1,532	Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance-Sheet PFI contracts	2,370
214,000	Repayments of short-term and long-term borrowing	204,500
1,936	Council Tax and NNDR share	2,640
(39,573)	Total	(36,992)

Housing Revenue Account

Housing Revenue Account Income and Expenditure Statement

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

2024/25 £'000	Expenditure	2025/26 £'000
12,532	Repairs and Maintenance	15,676
17,723	Supervision and Management	18,464
403	Rents, Rates, Taxes and other charges	413
21,718	Depreciation, impairment and revaluation losses of non-current assets	14,091
30	Debt Management Costs	53
52,406	Total Expenditure	48,697

2024/25 £'000	Income	2025/26 £'000
(44,323)	Dwelling Rents	(45,636)
(39)	Non-Dwelling rents	(40)
(3,994)	PFI Credit	(3,997)
(1,756)	Charges for services and facilities	(1,703)
(391)	Other	(231)
(50,504)	Total Income	(51,607)

2024/25 £'000		2025/26 £'000
52,406	Total Expenditure	48,697
(50,504)	Total Income	(51,607)
1,902	Net Expenditure of HRA Services	(2,910)
420	HRA share of costs of Corporate and Democratic core	455
2,322	Net Expenditure of HRA Services as reported in CIES	(2,455)
(1,161)	(Gains)/loss on sale of HRA Fixed Assets	(4,265)
10,329	Interest Payable and Similar Charges	11,175
(1,958)	HRA Interest and Investment Income	(1,439)
147	Net Interest on the defined benefit liability/asset	156
9,679	(Surplus) or deficit for Year on HRA Services	3,172

Movement on the HRA Statement

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

2024/25 £'000	Movement on the HRA Statement	2025/26 £'000
27,388	Balance on the HRA at the end of the previous year	24,245
9,679	(Surplus) or deficit on the HRA Income and Expenditure Statement	3,172
(5,604)	Adjustments between accounting basis and funding basis under statute	6,581
4,075	Net (increase) or decrease before transfers to or from other reserves	9,753
(933)	Transfers to/(from) other reserves - PFI Smoothing Reserve	(926)
3,143	(Increase) or decrease on the HRA for the year	8,827
(24,245)	Balance on the HRA at the end of the current year	(15,418)
(8,591)	Earmarked reserves - PFI Smoothing Reserve	(7,665)
(32,838)	Total HRA Reserves	(23,082)

2024/25 £'000	Adjustments between accounting basis	2025/26 £'000
(20,232)	Transfers to/(from) the Capital Adjustment Account	(12,538)
1,161	Gain or (loss) on sale of non-current assets	4,265
(128)	Contributions to or (from) the Pension Reserve	188
665	Impact of Pensions Prepayment	672
158	Capital Expenditure funded from the HRA	-
1	Transfers to/(from) the Accumulated Absences Account	2
12,770	Transfers to/(from) Major Repairs Reserve	13,992
(5,604)	Net additional amount required by statute to be debited or (credited) to the HRA Balance for the year	6,581

Note 1 – Analysis of Council Housing Stock

At 31 March 2026, the Council was responsible for managing a housing stock of 6,880 dwellings, including 1,235 within the North Whitley PFI scheme (31 March 2025: 6,824 dwellings, 1,246 in the PFI scheme). These dwellings are of the following types:

31 March 2025				31 March 2026		
<u>Flats</u>	<u>Houses</u>	<u>Total</u>		<u>Flats</u>	<u>Houses</u>	<u>Total</u>
2,955	3,869	6,824	Total number and type of dwellings	2,981	3,899	6,880

Note 2 – Housing Revenue Account Capital Expenditure

During 2025/26, the Council incurred £45.7m capital expenditure on land, houses and other properties within the HRA (2024/25: £28.2m). The details of expenditure and the methods of financing are detailed below:

31 March 2025 £'000		31 March 2026 £'000	
Capital Investment			
19,747	Operational Assets	20,138	
8,488	Assets Under Construction	25,561	
-	REFCUS	-	
28,235	Total Capital Expenditure within the HRA	45,699	
Sources of Funding			
(9,159)	Borrowing	(37,419)	
(394)	Capital Receipts	(203)	
(13,116)	Major Repairs Reserve	(6,306)	
(158)	Revenue Contributions	-	
(5,408)	Government Grants and other Contributions	(1,771)	
(28,235)	Total Funding	(45,699)	

Note 3 – Balance Sheet Value of HRA Operational Assets

31 March 2025 £'000		31 March 2026 £'000
	Operational Assets	
567,149	Dwellings	568,213
5,796	Other Land and Buildings	6,199
1,958	Intangibles	1,762
-	Infrastructure	6,199
-	Community Equipment	2,366
	Non Operational Assets	
40,993	Assets Under Construction	38,470
2,049	Surplus Assets	2,047
617,945	Total	625,256

Dwellings are initially valued at open market value assuming vacant possession. The vacant possession value of the HRA tenanted dwellings was £1,722m at 31 March 2026 (£1,730m at 31 March 2025). The difference between the vacant possession value and the Balance Sheet value of dwellings within the HRA reflects that tenancies are held on a secure basis without vacant possession.

The Balance Sheet value is determined by applying the Government prescribed discount factor (the vacant possession discount factor) to the vacant possession value of the stock. The vacant possession discount factor was 33% (33% in 2024/25).

Note 4 – Depreciation and Impairment

31 March 2025			31 March 2026		
Depreciation £'000	Impairment £'000	Total £'000	Depreciation £'000	Impairment £'000	Total £'000
(12,532)	(8,710)	(21,242)	(13,539)	34	(13,505)
(459)	(1)	(460)	(404)	15	(389)
-	-	-	(196)	-	(196)
(5)	(10)	(15)	(1)	-	(1)
(12,996)	(8,721)	(21,717)	(14,140)	49	(14,091)

NB. A positive entry indicates an impairment reversal.

Note 5 – Transactions relating to Retirement Benefits

31 March 2025 £'000		31 March 2026 £'000
(41)	Current Service Cost	(380)
-	Past Service Costs	-
4	(Gain)/loss from settlements	-
18	Administration expenses	36
147	Net interest expense	156
128	Total	(188)
128	Movement on Pension Reserve	(188)

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

Note 6 – Total Capital Receipts Generated during the year

31 March 2025 £'000		31 March 2026 £'000
(2,351)	Council Houses	(9,043)
(478)	Other Property	(61)
(2,829)	Total	(9,104)

During the year, the Council disposed of 50 dwellings to tenants under the Right to Buy scheme. These disposals, along with other Non Dwelling HRA Property sales (1) and shared ownership sales (2), generated total capital receipts of £9.1m. £3.6m of RTB receipts is recognised within the General Fund for the allowable Authority share of the 22 RTB sales. £0.004m of funds were due to Central Government as the Council's contribution to the Central Housing Pool.

Note 7 – Rent Arrears and Bad Debt Provision

	2024/25 £'000	2025/26 £'000
Arrears by Tenant		
Current Tenants	1,576	1,763
Former Tenants	1,290	1,592
Total Arrears	2,866	3,355

The specific provision for the possible non-collection of all rent related charges at 31 March 2026 is £2.380m, which represents 71% of the total outstanding arrears. The calculation assesses the potential for future impairment based on an analysis of arrears with and without arrangements with current and former tenants. These are then further analysed on an age outstanding basis and provisions made on established percentages, relating to the age of debt outstanding.

Collection Fund

Introduction

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

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

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

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

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

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

Council Tax

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

The Collection Fund Income and Expenditure Account - Council Tax	2024/25 £'000	2025/26 £'000
Income		
Council Tax Receivable	(140,340)	(149,221)
Transfer for Transitional Relief, S13A Reliefs and discount for prompt payment	(580)	(32)
	(140,920)	(149,253)
Contributions to previous year estimated deficit		
Reading Borough Council	(1,701)	-
Royal Berkshire Fire Authority	(70)	-
Thames Valley Police	(227)	-
	(1,998)	-
Total Income	(142,918)	(149,253)
Expenditure		
Precepts, Demands and Shares		
Reading Borough Council	118,884	126,134
Royal Berkshire Fire Authority	4,793	16,874
Thames Valley Police	15,873	5,141
	139,550	148,149
Distribution of previous year estimated surplus		
Reading Borough Council	-	408
Royal Berkshire Fire Authority	-	54
Thames Valley Police	-	16
	-	478
Change in allowance for impairments	2,894	3,202
Total Expenditure	142,444	151,829
(Surplus)/Deficit for the year	(474)	2,576
Opening Balance (Surplus)/Deficit at 1 April	761	287
Closing Balance (Surplus)/Deficit at 31 March	287	2,863

Business Rates (Non-Domestic Rates)

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

The Collection Fund Income and Expenditure Account - Business Rates	2024/25 £'000	2025/26 £'000
Income		
Business Rates receivable (net of discretionary and mandatory relief)	(138,276)	(147,236)
Transitional Protection Payments	(694)	-
	(138,970)	(147,236)
Contributions to previous year estimated deficit		
Central Government	(2,524)	-
Reading Borough Council	(2,473)	-
Royal Berkshire Fire Authority	(50)	-
	(5,047)	-
Total Income	(144,017)	(147,236)
Expenditure		
Precepts, Demands and Shares		
Central Government	73,670	76,340
Reading Borough Council	72,196	74,813
Royal Berkshire Fire Authority	1,473	1,527
	147,339	152,680
Distribution of previous year estimated surplus		
Central Government	-	144
Reading Borough Council	-	141
Royal Berkshire Fire Authority	-	3
	-	288
Change in allowance for impairments	1,197	1,556
Interest	430	420
Provision for appeals	42	3,299
Cost of collection allowance	290	289
Transitional protection payment	-	130
	1,959	5,694
Total Expenditure	149,298	158,662
(Surplus)/Deficit for the year	5,281	11,426
Opening Balance (Surplus)/Deficit at 1 April	2,965	8,246
Closing Balance (Surplus)/Deficit at 31 March	8,246	19,672

Notes to the Collection Fund

Business Rates

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

Non-domestic rateable value and multipliers	2024/25	2025/26
Non-domestic rateable value at 31 March	£334,627,052	£332,034,005
Business rate multiplier - standard rate	54.6p	55.5p
Business rate multiplier - small businesses	49.9p	49.9p

Council Tax

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

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Band	2025/26 Valuation band limits £	Calculated No. of chargeable dwellings No.	Ratio to band D	Equated No. of dwellings No.
AA	Band A entitled to disabled relief reduction	2	5/9	1
A	Up to and including - 40,000	4,447	6/9	2,965
B	40,001 - 52,000	11,351	7/9	8,829
C	52,001 - 68,000	26,213	8/9	23,300
D	68,001 - 88,000	10,488	9/9	10,488
E	88,001 - 120,000	5,406	11/9	6,607
F	120,001 - 160,000	3,113	13/9	4,497
G	160,001 - 320,000	1,803	15/9	3,005
H	More than - 320,001	77	18/9	154
		62,901		59,846
	Adjustments for estimates of new build and non-collection			(279)
		Council Tax Base		59,567

Group Accounts

Introduction

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

- Reading Transport Limited (RTL).
- Homes for Reading (HfR).
- Brighter Futures for Children (BFfC) NOTE: Services and staff transferred back to Reading Borough Council on 1 October 2025.

In addition to the above companies:

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

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

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

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

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

On 28 January 2025, the Council decided to bring the BFfC contract to an end and bring back its children's services in house. Services and staff transferred back to Reading Borough Council on 1 October 2025 with contracts being novated to the Council to ensure continuity of service provision. As at 31 March 2026 the company had not yet been formally wound up so all transactions up to 31 March 2026 and balances as at 31 March 2026 are included in the Group Accounts.

Group Financial Statements

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

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

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

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

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

The **Notes to the Group Accounts**, where the balances are materially different to those in the single entity accounts.

Group Accounting Policies

The Accounting policies for the subsidiary companies are not materially different to those of the Council, as set out in Note 1 to the Main Accounts.

Basis of accounts production

The group accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

As required by Chapter 9 of the Code, the Council has consolidated the above subsidiaries on a line-by-line basis. Intra -group transactions have been eliminated before consolidation on a line-by-line basis, and the accounts of the subsidiaries have been restated where they use different accounting policies to the Council, as required by the Code.

Prior Period Adjustments

During the preparation of the 2025/26 accounts the following updates have been made to the prior period financial statements (as previously reported) to correct previously reported numbers.

Primary Statement	MIRS - Reporting Line 2024/25	General Fund Previously Reported £'000	Note A £'000	Restated Figure £'000
Group - MIRS	Adjustments between Funding and Accounting	8,823	(15,499)	(6,676)
Group - MIRS	Transfers to / (from) Reserves	(32,362)	15,500	(16,862)

A. **DSG (Dedicated Schools Grant) Deficit / Surplus (see MIRS)** – The Council has previously reported the transfer to the DSG reserve in the MIRS on the line for ‘Transfers to/(from) earmarked reserves’ (previously the DSG reserve was an earmarked reserve). As the DSG reserve is now classed as Unusable under statute, this transfer should instead appear within the line for ‘Adjustments between accounting basis and funding basis under regulations’.

The adjustment is for £15.499m in the MIRS and Group MIRS for 2024/25 (in some cases rounded to £15.500m) and amends the two items in the table above, along with associated totals and subtotals.

Critical Judgements in Applying Group Accounting Policies

Group accounts have been prepared using the following financial information:

Reading Borough Council	Unaudited financial statements for 2025/26 and audited for prior years.
Brighter Futures for Children	Unaudited financial statements for 2025/26 and audited for prior years.
Homes for Reading	Unaudited financial statements for 2025/26 and audited for prior years.
Reading Transport Limited	Unaudited financial statements for 2025/26 and audited for prior years.

Group Comprehensive Income and Expenditure Statement

	2024/25			2025/26		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000	Service Area	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
130,500	(69,507)	60,993	Communities and Adult Social Care	141,644	(73,626)	68,018
48,830	(26,210)	22,620	Resources	47,480	(23,490)	23,990
1,895	(425)	1,470	Chief Executive Services	1,961	(542)	1,419
43,090	(50,835)	(7,745)	Corporate Support Services	37,592	(46,541)	(8,949)
274,297	(175,215)	99,082	Children's Services	275,676	(174,366)	101,310
92,683	(35,435)	57,248	Economic Growth and Neighbourhood Services	90,120	(41,877)	48,243
64,591	(63,927)	664	Reading Transport Limited (RTL)	68,788	(68,220)	568
44	(1,990)	(1,946)	Homes for Reading (HFR)	(15)	(1,030)	(1,045)
53,642	(50,207)	3,435	Housing Revenue Account	49,429	(51,272)	(1,843)
709,572	(473,751)	235,821	Group Cost of Services	712,675	(480,964)	231,711
Page 160		(876)	Other Operating (Income)/Expenditure			(4,577)
		19,834	Financing and Investing Income and Expenditure			17,056
		(214,744)	Taxation and Non-Specific Grant Income			(210,514)
		982	Corporation and Deferred Tax payable			26
		41,018	Group (Surplus)/Deficit on Provision of Services			33,702
		(568)	(Surplus)/Deficit on Revaluation of Investments			(184)
		(22,048)	(Surplus)/Deficit on Revaluation of Non-Current Assets			12,961
		(66,275)	Remeasurement of Pension Fund Liabilities			30,143
		(360)	Deferred Tax on Pension Liability and Corporation Tax Adjustment			-
		(89,251)	Other Group Comprehensive Income and Expenditure			42,920
	(48,233)	Total Group Comprehensive Income and Expenditure			76,622	

Please Note: This table and all others within this document are subject to some rounding of figures.

Group Movement in Reserves Statement

2025/26	REVENUE RESERVES						CAPITAL RESERVES			Total Council Usable Reserves £'000	Total Council Unusable Reserves £'000	Total Council Reserves £'000	Council's share of subsidiaries' Reserves £'000	Total Group Reserves £'000
	General Fund	General Fund Earmarked Reserves	Total General Fund Balances	Housing Revenue Account (HRA)	HRA Earmarked Reserves	Total HRA Balances	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied					
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000					
Balance 1 April 2025	(8,905)	(40,899)	(49,804)	(24,245)	(8,591)	(32,836)	(16,846)	(11,440)	(57,437)	(168,363)	(555,984)	(724,347)	(14,813)	(739,160)
Surplus/Deficit on the Provision of Services	(18,034)	-	(18,034)	3,172	-	3,172	-	-	-	(14,862)	-	(14,862)	48,564	33,702
Other Comprehensive Income/Expenditure	-	-	-	-	-	-	-	-	-	-	49,606	49,606	(6,686)	42,920
Total Income/Expenditure	(18,034)	-	(18,034)	3,172	-	3,172	-	-	-	(14,862)	49,606	34,744	41,878	76,622
Consolidation adjustments between Group and Council Accounts	39,275	-	39,275	-	-	-	-	-	-	39,275	-	39,275	(39,275)	-
Net Increase/Decrease	21,241	-	21,241	3,172	-	3,172	-	-	-	24,413	49,606	74,019	2,603	76,622
Adjustments between Funding and Accounting	(12,431)	-	(12,431)	6,581	-	6,581	(4,837)	(7,686)	(2,200)	(20,573)	20,573	-	-	-
Net Increase/Decrease before Transfers to/from Reserves	8,810	-	8,810	9,753	-	9,753	(4,837)	(7,686)	(2,200)	3,840	70,179	74,019	2,603	76,622
Transfers to/from Reserves	(9,888)	9,726	(162)	(926)	926	-	-	-	162	-	-	-	-	-
Net Increase/Decrease for year	(1,078)	9,726	8,648	8,827	926	9,753	(4,837)	(7,686)	(2,038)	3,840	70,179	74,019	2,603	76,622
Balance 31 March 2026	(9,983)	(31,173)	(41,156)	(15,418)	(7,665)	(23,082)	(21,683)	(19,126)	(59,475)	(164,522)	(485,806)	(650,328)	(12,210)	(662,538)

2024/25 - Restated	REVENUE RESERVES						CAPITAL RESERVES			Total Council Usable Reserves £'000	Total Council Unusable Reserves £'000	Total Council Reserves £'000	Council's share of subsidiaries' Reserves £'000	Total Group Reserves £'000
	General Fund	General Fund Earmarked Reserves	Total General Fund Balances	Housing Revenue Account (HRA)	HRA Earmarked Reserves	Total HRA Balances	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied					
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000					
Balance 1 April 2024	(8,394)	(57,751)	(66,145)	(27,388)	(9,524)	(36,912)	(32,670)	(11,786)	(59,406)	(206,919)	(469,959)	(676,878)	(14,049)	(690,927)
Surplus/Deficit on the Provision of Services	(42,014)	-	(42,014)	9,679	-	9,679	-	-	-	(32,335)	-	(32,335)	73,353	41,018
Other Comprehensive Income/Expenditure	-	-	-	-	-	-	-	-	-	-	(80,176)	(80,176)	(9,075)	(89,251)
Total Income/Expenditure	(42,014)	-	(42,014)	9,679	-	9,679	-	-	-	(32,335)	(80,176)	(112,511)	64,278	(48,233)
Consolidation adjustments between Group and Council Accounts	65,042	-	65,042	-	-	-	-	-	-	65,042	-	65,042	(65,042)	-
Net Increase/Decrease	23,028	-	23,028	9,679	-	9,679	-	-	-	32,707	(80,176)	(47,469)	(764)	(48,233)
Adjustments between Funding and Accounting	(6,676)	-	(6,676)	(5,604)	-	(5,604)	15,824	346	1,959	5,849	(5,849)	-	-	-
Net Increase/Decrease before Transfers to/from Reserves	16,352	-	16,352	4,075	-	4,075	15,824	346	1,959	38,556	(86,025)	(47,469)	(764)	(48,233)
Transfers to/from Reserves	(16,863)	16,852	(10)	(933)	933	-	-	-	10	-	-	-	-	-
Net Increase/Decrease for year	(511)	16,852	16,341	3,143	933	4,075	15,824	346	1,969	38,556	(86,025)	(47,469)	(764)	(48,233)
Balance 31 March 2025	(8,905)	(40,899)	(49,804)	(24,245)	(8,591)	(32,836)	(16,846)	(11,440)	(57,437)	(168,363)	(555,984)	(724,347)	(14,813)	(739,160)

Group Balance Sheet

2024/25 £'000	Balance Sheet	Note	2025/26 £'000
1,090,766	Property, Plant and Equipment	1	1,106,421
137,097	Infrastructure		155,045
3,273	Heritage Assets		3,179
78,540	Investment Property	2	65,830
10,352	Intangible Assets		9,215
4,157	Pension Assets		4,166
14,222	Long-Term Investments		16,262
365	Long-Term Debtors		344
1,338,772	Group Non-Current Assets		1,360,462
186	Assets Held for Sale		197
1,318	Inventories		1,515
55,514	Short-Term Debtors	3	60,605
44,434	Cash and Cash Equivalents		24,904
101,452	Group Current Assets		87,221
(122,182)	Short-Term Borrowing		(182,684)
(88,431)	Short-Term Creditors	4	(93,525)
(9,785)	Revenue Receipts in Advance		(9,467)
(6,381)	Short-Term Provisions		(8,877)
(2,092)	PFI Short-Term Liabilities and Deferred Income		(2,503)
(228,871)	Group Current Liabilities		(297,056)
(432)	Long-Term Provisions		-
(355,486)	Long-Term Borrowing		(336,985)
(62,179)	Pensions Liabilities		(95,260)
(50,477)	Other Long-Term Liabilities	5	(55,844)
(3,620)	Deferred Tax re Pension Scheme		-
(472,194)	Group Long-Term Liabilities		(488,089)
739,160	Net Group Assets		662,538
(183,176)	Usable Reserves		(176,732)
(555,984)	Unusable Reserves		(485,806)
(739,160)	Total Group Reserves		(662,538)

Darren Carter
Director of Finance (S151 Officer) – Date:

Group Cash Flow Statement

2024/25 £'000	Cash Flow	Note	2025/26 £'000
41,018	Net (surplus) or deficit on the provision of services		33,702
(86,205)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	6	(66,547)
57,125	Adjustments for items included in the net surplus on the provision of services that are investing and financing activities	6	48,442
11,938	Net cash flows from Operating Activities		15,597
13,293	Investing Activities	6a	40,925
(35,834)	Financing Activities	6b	(36,992)
(10,603)	Net (increase) or decrease in cash and cash equivalents		19,530

33,831	Cash and cash equivalents at the beginning of the reporting period	44,434
10,603	Net increase or (decrease) in cash and cash equivalents	(19,530)
44,434	Cash and cash equivalents at the end of the reporting period	24,904

Note 1 – Group Property, Plant and Equipment

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

Asset type	Valuation basis	Date of valuation	Valuation frequency
Council dwellings	Existing Use Value – Social Housing	31 March 2026	Annual
Other land and buildings	Existing Use Value	31 March 2026	Five -yearly
Surplus Assets	Fair value	31 March 2026	Annual

Other land and buildings and surplus asset valuations were undertaken by the external Valuer Sanderson Weatherall LLP. The valuation date is the 31 March 2026 for all valuations completed.

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

Group Property, Plant and Equipment 2025/26

2025/26	Council dwellings £'000	Other land and buildings £'000	Vehicles, furniture, plant and equipment £'000	Community assets £'000	Surplus assets £'000	Assets under construction £'000	Total £'000
Cost or valuation 2025/26							
at 1 April 2025	567,703	392,412	104,934	9,380	22,609	72,364	1,169,403
Additions	19,793	4,991	12,493	200	91	53,244	90,811
Remeasurement of IFRS 16 leases	(34)	7	-	-	-	-	(27)
Revaluation Adjustments Recognised in the Revaluation Reserve	(19,657)	6,137	189	-	370	-	(12,961)
Derecognition and Disposals	(4,542)	(139)	(56)	-	(979)	(599)	(6,315)
Reclassifications and Transfers	18,456	3,569	555	-	-	(45,300)	(22,720)
Other Movements in Cost or Valuation	(13,505)	(25,661)	-	-	(7)	-	(39,173)
At 31 March 2026	568,214	381,316	118,115	9,580	22,084	79,709	1,179,018
Accumulated Depreciation and Impairment							
at 1 April 2025	-	(19,160)	(56,616)	(2,147)	-	(716)	(78,637)
Depreciation Charge for Year	(13,539)	(10,587)	(8,618)	(55)	(7)	-	(32,807)
Impairments Recognised in the Provision of Services	34	(567)	207	-	-	-	(326)
Derecognition and Disposals	-	-	-	-	-	-	-
Reclassifications and Transfers	-	-	-	-	-	-	-
Other Movements in Depreciation and Impairment	13,505	25,661	-	-	7	-	39,173
At 31 March 2026	-	(4,653)	(65,027)	(2,202)	-	(716)	(72,597)
Net book value 31 March 2026	568,214	376,663	53,088	7,378	22,084	78,993	1,106,421
Net book value 31 March 2025	567,703	373,253	48,318	7,233	22,609	71,649	1,090,766

* This table is subject to roundings

Group Property, Plant and Equipment 2024/25

2024/25	Council dwellings £'000	Other land and buildings £'000	Vehicles, furniture, plant and equipment £'000	Community assets £'000	Surplus assets £'000	Assets under construction £'000	Total £'000
Cost or valuation 2024/25							
at 1 April 2024	550,572	382,649	98,900	9,257	23,772	47,284	1,112,435
Adjustment owing to initial application of IFRS16	9,825	2,796	70	-	-	-	12,691
Revised Opening Balance at 1 April 2024	560,397	385,445	98,970	9,257	23,772	47,284	1,125,126
Additions	19,747	3,902	12,200	123	41	37,797	73,810
Revaluation Adjustments Recognised in the Revaluation Reserve	12,682	8,095	-	-	1,269	-	22,046
Derecognition and Disposals	(2,909)	(7,114)	(7,131)	-	(814)	-	(17,967)
Reclassifications and Transfers	(488)	9,299	894	-	(1,607)	(12,716)	(4,618)
Other Movements in Cost or Valuation	(21,726)	(7,215)	-	-	(53)	-	(28,994)
At 31 March 2025	567,703	392,412	104,934	9,380	22,609	72,364	1,169,403
Accumulated Depreciation and Impairment							
at 1 April 2024	-	(17,251)	(56,253)	(2,094)	-	(716)	(76,313)
Depreciation Charge for Year	(12,532)	(10,503)	(7,192)	(53)	(10)	-	(30,289)
Impairments Recognised in the Provision of Services	(8,710)	407	-	-	(47)	-	(8,350)
Derecognition and Disposals	77	1,000	6,802	-	4	-	7,883
Reclassifications and Transfers	-	(27)	27	-	-	-	-
Other Movements in Depreciation and Impairment	21,165	7,215	-	-	53	-	28,433
At 31 March 2025	-	(19,160)	(56,616)	(2,147)	-	(716)	(78,637)
Net book value 31 March 2025	567,703	373,253	48,318	7,233	22,609	71,649	1,090,766
Net book value 31 March 2024	550,572	365,398	42,647	7,163	23,772	46,568	1,036,119

* This table is subject to roundings

Note 2 – Investment Property

The tables below summarise the movement in the fair value of investment properties over the year, together with the income and expenditure relating to these properties which has been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

2024/25			2025/26		
RBC £'000	HfR £'000	Total £'000	RBC £'000	HfR £'000	Total £'000
57,580	30,325	87,905	52,310	26,230	78,540
-	-	-	148	-	148
-	(4,250)	(4,250)	(960)	(11,125)	(12,085)
-	-	-	-	-	-
(5,270)	155	(5,115)	(958)	185	(773)
52,310	26,230	78,540	50,540	15,290	65,830

Note 3 – Debtors

Debtors due within one year

2024/25		2025/26
£'000		£'000
13,473	Government bodies	7,504
3,112	Other local authorities	4,937
972	NHS bodies	2,905
37,957	Other entities and individuals	45,259
55,514	Total	60,605

Note 4 – Creditors

Creditors due within one year

2024/25 £'000		2025/26 £'000
(19,373)	Government Bodies	(16,874)
(677)	Other Local Authorities	(923)
(248)	NHS Bodies	(193)
(68,133)	Other Entities and Individuals	(75,535)
(88,431)	Total	(93,525)

Note 5 – PFI and Other Long-Term Liabilities

RBC £'000	2024/25			RBC £'000	2025/26	
	Subsidiaries £'000	Group Total £'000			Subsidiaries £'000	Group Total £'000
(23,188)	-	(23,188)	RBC - North Whitley PFI scheme	(21,518)	-	(21,518)
(5,054)	-	(5,054)	RBC - Waste PFI scheme	(4,195)	-	(4,195)
-	(16,456)	(16,456)	RTL - Finance Lease and HP contracts	-	(24,099)	(24,099)
(972)	(4,807)	(5,779)	Accruals and Deferred Income	(1,225)	(4,807)	(6,032)
(29,214)	(21,263)	(50,477)	Total	(26,938)	(28,906)	(55,844)

Note 6 – Cash Flow from Operating Activities

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

2024/25 £'000		2025/26 £'000
(5,314)	Interest received	(5,919)
26,113	Interest paid	22,926
20,799	Total	17,007

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

2024/25 £'000	Adjustments for non-cash movements	2025/26 £'000
(32,622)	Depreciation	(44,934)
(8,039)	Impairment and downward valuations	(326)
(2,620)	Amortisation	(2,799)
8,828	(Increase) / decrease in creditors	(16,342)
(13,559)	Increase / (decrease) in debtors	4,299
272	Increase / (decrease) in inventories	7,141
(13,094)	Movement in pension liability	(2,938)
(10,275)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(7,181)
(15,096)	Other non-cash movements charged to the surplus or deficit on provision of services	(3,467)
(86,205)	Total	(66,547)

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

2024/25 £'000	Adjustments relating to Investing and Financing Activities	2025/26 £'000
8,446	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	11,603
48,679	Any other items for which the cash effects are investing or financing cash flows	36,839
57,125	Total	48,442

Note 6a – Cash Flow from Investing Activities

2024/25 £'000	Net cash flows from investing activities	2025/26 £'000
70,988	Purchase of property, plant and equipment, investment property and intangible assets	99,603
(9,016)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(11,603)
(48,679)	Other receipts from investing activities	(47,075)
13,293	Total	40,925

Note 6b – Cash Flow from Financing Activities

2024/25 £'000	Net cash flows from financing activities	2025/26 £'000
(257,040)	Cash receipts of short-term and long-term borrowing	(246,502)
5,270	Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance-Sheet PFI contracts	2,370
214,000	Repayments of short-term and long-term borrowing	204,500
1,936	Council Tax and NNDR share	2,640
(35,834)	Total	(36,992)

Glossary Of Terms

For compliance with the Code of Practice the following definitions have been adopted:

ACCOUNTING PERIOD

The period of time covered by the accounts, normally a period of twelve months commencing on 1 April. The end of the accounting period is commonly referred to as the Balance Sheet date.

ACCOUNTING POLICIES

The principles, rules and procedures used in the preparation of the accounts.

ACCRUALS

The recognition of income and expenditure as goods and services are provided, not when cash is received or paid.

ACTUARIAL GAINS AND LOSSES

For a defined benefit pension scheme, the changes in actuarial surpluses or deficits that arise because:

- Events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or
- The actuarial assumptions have changed.

ASSET

A resource controlled by the Council because of past events and from which economic benefits or service potential is expected. Assets can be:

- Intangible – assets of non-physical form, e.g., patents, goodwill, trademarks and copyrights.
- Property, plant and equipment – assets which give the Council benefits for more than one year.
- Community – assets held in perpetuity which may have restrictions on their disposal.
- Infrastructure – assets such as highways and footways.
- Non-operational – assets not directly used for service provision.
- Heritage – assets held solely for historical, artistic, or environmental qualities.

A current asset will be consumed or cease to have material value within the next financial year (e.g., cash and stock).

ASSETS UNDER CONSTRUCTION

Capital expenditure on assets where the work is incomplete.

AUDIT OF ACCOUNTS

An independent examination of the Council's financial affairs.

BALANCE SHEET

A statement of the recorded assets, liabilities and other balances at the end of the accounting period.

BORROWING

Using cash provided by another party to pay for expenditure, on the basis of an agreement to repay the cash at a future point, usually incurring additional interest charges over and above the original amount.

BUDGET

The forecast of net revenue and capital expenditure over the accounting period.

CAPITAL EXPENDITURE

Expenditure on the acquisition of a fixed asset, which will be used in providing services beyond the current accounting period, or expenditure which adds to and not merely maintains the value of an existing fixed asset.

CAPITAL FINANCING

Funds raised to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

CAPITAL PROGRAMME

Capital schemes that the Council intends to carry out over a number of financial years. The Capital Programme is approved annually by the Council alongside the budget.

CAPITAL RECEIPT

The proceeds from the disposal of land or other fixed assets. Proportions of capital receipts can be used to finance new capital expenditure, within rules set down by the government but they cannot be used to finance revenue expenditure.

CLAW-BACK

Where average council house rents are set higher than the Government's prescribed average limit rent, used in the calculation of rent rebates, the percentage difference reduces the amount of rent rebate subsidy due to the a Council, i.e., it is "clawed-back" by the Government.

CIPFA

The Chartered Institute of Public Finance and Accountancy is the professional body that sets accounting codes of practice that the Council follows.

COLLECTION FUND

A separate fund that records the income and expenditure relating to Council Tax and non-domestic rates.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

The account of the Council that reports the net cost for the year of the functions for which it is responsible and demonstrates how that cost has been financed from local taxation, grants and other income.

CONSISTENCY

The concept that the accounting treatment of like items within an accounting period and from one period to the next are the same.

CONTINGENT ASSET

A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's accounts.

CONTINGENT LIABILITY

A contingent liability is either:

- A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control; or
- A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount of the obligation cannot be measured with sufficient reliability.

CORPORATE AND DEMOCRATIC CORE

The corporate and democratic core comprises all activities that local authorities engage in specifically because they are elected, multi-purpose authorities. The cost of these activities is thus over and above those which would be incurred by a series of independent single purpose, nominated bodies managing the same services.

CREDITORS

Amounts owed by the Council for work done, goods received, or services provided but for which payment has not been made by the end of that accounting period.

CURRENT SERVICE COST (PENSIONS)

Officers employed during the year will have earned one or more years of pensionable service. The current service cost is the increase in the value of the pension scheme's liabilities arising from the employee service during the period.

DEBTORS

Amounts due to the Council for works done, goods received, or services provided but which remain unpaid by the end of that accounting period.

DEDICATED SCHOOLS GRANT (DSG)

A Central Government grant paid to the County Council for use for expenditure on schools.

DEFINED BENEFIT PENSION SCHEME

Pension schemes in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.

DEPRECIATION

The measure of the cost of wearing out, consumption or other reduction in the useful economic life of the Council's fixed assets during the accounting period, whether from use, the passage of time or obsolescence through technical or other changes.

DISCRETIONARY BENEFITS (PENSIONS)

Retirement benefits, which the employer has no legal, contractual or constructive obligation to award and are awarded under the Council's discretionary powers such as the Local Government (Discretionary Payments) Regulations 1996.

EVENTS AFTER THE BALANCE SHEET DATE

Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.

EXCEPTIONAL ITEMS

Material items which derive from events or transactions that fall within the ordinary activities of the Council, and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

EXPECTED RETURN ON PENSION ASSETS

For a funded defined benefit scheme, this is the average rate of return, including both income and changes in fair value but net of scheme expenses, which is expected over the remaining life of the related obligation on the actual assets held by the scheme.

FAIR VALUE

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction, or a liability settled.

GENERAL FUND

The Main revenue account of the Council covering all services but excluding Housing landlord functions.

GOING CONCERN

The concept that the Statement of Accounts is prepared on the assumption that the Council will continue in operational existence for the foreseeable future in particular that the revenue accounts and Balance Sheet assume no intention to curtail significant the scale of operations.

GOVERNMENT GRANTS

Grants made by the Government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the Council. These grants may be specific to a particular scheme or may support the revenue spend of the Council in general.

HOUSING BENEFITS

A system of financial assistance to individuals towards certain housing costs administered by authorities and subsidised by Central Government.

HOUSING REVENUE ACCOUNT (HRA)

A separate account to the General Fund, which includes the income and expenditure arising from the provision of housing accommodation by the Council.

IMPAIRMENT

A reduction in the value of a fixed asset to below its recoverable amount, the higher of the asset's fair value less costs to sell and its value in use.

INDEXATION

Indexation valuation is the technique of adjusting an asset's value using a standardised price index (such as the Retail Prices Index) to account for changes in value over time. The Council's Assets are included in the Balance Sheet at current value, revalued on a five-year rolling basis and supported by indexation in the intervening years. (See Note 1, xvii. For further detail)

INFRASTRUCTURE ASSETS

Fixed assets belonging to the Council that cannot be transferred or sold on which expenditure is only recoverable by the continued use of the asset created. Examples are highways, footpaths and bridges.

INTANGIBLE ASSETS

An intangible (non-physical) item may be defined as an asset when access to the future economic benefits it represents is controlled by the reporting entity. This Council's intangible assets comprise computer software licences.

INTEREST COST (PENSIONS)

For a defined benefit scheme, the expected increase during the period of the present value of the scheme liabilities because the benefits are one period closer to settlement.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

Accounting Standards applicable to local authorities from 2010/11 onwards.

INVESTMENTS (PENSION FUND)

The investments of the Pension Fund will be accounted for in the statements of that fund. However, authorities are also required to disclose, as part of the disclosure requirements relating to retirement benefits, the attributable share of the pension scheme assets associated with their underlying obligations.

LIABILITY

A liability is where the Council owes payment to an individual or another organisation.

- A current liability is an amount which will become payable or could be called in within the next accounting period, e.g., creditors or cash overdrawn.
- A deferred liability is an amount which by arrangement is payable beyond the next year at some point in the future or to be paid off by an annual sum over a period of time.

LIQUID RESOURCES

Current asset investments that are readily disposable by the Council without disrupting its business and are either:

- Readily convertible to known amounts of cash at or close to the carrying amount; or
- Traded in an active market.

LONG-TERM CONTRACT

A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or a combination of assets or services which together constitute a single project), where the time taken to substantially complete the contract is such that the contract activity falls into more than one accounting period.

MATERIALITY

The concept that the Statement of Accounts should include all amounts which, if omitted, or mis-stated, could mean the use of the accounts might come to a difference opinion on the matters contained in the accounts. An item could be material in nature or in value.

MINIMUM REVENUE PROVISION (MRP)

The minimum amount which must be charged to the revenue account each year in order to provide for the repayment of loans and other amounts borrowed by the Council.

NET CURRENT PLACEMENT COSTS

The cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e., the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

NET BOOK VALUE

The amount at which fixed assets are included in the Balance Sheet, i.e., their historical costs or current value less the cumulative amounts provided for depreciation.

NET DEBT

The Council's borrowings less cash and liquid resources.

NON-DISTRIBUTED COSTS

These are overheads for which no user directly benefits and as such are not apportioned to services.

NON-DOMESTIC RATES (NDR)

The Non-Domestic Rate is a levy on businesses, based on a national rate in the pound set by Central Government and multiplied by the assessed rateable value of the premises they occupy. In England it is collected by the Council on behalf of itself, Central Government and major preceptors. In Scotland it is collected by the Council on behalf of Central Government and then redistributed back to support the cost of services.

NON-OPERATIONAL ASSETS

Fixed assets held by the Council but not directly occupied, used or consumed in the delivery of services. Examples are investment properties, assets under construction or assets surplus to requirements pending sale or redevelopment.

OPERATIONAL ASSETS

Fixed assets held and occupied, used or consumed by the Council in the pursuit of its strategy and in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

PAST SERVICE COST (PENSIONS)

For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

PENSION SCHEME LIABILITIES

The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities measured during the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

PRECEPT

The levy made by precepting authorities by billing authorities, requiring the latter to collect income from Council Tax on their behalf.

PRIOR YEAR ADJUSTMENT

Material adjustments applicable to previous years arising from changes in accounting policies or from the correction of fundamental errors. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.

PROVISION

An amount set aside in the accounts for future liabilities or losses which are certain or very likely to occur but the amounts or dates of when they will arise are uncertain.

PUBLIC WORKS LOAN BOARD (PWLB)

A Central Government Agency, which provides loans for one year and above to authorities at interest rates similar to those at which the government can borrow itself.

RATEABLE VALUE

The annual assumed rental of a hereditament, which is used for NNDR purposes.

RELATED PARTIES

The definition of related parties in IPSAS 20. For the Council's purposes related parties are deemed to include the Council's Members, the Chief Executive, its Directors and their close family and household members.

RELATED PARTY TRANSACTIONS

The CIPFA Code of Practice requires the disclosure of any material transactions between the Council and related parties to ensure that stakeholders are aware when these transactions occur and the amount and implications of such.

REMUNERATION

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by the employer are excluded.

RESERVES

Money set aside to meet the cost of specific future expenditure. These can be either:

- Usable – those which can be used to provide services.
- Unusable – those which cannot be used to provide services.

RESIDUAL VALUE

The net realisable value of an asset at the end of its useful life.

RETIREMENT BENEFITS

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

REVENUE EXPENDITURE

The day-to-day expenses of providing services.

REVENUE EXPENDITURE FUNDED BY CAPITAL UNDER STATUTE (REFCUS)

Expenditure which ordinarily would be revenue but is statutorily defined as capital. Examples of REFCUS include grants of a capital nature to voluntary organisations and back pay expenditure capitalised under Secretary of State Direction.

REVENUE SUPPORT GRANT

A grant paid by Central Government to authorities, contributing towards the general cost of their services.

STOCKS

Items of raw materials and stores a Council has procured and holds in expectation of future use. Examples are consumable stores, raw materials and products and services in intermediate stages of completion.

TEMPORARY BORROWING

Money borrowed for a period of less than one year.

TRUST FUNDS

Funds administered by the Council for such purposes as prizes, charities, specific projects and on behalf of minors.

USEFUL ECONOMIC LIFE (UEL)

The period over which the Council will derive benefits from the use of a fixed asset.

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Audit and Governance Committee

15 July 2026



Reading
Borough Council
Working better with you

Title	Internal Audit & Investigations Annual Assurance Report 2025/26
Purpose of the report	To note the report for information
Report status	Public report
Executive Director/ Statutory Officer Commissioning Report	Director of Finance
Report author	Paul Harrington, Chief Auditor
Lead Councillor	Councillor Ruth McEwan, Corporate Services and Resources
Council priority	All
Recommendations	That the Committee: 1. Notes the Internal Audit & Investigations Annual Assurance Report for 2025/26. 2. Notes the Chief Auditor's opinion of Reasonable Assurance in respect of the Council's governance, risk management and internal control framework.

1. Executive Summary

- 1.1 This report presents the outcomes of Internal Audit and Counter Fraud activity for 2025/26 and provides the Chief Auditor's opinion on the adequacy and effectiveness of the Council's governance, risk management and internal control framework. The work has been undertaken in accordance with the Global Internal Audit Standards and supports the preparation of the Annual Governance Statement.
- 1.2 Based on the evidence available, including audit reviews, follow-up work, investigations and other sources of assurance, the Chief Auditor has concluded that **Reasonable Assurance** can be placed on the Council's internal control framework. This reflects a position where the majority of controls are operating effectively, but where improvements are required to strengthen consistency, oversight and resilience across some service areas.
- 1.3 The audit programme confirms that many of the Council's core systems are supported by effective governance and well-embedded controls. However, a minority of reviews identified more significant weaknesses, particularly in relation to data quality, capacity pressures and the consistent application of controls. Follow-up work shows that progress is being made in addressing previously identified issues, although some areas continue to require sustained management attention.
- 1.4 External assurance broadly supports this position. While the Council's overall governance arrangements are sound, inspection findings in certain high-risk services highlight that controls have not always been applied consistently in practice. This distinction between the design of controls and their effectiveness in operation is a key factor underpinning the Reasonable Assurance opinion.

- 1.5 Overall, the report demonstrates that the Council has a functioning and responsive governance framework, with clear areas of strength. Continued focus is required to ensure that improvements are embedded and that control arrangements operate consistently across all services.

2. Policy Context

- 2.1. The requirement to maintain an effective internal audit function is set out in the Accounts and Audit (England) Regulations. These regulations require local authorities to undertake an adequate and effective internal audit of their accounting records and systems of internal control, in accordance with proper practices.
- 2.2. The Global Internal Audit Standards provide the professional framework for internal audit activity and require the Chief Auditor to produce an annual report including an overall opinion. This report forms a key element of the Council's assurance framework and directly supports the preparation of the Annual Governance Statement.
- 2.3. The Council's governance framework also incorporates other sources of assurance, including external audit, regulatory inspections, management assurance statements and internal oversight arrangements. This report should therefore be read alongside these sources to provide a comprehensive view of governance effectiveness.

3. The Proposal

- 3.1. The Annual Assurance Report sets out the work completed by Internal Audit during 2025/26 and the evidence supporting the overall opinion. The audit plan was substantially delivered, covering a broad range of financial, operational and corporate systems, with 22 audits completed alongside advisory reviews and grant certification work.
- 3.2. The results present a clear and balanced picture of the Council's control environment. Most audits resulted in substantial or reasonable assurance, indicating that key controls are in place and are generally operating effectively. Strong assurance was obtained in core areas such as Electoral Register and Elections, Capital Programme and Monitoring, and Housing Benefits, where controls were well embedded, consistently applied, and supported by effective governance and oversight.
- 3.3. Several further audits, including Health & Safety, Traffic Regulation Orders (follow-up), Payments Against Orders (Children's), Accounts Receivable, and Occupational Therapy Waiting Lists (Adults), confirmed that control frameworks are sound overall. However, these reviews also identified opportunities to improve consistency in control application, strengthen documentation, and reduce reliance on key individuals.
- 3.4. A fact-finding review found that the Arcus system implementation was undermined by weak governance, planning and oversight, with unclear requirements, poor documentation and limited testing leading to service impacts, manual workarounds and high workloads. While some progress has been made, the system remains ineffective, with ongoing issues in processes, data quality, training and governance, and a structured recovery approach is now underway.
- 3.5. A smaller number of audits identified more significant weaknesses. Limited assurance opinions were issued for Financial Assessments & Benefits Team (FAB), Children's Savings Accounts & Junior ISA (follow-up), Joint Legal Team Billing Process, Home Improvement Grant, and Commercial Lease/Rent Roll (follow-up). These reviews highlighted recurring issues around data quality, reconciliation processes, capacity constraints and inconsistent governance arrangements.
- 3.6. The audit of Lone Working (Children's Services) resulted in a no assurance opinion, reflecting a material gap between policy and practice. Weaknesses were identified in training compliance, system use and managerial oversight, giving rise to risks relating to staff safety and operational control.

- 3.7. Follow-up work provides a mixed position. Improvements have been made in areas such as Traffic Regulation Orders, where governance and oversight have strengthened. However, in other areas, including Commercial Leases Rent Roll and Children's Savings Accounts, previously identified weaknesses, particularly around data integrity and financial controls, had yet have yet to be fully resolved at the time of the audit.
- 3.8. Alongside internal audit activity, the Corporate Investigations team has continued to provide an important component of the Council's overall assurance framework. The team undertakes investigations across a range of areas, including tenancy fraud, council tax reduction, and misuse of Blue Badges, responding to referrals and proactive data-matching exercises. Activity levels have increased in a number of areas, including housing tenancy referrals and blue badge misuse cases, with outcomes including recovered assets, prevented losses and financial savings.
- 3.9. The introduction of additional data-matching activity, including Fraud Hub work, has increased the volume of intelligence available and supported a more proactive approach to identifying potential fraud and irregularity. The team has also managed a range of internal investigations and triaged whistleblowing referrals, with 14 whistleblowing allegations received during the year. This increase suggests improved awareness of reporting routes and confidence in the Council's arrangements for raising concerns.
- 3.10. Taken together, the audit findings indicate that the Council's governance framework is generally effective, with strong arrangements in many core systems. However, there remains variability in how consistently controls are applied across services, particularly where capacity pressures, data quality issues or governance weaknesses are present. This overall position, supported by wider assurance sources, underpins the Chief Auditor's opinion of Reasonable Assurance for 2025/26.

4. Contribution to Strategic Aims

- 4.1. An effective system of governance, risk management and internal control underpins all of the Council's strategic priorities, particularly the objective of ensuring that the Council is fit for the future.
- 4.2. The work of Internal Audit supports this by providing independent assurance over key systems and processes, identifying areas for improvement, and promoting good practice across the organisation. This contributes to better decision-making, improved service delivery and increased accountability.
- 4.3. By identifying weaknesses and supporting corrective action, internal audit activity also helps to protect public resources, enhance service resilience and maintain public confidence.

5. Environmental and Climate Implications

- 5.1. There are no direct environmental or climate implications arising from this report. The report relates to governance, audit and assurance arrangements rather than service delivery or operational activity.

6. Community Engagement

- 6.1. No public consultation has been undertaken in relation to this report. The findings are based on audit work conducted across Council services, with engagement from relevant managers and officers during the audit process. Report authors must engage with and consult staff and councillors to help them finalise the report (see report writing checklist for further details).

7. Equality Implications

- 7.1. The report does not propose changes to policy or service delivery and therefore does not have direct equality implications. However, the work of Internal Audit supports equitable service delivery by identifying weaknesses in controls, governance and oversight which, if unaddressed, could impact disproportionately on service users.

8. Other Relevant Considerations

- 8.1. The report highlights a number of risk management considerations, particularly in relation to service areas where limited or no assurance has been provided. These risks principally relate to governance weaknesses, data quality issues and operational pressures, which may affect the reliability of decision-making and service outcomes if not addressed.

9. Legal Implications

- 9.1. The requirement to produce an Annual Assurance Report is set out in the Accounts and Audit (England) Regulations. The report forms part of the Council's statutory governance framework and supports the preparation of the Annual Governance Statement.

10. Financial Implications

- 10.1. The Internal Audit function operates within an agreed budget. The work undertaken during the year supports value for money by identifying control weaknesses, preventing loss and improving efficiency across the Council's operations.

11. Timetable for Implementation

- 11.1. Not applicable.

12. Background Papers

Appendices

1. **Appendix 1 – Internal Audit & Investigations Annual Assurance Report 2025/26**

Internal Audit & Investigations Annual Assurance report

For the year ended 31 March 2026

1.0 OVERVIEW

1.1 Introduction

- 1.1.1 This report summarises the results of the work that Internal Audit has carried out in accordance with its annual plan for 2025-26 and provides an annual opinion on the internal control environment.
- 1.1.2 The Accounts and Audit (England) Regulations mandate that local authorities maintain an effective system of internal audit for their accounting records and internal controls, following proper practices defined by the Global Internal Audit Standards (GIAS)¹. The GIAS require the Chief Audit Executive (Chief Auditor) to provide a written report to governance bodies, supporting the Annual Governance Statement with an opinion on the Council's control environment. This opinion is a key assurance source for the Council's annual governance statement. The Audit and Governance Committee reviews and monitors internal audit activities through quarterly reports, ensuring the internal audit function meets statutory obligations, which is crucial for corporate governance.

1.2 Purpose & Scope of Report

- 1.2.1 The report:
- a) includes an opinion on the overall adequacy and effectiveness of the Council's governance arrangements, risk management, and internal control environment.
 - b) discloses any qualifications to that opinion, together with the reasons for the qualification.
 - c) presents a summary of the audit and anti-fraud work from which the opinion is derived, including reliance placed on work by other assurance bodies.
 - d) draws attention to any issues the Chief Auditor judges particularly relevant to the preparation of the Annual Governance Statement.

1.3 Internal Audit Effectiveness

- 1.3.1 In line with good practice, Internal Audit should annually confirm compliance with the GIAS, reporting any non-compliance to the Audit and Governance Committee. This is supported by an External Quality Assessment (EQA), required every five years; the last, completed in May 2022, confirmed conformance, with the next due in 2027. A self-assessment undertaken this year confirms the service met the standards for 2025/26 and is effective.

¹ The Global Internal Audit Standards (GIAS) are a comprehensive, principles-based framework published by the Institute of Internal Auditors (IIA). They are a mandatory set of guidelines designed to elevate, evaluate, and guide the quality of internal auditing practices

2.0 ANNUAL ASSURANCE OPINION

2.1 Basis of the Annual Opinion

- 2.1.1 The annual opinion is primarily based on internal audit work undertaken during the year, supported by other assurance sources including fraud investigations, follow-up of management actions, the Council's governance and risk framework, and external inspections and reviews.
- 2.1.2 In forming this opinion, it should be noted that it reflects only the areas reviewed. Assurance cannot be absolute, and responsibility for maintaining effective governance, risk management and internal control rests with management, not Internal Audit.

Sufficient audit work has been completed to support the opinion. Based on the evidence reviewed, the Chief Auditor concludes that **Reasonable Assurance** can be placed on the adequacy and effectiveness of the Council's internal control framework for 2025/2026.



- 2.1.2 The audit opinion is expressed using the same scale used for internal audit report opinions. The scale ranges from 'Substantial' to 'Reasonable', through to 'Limited' and 'No Assurance'. This opinion is reflective of the number and level of assurance opinions provided throughout the year and the improvements required to the control framework in some of those areas where weaknesses were identified in the past.
- 2.1.3 27% of audits received limited or no assurance in 2025/2026, compared to 18% in 2024-25, and 44% in 2023-24, (see section 3). Some of the key areas for improvement identified during our audit work are set out in section 4.2. These are reviews where limited or no assurance has been given and improvements to the control environment are needed.

2.2 Inherent qualifications to the opinion

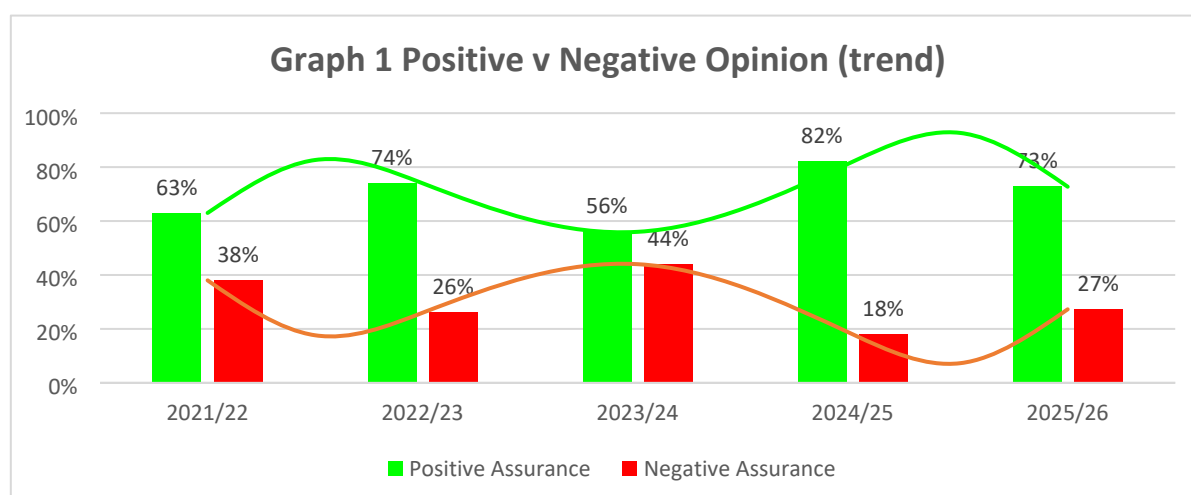
- 2.2.1 The system of internal control is designed to manage risk to a reasonable level rather than to eliminate risk of failure to achieve policies, aims and objectives and therefore can only provide reasonable, not absolute, assurances of effectiveness. The Chief Auditor's assurance opinion should be considered alongside other sources, like External Audit reports and information governance reporting, to ensure the Audit & Governance Committee makes informed decisions about the Council's control environment.

3 SUMMARY OF THE AUDIT WORK

- 3.1 The annual 2025/26 Annual Audit Plan was developed in line with the Global Internal Audit Standards. We will have completed 22 audits, 4 advisory reports, and certified 2 grants. Table A below summarises the report classifications.

Table A Report Classification (2025/26)	No. of Audits
Substantial Assurance	3
Reasonable Assurance	13
Limited Assurance	5
No Assurance	1
Total²	22
Grant Claims certified	2
Advisory report	4
No of projects in progress, but yet to be finalised	2

- 3.2 Full details of the audit work we have completed that has informed this opinion are in **Annex A**, together with the assurance levels we have been able to provide for each review. As well as the results of our own work, we have also considered other sources of assurance available to us for example, management assurance statements, internal oversight function reporting and independent inspections and reviews, which we have been informed of. Graph 1 shows the percentage of positive and negative assurance opinions given, compared to previous financial years.



3.3 Priority of Recommendations

- 3.3.1 At the time of writing, a total of 116 audit recommendations have been raised across both draft and final reports, of which 14 (12%) have been classified as high priority. Details of each individual report's ratings and the priority of recommendations arising from each audit can be found at Annex A. In the following sections we have set out the high-level key findings identified during our audit work for 2025/2026, which have helped inform the overall assurance opinion.

² This includes audits undertaken in the first half of the financial year, when Children's Services operated as BFfC. The total figure excludes school audits.

4 SUMMARY OF THE AUDIT WORK

4.1 Substantial and Reasonable Assurance Reviews

- 4.1.1 Across the audits completed, most received reasonable or substantial assurance, providing confidence that governance, risk management and control frameworks are in place and generally effective. Several areas, including Capital Programme and Monitoring, Housing Benefits, and Elections, demonstrated strong, well-embedded controls with robust oversight and compliance, requiring only minor improvements.
- 4.1.2 Most audits provided reasonable assurance, indicating sound arrangements overall but with opportunities to strengthen consistency and resilience. Financial management reviews confirmed key controls were operating effectively, though improvements were identified in documentation, process standardisation and reducing reliance on individuals. Operational and service audits similarly found established systems and oversight in place, but with some inconsistencies in application, gaps in training, and capacity pressures affecting performance.
- 4.1.3 Overall, the Council's control framework is sound, with improvement themes focused on enhancing documentation, consistency, and oversight to ensure controls remain robust and sustainable.

4.2 Limited & No Assurance Reviews

- 4.2.1 Across the period, one audit, Lone Working within Children's Services, received no assurance, reflecting significant weaknesses in implementation despite established policies. At the time of our review the key issues identified included low training compliance, poor system integration, inconsistent device usage, and weak oversight, resulting in insufficient assurance over staff safety.
- 4.2.2 Several audits received limited assurance, indicating notable but less fundamental weaknesses. The Financial Assessment and Benefits Team review identified capacity pressures, backlogs, and data quality issues affecting oversight and performance. Corporate audits, including the Joint Legal Team billing process and Commercial Leases rent roll (follow-up), highlighted weaknesses in governance, data integrity, and financial controls. Residents Parking Enforcement similarly showed fragmented policies and limited monitoring.
- 4.2.3 Overall, limited and no assurance audits point to weaknesses in governance, data reliability, and oversight, requiring sustained management action to ensure controls operate effectively.
- 4.2.4 An audit is a snapshot at one moment in time and therefore weaknesses may have been rectified and improvements made since the audit review. These audits will be subject to audit follow-up during the next 12-18 months or sooner.

4.3 Follow up Audits

- 4.3.1 Follow-up work confirms that several areas have made good progress in strengthening controls. Improvements were evident in Deputies and Appointeeships and Unaccompanied Asylum-Seeking Children, where earlier recommendations have been implemented. Traffic Regulation Orders also showed sustained improvement, with stronger governance, clearer oversight, and delivery of a structured improvement plan.
- 4.3.2 However, not all areas have fully addressed previous weaknesses. At the time of our audit, Children's Savings Accounts and Junior ISAs continued to exhibit governance gaps, including outdated policies and limited data assurance. Similarly, Commercial Leases Rent Roll still showed weaknesses in data integrity, reconciliations, and billing processes, with ongoing risks to income accuracy.

4.3.3 Overall, while progress is evident, particularly where there is clear ownership, some areas continue to require further action to fully resolve underlying control issues.

4.4 Internal Audit Fact Finding Investigation

4.4.1 A fact-finding review by Internal Audit identified that the implementation of the Council's case and customer management system (Arcus) was adversely impacted by weaknesses in governance, planning and delivery. These issues were compounded by high workloads, limited training, and ineffective escalation of concerns.

4.4.2 Key issues included inconsistent stakeholder engagement, insufficiently defined requirements, weaknesses in procurement and contract management, and ineffective oversight, evidenced by poor documentation and a lack of clear decision-making. The system went live with unresolved technical and data issues and limited testing, resulting in reliance on manual workarounds and adverse impacts on service delivery.

4.4.3 The Council is working to improve the system through a structured programme. This includes strengthening governance and business-as-usual arrangements, addressing technical and data backlogs, embedding the system through process review and training, and delivering targeted enhancements. The programme is aimed to address underlying issues, support organisational learning, and provide a clearer basis for future decisions.

5 OTHER SOURCES OF ASSURANCE

5.1 Third Party Assurance

5.1.1 The Council's third-party assurance landscape during 2025/26 presents a qualified but relied-upon position, supporting an overall assessment that core governance, risk management and internal control arrangements remain in place and are operating, albeit with material weaknesses in specific service areas requiring sustained improvement. External audit work for 2024/2025 concluded that, aside from a weakness in governance linked to children's safeguarding arrangements, the Council's wider arrangements for financial sustainability and value for money were operating effectively, and Internal Audit's annual opinion of reasonable assurance for 2024/2025 was not contradicted by external findings. This provides a sound basis to place reliance on the Council's overarching governance framework, including member oversight, financial control, and the assurance architecture reported through Audit and Governance Committee.

5.1.2 However, regulatory inspections across key front-line services identified serious but localised control and governance weaknesses, most notably within housing, children's services and youth justice. These findings consistently point to gaps in risk identification, quality assurance, and the timely escalation of concerns, resulting in adverse regulatory judgements. Importantly, there is clear evidence that these issues are being addressed through formal, structured governance responses, including improvement boards, independently chaired oversight arrangements, regulator engagement, and monitored action plans. In adult social care, while external assessment identified areas for improvement, it also recognised visible leadership and established governance arrangements, providing a more balanced assurance position.

5.1.3 Taken together, this evidence supports our view that the Council has effective governance mechanisms to identify, respond to and begin to address weaknesses, but that in several high-risk service areas these arrangements were not operating effectively at the point of inspection and have yet to demonstrate sustained improvement. Accordingly, assurance can be placed on the design and responsiveness of governance and control frameworks, but only limited assurance can currently be taken on their consistent effectiveness in practice within affected services, pending the embedding and delivery of agreed improvement plans.

6.0 Performance of the Internal Audit Service

- 6.1 The Global Internal Audit Standards set out the expected professional standards for internal audit in Local Government and are the applicable standards against which the quality of internal audit in local government is assessed. The Chief Auditor monitors compliance against the code, by self-assessment and/or external review. Our performance during the year in relation to the performance indicators agreed for the internal audit service is shown in table B.

Table B: Key performance Indicators		Actual			
Key Performance Indicators		Target	2023/24	2024/25	2025/26
i.	Client Satisfaction	90%	90%	-	94%
ii.	Production of final report within 10 days of receipt of management responses	90%	91%	86%	95%
iii.	Management responses received within 15 days of issue of draft report	75%	86%	62%	76%
iv.	Number of projects completed within agreed budgeted days relative to total number of projects undertaken	75%	82%	56%	48%
v.	Percentage of audit projects completed relative to those in the (revised) plan	75%	73%	77%	86%
vi.	Actual spending of controllable budget	100%	109%	116%	104%
vii.	% Of working days lost to sickness	2.0%	0.40 %	3.22 %	1.42 %

- Line 'i' is the overall satisfaction level following post audit surveys (see 6.2 below)
- Line 'iv' shows how many projects were completed within the planned number of days. This is used to track progress, but some projects take longer due to complexity, with extra time agreed after review
- Line 'v' is the key measure for the annual assurance opinion. If enough work is not completed, an annual opinion cannot be given.
- 'vi' Actual spend against the budget shows a negligible overspend, which is attributable to the built-in vacancy factor.

6.2 Post Audit Surveys

- 6.2.1 Following completion of an internal audit review, managers are asked to rate internal audits performance throughout the various stages of the audit process. The ratings being unsatisfactory, satisfactory, good, and very good. A total of eight questions are asked against three stages of the audit process: pre audit arrangements, audit visit, and post audit. The summaries of findings are detailed in graph 2 below and show positive feedback.

Graph 2 - Audit Satisfaction



- 6.1.1 In addition to providing assurance over the effectiveness of controls, risk management and governance arrangements, Internal Audit seeks to add value to services. To support this, respondents were asked to consider where the audit review had added value. Responses were grouped into five distinct themes, with respondents able to select more than one category.
- 6.1.2 The results indicate that the primary contribution of audit work was in driving improvement, with 53% of responses identifying either areas for improvement (29%) or enhancements to procedures and processes (24%). A further 23% of responses indicated that audits provided assurance over the effectiveness of existing controls. In addition, 15% of responses highlighted good practice across services. Only a small proportion (9%) resulted in escalation to senior management, suggesting that relatively few matters required intervention at a senior level.

7 Counter Fraud Activity

- 7.1 Best practice indicates that the outcomes of corporate investigations, including the number and nature of investigations undertaken, should be reported on an annual basis to support transparency and oversight. While Corporate Investigations is not a statutory function within local government, it represents an important component of the Council's overall counter-fraud and governance framework. Accordingly, progress on investigations is reported quarterly to the Audit & Governance Committee, including a summary of investigations in progress. The Committee's role is one of oversight and assurance—seeking to ensure that appropriate arrangements are in place to prevent, detect and investigate fraud, and that significant issues and outcomes are appropriately reported and addressed. Table C below provides a high-level overview of investigations undertaken compared to previous financial years.
- 7.2 The counter-fraud resource comprises three full-time equivalent (FTE) staff (a reduction of one FTE compared to the three previous years), all of whom are experienced investigators. The team undertakes investigations across a range of areas, including Council Tax Reduction Scheme fraud, Adult Social Care (Direct Payments), tenancy fraud, misuse of Blue Badges, and other referrals relating to potential fraud or irregularity within Council services.

Table C Annual Summary of Investigations	2023/24	2024/25	2025/26
Housing Tenancy Fraud			
No. Housing Tenancy Referrals investigated	39	56	78
Properties Recovered	6	10	7
Estimated saving from Recoveries ³	£469,800	£783,000	£548,100
Prosecutions Secured	0	0	0
Application under the Proceeds of Crime Act	0	0	0
Value of POCA/Compensation award	0	0	0
Right to Buy Fraud			
No. of RTB applications investigated	25	7	13
No of RTB applications refused because of investigation ⁴	6	0	0
Estimated savings from preventing sale of property ⁵	£576,000	0	0
Social Care			
Social Care	18	1	0
Financial value of cases ⁶	£133,730	0	0

³ Using the notional savings multiplier is used by the Cabinet Office in its National Fraud Initiative report. Notional £78,300 per property recovered based on average four-year fraudulent tenancy - this includes temporary accommodation for genuine applicants; legal costs to recover property; re-let cost; and rent foregone during the void period between tenancies.

⁴ Social housing tenants who were not entitled to right to buy because of their status in the UK, or who had secured multiple tenancies unlawfully.

⁵ The notional saving for a Right to Buy (RTB) application that has been withdrawn is calculated by the Cabinet Office based on the region in which the property is based, the increases in the maximum RTB cap and the changes in average house prices (RTB discount of £102,400 plus the rental income for the period of 12 months, which RBC would have lost if RTB approved)

⁶ The values for 2022/2023 and 2023/2024 are part of a direct payment review we undertook, which found large amounts of unspent payments in users accounts – no fraud was identified.

Table C Annual Summary of Investigations continued	2023/24	2024/25	2025/26
Parking Fraud			
Blue badge referrals	45	103	184
Blue Badges recovered	9	16	20
Prosecutions secured	3	0	3
PCN's issued	19	12	52
Estimated annual savings ⁷	£5,175	£9,200	£15,880
Council Tax Support			
No. CTAX Referrals investigated	78	62	92
Prosecutions	0	0	0
Add pens	0	0	0
Value of fraudulent overpayments identified	£18,617	£11,779	£8,375
Value of add pens	0	0	0
Single Person Discount			
Value of fraudulent overpayments identified ⁸	£227,000	-	£11,042
National Fraud Initiative (NFI)			
Matches received ⁹	-	2158	0
Cases investigated	56	544 ¹⁰	0
Financial value of cases	£3,853	£24,614	0
Fraud Hub			
Matches received ¹¹	-	-	10,756
Cases Investigated	-	-	321
Financial value of cases	-	-	£28,255
Internal Investigations			
No. Internal Referrals	7	3	5
Number of cases investigated	7	3	5
Cases prosecuted	0	0	0
Financial value of cases	0	0	£74,500

⁷ £794 (from £575) is the notional value applied by the Cabinet Office per blue badge cancelled to reflect lost parking and congestion charge revenue.

⁸ Data matching exercise, matching address records against tracing and occupier lookup databases to determine the strength of match. This is not a saving and is an increase to the tax base.

⁹ The National Fraud Initiative (NFI) is a data matching exercise in the UK aimed at preventing and detecting fraud. It involves comparing electronic data held by public and private sector organizations to identify inconsistencies that may indicate fraudulent activity. The Cabinet Office is responsible for conducting the NFI, using its powers under the Local Audit and Accountability Act 2014

¹⁰ Cases investigated to date (31 May 2025)

¹¹ Fraud Hub refers to interim data matches carried out between NFI exercises. Unlike the main NFI, which runs every two years, the Fraud Hub enables more regular matching of data shared by participating councils to identify potential fraud, error, and discrepancies.

8 WHISTLE BLOWING

- 8.1 The Council's Whistleblowing Policy is designed to provide a safe, confidential, and accessible mechanism for employees, contractors, and suppliers to raise concerns about serious wrongdoing, including fraud, misconduct, breaches of governance, or risks to health and safety. The policy reinforces the Council's commitment to openness, integrity, and accountability by ensuring that concerns raised in good faith are treated seriously, assessed promptly, and, where appropriate, subject to proportionate investigation.
- 8.2 The policy sets out clear reporting routes, allowing concerns to be raised either openly or anonymously, and emphasises the protection available to whistleblowers from victimisation or detriment. It also outlines the support available to individuals raising concerns, including guidance from Human Resources, access to trade union representation, and signposting to the Employee Assistance Programme. In addition, the policy provides guidance on external reporting options where individuals feel unable to raise concerns internally, thereby further strengthening the Council's governance framework.
- 8.3 While multiple reporting channels are available, the most frequently used route is via the dedicated inbox (Whistleblowing@reading.gov.uk). Referrals received through this channel are initially reviewed by Internal Audit, who undertake a triage process to assess the nature, severity, and credibility of the concerns raised. Where appropriate, matters are then referred to the relevant service area or specialist function for further investigation.
- 8.4 During the 2025/26 financial year, 14 whistleblowing allegations were received through the Council's established reporting channels. This represents a marked increase compared with previous years, as set out below:

Year	2022–23	2023–24	2024–25	2025–26
Referrals	02	03	05	14

ANNEX A: Detailed analysis of internal audit reviews 2025/26

Title	Opinion	Status
Fleet Management **	Advisory	Final
Closing the Gap 2 Funding **	Advisory	Final
Coroners **	Advisory	Final
ARCUS system implementation	Advisory	Final
Electoral register and elections	Substantial	Final
Capital programme and monitoring	Substantial	Final
Housing benefits	Substantial	Final
Health & Safety	Reasonable	Final
Traffic Regulations Orders follow up	Reasonable	Final
Land Charges *	Reasonable	Final
Payments against orders (children's)	Reasonable	Final
Purchasing cards *	Reasonable	Final
Accounts receivables	Reasonable	Draft
Occupational Therapy waiting lists (Adults)	Reasonable	Final
Cemeteries and Crematorium *	Reasonable	Final
Alfred Sutton Primary School	Reasonable	Final
Christ the King Primary School	Reasonable	Final
Coley Primary School	Reasonable	Final
Wilson Primary School	Reasonable	Draft
Blagrove Nursery School	Reasonable	yes
Financial Assessments & Benefits Team (FAB)	Limited	Final
Children's savings accounts & junior ISA follow-up	Limited	Final
Joint Legal Team (JLT) Billing Process	Limited	Final
Home Improvement Grant	Limited	Final
Commercial lease/rent follow up	Limited	Final
Lone working (children's)	No Assurance	Final
LTP	Certified	Final
BSOG	Certified	Final
Unaccompanied asylum-seeking children follow up	Reasonable	In Progress
Housing repairs (reactive)		In Progress
Micklands Primary School		In Progress

* Additional to plan and undertaken by apprentice

** Added to the plan following whistleblowing allegations

Audit and Governance Committee

15 July 2026



Reading
Borough Council
Working better with you

Title	Internal Audit & Investigations – Quarter 1 Update 2026/27
Purpose of the report	To note the report for information
Report status	Public report
Executive Director/ Statutory Officer Commissioning Report	Director of Finance
Report author	Paul Harington, Chief Auditor
Lead Councillor	Councillor Ruth McEwan, Corporate Services and Resources
Council priority	All
Recommendations	That the Committee: 1. Notes the outcomes of Internal Audit work completed in Quarter 1 2026/27. 2. Notes investigation activity and associated outcomes.

1. Executive Summary

- 1.1 This report provides an update on progress in delivering the 2026/27 Internal Audit Plan and summarises the outcomes of audits completed during Quarter 1.
- 1.2 Five audits were finalised during the period, all receiving **Reasonable Assurance**, indicating that a generally sound control environment is in place across the areas reviewed. These included Occupational Therapy Waiting List Management, Cemeteries and Crematorium, Payments Against Orders (Children), Accounts Receivable, and a follow-up review of Unaccompanied Asylum-Seeking Children (UASC). Collectively, these reviews found that core systems and processes are operating effectively, supported by established frameworks, professional standards, and experienced staff. However, common improvement themes include the need to strengthen documentation, enhance consistency in the application of controls, improve data quality and reporting, and reduce reliance on individual officers. In several areas, capacity pressures and increasing demand continue to impact service performance, although staff are working proactively and actions have been agreed to address these issues.

2. Policy Context

- 2.1. Internal Audit operates in accordance with professional standards and forms a key element of the Council's assurance framework. Audit assurance opinions provide an objective assessment of the effectiveness of governance, risk management and control arrangements across services.

- 2.2. The work programme is aligned to organisational risk and supports the Council in meeting its statutory responsibility to maintain an effective system of internal control. Investigation activity also supports the Council's counter-fraud framework and compliance with national initiatives, including the National Fraud Initiative.

3. Overview of Audit Findings

Five audits were finalised during the quarter, all concluding with **reasonable assurance** opinions.

3.1 Occupational Therapy Waiting List Management

The Occupational Therapy service supports residents to live independently but continues to face high and variable demand. The audit found a sound control framework with overall reasonable assurance; however, some inconsistencies in triage and prioritisation mean higher-risk cases are not always clearly evidenced as prioritised. Data quality and reporting improvements are needed to strengthen oversight, and ongoing capacity pressures have contributed to backlogs. Despite this, staff are working proactively, and agreed actions are in place to improve consistency, risk management and timeliness.

3.1 Bereavement Services

- 3.1.1 The Cemeteries and Crematorium audit confirmed sound financial and operational controls, supported by effective long-term planning. Improvements are required to strengthen documentation, reconciliation processes, and audit trails to enhance transparency and oversight.

3.2 Children's Services Payments

- 3.2.1 The Payments Against Orders audit confirmed that payments are generally accurate and compliant, with effective budgetary control. Areas for improvement relate to documentation standards, guidance updates, and reducing reliance on a small number of staff.

3.4 Accounts Receivable

- 3.4.1 The accounts receivable service plays a key role in supporting the Council's financial management, with established processes, experienced staff and generally effective controls, particularly around payment processing and reconciliation. The audit found a broadly sound control framework; however, opportunities exist to improve consistency and resilience, including developing comprehensive documented procedures, strengthening customer account and invoicing controls, and improving the retention of supporting documentation.

3.5 Follow-Up Work (UASC)

- 3.5.1 The follow-up audit of Unaccompanied Asylum-Seeking Children (UASC) arrangements identified positive progress, with most recommendations implemented. However, inconsistencies remain in recording approvals and maintaining audit trails.

3.6 Other Activity

- 3.7.1 A fact-finding review of the Arcus system was undertaken, identifying governance, delivery, and implementation challenges. A further audit is planned once improvements have been embedded.
- 3.7.2 School audits confirmed reasonable assurance in each case, with sound governance and control frameworks in place.

3.8 Investigation Activity

- 3.8.1 Investigation work during the period included:
- Council Tax Support: 19 investigations, with one case generating savings and 4 ongoing criminal investigations.
 - Housing Tenancy Fraud: 16 investigations, with 2 properties recovered and returned to stock and ongoing cases continuing.
 - Blue Badge misuse: 17 referrals, with enforcement action including seized badges and warning letters.
 - Internal Investigations: 2 referrals, including one resulting in resignation and notional savings.
 - Data sharing: 19 requests processed in support of Thames Valley Police.
 - Fraud Hub: 63 referrals processed, generating financial savings.
- 3.8.2 These activities demonstrate continued proactive work to detect, prevent, and respond to fraud and misconduct.

4 Contribution to Strategic Aims

- 4.1 This work supports the Council's priority to ensure it is fit for the future, by:
- Strengthening governance, risk management and control frameworks.
 - Promoting transparency, accountability, and value for money.
 - Supporting effective service delivery across key areas, including Adult Social Care and financial management.
 - Enhancing fraud prevention and detection capability.

5 Environmental and Climate Implications

- 5.1 There are no direct environmental or climate implications arising from this report, as it relates to assurance and oversight activity.

6 Community Engagement

- 6.1 No direct community engagement has been undertaken as part of this report.

7 Equality Implications

- 7.1 There are no direct equality implications arising from this report. However, several audits (e.g. Adult Social Care and UASC) relate to services supporting vulnerable groups, and improvements identified aim to enhance fairness, access, and consistency of service provision.

8 Other Relevant Considerations

- 8.1 Risk Management: The report provides assurance over key operational and financial risks and identifies areas requiring improvement.
- 8.2 Governance: Findings support ongoing strengthening of corporate governance arrangements.
- 8.3 Fraud and Compliance: Investigation activity contributes to reducing fraud risk and improving compliance.

9 Legal Implications

- 9.1 The Council has a statutory duty to maintain an effective internal audit function. This report supports that duty by providing assurance to Members on the adequacy of internal controls.

10 Financial Implications

- 10.1 Internal Audit activity supports value for money by identifying inefficiencies, strengthening controls, and reducing financial risk. Investigation work has generated identifiable savings and protected Council resources

11 Timetable for Implementation

- 11.1 Not applicable.

12 Background Papers

- 12.1 There are none.

Appendices – delete if there are none

1. **Appendix 1 – Internal Audit & Investigations Quarterly Update Q1 2026/27**

Appendix 1

Internal Audit & Investigations

Quarterly Update Report Q1

1.0 OVERVIEW

1.1 Purpose & Scope of Report

- 1.1.1 The purpose of this report is to provide an update on the progress made against the delivery of the Internal Audit Plan. This report provides details of audits finalised in quarter one of the 2026/2027 financial year.

1.2 Assurance Framework

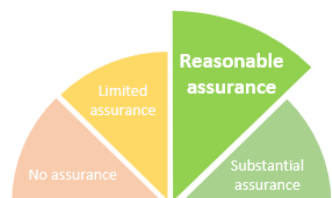
- 1.2.1 Each Internal Audit report provides a clear audit assurance opinion. The opinion provides an objective assessment of the current and expected level of control over the subject audited. It is a statement of the audit view based on the work undertaken in relation to the terms of reference agreed at the start of the audit; it is not a statement of fact. The audit assurance opinion framework is as follows:

Opinion	Explanation

- 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	Occupational Therapy Waiting List Management	0	5	0	Reasonable
2.1.1	The Occupational Therapy service supports residents to live independently and safely at home through assessment, provision of equipment and adaptations, hospital discharge support, and partnership working. Demand is high and variable, with urgent cases prioritised and lower-risk cases waiting several months.				
2.1.2	This audit reviewed management of OT waiting lists in Adult Social Care during 2025/26. It assessed whether controls ensured effective oversight, risk management, timely support, and appropriate prioritisation, alongside application of the Council's "Waiting Well" approach and compliance with professional and statutory requirements.				
2.1.3	A structured framework is in place, supported by professional standards, Mosaic, and performance reporting. Overall assurance is reasonable, with key controls generally effective. However, operational and information management issues limit effectiveness. Triage and prioritisation processes are not consistently applied, meaning the service cannot always demonstrate that higher-risk cases are prioritised appropriately.				
2.1.4	Weaknesses in data quality, performance metrics, and reporting reduce management oversight and the ability to respond to emerging pressures. Although waiting lists are monitored and remain a strategic priority, current reporting does not provide a complete view of performance or backlog drivers.				
2.1.5	Capacity pressures and increasing demand continue to impact performance, with backlogs in the Advice and Wellbeing Hub reflecting a mismatch between demand and resources. This is compounded by the absence of a detailed work plan and limited information on productivity and case complexity.				
2.1.6	Overall, the service operates within a defined control framework, with staff working proactively under pressure. Further improvements are needed to strengthen consistency, risk management, and timeliness. Issues primarily relate to processes, data, and capacity rather than staff performance, and are being addressed through agreed actions.				
		Recs			Assurance
2.2	Cemeteries and Crematorium	0	7	6	Reasonable
2.2.1	Bereavement Services is responsible for managing the Council's cemeteries and crematorium, including burial and cremation arrangements, maintaining statutory records, and overseeing associated income and expenditure. The service operates across several sites and also manages closed churchyards. It supports a diverse community with varying cultural and faith requirements and generates significant income for the Council				

- 2.2.2 The audit focused on whether financial controls are robust and consistently applied. This included reviewing the accuracy and timeliness of income collection and debtor management, the effectiveness of procurement and expenditure controls, and whether fees are appropriately set and reviewed to ensure cost recovery. The review also considered the adequacy of budget monitoring arrangements, segregation of duties, and the extent to which financial risks are identified and managed.
- 2.2.3 Overall, the audit concluded that there is a generally sound system of governance, risk management, and control in place. The service demonstrates effective operational delivery and alignment with recognised professional standards. In addition, long-term planning arrangements are in place to address future burial capacity and financial sustainability, including proposals to extend cemetery provision.
- 2.2.4 A few areas for improvement were identified. These primarily relate to strengthening documentation, ensuring policies and procedures are kept up to date, and improving the consistency and transparency of financial controls. In particular, enhancements are required to income reconciliation processes, verification of fees, and retention of supporting evidence for financial and procurement decisions.
- 2.2.5 The audit also highlighted opportunities to improve oversight through better documentation of financial monitoring, clearer audit trails, and stronger evidence of management review. While these issues do not indicate a fundamental weakness in the control environment, addressing them will improve assurance, reduce operational risks, and support continued effective service delivery.

		Recs				Assurance
2.3	Payments Against Orders (Children)	0	0	4		Reasonable

- 2.3.1 This audit reviewed the arrangements for administering financial support provided through adoption allowances, special guardianship orders, and child arrangement orders. The audit focused on whether appropriate controls are in place to ensure payments are accurate, compliant with policy, and effectively managed within available budgets.
- 2.3.2 The service supports children who cannot live with their birth families by providing financial assistance to adopters, special guardians, and carers. These payments form part of a wider package of support designed to promote stability and secure permanent living arrangements. The Council is responsible for assessing eligibility, calculating and administering payments, and ensuring ongoing reviews are undertaken in line with legislation and locally defined criteria.

- 2.3.3 Policies and procedures are established and accessible to staff, and testing confirmed that payments are largely administered correctly in line with these arrangements. Sample testing of payments did not identify any significant errors, and reconciliations between financial assessments and system-generated payments were accurate.
- 2.3.4 Budgetary control arrangements were also found to be effective. Regular monitoring is undertaken through monthly budget reports, and financial performance is reviewed by management. At the time of the audit, expenditure across all payment types was below budget, indicating that costs are well managed and predictable.
- 2.3.5 However, the audit identified a number of areas where improvements would strengthen the control environment. In particular, key guidance documents had not been reviewed in line with required timescales, and there was a lack of clarity in some areas regarding documentation standards, including the form and completeness of signatures on financial assessment records. While these issues did not result in incorrect payments, they reduce the strength of the audit trail and consistency of practice.
- 2.3.6 In addition, some reliance was placed on a limited number of staff for key financial processes, creating a potential risk in the event of staff absence and reducing opportunities for independent checking. Actions have been agreed to address this through clearer guidance, strengthened documentation requirements, and improved resilience through training and role development.
- 2.3.7 Overall, the service is operating effectively and delivering payments accurately within a structured framework. The recommended improvements are focused on strengthening documentation, governance, and resilience to support continued compliance and consistency in the administration of payments.

		Recs				Assurance
2.4	Accounts Receivable Systems	0	3	2		Reasonable

- 2.4.1 The accounts receivable service is a critical part of the Council's financial management arrangements. It is responsible for raising invoices to individuals, businesses and partner organisations, ensuring income is billed accurately and collected promptly, and supporting the Council's financial sustainability. The service underpins cashflow, revenue recognition and the reliability of financial reporting, making effective systems and controls essential.
- 2.4.2 The audit focused on the key stages of the process leading up to income collection, including customer account set-up, invoicing, payment processing and system controls within the e5 financial system.

- 2.4.3 The service benefits from experienced staff and established processes, and key controls, particularly around the receipt and allocation of payments, were found to be operating effectively, with regular reconciliations undertaken.
- 2.4.4 However, the review identified opportunities to strengthen controls and improve consistency and resilience. In particular, there is no comprehensive, up-to-date documented procedure for the end-to-end accounts receivable process. As a result, practices vary across services, including customer account setup, invoice processing, and the retention of supporting documentation.
- 2.4.5 Opportunities were also identified to strengthen controls over customer account management and invoicing. This includes improving the use of credit and due diligence checks, ensuring invoices are issued in a timely manner, and reinstating formal review or approval controls prior to issuing invoices. In addition, supporting documentation is not always held consistently or centrally, which can weaken audit trails and reduce transparency.
- 2.4.6 Further improvements are required to enhance system governance and oversight. These include introducing regular reviews of user access to ensure permissions remain appropriate, increasing the use of management and exception reporting, and reducing reliance on individual officers where single points of failure have been identified.
- 2.4.7 In summary, while the accounts receivable function is operating effectively within a broadly sound control framework, the audit highlights opportunities to strengthen governance, improve consistency of processes, and enhance oversight. Addressing these areas will support a more robust and resilient control environment and help ensure the continued accuracy, transparency and efficiency of the Council's income management arrangements.

	Recs			Assurance
2.5	UASC – Follow Up			Reasonable

- 2.5.1 This follow-up audit reviewed progress made against recommendations from a previous audit of the Council's arrangements for supporting Unaccompanied Asylum-Seeking Children (UASC). The audit focused on whether agreed actions had been implemented effectively and whether internal controls have improved since the earlier review.
- 2.5.2 The UASC service supports children under 18 who arrive in the UK without parents or carers. The Council is responsible for assessing their needs, providing accommodation and care, and supporting access to education, healthcare and legal advice. It must also manage longer-term responsibilities, including care planning, transition to adulthood, and financial support where immigration status remains unresolved.

- 2.5.3 The audit concluded that there has been clear progress since the previous review, with an overall opinion of reasonable assurance. Most recommendations have been implemented, and key processes are in place, supported by policies, quality assurance arrangements and governance oversight.
- 2.5.4 Improvements were identified across several areas. A consistent approach to age assessments has been embedded using a recognised national framework, with appropriate documentation and quality assurance controls in place. Care planning, reviews and financial monitoring arrangements are also operating effectively, with strengthened oversight and established processes for reconciliation and forecasting.
- 2.5.5 However, some areas require further development to ensure consistency. The audit found that key controls, particularly around approvals and authorisation, are not always applied or recorded consistently. This includes gaps in recording formal approval of accommodation decisions, pathway plans and care plan documentation. While these issues do not undermine the overall framework, they weaken audit trails and reduce assurance that decisions are consistently authorised in line with requirements.
- 2.5.6 In addition, some processes are still being embedded, including arrangements relating to transition to adulthood and the timeliness of accommodation moves, which are partly affected by wider housing constraints. Financial processes are generally robust, although they continue to rely on timely updates from operational staff and are influenced by external factors such as delays in Home Office decisions.
- 2.5.7 Overall, the audit demonstrates positive progress and strengthening of the control environment since the previous review. While further work is needed to ensure consistent application of controls and strengthen documentation and audit trails, the service is operating within a broadly effective framework and continuing to improve its arrangements for supporting unaccompanied asylum-seeking children.

2.5 Arcus

- 2.5.1 Arcus was implemented as Reading Borough Council's Case and Customer Management system, replacing legacy platforms. It was intended to modernise digital infrastructure, streamline customer journeys, and improve processes in line with Connected Reading and Customer Experience strategies. Internal Audit conducted a fact-finding review following emerging concerns. The aim was to validate issues, identify underlying causes, and inform future decisions. No formal recommendations or assurance opinion was provided due to the nature of the review.
- 2.5.2 The review found that, while the strategic rationale was sound, delivery was affected by governance, delivery, cultural and technical issues. Limited upfront process mapping and requirements definition led to underestimation of development needs. Governance weakened over time, with unclear escalation and inconsistent decision-making, contributing to a reactive approach and implementation before full readiness.

- 2.5.3 Wider organisational factors included capacity pressures, inconsistent service engagement, and weaknesses in training and change management. These contributed to uneven adoption and unclear ways of working. Although many processes were delivered, performance remained mixed, with ongoing data, functionality and user experience issues, meaning benefits have not yet been fully realised.
- 2.5.4 The Council is working to improve the system through a structured programme. This includes strengthening governance and business-as-usual arrangements, addressing technical and data backlogs, embedding the system through process review and training, and delivering targeted enhancements. The programme is aimed to address underlying issues, support organisational learning, and provide a clearer basis for future decisions.
- 2.5.5 An audit will be programmed later to provide formal assurance over the effectiveness of the improvements made, assess whether governance and operational arrangements have stabilised, and confirm that the intended benefits of the system are being realised.

2.6 Schools Audits

- 2.6.1 In addition to the above, audits have been completed at three schools: Christ the King, Wilson Primary School, and Alfred Sutton Primary School.
- 2.6.2 In each case, the audits confirmed that the schools' self-assessments had been completed in a transparent and honest manner, and that the resulting assurance opinions of Reasonable Assurance were appropriate. While all schools identified areas for improvement, further recommendations have also been made to support ongoing development.
- 2.6.3 Overall, the audits found that these schools have sound governance arrangements and effective control frameworks in place.

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

Audit reviews carried over from 2025/2026

Audit Title	Timing				Start Date	Draft Report	Final Report	Res			Assurance
	Q1	Q2	Q3	Q4				P1	P2	P3	
Unaccompanied Asylum-Seeking Children – follow up		●			Aug-25	May-26	Jun-26	0	0	3	Reasonable
Payments Against Orders		●			Jul-25	Mar-26	Apr-26	0	0	4	Reasonable
ARCUS system implementation			●		Jun-25	Nov-25	Apr-26	-	-	-	N/A
Accounts Receivable				●	Feb-26	May 26	May-26	0	3	2	Reasonable
Housing Repairs (Reactive)				●	Feb-26	Jul-26					
Occupational Therapy Waiting Lists (Adults)				●	Jan-26	Feb-26	Apr-26	0	5	0	Reasonable
Cemeteries and Crematorium				●	Nov-25	Mar-26	Apr-26	0	7	6	Reasonable
IT Application Security											

Audit reviews for 2026/2027

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	
Licensing	●				May-26						
Financial Assessment & Benefits Team – follow up	●				Mar-26	Jun-26					
Occupational Therapy Waiting Lists (Children's)	●				May-26	Postponed to Q3					
Joint Legal Team (JLT) Billing Process – follow up	●				Apr-26	Jun-26					
Pupil Premium Funding	●				May-26						
Software Asset Management*	●				Apr-26						
Council's Building Management Efficiencies – Corporate Landlord		●									
Local Transport Plan Capital Settlement (Grant Certification)		●									
Local Authority Bus Subsidy Grant (BSOG)		●									
Payroll		●			Jun-26						
Payment Card Industry Data Security Standard (PCIDSS)		●			May-26						
Home Improvement Grants – follow up		●									
Foster Care (Allowances)		●									
Food Hygiene Inspections *		●									
Lone Working			●								
Fleet Management			●								
Traffic Regulation Orders – follow up			●								
General Ledger			●								

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	
Direct Payments & Managed Payroll Providers			●								
Housing Repairs– order and control of materials			●								
School Audits			●	●							
Mosaic Provider Portal				●							
Synergy follow up				●							
High Needs Provision Capital Allocation				●							
Residents Parking Enforcement – follow up				●							
Electronic (faster) Payment Requests				●							
Treasury Management				●							
Residential & Nursing Care				●							
Continuing Healthcare, processing payments (Children's)				●							

* Additional to plan and undertaken by apprentice

** Added to the plan following whistleblowing allegations

The Committee is advised that the team experienced a small reduction in resource of 0.2 FTE from April this year, with a further reduction of 0.2 FTE expected from October. As a result, overall audit capacity will decrease slightly. While every effort will be made to prioritise delivery of the approved audit plan, this reduction in capacity is likely to affect overall coverage, and it may not be possible to complete all planned audits within the year. Activity will be kept under review, and any significant changes to planned work or assurance coverage will be reported to the Committee in due course.

3.0 INVESTIGATIONS (APRIL 2026 – JUNE 2026)

3.1 Council Tax Support Investigations

- 3.1.1 Council Tax fraud involves providing false information or failing to report changes to reduce liability, including incorrectly claiming discounts or exemptions. To date, 19 investigations have commenced. One case resulted in removal of a discount and estimated savings of £580.62. Four criminal investigations remain ongoing.

3.2 Housing Tenancy Investigations

- 3.2.1 Tenancy fraud involves providing false information or unlawful activity to obtain or retain social housing, including subletting or misrepresenting eligibility. Since 1 April 2026, 16 investigations have been opened. Two properties were recovered and returned to stock during the period, although both cases originated in prior financial years. Six investigations remain ongoing. Notional savings from recovered properties total £156,600, based on Cabinet Office methodology.

3.3 Disabled Persons Parking (Blue Badges)

- 3.3.1 Blue badge fraud involves misuse, including use by non-holders, forged or altered badges, or false applications, reducing access for legitimate users. Since April 2026, 17 referrals have been received. Of 13 closed cases, 5 resulted in warning letters and 5 badges were seized and destroyed. Four investigations remain ongoing. Notional savings from seized badges total £3,970.

3.4 Internal Investigations

- 3.4.1 Internal investigations examine alleged misconduct and may result in disciplinary or criminal action. Two referrals were received. One, concerning alleged secondary employment, concluded with resignation and a notional saving of £74,500. The second remains under review. One additional case from 2024/25 remains ongoing.

3.5 Data Protection Act Requests

- 3.5.1 The team supports Thames Valley Police by providing intelligence to assist investigations and safeguarding activity. Between April and June, 19 requests were processed.

3.6 Fraud Hub

- 3.6.1 Participation in the Cabinet Office Fraud Hub supports fraud detection through data-matching and cross-agency collaboration. From April to June, 63 referrals were processed, generating savings of £4,285.04.

Audit and Governance Committee

15 July 2026



Reading
Borough Council
Working better with you

Title	Audit Recommendations Tracker
Purpose of the report	To note the report for information
Report status	Public report
Executive Director/ Statutory Officer Commissioning Report	Louise Duffield, Executive Director of Resources
Report author	Jenny Scott, Senior Policy Officer
Lead Councillor	Councillor Ruth McEwan
Council priority	Ensure Reading Borough Council is fit for the future
Recommendations	1. That Committee consider the report 2. That progress against the management actions to address the audit recommendations for audits assigned a 'limited' or 'no assurance' opinion is noted

1. Executive Summary

- 1.1. The outcomes of internal audit reports are reported to this committee.
- 1.2. Appendix 1 attached sets out progress against audit recommendations for audits assigned a 'Limited' opinion. There are currently no audits assigned a 'No Assurance' opinion.
- 1.3. As agreed by this Committee, from April 2024 the format of the report changed to track progress in implementation of the management responses to audit recommendations. This approach is an improvement to enable better 'at a glance' tracking in addressing recommendations.
- 1.4. The revised simpler RAG, introduced in April 2024 and outlined in Para 3.4, provides an overview of the status in implementing management actions to address audit recommendations.
- 1.5. Management actions which are overdue are rated red.
- 1.6. There are currently thirty-two recommendations on the tracker, Appendix one. Seven actions were reported as complete in January 2026 and removed from the tracker. Six new recommendations have been added for Children's Savings accounts and ISAs, six for Commercial Assets – rent roll follow up, and six for the Joint Legal Team (JLT) billing process.
- 1.7. The frequency of reports to this Committee changed to twice per year in 2025. The next report will be in January 2027.

2. Policy Context

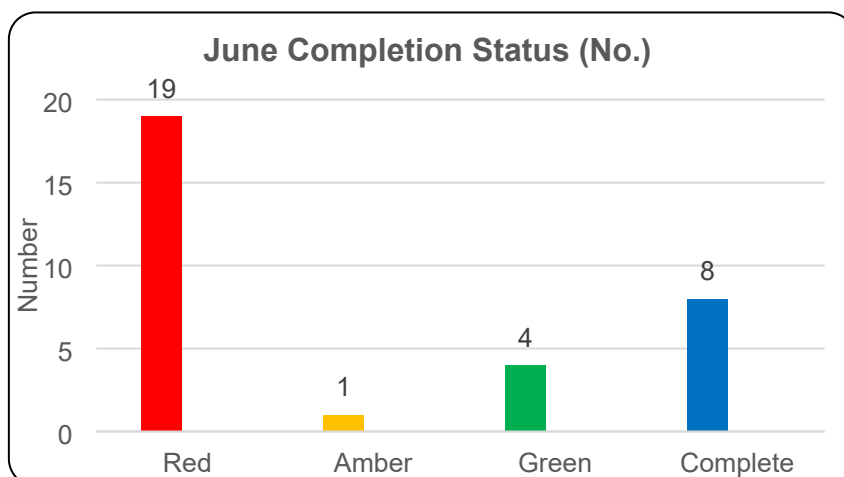
- 2.1. This report supports the Council Plan 2025-28, ensuring that the Council has fit for purpose processes and remains financially sustainable to deliver its service priorities.

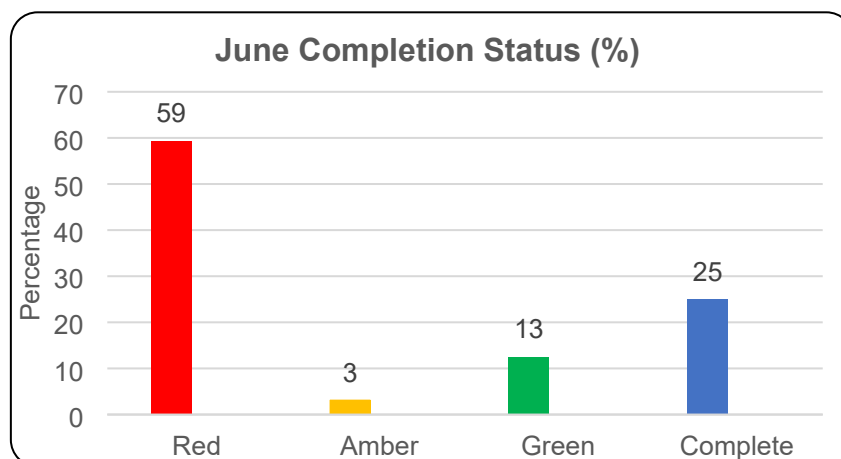
3. The Proposal

- 3.1. It was agreed in January 2023 only recommendations for audits with either a 'Limited' or 'No Assurance' opinion will be included in the report and the tracker appendix.
- 3.2. A summary of relevant Internal Audit recommendations and progress in implementing the associated management actions is provided in Appendix 1, attached.
- 3.3. It was agreed previously that priority three recommendations would not be added to the tracker in future as these are advisory points made by the Auditor. Whilst it is important that all agreed audit recommendations are implemented the focus of the Committee should be on high to medium risk recommendations and management actions to address them.
- 3.4. Prior to reporting to committee, officers responsible for implementing the specific management actions are asked to update the Audit Tracker with a RAG status and progress update. Each management action correlates to the following ratings:

Audit Tracker Management Actions – RAG Status guidance		
Colour	Status	Description
Blue	Complete	Management action is complete.
Green	On Track	Management action is on track to be completed as planned and within timescale.
Amber	At Risk	Management action is in progress, but issues encountered mean that there is a risk that action might not be completed in full and/or delivery at risk of delay.
Red	Off Track	Delivery of management action in full and/or on time appears to be unachievable. Management attention needed and adjustment to the scope may need to be requested.

- 3.5. Where there is a lack of progress with implementation, for example, regularly missing implementation dates etc, the Executive Director / Director and Responsible Officer (if different) can be asked to attend the committee meeting to explain the difficulties with implementation and the steps being taken to address them.
- 3.6. 19 (59%) of the thirty-two management actions are overdue and listed in Appendix one.
- 3.7. The completion status of the management actions detailed in Appendix one is as follows:





4. Contribution to Strategic Aims

- 4.1. The proposals in this report support the Council Plan, ensuring that the Council remains financially sustainable and fit for the future to deliver its service priorities.
- 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). There are no specific environmental and climate implications to report in relation to the recommendations set out in this report

6. Community Engagement

- 6.1. Audit Plans and the implementation of recommendations tracker will continue to be reported to this committee

7. Equality Implications

- 7.1. The Audit Tracker does not introduce any new policies or activities therefore an Equality Impact Assessment is not required.

8. Other Relevant Considerations

- 8.1. Regulatory duties are listed under section 9

9. Legal Implications

- 9.1. The Council has a duty under the Accounts and Audit Regulations to ensure it has in place a financial control framework which is fit for purpose. It also has a duty to ensure Value for Money in the provision of services.

10. Financial Implications

- 10.1. There are no specific financial implications arising directly from this report, the timely implementation of audit recommendations is critical in improving the Council's internal control and governance arrangements.
- 10.2. The Council's Chief Internal Auditor's reports have, over several years, repeatedly reported that audit recommendations made in previous audits have not been implemented. This does not represent value for money from either an audit or wider organisational perspective.
- 10.3. Poor systems of internal control and financial governance potentially leave the Council exposed to loss and will result in higher external audit costs due to the lack of assurance they provide, and the consequential higher testing thresholds required by the Council's external auditors.

11. Timetable for Implementation

- 11.1. Not applicable.

12. Background Papers

- 12.1. There are none.

Appendices Audit Recommendations Tracker

Audit Tracker Appendix one

Audit Title	Priority	RAG Status	Recommendation	Due date	Management Response	Responsible Officer latest update	Overdue
Children's Savings Accounts and ISAs	2	Red	The "Savings for Children Looked After Policy" should be reviewed and updated by a target date. This should reflect the current Policy Owner, as the existing details are now out of date. Job titles should be used in place of personal names throughout the document. The updated Policy should be formally approved at the appropriate governance forums; these are expected to be the DOCS DMT and the ASC, Children's Social Care and Education Committee under the new structure effective from October 2025.	30/01/26	Agreed; original policy owners have now left post therefore new owners proposed.	The Children Looked After Savings Policy (2022) has been reviewed and updated to reflect current policy ownership, use of job titles, and revised governance arrangements. A draft policy has been completed in collaboration with Corporate Parenting and Finance colleagues and is currently undergoing internal consultation and quality assurance. Approval routes have been confirmed (DOCS DMT, ASC, CSC & Education Committee), with scheduling dependent on committee timetables.	Y
Children's Savings Accounts and ISAs	2	Red	Summary details of the financial processes required to manage CLA savings accounts including ISA's throughout the year and at year end should be documented; the most straightforward way to do this would seem to add Appendices to the updated Policy document (i.e. procedural appendices). This would retain the various sources of guidance in one key document; the Appendices could be excluded where the Policy is circulated to care providers and are only relevant to staff. This should be completed within an agreed timescale to accompany the revised/updated Policy.	31/01/26	Agreed	Draft procedural guidance outlining the management of children's savings accounts, including ISAs and year-end processes, has been developed and is being incorporated as Appendix 1 to the updated policy. Work is nearing completion, with final checks and alignment with Finance processes underway prior to inclusion in the full policy document.	Y
Children's Savings Accounts and ISAs	2	Complete	An agreed custodian should oversee the financial aspects of the Policy and associated procedures/Appendices (e.g. the Strategic Finance Business Partner) in liaison with the recorded Policy Owner (this may be the Head of Corporate Parenting or the Director/Executive Director for Children's Services).	30/01/26	Agreed, recommendation owners to liaise with the Operations Manager - Placements in this area.	Agreement has been reached that oversight of the financial aspects of the policy and associated procedures will sit jointly with the Head of Finance Business Partner (Children's Services) and the Service Manager / Head of Service for Corporate Parenting. This arrangement is now reflected in the updated policy.	
Children's Savings Accounts and ISAs	2	Red	The Policy and procedural Appendices should be updated to clarify the arrangements for managing CLA accounts re age 16 years plus and age 18 years. This will include the release and authorisation of payment procedures through the Accounts Payable (AP) system (e5). The financial procedures should also summarise budget management responsibilities and links with the e5 system (General Ledger/GL balance checks, etc).	30/01/26	Agreed, recommendation owners to liaise with the Director of Commissioning, Resource and Performance and the Team Manager, DOCS in this area.	Work is underway to document processes relating to management of Children Looked After accounts for young people aged 16+ and 18+, including payment release and authorisation via the e5 Accounts Payable system, and links to budget management. Draft content has been developed and is being finalised with Finance colleagues for inclusion as Appendix 2 in the policy.	Y
Children's Savings Accounts and ISAs	2	Red	Periodic reports summarising the CLA savings activity should be submitted and overseen by the appropriate governance forum(s) in the new structure. This could take the form of a brief financial report setting out the statistics and values for the year, e.g. total CLA savings accounts in the system, total savings accrued values, total JISA values for the year, etc. Some narrative could also support the figures in terms of how the service is managed, any issues or significant changes arising, etc. The DOCS DMT and the ASC, Children's Social Care and Education Committee (ACE) would seem the appropriate forums in the current structure effective from October 2025. We would advise that this reporting takes place at least annually.	30/01/26	"Agreed; Corporate Parenting Board expected to be the appropriate governance forum rather than ACE in this area.	Arrangements have been established for producing an annual financial report on Children Looked After savings activity. Work has commenced on the 2025/26 report, including identifying data requirements and reporting format. The report will include financial summaries and supporting narrative and will be presented to Directorate of Childrens Services Directorate Management Team and Corporate Parenting Board in line with governance requirements.	Y

Audit Tracker Appendix one

Audit Title	Priority	RAG Status	Recommendation	Due date	Management Response	Responsible Officer latest update	Overdue
Children's Savings Accounts and ISAs	1	Red	The current project to ensure that all savings accounts data is captured at source in Mosaic should be completed within a reasonable practical timescale (e.g. by year end). The arrangements for updating and reviewing the CLA Savings Account records in Mosaic should be clarified and set out within documented procedures/procedural Appendices to the CLA Policy - this links with Recommendation 3. The arrangements need to ensure that Mosaic records are accessed for update or amendment by appropriate designated officers, with account updates subject to independent management reviews. This recommendation is repeated from the original audit (June 2024).	31/03/26	Agreed; work is progressing in this area with the aim to be up to date by year end 2025/26.	Work is progressing to ensure all Children Looked After savings account data is captured at source within Mosaic, including development of workflows to support this. Draft procedures outlining data recording, updating and review processes have been developed and will form Appendix 3 of the policy. Further system and process alignment is ongoing.	Y
Commercial Rents and Leases	2	Green	The assets listed on the rent roll need to be verified against the CPM property terrier once the updates have been applied to the system to ensure completed, and then the lease agreements to ensure the billing terms are accurately recorded. As a note, this action will require: - •Confirmation that a relevant lease agreement is held. •Verification of the occupational status. Physical occupation is only required when there is a 'Keep Open' clause in the agreement.	31/08/26	This will be managed as a specific project to ensure CIVICA data is correct, and tenant information has been validated along with income data and lease details. Regular inspections will be carried out to ensure there has been no unauthorised sub-letting.	Arrangements in place for support with uploading data being provided from Property and Assets Contracts team. 3 new licences have been issues to this team enabling access. March 26: 400 of 480 lease have been checked where documents have in the main been scanned into deed packs on sharepoint. Most of the remaining leases are in paper format in archived boxes and will need to be accessed over the coming months. It is anticipated that this will be completed by August 2026 and all located documents will be scanned into the deed packs accordingly and recorded on CIVICA. June 26 450 out of 480 completed.	
Commercial Assets - rent roll follow up	2	Red	It needs to be ensured that there are no conflicts of interest between the officer involved and the leasee of the asset. Declarations of interest should be required on a regular basis and clearly documented and dated so it can be clearly seen when declarations have been requested and completed, even if a nil return. This includes the annual corporate declaration of interests.	28/02/26	Monday morning team meetings now have a reminder action to continue to check with the team that they are not in relationships or friendships with any of the councils' tenants or licensees. Team members present on 16.2.26 all confirmed nothing to declare and team members on annual leave due to half term will be asked to confirm nothing to declare at next Monday's (23.02.26) meeting and all future Monday meetings. This means that the declarations on iTrent will be kept up to date	Included in all weekly team meetings. iTrent declaration complete for most team members on 30/04/2026. 15/06/2026 - 12 team members have completed iTrent declaration and 1 is outstanding.	Y

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Commercial Assets - rent roll follow up	2	Green	The annual gross debit needs to be determined so that the periodic scheduling for raising the invoice and outstanding debt can be better reconciled and monitored. The options for consideration are: - · Excel Rent Roll. · E5 Accounts Receivable, with instalment payments. checks need to be conducted to ensure correct amount invoiced at correct time Checks need to be conducted on billing to ensure that the correct amount is invoiced at the correct time.	31/03/27	The rent roll procedure has been reviewed and is due to be tested the next time a new rent collection instruction is received from one to the valuers. The senior APO still has not been given access to collaborative planning on e5. To be escalated by the Head of Strategic Assets if not implemented by roll out. A new project (auditing rents) has been set up which will involve checking that the rents and rents reviewed under the lease agreements are recorded accurately on CIVICA and that invoices are being raised for the correct amount and that the income received is recorded against the correct code. The spreadsheet for monitoring progress on this activity will be available by 18.2.26. The calculation for gross annual income is provided by way of a forecast. A how to check list for this is being developed. A link to all codes income forecast has been added to the monitoring spreadsheet and folder set up Processes are already in place for the monitoring of overdue rents. There is now a budget line for each acre business park unit and shop units. Most other assets listed as sundry property has its own line and the default code is currently being reviewed. The investment properties include in Sundry properties each has its own line. Garages are managed by Housing on behalf of assets. A request has been made on several occasions seeking more detail from housing services and this is still being pursued.	Housing have provided line by line information for current garage occupation (801 lettings), and have confirmed arears are reviewed every few weeks and payments chased. CP11 (tax return) access for Senior Assets Portfolio Officer has been submitted - training to be scheduled if approved. Gross debit for 25/26 compiled. New forecast for 26/27 is underway.	
Commercial Assets - rent roll follow up	2	Green	There needs to be clarity as to the process going forward for the remaining leasees who are still being manually billed. Further consideration also needs to be given to the billing process in e5 contracts and the lack of review of either information initially input into the contract and subsequent bills issued.	31/03/27	RPI linked rent increases will always remain a manual process. A 'How To' check list for RPI invoicing has been developed and RPI income and billing monitoring will form part of the project for Auditing Rents as mentioned above which will also provide for checking the initially inputted contracted information.	Review of all Retail Price Index invoicing scheduled for the summer 2026 due week commencing 13/07/2026.	
Commercial Assets - rent roll follow up	2	Complete	To ensure that no charges are omitted, it's important to have separations of duties and verification controls in place. This will help ensure the accuracy and completeness of billing instructions and verify that they have been raised correctly. Independent oversight and inclusion can include, e.g.: - · Authorisation of the instruction. · Checking the billing input before submission. · Checking the output report after submission e.g. use control totals etc.	31/03/26	Due to increase in APO team members (now 4) duties are split across the team to ensure separation of duties. Authorising instruction which are received from the Valuers. SAPO enters them onto the rent roll and CIVICA and on e5 and will raise an invoice or create a contract as necessary. Checking the billing input on to e5 before submission still needs to be addressed; our proposal is for the calculations to be done by an APO. This will be checked prior to entry on e5 and confirmed to be correct by the SAPO. This will also be monitored by the Audit of rents project. The only output we get from e5 is the debt report and this is covered below.	Asset Portfolio Officers have been trained in the billing process for rent reviews and lease renewals and the instruction form amended to allow for Senior Asset Portfolio Officers to check and sign off. Also serves to capture information on updates to Civica.	

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Commercial Assets - rent roll follow up	2	Amber	Determining the debt position of all assets listed on the rent roll is crucial for assessing and monitoring the financial risk factors beyond the responsibilities held by the budget holder. The aged debt report is widely circulated, budget holders should take responsibility for the income they receive.	31/08/26	The assets team manager and the APO's meet the Accounts Receivable team each month to monitor and decide on the course of action to be taken with regards to tenants falling into arrears for general fund/commercial properties. This may include instruction to legal services to instruct on the debt recovery process and terminate agreements in breach due to failure to meet the rent payment clause. The Assets team also meet monthly or sooner should the need arise to progress debt 'management discussions with tenants or deal with 'write off reports' in circumstances where debts are deemed unrecoverable to due specific circumstances. With regard to service areas property portfolios, the Head of Strategic Assets will engage to ensure a similar process of income monitoring is in place and where not in place, will assist in implementing a similar process to the above.	Monthly meetings between Asset Management and Accounts Receivable continue. A number of old debts have been resolved - 11 oldest debts have now been reduced to 6.	
Commercial Assets - rent roll follow up	2	Green	In relation to commercial properties and associated insurance: - Roles and responsibilities between the Asset Management and Insurance Teams need to be agreed and documented. - The insurance process needs to be clearly documented and followed. - All commercial assets requiring insurance need to be identified. - For those properties insured by RBC, the rebuild cost needs to be confirmed and provided to insurance to ensure adequate insurance cover. - All commercial assets where insurance can be recharged to the lessee need to be identified. - Where insurance can be recharged, this needs to be carried out on a regular and timely basis with any backlog addressed. - The basis of recharge of insurance needs to be confirmed as appropriate	31/03/27	Insurance valuations were based on Rebuild cost (not asset valuations). However, these were out of date because an inflationary % increase was added for at least 10 years which does not reflect true and current reinstatement cost. The schedule had been requested from the insurance team but not pursued when not received. Assets Management and the Insurance team have worked together at the end of 2025 to ensure that a comprehensive spreadsheet has been developed for tendering the reinstatement valuations externally. Currently our Property Services building surveyors are unable to undertake this work due to staff shortages. Pick Everard provided a quote for the whole project and Assets Management have made enquires of other commercial agents for comparative quotes prior to formal tender. How to check list to monitor and record collection of insurance premiums is to be developed by the Senior APO now that a comprehensive list has been developed for the tendering of the project. There is a meeting in the diary with Insurance Team and Assets on 18.2.26 to agree a joint process. CIVICA has a field that records where insurance premiums are recoverable and this is also being addressed in the audit of rents project mentioned above.	Comparison between rent roll and Civica complete. Process agreed between Asset Management and insurance for future years recharge. Monitoring by Civica by uploading premiums as service charge - 25/26 ready for upload, once this is confirmed the following years can be progressed.	
Coroners Service	2	Red	Consideration should be given to reviewing and updating the SLA in place between the six Berkshire Local Authorities, as appropriate. The review should also include clarification of the governance processes for decision-making and reporting on the coroner's service within the six Berkshire Local Authorities.	30/09/25	Joint Arrangement is being reviewed with instructions sent to Legal Services. This will consider options for improving the governance structure, for example, to include a recommendation for a separate board chaired by another Berks LA to provide effective scrutiny. Confirmation will be sought as to whether existing monitoring through Berkshire Treasurers and reports on the service will continue through Berkshire Public Services Network. Review of JA to include how costs are apportioned. Director of Finance to lead at Berkshire Treasurers.	Proposal tabled at Berkshire Chief Execs group in May and agreed at Berkshire Treasurers on 28 June 2024 for finance apportionment. Revenue business case submitted to incorporate savings to RBC. Updated JA being drafted. Have consulted with the Assistant Director of Legal and Democratic Services. Draft agreement sent to Legal June 2025. The Chief Executive has advised that additional governance is not required and that existing monitoring at Berkshire Treasurers and BSPN are sufficient. The Joint Agreement requires a lead representative to be nominated on behalf of each local authority. Legal have reviewed the draft now incorporating comments from the Chief Executive prior to circulation to other Berkshire authorities in July 2026.	Y

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Audit Title	Priority	RAG Status	Recommendation	Due date	Management Response	Responsible Officer latest update	Overdue
Coroners Service	2	Red	Regular meetings and reporting should be held between the six Berkshire authorities, with standard agenda items, which should include a review of the budget, identification of any risks/issues arising, and consideration and agreement as to how these should be addressed.	30/09/25	Joint Arrangement is being reviewed with instructions sent to Legal Services. This will consider options for improving the governance structure, for example, to include a recommendation for a separate board chaired by another Berks LA to provide effective scrutiny. Confirmation will be sought as to whether existing monitoring through Berkshire Treasurers and reports on the service will continue through Berkshire Public Services Network (BPSN) Review of JA to include how costs are apportioned. Director of Finance to lead at Berkshire Treasurers.	This is linked to the review of the joint arrangement and method for apportionment of costs. It is intended clauses are added to the agreement which confirms the commitment from each authority for governance arrangements. Governance can be confirmed once principles of the JA are agreed (ie this is not dependent on the final agreement being confirmed). Amber as have to build in Legal Services review - draft revised Joint Agreement to Legal June 2025 . Apportionment of costs to pop base are now confirmed. Jackie Yates has advised that existing governance through Berkshire Treasurers and Berkshire Public Services Network is sufficient for the Joint Agreement. Legal have reviewed the draft now incorporating amendments from the Chief Executive prior to circulation to the other Berks authorities in July 2026.	Y
Coroners Service	2	Red	It should be clarified, agreed and clearly documented the basis on which the apportionment of coroner's office and main budget costs between the six local authorities were being made. This basis should be reviewed as part of a review of the SLA and then reviewed on a regular and ongoing basis going forward.	30/09/25	Joint Arrangement is being reviewed with instructions sent to Legal Services. This will consider options for improving the governance structure, for example to include a recommendation for a separate board chaired by another Berks LA to provide effective scrutiny. Confirmation will be sought as to whether existing monitoring through Berkshire Treasurers and reports on the service will continue through Berkshire Public Services Network. Apportionment of costs to be agreed by Berkshire Treasurers as part of this process. Director of Finance to Lead.	Apportionment method and costs complete. Proposal taken to Berkshire Treasurers 28 June 2024. Agreed stepped move to popbase over 3 years. To be incorporated in revised Joint Agreement, draft with Legal Services June 2025. Legal are reviewing the final draft to circulate to the other Berkshire authorities in July 2026.	Y
Financial Assessments & Benefits		Complete	Review the staff resources for conducting financial assessments to ensure they are sufficiently resourced to meet demand and to eliminate the backlog of pending assessments. The charges for these assessments can be backdated to the service user to ensure that funds are collected to support service costs.	30/09/25	This is currently under review and I am undertaking benchmarking with neighbouring authorities to establish if the output of the team is reflective of the performance in similar teams.	A new Officer has joined the Financial Assessments and Benefits Team (1 December). The team is now fully resourced with an additional Temporary Officer working with the team to help manage the workload. PowerBI reports are now in place which allows quick review of the work being managed by the team and can be used by the Team Manager to identify any barriers to delivery and overall team performance.	N

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Financial Assessments & Benefits		Red	To improve accountability and efficiency, the FAB Manager should directly manage and assign referrals to specific workers. This will ensure clear oversight and timely progress on cases. Referrals that are not assigned should be discouraged or marked for monitoring. This will help prevent delays and ensure that all cases are properly tracked and addressed.	31/08/25	The FAB team are working towards changing how cases are triaged and allocated. There is a lot of outstanding/old work sitting within officer's caseloads which needs to be cleared to establish a true picture of the work that is still required	Following the audit report, we launched a restructure consultation for all teams in the Client Finances Service to seek to address the concerns raised. The consultation period ended on Monday 22nd June with a view for the restructure to be embedded by the next reporting period when this action can then be closed.	Y
Housing Repairs	1	Red	There should be current contracts in place with all repairs/maintenance sub-contractors, with extensions agreed as per the Council's documented processes and prior to the initial contract expiring. There should also be regular monitoring of jobs allocated to sub-contractors to ensure they are being carried out in a timely manner, invoiced once completed and the job closed down on Ohms and Total.	30/09/25	a.The current construction climate has made it difficult to get suitable contractors on board. A Quantity Surveyor role is being recruited to, to provide the focused resource to work with our legal and procurement teams to prepare and prioritise tender documents to retender expired contracts. Legal and procurement teams will work with the service to prioritise this area of work. There are currently a number of managers/supervisors in secondment/interim positions; the service will seek to get permanent managers/supervisors into position. b.Managers and supervisors will be set clear objectives to ensure that performance management of subcontractors is treated as a priority to include regular contract and finance meetings as well as ensure that jobs are managed, closed and invoiced in a timely way.	The Repairs & Property Services Improvement Plan includes a dedicated workstream focussing on procurement and contracts which continues to deliver sustainable progress in this area. A procurement pipeline has been produced and is being used to monitor progress. A prioritised timeline for the procurement of all contracts required is being managed by a dedicated Housing Procurement Manager and a further 12 month fixed term contract has been approved to allow the programme to gain more traction. The need to re-procure some of the initial programme contracts has caused delays and this has had a knock on effect on the remaining programme projects. However the current trajectory suggests all priority contracts will be in place by the end of July 2026. Fortnightly Housing Procurement meetings are taking place on the programme with the senior managers and procurement representatives to keep the project on track and good progress is being made.	Y
JLT Billing Process	2	Complete	Establish a formal Memorandum of Understanding to define governance, financial procedures, standardised procurement, unified performance monitoring, and regular compliance reviews to ensure clarity, accountability, and control. Finalise the terms of reference for the Joint Legal Team Board and Finance & Commissioning Committee, and implement a governance protocol that sets clear responsibilities, decision-making boundaries, escalation processes, and regular reviews to maintain accountability.	30/06/26	This recommendation is accepted. A draft Memorandum of Understanding will be shared at the January 2026 Finance & Commissioning Committee for partnership consideration with a view to this being ratified by the Joint Legal Team Board on 29th January 2026. Terms of reference for JLT Board and the Finance and Commissioning Committee will be reviewed with external solicitors and a draft shared with partners by March 2026, with a view to reaching a final agreement by Q1 26/27.	The JLT Board was informed on 14/5/26 that a Service Level Agreement and Terms of Reference for the Board and the Finance and Commissioning Committee are being prepared. It is accepted that until these are completed, there is a medium risk of a lack of accountability for spend.	

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JLT Billing Process Page 223	1	Red	Enforce a formal framework requiring consistent use of the Counsel Instruction Form for all external legal instructions, supported by clear procedures, mandatory approvals for exceptions, a central log, staff training, and periodic compliance reviews. Opportunities to declare conflicts of interest should be included throughout the process. There should be a clear audit trail demonstrating why non framework suppliers are being utilised, which should be reviewed and signed off by senior management.	31/03/26	This recommendation is accepted. The Counsel Instruction Form has been reviewed and updated. Staff awareness of the requirements will be raised via Internal Communications and consolidated by staff training during January 2026. The requirement will also be added to the Legal Services Compliance Manual and will form part of the induction for new starters. Legal Operations will maintain a central log of all counsel instruction forms. Exploring power automated reporting with Digital & ICT by the end of March 26. As part of Lexcel accreditation this will become part of the file review process which will form part of a compliance review. Form has incorporated an additional requirement to declare any potential conflict or business interest. An annual review of officer declarations of interests will be undertaken by the AD Legal Services, and refresher training on the requirements provided as necessary. As part of the IKEN Cloud roadmap we will seek to incorporate instruction to external counsel through the p2p workflow, further strengthening the compliance framework.	Linked to new Service Level Agreement & Terms of Reference for the Finance and Commissioning Committee, with the exception of parts c: Exploring power automated reporting with Digital & ICT by the end of March 26. and g: As part of the IKEN Cloud roadmap we will seek to incorporate instruction to external counsel through the p2p workflow, further strengthening the compliance framework, all actions have been implemented.	Y
JLT Billing Process	2	Complete	Secure value for money outside the London Boroughs' Legal Alliance framework by introducing a mandatory procurement checklist, defining emergency appointment processes, harmonizing procurement rules across authorities, and implementing post-engagement performance reviews. Overall, when services are to be procured outside of the JLT or the LBLA, this must be carried out in accordance with the procurement and contract procedures and regulations. Strengthen supplier and payment controls by enforcing timely purchase orders linked to invoices, standardising invoice requirements for VAT compliance, using draw-down POs where appropriate, and introducing a unified supplier performance dashboard to ensure transparency and value for money.	31/12/26	This recommendation is accepted. A dedicated Procurement and Contracts Manager has been appointed with a start date of Q4 25/26. This post will be key to addressing JLT's procurement needs and compliance. Set up a procurement checklist Post engagement review Review other framework arrangements Set up a supplier dashboard to be compiled by the Procurement and Contracts Manager which will/may include:- Supplier Name/Chambers Instructing Solicitor Client LA Type of Matter No of Instructions Fees Feedback. i.e. something which captures the volume of instructions so we can track distribution of work, something which captures fees, and something that allows freeform internal 'feedback' on the quality of the service provided. Social Value of contract Annual contract review meeting dates	Procurement review in progress, additional resources now in place. Seeking additional frameworks etc.	

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JLT Billing Process Page 224	2	Complete	Improve time control and recharge by updating rate tables to fully reflect the April 2025 NJC pay settlement, reconciling IKEN hours quarterly with payroll, implementing exception reporting for variances, and ensuring formal approval before invoicing partners.	31/03/26	The hourly rate is determined for the forthcoming year in the final quarter of the preceding year, which includes estimates of the team structure, daily chargeable hours, an estimated pay award etc. This is completed to arrive at as realistic hourly charge for the year as possible For 2025/26 this included for example an estimated pay award assumption of 3%, amounting to an addition of approximately £180k. The final pay award was approved on 1 August 2025 at 3.2%, an additional £12k over the estimate, which is not considered a material change. As part of the current review, the chargeable hours per day has been revised upwards, realising an increase of approximately 4,000 chargeable hours, which equates to an approximate £290k change in the rates. In 2024/25 a revised budget model was approved in January 2025, with lower rates being approved and applied retrospectively for the whole year. In 2025/26 in discussion and agreement with the FCC, this in year review was brought forward to November 2025, to be reported and approved by the FCC at its December meeting. As part of the review of the FCC Terms of Reference a formal annual revision in the model will be agreed each year, to be completed and signed off by the FCC in Q3 of the financial year.	Previously the rates were not updated until January when the pay award had been finalised in November. Last year we updated the rates as soon as we had the agreed rates (both) and then shared that with the FCC at the next available meeting. It still took until the January meeting to get final sign off. You cannot act much earlier than this	
JLT Billing Process	2	Complete	Enforce VAT compliance by requiring purchase orders before commissioning services, providing mandatory VAT training for legal and finance staff, and applying strict invoice controls that reject proformas and require full VAT-compliant details. Communicate clear invoicing standards to suppliers, conduct periodic compliance reviews supported by exception reporting, and implement two-way reconciliation between invoice numbers and case references to ensure accuracy.	31/03/26	Purchase orders will be required within 24 hours even in emergency situations. Proforma invoices will be rejected in all circumstances., Specific VAT training will be provided to relevant. Discussions with Accounts Payable will be undertaken to identify any other improvements and training necessary. The form is accompanied by a guidance note which sets this out. Await the start of the DOR Procurement spoke who will instigate their compliance processes and exception reporting by Mar 26.	In March we had a slip backwards from some of the Chambers but using a contact at the London Boroughs Legal Alliance (LBLA) and being direct with others we managed to get the issue resolved. We can and will remove Chambers who refuse to comply. This worked with one of the non LBLA framework Chambers.	

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JLT Billing Process	2	Red	To strengthen financial transparency and reduce the risk of incomplete or inaccurate records: - •Implement a formal reconciliation process and checklist to ensure all required steps are consistently applied and documented, including the following: □ Establish a variance tracking process where unresolved differences are carried forward and escalated until resolution. □ Schedule periodic internal reviews of reconciliation documentation to verify compliance and identify process improvements. □ Develop key performance indicators for quantifying issues, so that these can be formally progressed to reduce their occurrence. □ Develop key performance indicators for quantifying issues, so that these can be formally progressed to reduce their occurrence. •Mandate full back-recording of payments in IKEN to eliminate the current 16% gap and maintain a complete audit trail. •Introduce Strategic Business Partner certification for reconciliations to confirm accuracy and completeness before sign-off.	31/03/26	Finance and Legal Operations to detail the relevant processes and devise a reconciliation checklist. This is being worked on by Finance and Legal Operations and will be completed by end Dec 25. Once Finance and Legal Operations have completed a monthly reconciliation, they will formally notify the Strategic Business Partner (SBF) Finance, Strategic Lead Legal Operations. In addition to this a formal quarterly review will be carried out by SBP Finance and Strategic Lead Legal Operations. Agreed as part of the above monthly routines, variances and timing differences will be documented and where possible resolved. Action included above. See above, as part of the monthly routine and checklist the monthly reconciliation will be formally signed off at quarterly intervals the reconciliation will be reviewed by the SBP Finance and the Strategic Lead – Legal Operations and be signed off. Action included above.	Plan for SBSA sign off of the reconciliation say quarterly. This is the reconciliation between Iken and E5 for the Disbursements. We ended up with a £40k variance at the end of 25/26, on nearly £3m of spending. This is a task completed month to month and also at year end. There are always small variances which we need to understand better to see if we can reduce/remove them completely.	Y
Page 225 Reading Foundation for Art	2	Red	There should be an up-to-date agreement in place between the RFFA and RBC to formalise the relationship, detail roles and responsibilities of RBC in relation to the RFFA, work in kind and dependencies. Consideration should be given to conducting a regular review of the relationship between RBC and the RFFA to ensure a consistent understanding of roles and responsibilities and areas requiring further consideration/improvement etc.	30/10/25	Agreed. Legal services have been approached to support on producing the Agreement, which will include review points and clearly set out the roles and responsibilities of each party. Whilst a final method of working that is acceptable is worked up, RBC needs to ensure that an interim arrangement is in place that is in line with the findings of this audit and acceptable to RBC. This is primarily in the secretarial area which is an RBC role according to the RFA deed. In the interim, RBC should support the trustees by providing a secretarial offer to the RFA Board, to act as a point of contact, organise meetings, take and circulate minutes and actions, and ensure records are kept. This is especially important in this interim period as this role cannot default back to Museum staff, which would otherwise be a risk. However, the arrangement should ultimately be agreed with RFA. It may be that RFA could organise elements of this.	The RFFA were written to on 20 May and most recently on 04 June requesting an update on setting up the bank account and signing the agreement. They continue to maintain they are unable to sign these until their bank account has been set up. Officers are continuing to request that the RFFA sign the agreement.	Y

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Reading Foundation for Art	2	Red	If RBC continues to provide financial services for the Foundation, RBC Officers should agree with the trustees, and it should be clearly documented, as to how often the trustees should receive up-to-date financial reports and at which of the trustees' meetings there should be financial representation. There should be a consensus between relevant RBC Officers as to whose responsibility it is to run Oracle transaction reports for Foundation cost centres to enable timely review of transactions and chasing of outstanding payments/income reallocation as appropriate. Final and supporting documentation should be stored centrally in a single location, with clear version control for documents and supporting documentation retained to evidence how all figures have been arrived at.	30/10/25	Agree with the actions; however, as part of the review of the Agreement consideration will be given to whether RBC continues to offer financial services to RFFA and whether they continue to be free of charge.	Files and supporting documentation is filed centrally in a single location. The review into whether or not the Council will continue to provide financial services to the foundation has not been finalised. Officers are continuing to finalise the heads of terms with RFFA. Therefore any further actions by Finance cannot proceed until this has been resolved.	Y
Reading Foundation for Art	2	Red	Roles and responsibilities for all honorary roles should be clarified, clearly documented and regularly reviewed and updated as appropriate. Consideration should be given to updating job descriptions/specifications to reflect current roles including those relating to the RFFA, if these are to be continued by RBC Officers.	30/10/25	The Honorary Secretary and Treasury Roles are not Museum functions. The role of the Museum Curator as a consultee is key and will remain so. However, this needs to be defined as part of the new Agreement. Consideration will be given to whether these should remain as RBC roles and a proposal recommended to the RFFA. Whilst a final method of working that is acceptable is worked up, RBC needs to ensure that an interim arrangement is in place that is in line with the findings of this audit and acceptable to RBC. This is primarily in the secretarial area which is an RBC role according to the RFA deed. In the interim, RBC should support the trustees by providing a secretarial offer to the RFA Board, to act as a point of contact, organise meetings, take and circulate minutes and actions, and ensure records are kept. This is especially important in this interim period as this role cannot default back to Museum staff, which would otherwise be a risk. However, the arrangement should ultimately be agreed with RFA. It may be that RFA could organise elements of this.	The RFfA have confirmed Trustees resolved to approve the Heads, subject to the opening of a bank account. Officers are continuing request that the RFA sign the agreement, as legal advice received states this can be done independent of the new bank account.	Y
Reading Foundation for Art	2	Red	There should be a reduction in the reliance on a sole individual, particularly where there is a significant amount of tacit knowledge and building in an appropriate level of resilience/succession planning. This should include review of RBC's involvement in the RFfA acquisition process and how it aligns with RBC's acquisition process.	30/10/25	Agreed –We will need to review our processes to ensure there is resilience. Note the treasurer role is being covered by finance. However, relates to action in Rec 1 (agreement) and 2 (Provision of Financial Services).	The RFfA have confirmed Trustees resolved to approve the Heads, subject to the opening of a bank account. Officers are continuing request that the RFA sign the agreement, as legal advice received states this can be done independent of the new bank account.	Y
Reading Foundation for Art (RFFA)	1	Red	It is recommended that if RBC continues to provide financial services for the Foundation, RFfA cash should be held in a separate bank account in the name of the RFA so that income and expenditure relating to the Foundation is easily and readily identifiable.	30/10/25	If the Council were to continue to offer financial services to the RFFA, then the option of a separate bank account will need to be re-considered and appropriate discussions will commence with the RFFA as part of the new Agreement.	The review into whether or not the Council will continue to provide financial services to the foundation has not been finalised. Officers are continuing to finalise the heads of terms with RFFA. Therefore any further actions by Finance cannot proceed until this has been resolved.	Y

Audit Tracker Appendix one

Audit Title	Priority	RAG Status	Recommendation	Due date	Management Response	Responsible Officer latest update	Overdue
Supported Living	1	Red	RBC use around 48 providers of which 16 are Framework providers, supporting around 350 people. 82% of placements are with framework providers. We understand that the Commissioning Team in ASC are at the final stages of finalising spot contracts which are intended to be used for all off framework supported living providers. Therefore, currently they do not have any contracts in place with terms and conditions for their off framework/spot providers. It is recommended that the following recommendations are actioned immediately to mitigate the risks across the contract management of Providers within Supported Living Placements: 1. The Legal and Procurement teams in RBC should be encouraged by the ASC senior management team to prioritise the introduction of contracts for all off-framework Providers as a matter of urgency ensuring that historical issues such as the recent issues with Salis Care are eliminated. 2. Operational team to maintain a record of the number of reviews which should take place and the reviews which have taken place, and the split between Providers who are in the Framework and those off the Framework. This information should be included in the monthly management information reporting and the key performance initiatives recommended later in this audit report. 3. That a contract is put in place with the Provider, Salis Care and reviews subsequently take place at regular intervals going forward. 4. We understand that procedures for contract management are currently being developed by the Provider Quality Team. It is important that these include the introduction of contracts for Spot Providers, changes which will incorporate new due diligence procedures, including credit checks, and contract management processes, and changes to the Annual Quality Assessment process. 5. The Brokerage team introduce a more effective and consistent feedback process for all Providers to comment on the tendering process, including why they did not tender and comments on the INTEND application. The feedback process should also include the Social Worker in Operations and a method of reporting feedback to Operations and the Commissioning team.	30/04/26	The Commissioning Service have worked with Legal Services to draft a spot contract. This will be issued to all providers who are currently delivering services to the Council. This process is overseen by the Head of Commissioning and reported to the DCASC Providing Support Governance Board. Contracts will be put in place for all new spot purchased services. Due diligence processes will be completed for all new providers, and this will be refreshed on an annual basis All contracts will be contract managed in line with the contract management processes being developed with the Procurement and Contracts hub, adopting a risk-based approach with higher risk / higher expenditure contracts being subject to more frequent monitoring. Individual client reviews will be carried out by the Operational Team in line with Care Act requirements.	Please noted below an update on the Actions by number: 1. In Progress: Spot contracts are drafted and just awaiting last sign off to ensure fully compliant with Procurement Act 2023. Delays have also been linked to the New frameworks starting on 1st April 2026 which would alter who needs to be issued with a spot contract. All SPOT contracts will be rolled out by December 2026. 2. Complete: Numbers of reviews are reported to management on monthly basis and discussed. 3.. Complete: All providers are risk assessed on regular basis through quality monitoring and contract management. 4. In progress: Formal contract management procedure is being developed and will be in place by the end of the year. This will be based on central Procurement Guidance. Informal contract management processes are already in place. 5. Complete: Feedback to providers is part of the new framework process.	Y

Audit Tracker Appendix one

Audit Title	Priority	RAG Status	Recommendation	Due date	Management Response	Responsible Officer latest update	Overdue
Supported Living	2	Complete	The review being undertaken by the social worker needs improving to ensure that there is a deep review of both the quality of the service being provided and that excessive, unnecessary costs are not being provided to the Provider. Many of these Providers are not within the ASC framework for S.L. The lack of effective reviews by social workers is often due to the pressure of a high numbers of cases which have not been reviewed for a number of years. It is recommended that: ASC senior management team consider developing a specialist type of review in collaboration between the Commissioning and Operations teams. Part of the brief for this specialist review needs to look at whether the Provider is providing pathways for the client to move out of the framework and achieve The review being undertaken by the social worker needs improving to ensure that there is a deep review of both the quality of the service being provided and that excessive, unnecessary costs are not being provided to the Provider. Many of these Providers are not within the ASC framework for S.L. The lack of effective reviews by social workers is often due to the pressure of a high numbers of cases which have not been reviewed for a number of years. It is recommended that: ASC senior management team consider developing a specialist type of review in collaboration between the Commissioning and Operations teams. Part of the brief for this specialist review needs to look at whether the Provider is providing pathways for the client to move out of the framework and achieve independent living. Review should look at achievement of outcomes/ VFM and KPI's/ targets.	30/04/26	The Commissioning and Operational Teams will review the approach to reviews, including consideration of CareCubed as part of the Supported Living Efficiency Project. This will include consideration of outcomes. KPIs will be incorporated into the new supported living framework contract which will be operational from 1st April 26. Checklist for workers / review guidance	All actions are now complete: Move on pathways are part of the Supported Living Independence Project and are being developed with partners on an individual basis. The specialist reviews are complete and being undertaken by dedicated Social Worker and Occupational Therapist to the Supported Living Independence project (we are in year 2 of 3 year project). Learning from this will be shared with wider Operational Teams. A training event on the new framework was completed and further sessions are being planned. KPIs on meeting outcomes has been completed as this is part of the new Framework and will be reported on a 6 monthly basis.	N

Audit and Governance Committee

15 July 2026



Reading
Borough Council
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Title	Officer Declarations of Interest and Gifts and Hospitality
Purpose of the report	To make a decision
Report status	Public report
Statutory Officer Commissioning Report	Jayne La Grua, Director of Legal & Governance and Monitoring Officer
Report author	Jayne La Grua, Director of Legal & Governance and Monitoring Officer
Lead Councillor	Cllr Ruth McEwan, Lead Councillor for Corporate Services and Resources
Council priority	Ensure Reading Borough Council is fit for the future
Recommendations	That Audit and Governance Committee: 1. Note the Council's arrangements for dealing with Employee Conflicts of Interest and the registration of Gifts and Hospitality; 2. Agree to receive a report at its next meeting monitoring compliance with the Council's new Conflicts of Interest Policy for Employees.

1. Executive Summary

- 1.1. At a meeting of the Audit and Governance Committee on 21 January 2025, Committee considered a report by the Council's External Auditor and resolved that officers be asked to consider applying a more rigorous approach to registering declarations of interest and gifts and hospitality, and whether the process should include monitoring by the Audit and Governance Committee to ensure records were complete.
- 1.2. This report updates Committee on steps taken to introduce centralised and regularly updated registers of Officer Declarations of Interest and Gifts and Hospitality.

2. Policy Context

- 2.1 Policies requiring employees to declare potential conflicts of interests and the receipt or refusal of gifts and hospitality safeguard the Council's integrity by preventing, identifying, declaring, recording and managing actual, potential, or perceived conflicts of interest. They ensure that decisions are taken impartially, transparently, and in the public interest, and that officers comply with the Seven Principles of Public Life (the Nolan Principles) and relevant legislation.

3. The Proposal

- 3.1. The Officers' Code of Conduct, which was last reviewed by [Personnel Committee on 21 November 2024](#), deals with employee conflicts of interest and gifts and hospitality. The Code requires employees to declare to their manager any outside interests they have, financial or otherwise, if and when an outside interest could conflict with the Council's interests or policy, or with their duties and responsibilities as an employee. A copy of the Officers' Code of Conduct is attached at **Appendix 1**.

- 3.2. The Council's Employee Gifts and Hospitality Policy was also reviewed by [Personnel Committee on 21 November 2024](#). The Policy requires employees to seek approval from their line manager before accepting any offer of hospitality or a gift of more than nominal value. This must be declared by completing the appropriate form, which is filed on the Council's systems by the Human Resources team. A copy of the Employee Gifts and Hospitality Policy is attached at **Appendix 2**.
- 3.3. Building on the provisions of the existing Code of Conduct, a standalone Employee Conflict of Interest Policy has recently been developed and was approved at a meeting of the [Personnel Committee on 12 March 2026](#). A copy of the Employee Conflict of Interest Policy is attached at **Appendix 3**.
- 3.4. The Conflict of Interest Policy has been developed in response to the new Failure to Prevent Fraud offence, which was created by [section 199 of the Economic Crime and Corporate Transparency Act 2023](#) and came into force on 1 September 2025. Under the new offence, the Council may be held criminally liable if it fails to prevent fraud committed by employees or associated persons, unless it can demonstrate that reasonable and proportionate fraud prevention procedures are in place. This includes having clear governance frameworks, effective monitoring, and documented controls, to mitigate the risk of prosecution and reputational damage.
- 3.5. A key area of concern for the Council has been the management of employee conflicts of interest. Previously, staff Declarations of Interest were required upon first employment and subsequently where there was a change of circumstances, but they were not renewed annually. This created a risk that new business interests, secondary employment, or personal relationships may go undisclosed, leaving the Council exposed to allegations of bias or impropriety. Without regular updates, it becomes difficult to evidence compliance with statutory requirements and to defend decisions if challenged.
- 3.6. The new Employee Conflict of Interest Policy strengthens governance arrangements by introducing mandatory annual Declarations of Interest for all staff, including the submission of a nil return where no interests exist, together with a renewed requirement for staff to update their declaration immediately if circumstances change. These measures seek to ensure that the Council can demonstrate proactive compliance with the new legislation, strengthen transparency, and reduce the Council's exposure to fraud, corruption, and procurement risks. They will also create a clear audit trail, evidencing that the Council has taken reasonable steps to prevent conflicts, thereby protecting both staff and the organisation.
- 3.7. A communications campaign is currently underway to raise staff awareness of the new Policy and ensure its implementation.
- 3.8. Audit and Governance Committee is invited to receive a monitoring report at its next meeting on 24 September 2026 updating Committee on compliance with the new policy requirements.

4. Contribution to Strategic Aims

- 4.1. Revised HR policies help to ensure that the Council can meet its legal obligations and Corporate Plan priorities, specifically in this instance ensuring that the Council is fit for the future.

5. Environmental and Climate Implications

- 5.1. There are no environmental or climate change implications.

6. Community Engagement

- 6.1. Not applicable.

7. Equality Implications

- 7.1. The Employee Conflict of Interest Policy and the Employee Gifts and Hospitality Policy apply to all Council employees, casual and temporary staff, agency workers, contractors,

consultants, and those working on behalf of the Council. As the requirements are consistent across the entire workforce, the policies do not create any differential or disproportionate impact on individuals with protected characteristics. There are therefore no direct equality implications, and the universal application supports fairness, transparency, and consistent organisational standards.

8. Legal Implications

- 8.1. The new Failure to Prevent Fraud offence places a legal obligation on the Council to demonstrate that reasonable and proportionate fraud prevention procedures are in place. The creation of a standalone Conflict of Interest Policy, coupled with annual declarations and immediate updates, strengthens the Council's ability to evidence compliance and reduces legal exposure arising from undisclosed interests or improper decision-making.
- 8.2. The updated Conflict of Interest policy and associated processes ensure that the Council's approach to conflicts of interest is legally sound, transparent, and aligned with current statutory expectations, thereby strengthening organisational resilience and reducing potential risk of challenge.
- 8.3. In addition, employees are legally required under Section 117 of the Local Government Act 1972 to declare any direct or indirect pecuniary interest in a Council contract, with failure to do so constituting a criminal offence. The revised declaration process reinforces compliance with this duty and builds a clear audit trail to support governance and legal assurance.
- 8.4. It is an offence under the Bribery Act 2010 to accept a bribe (whether given directly or indirectly) as an inducement to improperly perform (or fail to perform) any act or function of a public nature. A bribe can be any financial or other advantage, but it is made clear in the statutory guidance that this is not intended to cover genuine promotional materials or corporate hospitality, for example. There must be an intention to induce the officer in their official role. Adherence to the Gifts and Hospitality Policy protects officers from inadvertently committing such an offence.

9. Financial Implications

- 9.1. There are no financial implications arising from this report.

10. Timetable for Implementation

- 10.1. Not applicable. Already in force.

11. Background Papers

- 11.1. In addition to the Policies mentioned in this report, the Council also maintains an Anti-Fraud, Bribery and Corruption Policy and a Whistleblowing Policy, copies of which are attached at **Appendices 4 and 5**.

Appendices

1. **Appendix 1 – Officers' Code of Conduct**
2. **Appendix 2 – Employee Gifts and Hospitality Policy**
3. **Appendix 3 – Employee Conflict of Interest Policy**
4. **Appendix 4 – Anti-Fraud, Bribery and Corruption Policy**
5. **Appendix 5 – Whistleblowing Policy**

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Officers' Code of Conduct

EMPLOYEES' CODE OF CONDUCT

APPROVED BY PERSONNEL COMMITTEE – 19 November 2020

CONTENTS

This document has two sections:

SECTION 1: The purpose, scope and principles of the code

This sets out the reasons for the code, describes who is covered by it and the principles contained in it

SECTION 2: This sets out the areas of conduct that must be observed:

Conduct during working hours	Para 1
Political neutrality	Para 2
Personal Relationships	Para 3
Recruitment	Para 4
Use of Information	Para 5
Confidentiality	Para 6
Hospitality	Para 7
Gifts	Para 8
Bribery & Corruption	Para 9
Dressing Appropriately	Para 10
Use of Council property, facilities and equipment	Para 11
Using the services of people who deal with the Council	Para 12
Conduct outside working hours	Para 13
Employment outside the Council	Para 14
Personal Interests	Para 15
Breach of the code	Para 16

SECTION 1: PURPOSE, SCOPE AND PRINCIPLES

PURPOSE

- To meet requirements specified by the National Conditions of Service for all employee groups.
- To specify and explain the standards the Council has set, therefore protecting employees from misunderstanding or criticism.
- To help employees maintain fully acceptable standards of conduct set by the Council.
- To ensure that the Council maintains a deserved reputation for the high standards of its activities and the integrity of its employees at all levels.

WHO IS COVERED BY THE CODE OF CONDUCT?

The code of conduct applies to all those working for Reading Borough Council, including those on permanent, temporary or part-time contracts, job sharers, and employees on non-standard terms of employment. Relevant parts of the code should be included in the specifications for consultants and contractors, and drawn to the attention of voluntary workers on Council projects.

Some employees may already have specific requirements relating to conduct included in their contracts or standard conditions of employment. Where contract conditions and requirements of individual contracts are more specific, due to the nature of the work, they will override the provisions of this Code., where individual contracts are more specific due to the nature of the work.

In addition:

- a) The Code may be supplemented within services/directorates by specific provisions or requirements, for example, a professional Code of Conduct. Where this is the case, proposed codes and rules should follow proper process by consulting through the Directorate Joint Forum.
- b) Individual services and professions may have their own Codes of Conduct and/or ethics. Where this is the case, they complement, rather than replace, this Code of Conduct.
- c) References to “the Council” throughout this document mean Reading Borough Council.
- d) This Code has been agreed between the Council and recognised trades unions.

PRINCIPLES

This Code is based on and consistent with the following seven principles which are set out in Section 28 of the Localism Act 2011, and which were originally set out by the Nolan Committee on Standards in Public Life:

- a) **Selflessness**
Holders of public office should act solely in terms of the public interest. They should not do so in order to gain financial or other material benefits.
- b) **Integrity**
Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties.
- c) **Objectivity**
In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.
- d) **Accountability**
Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.
- e) **Openness**
Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

f) **Honesty**

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

g) **Leadership**

Holders of public office should promote and support these principles by leadership and example.

The various sections in section 2 of this document set out how the general principles are applied to different aspects of conduct. **The Code cannot describe every possible circumstance that may occur.**

Employees and managers need to exercise good sense and judgement in deciding whether specific situations fall within the Code or not. For employees, a key guideline is:

WHEN IN DOUBT AS TO WHETHER THE CODE APPLIES – ASK YOUR MANAGER

SECTION 2: CODE OF CONDUCT FOR EMPLOYEES

1. Conduct during working hours

You have a responsibility to act in accordance with the Council's equal opportunities policies, statutory guidance and best practice. Service decisions and activities must not favour one person or section of the community on any grounds which would be in contravention of equal opportunity principles.

All forms of unlawful discrimination, victimisation, bullying and harassment, in any form, is unacceptable and will not be tolerated. Allegations will be investigated and dealt with under the Council's [Disciplinary Policy](#) where necessary.

2. Political Neutrality

You serve the Council as a whole. This means that all Councillors are served equally, irrespective of their political group or affiliation and you must ensure that the individual rights of all Councillors are respected.

You must not allow your own personal or political opinions to interfere with your work or influence the advice you give to Councillors, the public or other staff.

If your job involves you giving advice to political groups, you must do so in ways which do not compromise your political neutrality.

If your post is designated a "politically restricted post" under the provisions of the Local Government & Housing Act 1989, certain additional rules will apply to you and you should have been informed of these rules when you are appointed. It is your responsibility to acquaint yourself with the rules, if they apply to you.

If your post becomes politically restricted during the course of your employment, then you will be notified.

Posts affected by these rules (politically restricted posts) fall into the following categories:

- a) Certain specified posts, such as the Head of the Paid Service, the Monitoring Officer and all Chief Officers and their Deputies
- b) Posts that, by the nature of the work involved, are deemed to be "sensitive". For example:
 - (i) posts where the employee regularly advises members, committees or sub-committees or any joint committee on which the authority are represented, and
 - (ii) posts where the employee regularly speaks on behalf of the authority to journalists and broadcasters.

Exemptions to this Act (ie not politically restricted) are:

- (i) posts reporting directly to the Chief Executive where the duties of the postholder are solely secretarial or clerical.
- (ii) Head Teachers, Principals of schools or colleges, or other educational establishments maintained/assisted by the local LEA. Any person holding the post of Teacher or Lecturer in any such educational establishment will not be politically restricted.

If you are unsure if your post falls within the politically restricted categories, or whether your post is exempt from the political restrictions, you should speak to your manager or the Director of Legal & Democratic Services.

3. Personal Relationships

Personal relationships may develop with colleagues, Councillors, contractors, customers and clients. You should not allow a personal relationship to place you in a position where you are unable to carry out the duties of your job in a proper and impartial manner. Certain Directorates have particular rules regarding personal relationships (eg, [see these personal relationship guidelines](#)), and you should ensure that you abide by these.

You should inform your manager if you have, or develop, a close personal relationship with another employee which could be considered, by colleagues or others, to have an impact on how you conduct yourself at work. The information will be treated with confidentiality.

You must maintain a professional working relationship with colleagues, Councillors, contractors, customers and clients.

Elected Councillors are subject to their own statutory Code of Conduct which addresses relationships between Councillors and employees. ①³

4. Recruitment

If a relative or close personal friend is a candidate for a post that you are involved in the recruitment for, you must discuss this with your manager. It may be appropriate for you to withdraw from the process, if your manager considers this appropriate and it is practicable for you to do so.

You must follow the Council's Recruitment and Selection Policy and ensure fairness is applied at all stages.

5. Use of Information

The law requires that certain types of information must be available to members, auditors, government departments, service users and the public. Your manager must identify, and make you aware of this information at induction, including outlining when additional information is relevant.

Information you gather while working for the Council must not be used for personal or commercial gain, or be otherwise misused.

You must not destroy, alter or falsify any document or record, whether for personal gain or to cover up, mislead or deceive other people.

You must comply with the Council's [Data Protection Policy](#).

You must not pass on information to anyone not entitled to receive it, nor post it on any public forum or any social media platform.

You must comply with the Council's [Social Media Policy](#).

You must not pass on to the public or press, information from any Committee or meeting, from which they have been excluded.

You must not deal directly with the press or media, or make any public statement, unless you have been authorised to act as an official spokesperson.

³ (① The Local Government and Housing Act 1989 has given statutory status to the National Code of Local Government Conduct (for the guidance of councillors of local authorities)).

6. Confidentiality

You may be subject to “restrictive covenants”, which are intended to protect the Council’s confidential information, which restrict you from disclosing or using such information during and after leaving employment.

7. Hospitality

In certain circumstances, receiving hospitality may be acceptable. Where that is the case, you must discuss it with your manager and the details – the type of hospitality offered and the person/organisation offering it - should be recorded in a register maintained by your directorate.

Examples of generally acceptable hospitality are:

- (i) Invitations to attend events where you represent the Council
- (ii) Hospitality offered by other public sector organisations or recognised civic or government bodies that have links with the Council
- (iii) A working lunch or other meal which allows the work or discussion to continue during the course of the day
- (iv) An event where the Council should be seen to be represented.
- (v) Hospitality to mark the completion of a transaction or piece of work provided it has been successfully concluded and the nature of the hospitality is reasonable
- (vi) Where the Council is a regular client of an organisation or firm and the hospitality is being offered to a number of clients in the ordinary course of the business.

Examples of hospitality which should be declined include:

- (i) Offers of hotel accommodation or other form of holiday
- (ii) Free use of other forms of leisure, sports or entertainment facilities or equipment

8. Gifts

If you are offered a gift you should consider whether it is one of “low” value (£25 as at 2020). You must use common sense and tell your manager, who should decide if the gift is acceptable or should be declined. It must be recorded in a register maintained by your directorate.

Examples of generally acceptable gifts:

- (i) Small gifts that have been sent or given as an advertisement for a particular firm, for example, appropriate items for use in the office
- (ii) Small gifts such as a bottle of wine or a box of chocolates that have been given at the end of work on a project. These gifts should be made generally available to those who have worked on the project
- (iii) Christmas boxes – in a number of jobs, for example, refuse collection, it has been traditional for members of the public to give the team concerned gifts with varying financial values. As a normal and well-established practice, acceptance of the Christmas gift, on behalf of the team concerned, is acceptable, provided:
 - The gift is not solicited or requested either directly or indirectly
 - There is no suggestion that decisions concerning the service, or the quality of the service provided will change in any way

- Any gift that is of such a value that falls outside a normal range is notified to your manager

Gifts should be declined if it is from anyone who is, or may be in the foreseeable future, tendering for any contract with the Council, seeking planning permission, seeking employment or in dispute with the Council.

9. Bribery & Corruption

The Bribery Act 2010 makes it an offence to seek, accept or agree to accept a financial or other advantage as an inducement or reward to perform a function improperly. In simple terms, for public employees, agency and contracted staff it is a crime to seek or accept a financial or other advantage in return for making a decision, granting an award or performing any other public function, regardless of what decision is made. The maximum sentence for a bribery offence is 10 years imprisonment.

The Bribery Act 2010 also makes it an offence for employees to offer or pay bribes and both the individual and the organisation may be prosecuted.

The Local Government Act 1972 makes it an offence for employees to accept any fee or reward (including gifts) for their employment other than their proper pay, and on conviction employees are liable to be fined.

10. Dressing Appropriately

- a) You are expected to dress appropriately for the role for which you are employed. You must be mindful of the impact your appearance will have on the client/customer relationship.
- b) If you are required to wear a uniform you must conform to that requirement.
- c) You are required to comply with any Health & Safety clothing requirements.
- d) If you have personal, cultural or religious objections to these requirements, you should discuss them with your Head of Service who will consider each case on its merits and take appropriate action.

11. Use of Council property, facilities and equipment

- a) Be mindful that you are using Council assets, not your own personal property
- b) You may make phone calls within reason and within your own time
- c) You may access the Council's internet connection for personal use, but only within your own time and as stated in the Council's ICT rules
- d) Council vehicles must be used for authorised purposes only
- e) You must return any Council property if you stop working for the Council

12. Using the services of people who deal with the Council

You are not prohibited from personally obtaining goods and services from organisations that deal with the Council. However, you must make sure that you are not being offered preferential rates in an attempt to influence the Council to use that organisation. As far as possible, make sure that the price you are quoted is a competitive one.

If you are authorised to award or recommend the award of contracts to an individual or an organisation, you should try to avoid using that individual or organisation for the purchase of goods or services for yourself, unless it can be demonstrated that there was little or no alternative. This should be declared to your manager if this happens.

This does not affect the purchase of goods or services at discount rates negotiated through a scheme endorsed by the Council or a Trades Union.

13. Conduct outside working hours

In general, what you do outside work is your own concern. However, you must avoid doing anything which may result in damaging the Council's reputation. Some actions, including serious misconduct or criminal offences can lead to disciplinary action and may lead to dismissal.

Remember that if you are expected to wear a uniform as part of your job, and wear it outside working hours, you can be identified as a Council employee and you must act appropriately while wearing the uniform.

For certain professions, if it is considered that you have brought the profession into disrepute, you may be struck off the professional register and no longer able to practise.

14. Employment outside the Council

If you take on, or consider taking on, paid or unpaid work in addition to your work at the Council, you must be certain that it does not have an adverse effect on your work for the Council and does not conflict with the interests of the Council.

You must declare any personal interest or activities that may be perceived by others as being potentially in conflict with the Council's interests.

You should bring this to the attention of your manager to check that it is acceptable for you to do it. In particular, you must ensure that you comply with the following conditions:

- (i) You must not undertake private work or business (including private work for your line manager) during your Council working hours, on Council premises or using Council equipment.
- (ii) You must not take on work that will adversely affect the way in which you perform your duties for the Council. You must consider the Working Time Regulations.
- (iii) You should take care when undertaking paid or unpaid private work that involves official contact with the Council (for example, work for relatives or friends that needs planning permission). You must discuss this with your manager.
- (iv) You must not undertake paid or unpaid private work for any person or organisation if you allocate business to them as part of your duties at the Council, or if you are in a position to award contracts or commission work, or influence the awarding of contracts or commissioning of work, or grant approval or permission.
- (v) You must not be involved in awarding, monitoring or managing contracts in which partners, spouses, relative or friends are employed.
- (vi) If you are invited to speak at a conference, in your position as an officer of the Council, your fees for this would normally be paid to the Council.

There may be situations where it may be appropriate to carry out some form of **unpaid** "outside work", academic research or other task in the workplace. Generally this would only be appropriate out of work time (e.g. during lunch breaks or outside normal work hours) and in no way for personal gain.

15. Personal Interests

It is accepted that you will have outside interests and will support, or belong to, different groups or organisations, whether this is paid or unpaid. You should declare to your manager your involvement or interest (financial and non-financial interests) **if and when** your outside activities, or the activities of the group you belong to, could conflict with the Council's interests or Council policy, or with your duties and responsibilities as an employee.

You should declare to the Council's Monitoring Officer (Director of Legal and Democratic Services) membership of any organisation not open to the public without formal membership and commitment of allegiance and which has secrecy about rules or membership or conduct (for example, Freemasons). The Monitoring Officer will keep a confidential record of such declarations.

16. Breach of the code

Failure to comply with the Code of Conduct could lead to criticism of the Council or you. In such cases, the Council's Disciplinary Procedure would apply.

If you have any concerns about the application of any part of this code to your own circumstances you should discuss it, as soon as possible, with your manager.

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Gifts and Hospitality Policy

October 2024



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Document History	
Version	1.2 (see below)
Status	Draft
Date	October 2024
Target audience	All employees of Reading Borough Council with the exception of Schools-based staff for whom alternative procedures apply
Ratification	To include Assistant Directors, Executive Directors, Chief Executive obtaining authorisation in line with policy
Author	HR
Target audience	All employees of Reading Borough Council with the exception of Schools-based staff for whom alternative procedures apply
Ratification	None
Author	HR Employment Services Team

Version control	Reviewers
Version 1.0	Initial draft – June 2020
Version 1.1	Final version agreed with Joint Trade Unions on 18 November 2020 and approved by Personnel Committee on 19 November 2020.
Version 1.2	Reviewed October 2024

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1. Objectives and scope

- 1.1 From time-to time officers are faced with the difficulty of deciding whether to accept offers of gifts or hospitality which arise during business activities. Whilst it is impossible to cover every set of circumstances, this policy should provide a basis for deciding in most cases.
- 1.2 This policy relates primarily to relationships with commercial bodies and outside individuals in the private sector. Different circumstances will usually apply where dealings are with other public authorities.
- 1.3 Officers are strongly advised to err on the side of caution when deciding whether to accept gifts or hospitality. If they are in any doubt in a particular case, they should consult their Assistant Director in the first instance. Advice can also be obtained from the Monitoring Officer.
- 1.4 This policy applies to all those working for Reading Borough Council, including those on permanent, agency, temporary or part-time contracts, job sharers, and employees on non-standard terms of employment. This also includes senior managers (Assistant Directors, Executive Directors, and Chief Executive) who should in turn ensure that their staff are given clear instructions. Generally, hospitality should be avoided unless a manager has agreed that the circumstances are such that a member of staff can properly accept hospitality as a representative of the Council.
- 1.5 It is the responsibility of the employee to seek approval from their Assistant Director, Executive Director, Chief Executive or Monitoring Officer **before** accepting any offer of hospitality or a gift of more than nominal value. This must be declared by completing the appropriate form in DASH.
- 1.6 Officers should be aware that it is an offence under the Bribery Act 2010 to accept a bribe (whether given directly or indirectly) as an inducement to improperly perform (or fail to perform) any act or function of a public nature. A

bribe can be any financial or other advantage, but it is made clear in the statutory guidance that this is not intended to cover genuine promotional materials or corporate hospitality, for example, there must be an intention to induce the officer in their official role. Following this policy will help to protect officers from inadvertently committing such an offence.

2. Gifts

- 2.1 The acceptance of gifts is a risky practice, and the general rule should be to refuse tactfully all such offers from organisations or persons who do, or might, provide work, goods, or services to the Council, or who need some decision from the Council, for example, in respect of a planning application.
- 2.2 If offered a gift, even one of a low nominal value (£25 or less), the employee is required to declare this to their line manager, who should decide if the gift is acceptable or should be declined. This must be declared by completing the appropriate form in DASH and will be filed on NEC via the HR & OD Hub.
- 2.3 If an employee has any about doubt whether a gift is of more than nominal value, they must seek advice from their Assistant Director, Executive Director, or the Monitoring Officer before accepting it.
- 2.4 Exceptions to this general rule would include modest gifts of a promotional character, including such things as calendars, diaries, articles for use in the office etc, or a small gift on the conclusion of a courtesy visit to a factory or firm.
- 2.5 Such exceptions relate only to modest gifts and obviously an expensive gift would raise questions even if it is impossible to be more precise in dealing with what does and does not amount to an acceptable gift. This is very much a matter for the individual judgement of senior managers, given the circumstances.

3. Hospitality

- 3.1 When to accept hospitality is again very much a matter of judgement given the circumstances, and it would be wrong to produce an atmosphere in which officers refused all invitations for social involvement with persons or bodies who have, or may seek to have in the future, business dealings with the Council. Contacts established at a social level can often be helpful in pursuing the Council's interests. What is important is to avoid any suggestion of improper influence or giving others the opportunity to raise a concern about improper influence.

3.2 The following are intended as examples only:

3.2.1 **Acceptable**

- (4) Meals provided to allow the parties to discuss business, or following or prior to, such a discussion. A useful test will often be whether you would provide refreshments if the venue was reversed.
- (ii) Invitations to institute dinners or functions, e.g., an invitation from private architects to the Royal Institute of British Architects' dinner.
- (iii) Invitations to seminars or similar where the event will help improve the professional knowledge of an officer to the benefit of the Council.

3.2.2 **Unacceptable**

- (4) Paid holidays or specials concessionary rates which are not openly and, as a matter of practice, available equally to other organisations. This would also apply to goods or services which may not be generally available to staff at that price.
- (ii) Offers of hotel and/or tickets for theatres or sporting events.
- (iii) The use of company flats or hotel suites.

4. Negotiations

- 4.1 When a particular person or body has a matter currently in issue or negotiation with the Council, then a more restrictive approach must be taken. This is even more relevant when, for example, negotiations are in train with an outside organisation. An important criterion in exercising your judgement is what interpretation others may reasonably put on your acceptance. For example, if negotiations will extend over a long period of time, it will be sensible to act as a host alternately with the other party.

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Conflict of Interest Policy

February 2026



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1. Introduction

- 1.1 The Council (RBC) is committed to maintaining the highest standards of integrity, transparency, and public trust. Employees must avoid situations where personal interests could conflict, or appear to conflict, with their duties to the Council.

This policy safeguards the Council's integrity by preventing, identifying, declaring, recording and managing actual, potential, or perceived conflicts of interest. It ensures decisions are taken impartially, transparently, and in the public interest, and that we comply with the Seven Principles of Public Life (the Nolan Principles) and relevant legislation.

For roles in regulated services, including Children's Services, additional scrutiny or conditions may be applied where secondary employment or external interests present heightened safeguarding, reputational, or regulatory risks.

2. Scope

- 2.1 This policy applies to all Council employees, casual and temporary staff, agency workers, contractors, consultants, and those working on behalf of the Council (including secondees). School-based staff follow local arrangements where applicable

3. Definition of a Conflict of Interest

- 3.1 A conflict of interest arises where personal, financial, or other interests could compromise or be perceived to compromise an individual's impartiality, integrity, or objectivity in performing their Council role. Conflicts may be actual, potential, or perceived.

Where there is any doubt as to whether an interest constitutes a conflict, it must be declared.

3.2 Illustrative examples (not exhaustive):

- A financial interest in a supplier/contractor/organisation bidding for work.
- Close personal relationships (family, partner, close friend) with individuals employed by, or connected to, a tenderer, contractor, or applicant.
- Involvement in evaluating/awarding/managing contracts where you or a close associate has an interest in the outcome.
- Gifts, hospitality or incentives from suppliers/applicants/bidders that could influence, or be seen to influence, decision-making
- Secondary employment or private business activities intersecting with Council duties, particularly where time or role overlap could affect impartiality or performance

4. Responsibilities

4.1 All Staff (employees, workers, agency, contractors)

- Disclose immediately any actual, potential, or perceived conflict (including secondary employment/business interests).
- Refrain from participation in any decision-making, evaluation, procurement or contract management activity where a conflict exists, unless a written management plan/dispensation is in place.
- Treat all work information especially procurement, tender, evaluation and commercially-sensitive materials as confidential.
- Comply with the Council's Gifts & Hospitality, Code of Conduct, Anti-Fraud/Bribery/Corruption, Whistleblowing, and Information Governance policies.
- Complete annual declarations (including "nil returns") and update immediately if circumstances change.

4.2 Managers

- Create a culture of early declaration, ensure annual reminders, and review team returns.
- Assess conflicts promptly, agree management plans (e.g., recusal, supervision, task reassignment), and record decisions. Management plans must be agreed by the line manager and HR, with advice from the Monitoring Officer where the conflict relates to procurement, commissioning, or senior roles.
- Escalate complex/strategic cases to HR and the Monitoring Officer

4.3 Directors & Executive Directors

- Ensure directorate procedures and procurements integrate conflict checks and supplier conflict declarations.
- Oversee compliance and report significant issues to the Director of HR & OD and/or the Head of Paid Service.

4.4 Human Resources

- Maintain the register (HR system workflow), provide training and annual prompts, and support managers with case advice.

4.5 Monitoring Officer

- Provide governance advice, maintain oversight of significant/strategic conflicts, and report these as appropriate to the Head of Paid Service and ensure alignment with standing orders/contract procedure rules.
- Provide corporate oversight and reporting/monitoring

5. Declaration Requirements

Under Section 117 of the Local Government Act 1972, employees are legally required to notify the Council in writing of any direct or indirect pecuniary interest in any contract, or proposed contract, with the Council. Failure to do so is a criminal offence.

5.1 What must be declared

Any interest that could reasonably be seen to affect impartiality, including:

- Financial interests in suppliers/partners (you or close associates).
- Relationships (family, partner, close friend) with tenderers, suppliers, applicants.
- Secondary employment or self-employment/companies you own or manage.
- Gifts & hospitality offered/received (follow the separate policy and thresholds)

5.2 When to declare

- On appointment, annually (including submission of a “nil return” where no interests exist), and immediately when circumstances change.
- Before taking part in procurement/commissioning or any decision with a potential conflict

5.3 How to declare

- Complete the Declaration of Interests Form. Manager reviews and agrees a management plan or escalates. Records are held on the central register. Management plans must be agreed by the line manager and HR, with advice from the Monitoring Officer where the conflict relates to procurement, commissioning, or senior roles.

6. Secondary Employment & Private Business Activities

6.1 Requirement to declare and seek approval

- The Council does not prohibit you from taking secondary employment and will not unreasonably withhold permission for you to do so, provided that the second job does not present an insurmountable conflict of interest with your role here or the work of the Council.
- Employees must declare any secondary employment (paid or unpaid) or business activity that could intersect with your Council role before commencing and keep this under annual review. Approval may be conditional (e.g., no overlap with working hours, no access to related contracts, periodic review).
- Secondary employment or private business activities must not be undertaken during Council working hours, using Council systems or assets, or in a way that impacts performance, attendance, health, safety, or wellbeing.

6.2 Working time, rest and performance

- Employees must ensure that any secondary employment does not result in a breach of the Working Time Regulations, including limits on average weekly working hours, minimum rest periods, and statutory breaks. This applies to total working time across all employments, not just the Council role.
- Employees are responsible for notifying their manager if secondary work may affect compliance with working time limits. The Council may refuse, restrict, or withdraw approval for secondary employment where working time, health and safety, or service risks cannot be adequately managed.
- Breaches of working time requirements, or failure to disclose relevant working hours, may constitute misconduct and, in serious cases, gross misconduct.

6.3 Procurement and commissioning safeguards

- Staff with secondary employment or business interests must not participate in related procurements, evaluations, or contract management. Where unavoidable, a written management plan (e.g., recusal) is required and documented

7. How Conflicts are Managed

7.1 Depending on the nature, the Council may implement one or more of the following controls:

- Recusal from the matter/decision/meeting/evaluation panel.
- Reassignment of duties or additional supervision.
- Information barriers (access restrictions to systems/documents).
- Formal dispensation in limited, justified circumstances, recorded and time-bound.
- Prohibition of the activity where risks cannot be effectively mitigated

All decisions and rationales must be documented and provided to HR for inclusion on the central register and, where appropriate, the employee's personnel file.

8. Confidentiality and Data Protection

Declarations will be handled in line with data protection principles. Only those with a genuine need-to-know will access the register. Aggregated, anonymised insights may be used for governance reporting.

9. Non-Compliance

9.1 Failure to declare, late declaration, or breach of an agreed management plan or cooperate with an investigation may result in:

- Disciplinary action up to and including dismissal
- Removal from procurement/decision-making roles
- Possible referrals under anti-fraud/bribery procedures and to relevant authorities

- Where applicable, breaches of LGA 1972 s.117 and the Bribery Act 2010 may attract criminal sanctions.

10. Related Policies

- Employee Code of Conduct
- Gifts and Hospitality Policy
- Anti-Fraud, Bribery and Corruption Policy
- Whistleblowing Policy

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Policy Statement

Anti-Fraud, Bribery and Corruption Policy

October 2025

Date published	October 2025
Approved by & date	Policy Committee 20 Oct 2025
Author	Paul Harrington
Service	Audit & Investigations
Directorate	Resources
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1. Introduction

- 1.1 Reading Borough Council (the Council) is committed to safeguarding public funds and maintaining the highest standards of integrity. It is resolute in its efforts to prevent and combat fraud and corruption, whether originating internally or externally. The Council expects all Members, Officers, and staff to uphold the highest ethical standards by adhering to the Seven Principles of Public Life, the Council's Anti-Fraud, Bribery and Corruption Policy, relevant codes of conduct, internal policies and procedures, and applicable legislation.
- 1.2 The Council places great trust in the honesty and integrity of its Members and employees. It also expects external parties, including suppliers, contractors, and claimants, to act with the same level of integrity in their dealings with the Council. Fraud, corruption, and other forms of misconduct will not be tolerated, regardless of the source. The Council is committed to preventing, deterring, and detecting all forms of fraud and corruption, and will take appropriate action where such activity is identified, including referral to the police and other relevant authorities.
- 1.3 This policy outlines the Council's approach to addressing fraud, bribery, corruption, and dishonest conduct, both within the organisation and in its interactions with external parties.

2. Scope

- 2.1 This policy applies to all actual or suspected instances of fraud, bribery, corruption, or dishonest conduct involving the Council. It covers both internal and external cases and applies to elected Members, Council employees, agency and temporary staff, contractors, volunteers, and service users.

3. Definitions: Fraud, Bribery, Corruption and Dishonesty

- 3.1 The *Fraud Act 2006*, which came into force on 15 January 2007, does not provide a single definition of fraud. However, it establishes a general offence of fraud that can be committed in three distinct ways:
 - By false representation,
 - By failing to disclose information when legally required to do so,
 - By abuse of position.
- 3.2 The Act also introduces offences related to obtaining services dishonestly and the possession, creation, or distribution of articles intended for use in fraudulent activity.

- 3.3 The *Bribery Act 2010*, effective from 1 July 2011, sets out two general offences:
- Offering, promising, or giving a financial or other advantage,
 - Requesting, agreeing to receive, or accepting such an advantage.
- 3.4 Additionally, the Act creates a corporate offence for failing to prevent bribery carried out on behalf of an organisation. In essence, bribery involves giving or receiving something of value with the intention of influencing the actions of the recipient in favour of the provider. All staff must be aware of their responsibilities under this legislation.
- 3.5 The Council defines *corruption* as the act of giving or obtaining an advantage through illegitimate, immoral, or unethical means that conflict with the duties of employees or councillors or infringe upon the rights of others.
- 3.6 *Dishonesty* is a core element of fraud. A person is considered dishonest if they knowingly act in a dishonest manner. Additionally, even if the individual does not perceive their actions as dishonest, they may still be deemed dishonest if their conduct would be considered so by the standards of ordinary, decent people.

4. Failure to Prevent Fraud

- 4.1 The *Economic Crime and Corporate Transparency Act 2023* introduced a new corporate offence of *failure to prevent fraud*, which takes effect from **1 September 2025**. This legislation is intended to hold large organisations accountable where they benefit from fraudulent acts committed by employees or associated persons.
- 4.2 Reading Borough Council falls within the scope of this legislation as a “large organisation,” defined as meeting at least two of the following criteria:
- More than 250 employees
 - Annual turnover exceeding £36 million
 - Total assets exceeding £18 million
- 4.3 The offence applies when fraud is committed by employees, agents, subsidiaries, or other “associated persons” acting on behalf of the organisation, with the intention of benefiting the organisation or its clients. Importantly, the benefit to the organisation does not need to be the primary motive, fraud committed for personal gain that also benefits the organisation may still trigger liability. There is no requirement for senior management to have known about or authorised the fraudulent activity.
- 4.4 For the purposes of this offence, an “associated person” includes any employee, agent, or subsidiary of the organisation, as well as any individual or entity providing services on its behalf.

- 4.5 Companies within the Council's supply chain are not automatically considered associated persons unless they are delivering services *for or on behalf of* the Council. This includes, for example, employees of Council-owned subsidiaries or contractors delivering services such as housing repairs, highways maintenance, leisure, or outreach programmes. However, providers of goods or services *to* the Council, such as commercial cleaners, external legal advisors, valuers, accountants, or engineers, are not considered associated persons under this legislation.
- 4.6 Organisations can defend against this offence by demonstrating that they had *reasonable procedures* in place to prevent fraud, or that it was not reasonable to expect such procedures given the circumstances.
- 4.7 In practical terms, this means all Council employees, contractors, and associated persons must remain alert to potential fraud risks. Departments are expected to implement and follow robust fraud prevention procedures, provide regular fraud awareness training, and maintain strong internal controls. Any suspicions of fraudulent activity must be reported immediately through the appropriate channels, as failure to act could expose the Council to legal liability.

5. Rules and Procedures

- 5.1 The Council has various procedures and rules to ensure that the day-to-day operations and activities are properly controlled and are an important part of the internal control framework. These include: -
- Council Constitution including Financial Regulations.
 - Contracts Procedure Rules.
 - Code of Conduct for Councillors.
 - Officers' Code of Conduct; and
 - Scheme of Delegation.
- 5.2 Individual Services will have also introduced their own measures designed to control their activities e.g. schemes of delegation, working manuals, procedures etc.
- 5.3 Executive Directors need to ensure that staff have access to these rules and regulations and that staff receive appropriate training.
- 5.4 Reports of incidents involving elected Members will be passed to the Monitoring Officer to be dealt with in accordance with the *Arrangements for Dealing with Allegations of Misconduct*.
- 5.5 Failure to comply with the rules and regulations may result in formal action being taken. In the case of employees, this would be through the Council's disciplinary process, and for Members the appropriate political Group disciplinary processes.

- 5.6 It is the responsibility of the Monitoring Officer to report complaints about Councillor Conduct to the Standards Committee. The terms of reference of the Standards Committee, and the procedure for dealing with complaints about Members, are in Article 9 of the Council's Constitution.
- 5.7 The Audit & Governance Committee complements the work of the Standards Committee in relation to its role in promoting high ethical standards and providing oversight of the Council's governance arrangements and systems of internal control.

6. Behaviour of Members and Employees

- 6.1 The Council is resolute that the culture and tone of the Authority is one of honesty and opposition to fraud and corruption. The Council expects Members (elected and/or co-opted) and employees (including agency staff, consultants and contractors) to lead by example in ensuring effective opposition to fraud and corruption. This includes ensuring adherence to legislation, local rules and regulations, national, professional and local codes of conduct and that all procedures and practises are beyond reproach.
- 6.2 The Secretary of State has specified the general principles¹ which are to cover the conduct of Members and co-opted Members. The Council has developed its working behaviour around these principles.
- 6.3 The Council's Codes of Conduct for Members and employees set out an approach to work that is honest, fair, accountable and, as far as possible, transparent. Members and employees must act in line with the codes at all times.
- 6.4 The Council's employees are a vital element in its stance against fraud and corruption and they are positively encouraged to raise any concerns that they may have.
- 6.5 All information supplied will be dealt with fairly and confidentially. The aim will be to avoid revealing the names of persons who supply information.
- 6.6 Executive Directors, in consultation with the council's statutory Officers (Head of Paid Service, Monitoring Officer and Section 151 Officer), are expected to deal firmly and quickly with those who are corrupt, who seek to corrupt, who defraud, or who seek to defraud the council. Cases involving staff will usually lead to disciplinary action, which may result in dismissal. Where there is prima facie

¹ seven principles of public life identified in the First Report of the Committee on Standards in Public Life (the *Nolan Committee*)

evidence that a criminal offence has been committed it is the policy of the Council to refer the case to the Police for investigation and prosecution.

- 6.7 There is a need to ensure that any reporting process is not misused and, therefore, any abuse, such as raising unfounded malicious allegations, may be dealt with as a disciplinary matter.
- 6.8 In relation to complaints involving Members, the Corporate Investigations Team will consult the Monitoring Officer on whether or not the complaint falls within the scope of the Members' Code of Conduct and if so, what further steps (if any) should be taken.

7. Prevention of Fraud and Corruption

- 7.1 A key preventative measure against fraud and corruption is an adequate internal control framework covering all the Council's systems, both financial and non-financial, which support the delivery of services. The corporate rules and procedures referred to in paragraph 5.1 form part of this framework. The operation and adequacy of the internal controls in individual systems is the responsibility of Executive Directors and is subject to regular review by both Internal and External Audit.
- 7.2 A further preventative measure against fraud and corruption exists at the recruitment stage to establish, as far as possible, the previous record of potential employees in terms of their propriety and integrity. Staff recruitment is therefore required to be in accordance with the Council's Recruitment and Selection Policy, which requires written references to be obtained and identity documents to be checked.
- 7.3 When recruiting for posts that involve work with children or vulnerable adults, or where otherwise deemed appropriate, the screening process must include assessment and checks by the Disclosure and Barring Service.
- 7.4 All employees are required to report receiving any gift or hospitality to their manager who should decide if the gift is acceptable or should be declined. It must be recorded in a register maintained by the directorate. The type of hospitality offered and the person/organisation offering it must also be recorded in the register maintained by the Directorate.
- 7.5 Employees are required to declare their personal interests in accordance with the Officers Code of Conduct.
- 7.6 Members are required to declare their personal and prejudicial interests in accordance with the Code of Conduct for Members and voting Co-opted Members and to act in accordance with the code.

Data Matching

- 7.7 The Council will undertake data matching exercises in accordance with Data Protection legislation for the purposes of identifying and reducing fraud and corruption.
- 7.8 Regular data matching files and Real Time Information (RTI) are received from the Department for Work and Pensions (DWP), and the information is used to identify any incorrectness of a Housing Benefit or Council Tax Support claims.
- 7.9 We are required by law to participate in the National Fraud Initiative (NFI) data matching exercises for the purposes of preventing and detecting fraud. These exercises are directed by the Cabinet Office and at present there are two data matching exercises:
- i. A two-yearly national match to government, local government and other public sector records for which we supply payroll, housing benefit, council tax reduction scheme, creditors, licensing and housing register data; and
 - ii. An annual local match of council tax and electoral register data.
- 7.10 The use of data by the Cabinet Office in data matching exercises is carried out with statutory authority under Part 6 of the Local Audit and Accountability Act 2014. It does not require the consent of the individuals concerned under the General Data Protection Regulation (GDPR) and Data Protection Act 2018.

Probity Audits

- 7.11 Probity audits will be included in the Internal Audit Plan, as time allows, aimed specifically at identifying potential irregularities or providing assurance that they do not exist.

Fraud Warnings

- 7.12 The Corporate Investigations Team will be the focal point for any fraud warnings on potential external threats or attacks that have occurred in other organisations and will take appropriate action to identify or prevent similar incidents occurring at this Council. This includes processing the Intelligence Bulletins published by the National Anti-Fraud Network.

Whistleblowing

- 7.13 Our approach to whistleblowing enables employees (through the Staff Whistleblowing Policy), Councillors and members of the public to express any concerns they have about illegal or illegitimate practices involving the council. The whistleblower can raise their concerns without fear of victimisation, discrimination or disadvantage.
- 7.14 Employees are encouraged to raise concerns through their immediate line manager or Assistant Director in accordance with the Staff whistleblowing policy. Concerns can be reported by sending an email to Whistleblowing@reading.gov.uk. Further information on whistleblowing can be found here: [Whistleblowing - Reading Borough Council](#).
- 7.15 The Council's Whistleblowing Policy also seeks to reassure individuals that they will be protected from possible reprisals if they make disclosures in good faith.
- It is the duty of all individuals to report a suspicion of financial irregularity, either via their manager, or by another method identified above. Such disclosures will be treated in accordance with the Whistleblowing Policy.**
- 7.16 Contractors with the Council are also encouraged to raise genuine concerns as part of their contract terms and conditions.
- 7.17 Members of the public are encouraged to report genuine concerns through the designated channels. Examples are dedicated on-line forms, email addresses, and postal mail addressed to the Investigations Team or Chief Auditor. More information can be found on the Council's website (<http://www.reading.gov.uk/fraud>). Members of the public can also report fraud whilst contacting the Council either by phone or in person for other reasons and systems in place to ensure all reports of fraud are recorded and acted on.
- 7.18 The Council also has a Corporate Complaints Policy ([Complaints, comments and compliments - Reading Borough Council](#)) through which complaints can be made on a wide range of subjects. These can reveal suspicions of dishonesty.

8. Detection and Investigation of Fraud and Corruption

- 8.1 The preventative measures described in the previous section significantly reduce the risk of fraud and corruption but cannot eliminate it entirely. The operation of the internal controls in a system may alert employees to potential fraud. However, many frauds are discovered by chance or 'tip off'.

- 8.2 Financial Regulations require Executive Directors to notify the Chief Auditor immediately of any suspected fraud, theft, irregularity, improper use or misappropriation of the Council's property or resources. Under the Code of Conduct, employees are expected to report any impropriety or breach of procedure to the appropriate manager. Reporting cases in this way is essential to the Anti-Fraud, Bribery and Corruption Policy and to ensure that:
- all suspected cases of fraud and corruption are investigated properly.
 - the fraud response plan is carried out properly.
 - there is a standard process for dealing with all suspected cases of fraud and corruption; and
 - people and the Council's interests are protected.
- 8.3 The Corporate Investigations Team will consult with Executive Directors to decide on the type and course of investigations. Human Resources staff will also be consulted and involved, where appropriate, in investigations, particularly where they may lead to disciplinary action. This will include referring cases to the Police where necessary. Investigation Officers may also seek informal advice from the Police in the early stages of an investigation. Care will be taken to ensure that internal disciplinary procedures are followed, but do not prejudice any criminal case.

9. Sanctions

- 9.1 When an investigation's findings support the suspicion that fraudulent or corrupt activity has occurred, action will be taken in accordance with the *Fraud Response Plan*, which requires all types of sanctions – disciplinary, civil and criminal – to be considered.
- 9.2 Any disciplinary action against employees will be taken in accordance with the Council's *Employee Disciplinary Rules and Procedures*. For elected Members, sanctions used for breaches of the Members Code of Conduct will be taken in accordance with the *Members Complaints Procedure*.
- 9.3 Where fraud or impropriety has been perpetrated by organisations/ individuals with whom the Council has a contractual relationship, the Council will take action, including where appropriate, terminating the contract, publicising findings and bringing civil recovery proceedings.

10. Redress

- 10.1 The Council will seek to recover any losses fraudulently obtained from it and, where necessary, the costs incurred in doing so.
- 10.2 We will consider all means available to recover these amounts including possession orders, compensation claims, civil litigation, making an application for recovery from an employee's pension fund and general debt recovery.
- 10.3 The Council will also take advice to enable the use of investigatory powers available under the Proceeds of Crime Act and the use of restraint and confiscation orders.
- 10.4 Other forms of redress to recover losses, (such as making a claim against our insurance cover), or to prevent further fraudulent activity by the perpetrator, (such as notifying their professional body); will also be used wherever appropriate.

11. Training and Awareness

- 11.1 The Council recognises that an important aspect of its Anti-Fraud, Bribery and Corruption Policy is the general awareness and responsiveness of employees throughout the Council. To facilitate this, appropriate provision will be made through online fraud awareness training and bribery and corruption training provided by Learning and Development and communications. Training on specific fraud topics will also be provided to those Members and employees most likely to encounter that type of fraud such as procurement, commissioning, collusion and bid rigging.
- 11.2 The investigation of fraud and corruption is carried out in consultation with Services by the Council's Corporate Investigations Team whose skill base in investigative techniques is maintained by appropriate training.
- 11.3 In addition, the Council will seek via appropriate publicity to increase and maintain the general public's awareness of the facilities available to report concerns about fraud and corruption.
- 11.4 **Managers should ensure that staff are adequately trained to carry out their duties and are aware of how to comply with the Council's policies.**

12. Review of the Policy and its Effectiveness

- 12.1 The Council has an array of measures and procedures to assist in combating fraud and corruption. It is determined to keep pace with any future developments in preventative and detection techniques and to be able to respond to any future government incentives for the detection of fraud. The Anti-Fraud, Bribery and Corruption Policy and its effectiveness will be the subject of regular review.

Appendix A – Fraud Response Plan

1. The Council's Financial Regulations require managers to notify the Chief Auditor immediately of all actual or suspected instances of fraud, attempts at bribery and financial irregularities.
2. For staff who suspect or discover fraud, concerns should be immediately reported to the Chief Auditor and/or Corporate Investigations Manager, who will decide what further action is appropriate.
3. The aims and objectives of the Fraud Response Plan are to:
 - Prevent further losses of funds or other assets where fraud has occurred.
 - Minimise the risk of inappropriate action or disclosure taking place which would compromise an investigation.
 - Ensure there is a clear understanding over who will lead any investigation and to ensure managers, HR, Internal Audit are involved as appropriate.
 - Establish and secure evidence necessary and ensure containment of any information for disciplinary, civil and / or criminal action.
 - Maximise recovery of losses.
 - Ensure appropriate and timely action is taken against those who are suspected of fraud.
 - Identify the perpetrators and take appropriate action with any disciplinary, civil and / or criminal action; and
 - Minimise any adverse publicity for the Council.

Notifying suspected fraud

- 3 The Council relies on its employees, its agents and the public to help prevent and detect fraud and corruption. Often employees are the first to realise there is something seriously wrong internally, as they are in positions to be able to spot any possible cases of fraud or corruption at an early stage.
- 4 Council employees and Members must report any concerns they may have regarding fraud, bribery and corruption, whether it relates to dishonest behaviours by council employees, Members or by others.
- 5 The action taken when a suspected case of fraud, bribery, or corruption is first found might be vital to the success of any investigation that follows, so it is important that employees' actions are in line with the information given in this document. Members, service users, suppliers, partner organisations and members of the public are encouraged to report concerns about fraud and corruption

- 6 Whilst you can remain anonymous, it does help if your details are provided as concerns expressed anonymously are often much more difficult to investigate. For example, we may need to contact you to obtain further information or verify the information supplied.

Investigation process

- 7 Any suspicion of fraud will be treated seriously and will be reviewed in accordance with legislation, local policy and processes.
- 8 Suspected fraud will be investigated in an independent, open-minded and professional manner with the aim of protecting the interests of both the Council and the suspected individual(s).
- 9 Where necessary the Council will work in co-operation with other organisations such as the Police, Department for Work and Pensions, Home Office, His Majesty's Revenue and Customs, UK Borders Agency, NHS Counter Fraud Authority and other Local Authorities.
- 10 Investigations into suspected fraud or corruption will be conducted in a professional manner in accordance with the Police and Criminal Evidence Act 1984 (P.A.C.E.) and local protocols to ensure any actions are carried out both fairly and lawfully.
- 11 If sufficient evidence is established, the case will be reviewed to decide on the appropriate course of action to be taken.

Confidentiality

- 12 Details of any investigation are strictly confidential and will not be discussed with anyone other than the relevant management representatives.
- 13 If the media becomes aware of an investigation and attempts to contact employees or Members, no disclosure of the alleged fraud and investigation can be given. All matters relating to statements to the media will be dealt with through the Council's communications team.

Summary

- 14 This Fraud Response Plan, in conjunction with the Anti-Fraud, Bribery and Corruption Policy, provides a framework for preventing and investigating fraud, corruption and bribery against the Council. It is imperative that awareness of this plan is promoted both across the Council and externally.
- 15 The plan will be reviewed every two years and following any major fraud or changes in legislation.

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Whistleblowing Policy

November 2020



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Document History	
Version	1.4 (See below)
Status	FINAL
Date	November 2020
Target audience	All Council employees with the exception of staff employed by schools
Ratification	None
Author	HR Employment Services Team

Version control	Reviewers
Version 1.1	Approved by Personnel Committee – July 2014
Version 1.2	Review by AD for HR and OD and Chief Auditor - updated job titles and contact numbers– January 2020
Version 1.3	Incorporating TU comments
Version 1.4	Final version agreed with Joint Trade Unions in August 2020 and approved by Personnel Committee on 19 November 2020. Next review due in November 2022 or sooner if required by legislation. (Next review is due August 2022 or sooner if required by legislation)

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What is Whistleblowing?

Whistleblowing encourages and enables you to raise serious concerns within the Council rather than overlooking a problem or blowing the whistle outside.

As someone who works for the Council, you are often the first to realise that there may be something seriously wrong. However, you may not express your concerns because you feel that speaking up would be disloyal to your colleagues or to the Council. You may also be concerned that by speaking up you may risk losing your job or damaging your career.

This policy makes it clear that you can raise a matter of concern without fear of victimisation, subsequent discrimination or disadvantage.

It is in the interest of all concerned that disclosure of wrongdoing or irregularity is dealt with properly, quickly and discreetly. This includes the interests of the Council, its employees, any persons who are the subject of any disclosure, as well as the person making the disclosure.

Who does it apply to?

- All employees of the Council
- Contractors working for the Council on Council premises, for example, agency workers, builders or drivers.
- Any suppliers and those providing services under a contract with the Council in their own premises.
- Self-employed workers

Our Commitment

The Council is committed to the highest possible standards of openness, honesty and accountability. In line with that commitment, you are encouraged, if you have serious concerns about any aspect of the Council's work, to come forward and voice those concerns. It is recognised that certain cases will have to proceed on a confidential basis.

The policy has the support of the Council's recognised trade unions.

What types of concern are covered?

Types of concern may be about, for example:

- Conduct which is a criminal offence or a breach of law.
- Suspected fraud or corruption
- Disclosures related to miscarriages of justice.
- Dangerous procedures or activities risking Health and Safety, including risks to the public as well as other employees.
- Discrimination or abuse on grounds of race, gender or disability or other protected characteristic.
- Damage to the environment.

- Breaches of established standards of good practice or agreed procedures
- The inappropriate use or breaches of the Council's Standing Orders and financial procedures.
- Action which is contrary to the Code of Conduct for employees or for Members.
- Suspected sexual or physical or other abuse of clients, or
- Other unethical conduct.

Safeguards

The Council recognises that the decision to report a concern can be a difficult one to make, not least because of the fear of reprisal from those responsible for the malpractice. If you believe what you are saying to be true, you should have nothing to fear because in reporting your concern you will be doing your duty to your employer and those for whom you are providing a service.

The Council will not tolerate any harassment or victimisation (including informal pressures) and will take appropriate action to protect you when you raise a concern. If appropriate, the Council's harassment procedure will apply to those who carry out this unacceptable behaviour.

Any investigation into allegations of potential malpractice will not influence or be influenced by any disciplinary, grievance, capability or other procedures that already affect you.

Confidentiality

The Council will do its best to protect your identity when you raise a concern and do not want your name to be disclosed. It must be appreciated that the investigation process may reveal the source of the information and a statement by you may be required as part of the evidence. You will be given prior notice of this and a chance to discuss the consequences if these circumstances arise.

The confidentiality of service users will not be compromised as employees have a duty in law and with their professional codes of conduct to maintain this.

Support for Whistleblowers

Trade Unions

If you are a trade union member, you are encouraged to raise and discuss matters with your union representatives before seeking to invoke the Whistleblowing Policy. Trade unions can advise you whether or not to proceed and the best way to present your disclosure.

A trade union representative may also accompany or represent you at any meetings in connection with a disclosure under this Policy.

Human Resources (HR) Department

The Council's HR Department can be a place where you can discuss how to make a disclosure and lodge a matter of concern (see below). Staff and non-employees will often discuss the issues that worry them with the HR team in the first instance. Such discussions will be in confidence if that is what you prefer, but there may be some disclosures (for instance criminal acts) that cannot remain confidential. However, you will be given time and space to explore your options to take matters forward.

Employee Assistance Programme (EAP)

Employees of the Council can contact the EAP (provided by Health Assured) to discuss any concern you may have about work or your personal life, that is having an impact on you being able to carry out your work.

Although they offer a confidential counselling service, they are not able to make this unconditional confidentiality. They are bound by professional codes of ethics.

What is guaranteed, however, is that any matter that you discuss with them, will be given as much support, sensitivity and confidentiality as is possible. If for any reason, (and this will be on a very rare occasion), that the EAP feels that the information they have heard cannot remain confidential, (e.g. because of any third party involvement), then they will discuss this with you, and try to seek agreement on how to proceed with the matter.

Employee Assistance Programme is available to provide you with confidential, independent advice and support. You can contact them 24/7 on 0800 028 0199 or by clicking <https://wisdom.healthassured.org/login>.

Please note: the EAP service is available to employees of the Council, their family members, Councillors and up to 3 months after leaving the Council.

Anonymous Allegations

This policy encourages you to put your name to your allegation. Concerns expressed anonymously are much less powerful, but they will be considered (at the discretion of the Council).

In exercising the discretion, the factors to be taken into account would include:

- the seriousness of the issues raised
- the credibility of the concern
- the likelihood of confirming the allegation from attributable sources or factual records

Untrue Allegations

If you make an allegation in good faith, but it is not confirmed by the investigation, no action will be taken against you. If, however, it is established that you have made malicious, frivolous or vexatious allegations, or for personal gain, disciplinary action may be taken against you. In such cases, the Council's [Disciplinary Policy](#) will apply.

How to raise a concern

The earlier you express concern, the easier it is for someone to take action.

Concerns may be raised verbally or in writing. You should be prepared to set out the background and history of the concern, giving names, dates and places where possible and the reason why you are particularly concerned about the situation.

If you are an employee –

As a first step, you should normally raise concerns with your immediate manager or their manager, or you may wish to bring the matter to the attention of your trade union representative and request them to act for you. This depends, however, on the seriousness and sensitivity of the issues involved and who is thought to be involved in the malpractice. For example, if you believe that management is involved, or if you feel that you have not received a satisfactory response to your concern, you should approach a higher level of management or your Executive Director / the Chief Executive. You can also report the matter to us by calling 0800 043 0699 (free phone), emailing Whistleblowing@reading.gov.uk or by writing to the Council's Chief Auditor, Civic Offices, Reading RG1 2LU.

If you are not an employee –

(e.g. agency staff, contractors etc) you can discuss your concerns with a relevant colleague or manager within the service that you are working in. You can also seek advice from the Council's HR Department, your own employer or the Council's Internal Audit Service (see above). **Even though you may not be an employee, you are entitled to raise your concerns with any of the contacts shown below or any senior manager in the Council.** The same safeguards and regards for your protection will still apply under this policy.

Further **confidential** advice and guidance on how matters of concern may be pursued can be obtained from:

• Assistant Director of Legal and Democratic Services (The Monitoring Officer)	X 73470
• Chief Auditor	X 72695
• Assistant Director of HR & Organisational Development	X 72571
• Executive Director of Resources (S151 Officer)	X 74710

Because of the difficulty of raising a concern, you may ask your trade union or other representative to raise a matter on your behalf or ask them to accompany you to meet with your manager or other officer. You may also wish to consider speaking to a colleague who may have experienced the same concern.

How will the Council respond?

Acknowledgement

Receipt of your concern will be acknowledged immediately and, within five working days of the concern being received, the Council will write to you:

- indicating how the matter will be dealt with;
- giving an estimate of how long it will take to provide a final response;
- telling you whether any initial enquiries have been made;
- supplying you with information on sources of support, and
- telling you whether further investigations will take place, and if not, why not.

Action under the Whistleblowing Policy

The action taken by the Council will depend on the nature of the concern. The matters raised may be followed up in one of the following ways:

- be investigated internally by management (it must be emphasised that no-one who is the subject of a complaint or concern will be involved in the handling of it), internal audit or through disciplinary procedures;
- be referred to the police;
- be referred to the external auditor;
- be the subject of an independent enquiry.

In order to protect individuals and the Council, initial enquiries will be made to decide whether an investigation is appropriate and, if so, what form it should take. Concerns or allegations which fall within the scope of specific procedures, (for example, child protection or discrimination issues), will normally be referred for consideration under those procedures.

Some concerns may be resolved by agreed action between the manager, individual and those whose actions had caused concern. If urgent action is required, this will be taken before any investigation is conducted.

Contact

The amount of contact between the people considering the issues and you will depend on the nature of the matters raised, the potential difficulties involved and the clarity of the information provided. If necessary, further information will be sought from you as part of the investigation process.

Attending Meetings

When any meeting is arranged, you have the right, if you so wish, to be accompanied by a trade union representative or a person of your choice who is not involved in the area of work to which the concern relates. This can be someone to provide you with support or act on your behalf during the meeting, but this person cannot be a legal adviser.

The Council will take steps to minimise any difficulties which you may experience as a result of raising a concern. For instance, if you are required to give evidence in criminal or disciplinary proceedings, the Council will advise you about the procedure.

Outcome

The Council accepts that you need to be assured that the matter has been properly addressed. Subject to legal constraints, you will receive information about the outcomes of any investigations, and the action that is to be taken. Also, if appropriate, changes which are to be made to monitor procedures to ensure that a similar concern is not raised in the future.

How the matter can be taken further

The Council hopes you will be satisfied that any matter you raise has been considered properly. If you are not satisfied, and if you feel it is right to take the matter outside the Council, the following are possible contact points:

- the Local Government Ombudsman;
- the external auditor;
- relevant professional bodies or regulatory organisations (Government guidance, *Blowing the Whistle to a prescribed person: list of prescribed people and bodies*, is available on the GOV.UK website);
- the police.

If you do take the matter outside the Council, you need to ensure that you do not disclose prohibited confidential information.

WHISTLEBLOWING POLICY

Agreed between the Council and the recognised trades unions.

Signed:

Sheila Smith	Assistant Director for HR and Organisational Development

Miriam Palfrey	Staff Side and Branch Secretary for Unison

Kieran Magee	Joint Shop Stewards Committee and Branch Secretary/Convenor for Unite

Alison McNamara	Education & Community Unions Panel and Branch Secretary for the National Education Union (NEU)

Robert Stirling	Convenor for GMB

Audit and Governance Committee

15 July 2026



Reading
Borough Council
Working better with you

Title	Annual Treasury Management Review 2025/26
Purpose of the report	To note the report for information
Report status	Public report
Executive Director/ Statutory Officer Commissioning Report	Darren Carter, Director of Finance
Report author (name & job title)	Anna Barefoot, Capital and Treasury Lead
Lead Councillor (name & title)	Councillor McEwan, Lead Councillor for Corporate Services and Resources
Corporate priority	Not applicable, but still requires a decision
Recommendations	1. That the Committee notes the content of the Annual Treasury Management Review Report for 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 25th February 2025.
- 1.2. The Treasury Management Strategy requires an Annual Outturn Report reviewing the Treasury Management activity which took place during the year. This report addresses that requirement covering the period from 1st April 2025 to 31st March 2026.
- 1.3. At the start of 2025/26 The Bank of England base interest rate sat at 4.50%. As has been reported through the quarterly review reports, the bank rate was cut to 3.75% by the end of Quarter 3 and has since been held at this level.
- 1.4. The Council remains significantly under borrowed against its Capital Financing Requirement and followed the approved borrowing strategy of deferring any potential long-term borrowing whilst interest rates remain at current levels and instead utilised short or temporary borrowing from the local authority market as required. No long-term loans (those over one year in duration) were taken out during the year. During 2025/26 the Council took out short-term loans (1 year or less in duration) of £245.000m (from other local authorities and the Public Loans Work Board (PWLB)) at an average interest rate of 4.21%.
- 1.5. Overall, the Council was under borrowed by £139.028m as at 31st March 2026. As a consequence, the Council has effectively avoided the requirement to budget for and incur external interest costs in the order of £5.172m during 2025/26, based on the average rate for the existing debt portfolio of 3.72%.
- 1.6. Against the 2025/26 General Fund budget there was an overall positive net variance of £1.589m on the Capital Financing budget as reported in the 2025/26 Quarter 4 Performance report to Policy Committee on 13st July 2026. This budget includes interest

payable, interest receivable and Minimum Revenue Provision (MRP); a charge to the revenue budget made in respect of paying off the principal sum of the borrowing undertaken to finance the Capital Programme.

- 1.7. The Council did not breach any of its treasury management performance indicators during 2025/26.

2. Policy Context

- 2.1. The Council is required by regulations issued under the Local Government Act 2003 to review and report on its treasury management activity and achievement against its prudential and treasury indicators on an annual basis. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code).
- 2.2. The regulatory environment places responsibility on Members for the review and scrutiny of the Council's Treasury Management Policy and activities. This report facilitates that process providing details of the Council's 2025/26 treasury management activity.
- 2.3. Member training on treasury management issues was offered to, and undertaken by, Audit & Governance Committee Members on 20th January 2026 to support members' scrutiny role in advance of the 2025/26 financial year.

3. Capital Expenditure and Financing

- 3.1. The Council undertakes capital expenditure on long-term assets. This expenditure may either be:
 - Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which have no impact on the Council's borrowing need; or
 - Financed by borrowing. This is funded either through actual external borrowing for example from the Public Works Loan Board (PWLB) or through internal borrowing from the Council's own cash resources.
- 3.2. Tables 1 & 2 below show the Council's actual capital expenditure and how this was financed. Please note the tables do not include adjustments to Right of Use and Private Finance Initiative Assets under IFRS16 which have been included in the annual Statement of Accounts.

Table 1. Capital Expenditure and Financing – General Fund

General Fund	2024/25 Actual (£m)	2025/26 Original Budget (£m)	2025/26 Actual (£m)
Capital Expenditure	56.754	66.828	46.305
Financed by:			
Capital Receipts	(6.596)	(3.693)	(4.476)
Government Grants and Other Contributions	(44.206)	(45.076)	(32.868)
Direct Revenue Financing	(0.069)	0.000	(0.113)
Net Financing Requirement	5.883	18.059	8.848

Table 2. Capital Expenditure and Financing – Housing Revenue Account (HRA)

HRA	2024/25 Actual (£m)	2025/26 Original Budget (£m)	2025/26 Actual (£m)
Capital Expenditure	28.235	90.143	45.699
Financed by:			
Capital Receipts	(0.394)	(2.849)	(0.203)
Government Grants and Other Contributions	(5.408)	(14.401)	(1.771)
Direct Revenue Financing	(0.158)	0.000	0.000
Capital Reserves	(13.116)	(21.730)	(6.306)
Net Financing Requirement	9.159	51.163	37.419

4. The Council's Borrowing Need

- 4.1. The Council's underlying need to borrow, or net borrowing requirement is termed the Capital Financing Requirement (CFR).
- 4.2. In order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2024/25) plus the estimate of any additional capital financing requirement for the current (2025/26) and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure. Table 3 below highlights the Council's gross borrowing position against the CFR for 2025/26. The Council has complied with this prudential indicator.
- 4.3. The Council's (non HRA) underlying borrowing need (CFR) is not allowed to rise indefinitely. Statutory controls are in place to ensure that capital assets are broadly charged to revenue over the life of the asset. The Council is required to make an annual revenue charge, called the Minimum Revenue Provision (MRP), to reduce the CFR. This is effectively a repayment of the non-Housing Revenue Account (HRA) borrowing need, (there is no statutory requirement to reduce the HRA CFR). This differs from the treasury management arrangements which ensure that cash is available to meet capital commitments. External debt can also be borrowed or repaid at any time, but this does not change the CFR.
- 4.4. The total CFR can also be reduced by:
 - the application of additional capital financing resources, (such as unapplied capital receipts); or
 - charging more than the statutory revenue charge (MRP) each year through a Voluntary Revenue Provision (VRP).
- 4.5. The Council's 2025/26 MRP Policy, (as required by Ministry of Housing, Communities, and Local Government (MHCLG) (formerly known as Department for Levelling Up, Housing and Communities (DLUHC)) MRP Guidance), was approved as part of the Treasury Management Strategy Report for 2025/26 on 25th February 2025.

Table 3. Gross Borrowing and the Capital Financing Requirement (CFR)

General Fund & HRA	31st March 2025 Actual (£m)	2025/26 Estimate (£m)	31st March 2026 Actual (£m)
Gross Borrowing Position	478.000	540.222	518.500
PFI long term liabilities (Revenue & Capital)	30.334	28.215	28.215
Total Gross Borrowing	508.334	568.437	546.715
CFR – General Fund	407.705	403.015	392.207
CFR - HRA	229.557	266.092	265.321
Total CFR	637.262	669.107	657.528
(Under)/Over Funding of the CFR	(128.928)	(100.670)	(110.813)
(Under)/Over Borrowing (exc PFI)	(159.262)	(128.885)	(139.028)

- 4.6. The movement in gross borrowing in 2025/26 is explained in paragraphs 5.3-5.5.
- 4.7. The 2025/26 prudential indicators for gross borrowing were set as part of the Treasury Management Strategy report to Council on 25th February 2025. The Council's performance against these indicators is set out below; neither the Authorised Limit nor the Operational Boundary were breached in 2025/26:

Table 4. Gross Borrowing v Operational Boundary and Authorised Limit

Authorised Limit (£m)	Operational Boundary (£m)	Maximum Gross Borrowing Position During the Year (£m)	Average Gross Borrowing Position (£m)
729.107	689.107	529.500	499.245

- 4.8. Actual financing costs as a proportion of net revenue stream - this indicator identifies the trend in the cost of capital, (borrowing and other long-term obligation costs net of investment income), against the net revenue budget. This indicator for 2025/26 for the General Fund and the HRA was set at 10.75%. The actual performance against this indicator for 2025/26 was 9.76% which reflects the reported positive net variance on the General Fund and HRA revenue Capital Financing budgets reported at Outturn.

5. Debt and Investment Portfolio

- 5.1. The Council's treasury management debt and investment position is managed by the Treasury Management Team to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through Member reporting to Audit and Governance Committee and through officer activity detailed in the Council's Treasury Management Practices.

Outturn Position

- 5.2. At the end of 2025/26 the Council's treasury position (excluding borrowing by Public Finance Initiatives (PFIs) and finance leases) was as follows:

Table 5. Treasury Position as at 31st March

General Fund & HRA	31st March 2025			31st March 2026		
Debt Portfolio	Principal (£m)	Average Rate %	Average Life Remaining Years	Principal (£m)	Average Rate %	Average Life Remaining Years
Fixed Rate Loans						
PWLB	350.500	3.28%	28	448.500	3.14%	26
Market Fixed Rate	5.000	3.99%	31	5.000	3.99%	30
Market LOBO	5.000	4.19%	53	0.000	N/A	N/A
Short Term Local Authority Loans	117.500	4.98%	0	65.000	4.04%	0
Total Debt	478.000	4.12%	23	518.500	3.72%	19
Treasury Investments	49.073	3.96%		30.068	4.12%	
Non-Treasury Investments	30.092	4.69%		12.401	5.01%	
Total Investments	79.164	4.48%		42.469	4.69%	
Net Debt	398.836			476.031		

Borrowing

- 5.3. During 2025/26 short-term loans totalling £245.000m were arranged. No long-term loans were taken out during the year. The borrowing portfolio as at 31 March 2026 is detailed in full at Appendix 1.
- 5.4. During 2025/26 principal repayments totalling £204.500m were made. This consists of £2.000m PWLB long-term loans, £197.500m of Short Term Local Authority Loans, and a £5.000m LOBO long term loan.
- 5.5. The net change in the gross borrowing position between 31st March 2025 and 31st March 2026 was therefore a net increase of £40.500m.

Borrowing in Advance of Need

- 5.6. The Council has not borrowed more than, or in advance of its needs, purely in order to profit from the investment of the extra sums borrowed.

Debt Rescheduling

- 5.7. No rescheduling (restructuring the terms of any existing loans) took place during 2025/26.
- 5.8. Whilst debt rescheduling has not taken place, the LOBO loan repaid during 2025/26 was repaid early to benefit from savings on the Council's Capital Financing budgets over future years. At the current time no further long-term external loans have been taken to replace the one repaid.
- 5.9. The maturity structure of the debt portfolio as at 31st March 2026 is set out in Table 6 below. The limits are set to control the Council's exposure to refinancing risk.

Table 6. Maturity Structure of the Debt Portfolio (Fixed Interest rate debt)

General Fund & HRA	31st March 2025 Actual (£m)	2025/26 Upper Limit	2025/26 Lower Limit	31st March 2026 Actual (£m)	2025/26 Actual
Under 12 months	119.500	100%	0%	178.500	34.43%
12 months and within 2 years	13.500	20%	0%	1.500	0.29%
2 years and within 5 years	4.500	20%	0%	4.500	0.87%
5 years and within 10 years	17.500	30%	0%	17.000	3.28%
10 years and within 20 years	56.000	40%	0%	55.000	10.61%
20 years and within 30 years	104.000	50%	0%	119.000	22.95%
30 years and within 40 years	103.000	60%	0%	103.000	19.86%
Over 40 years	60.000	60%	0%	40.000	7.71%
Total	478.000			518.500	

Investments

- 5.10. The Council's Investment Policy is informed by the MHCLG's Guidance on Local Government Investments, which was incorporated into the Annual Investment Strategy approved by the Council on 25th February 2025. This Policy sets out the approach for choosing investment counterparties and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data.
- 5.11. The investment activity during the year conformed to the approved Annual Investment Strategy, and the Council had no liquidity difficulties.
- 5.12. Treasury investments, including property funds, earned an average rate of 4.75% during 2025/26 (this rate covers investments throughout 2025/26 as opposed to table 5 which shows the position as at 31.03.26). The comparable performance indicator is the 7 days backward looking Sterling Overnight Index Average (SONIA) un compounded rate, which was 4.02%.
- 5.13. The Council's budgeted General Fund investment return for 2025/26 was £1.466m; the actual General Fund interest received from investments in 2025/26 was £3.008 million, a £1.542 million positive variance compared to budget. This budget includes loans to the Council's wholly owned companies, which are non-treasury investments and are therefore shown separately throughout this report.
- 5.14. The position on interest income must be compared with external interest costs payable. The Council paid General Fund external interest costs of £9.409m against a budget of £8.882m; a £0.527m negative variance against the General Fund budget. The net General Fund position on interest receivable/payable is therefore a net positive variance of £1.015m. This has been accounted for in the overall revenue General Fund outturn position for 2025/26.

5.15. The Council's investment position as at 31st March 2026 is detailed at Appendix 2 and is summarised as follows:

Table 7. Investment Portfolio

	31st March 2025 (£m)	31st March 2025 (%)	31st March 2026 (£m)	31st March 2026 (%)
Treasury Investments				
Banks	0.423	0.86%	1.018	3.39%
Money Market Funds (MMF)	33.650	68.57%	4.050	13.47%
Local Authorities	0.000	0.00%	10.000	33.26%
Total Managed In-house	34.073	69.43%	15.068	50.11%
Property Funds	15.000	30.57%	15.000	49.89%
Total Managed Externally	15.000	30.57%	15.000	49.89%
Total Treasury Investments	49.073	100.00%	30.068	100.00%
Non-Treasury Investments				
Companies	30.092	100.00%	12.401	100.00%
Total Non-Treasury Investments	30.092	100.00%	12.401	100.00%
Treasury Investments	49.073	62.00%	30.068	71.00%
Non-Treasury Investments	30.092	38.00%	12.401	29.00%
Total – All Investments	79.164	100.00%	42.469	100.00%

5.16. The maturity structure of the investment portfolio as at 31st March was as follows:

Table 8. Maturity Structure of the Investment Portfolio (Treasury Investments)

	31st March 2025 (£m)	31st March 2026 (£m)
Up to 1 year	34.073	15.068
Longer than 1 year	45.092	27.401
Total	79.164	42.469

*Property Funds do not have a fixed maturity; the Council is required to give a notice period if intends to sell its investment however there would be no guaranteed time scale for the realisation of that sale.

6. Treasury Management Strategy 2025/26

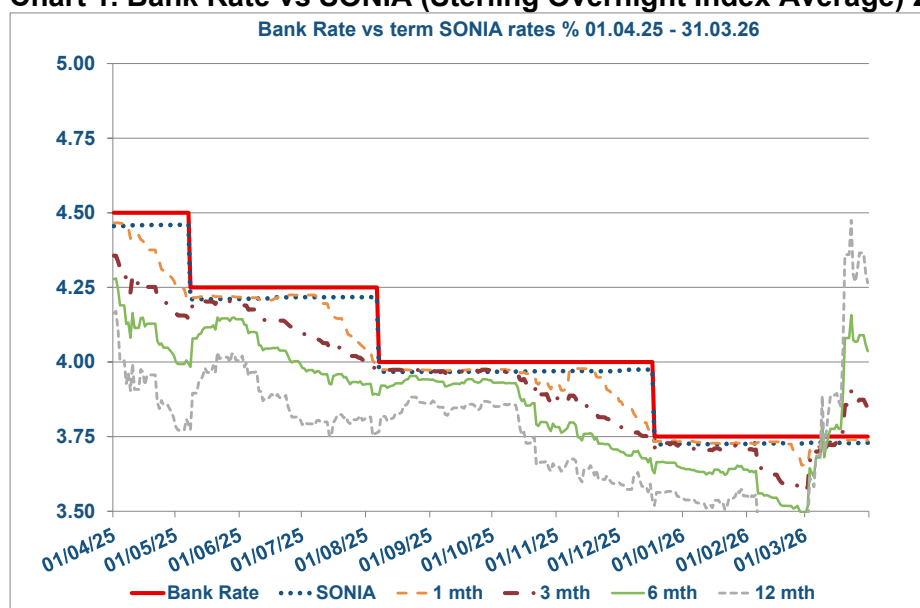
Investment Strategy and Control of Interest Rate Risk

6.1. Investment returns remained robust throughout 2025/26 despite Bank Rate reducing steadily through the course of the financial year (three 0.25% rate cuts in total), and at

the end of March the yield curve had turned positive, reflecting inflation concerns emanating from the on-going conflict in the Middle East..

- 6.2. Bank Rate reductions of 0.25% occurred in May, August and December, bringing the headline rate down from 4.50% to 3.75%. Two of the Bank Rate cuts occurred in the same month as the Bank of England publishes its Quarterly Monetary Policy Report, therein providing a clarity over the timing of potential future rate cuts.
- 6.3. The Council did not add to its long-term investment portfolio in 2025/26, as the levels of surplus cash were relatively low in year due to its strategy of using cash funds and temporary borrowing to fund the Capital Programme ahead of taking out additional long-term external borrowing. Any surplus cash was invested on a short-term basis to ensure that it was accessible for in-year cash flow requirements.
- 6.4. The following graph illustrates the interest rate trend throughout 2025/26:

Chart 1. Bank Rate vs SONIA (Sterling Overnight Index Average) 2025/26



Borrowing Strategy and Control of Interest Rate Risk

- 6.5. As set out above, during 2025/26 the Council maintained an under-borrowed position, i.e. the capital borrowing need (the Capital Financing Requirement) was not fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow were used on an interim basis. This strategy was prudent as near-term investment rates have generally been lower than medium to long-term borrowing costs.
- 6.6. The Authority has sought to minimise the taking on of long-term borrowing at elevated levels and has focused on a policy of internal and temporary borrowing.
- 6.7. Interest rate forecasts initially suggested gradual reductions in short, medium and longer-term fixed borrowing rates during 2025/26. Bank Rate did reduce to 3.75% as anticipated, but the initial expectation of significant rate reductions across the whole curve did not transpire, primarily because inflation concerns were very elevated in March 2026.

7. Other

IFRS 9 Fair Value of Investments

- 7.1. Following the consultation undertaken by the Ministry of Housing, Communities and Local Government on International Financial Reporting Standard 9 (IFRS 9), the Government extended the statutory override requiring local authorities to reverse out all unrealised fair value movements resulting from pooled investment funds to 31st March 2029, with the exception of any new pooled investments taken out from 1st April 2024. Local authorities are required to disclose the net impact of the unrealised fair value movements in a separate unusable reserve throughout the duration of the override in order for the Government to keep the override under review and to maintain a form of transparency.
- 7.2. In 2025/26, the Council's net unrealised loss relating to the CCLA Property Fund investment was £0.001m, reducing the total unrealised net loss since purchase to £0.839m.

8. Contribution to Strategic Aims

- 8.1. Full details of the Council's Corporate Plan and the projects which will deliver these priorities are published on the [Council's website](#). These priorities and the Corporate Plan demonstrate how the Council meets its legal obligation to be efficient, effective, and economical.
- 8.2. Delivery of the Council's budget is essential to ensuring the Council meets its strategic aims and remains financially sustainable going forward.

9. Environmental and Climate Implications

- 9.1. The Council's Treasury Management Strategy sets out that the Council will not knowingly invest directly in businesses whose activities and practices pose a risk of serious harm to individuals or groups, or whose activities are inconsistent with the Council's Corporate Plan and values. This would include institutions with material links to:
- human rights abuse (e.g. child labour, political oppression);
 - environmentally harmful activities (e.g. pollution, destruction of habitat, fossil fuels);
 - socially harmful activities (e.g. tobacco, gambling).
- 9.2. As part of the review carried out in 2022/23 and approved as part of the Annual Investment Strategy for 2023/24, the Council will only invest in countries deemed as "Free" as per the Freedom House Global Freedom rating system.
- 9.3. The Council has provided loans totalling £1.712m to Reading Transport Limited to specifically fund improvements to their existing fleet of buses in respect of hybrid fuel conversions which produce lower emissions.

10. Community Engagement

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

11. Equality Implications

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

12. Other Relevant Considerations

- 12.1. There are none.

13. Legal Implications

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

14. Financial Implications

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

15. Timetable for Implementation

15.1. Not applicable.

16. Background Papers

16.1. There are none.

Appendices

- 1. Borrowing Portfolio as at 31st March 2026**
- 2. Investment Portfolio as at 31st March 2026**
- 3. Approved Countries for Investments as at 31st March 2026**

Appendix 1 - Borrowing Portfolio as at 31st March 2026

Class	Type	Start / Purchase Date	Maturity Date	Counterparty	Profile	Rate	Principal O/S (£)
Loan	Fixed	13/05/05	25/09/51	PWLB	Maturity	4.1500%	2,000,000.00
Loan	Fixed	11/01/06	25/09/55	PWLB	Maturity	3.9000%	5,000,000.00
Loan	Fixed	23/01/06	25/09/55	PWLB	Maturity	3.7000%	5,000,000.00
Loan	Fixed	23/05/06	25/09/47	PWLB	Maturity	4.2000%	2,000,000.00
Loan	Fixed	19/07/06	25/03/52	PWLB	Maturity	4.2500%	20,000,000.00
Loan	Fixed	20/09/06	25/09/51	PWLB	Maturity	4.2000%	5,000,000.00
Loan	Fixed	28/09/06	25/09/52	PWLB	Maturity	4.0500%	10,000,000.00
Loan	Fixed	08/03/07	25/03/53	PWLB	Maturity	4.2500%	10,000,000.00
Loan	Fixed	08/03/07	25/03/54	PWLB	Maturity	4.2500%	10,000,000.00
Loan	Fixed	05/08/08	25/03/58	PWLB	Maturity	4.4800%	2,000,000.00
Loan	Fixed	15/08/08	25/09/57	PWLB	Maturity	4.3900%	6,000,000.00
Loan	Fixed	02/12/08	25/09/58	PWLB	Maturity	4.1200%	10,000,000.00
Loan	Fixed	20/08/09	25/03/59	PWLB	Maturity	4.2000%	5,000,000.00
Loan	Fixed	31/08/10	25/03/60	PWLB	Maturity	3.9200%	10,000,000.00
Loan	Fixed	15/09/11	25/03/31	PWLB	EIP	3.3500%	2,500,000.00
Loan	Fixed	28/03/12	25/03/51	PWLB	Maturity	3.5300%	12,000,000.00
Loan	Fixed	28/03/12	25/09/26	PWLB	Maturity	2.9700%	12,000,000.00
Loan	Fixed	28/03/12	25/03/50	PWLB	Maturity	3.5300%	15,000,000.00
Loan	Fixed	28/03/12	25/03/41	PWLB	Maturity	3.4900%	15,000,000.00
Loan	Fixed	28/03/12	25/03/61	PWLB	Maturity	3.4800%	15,000,000.00
Loan	Fixed	28/03/12	25/03/32	PWLB	Maturity	3.3000%	12,000,000.00
Loan	Fixed	28/03/12	25/09/41	PWLB	Maturity	3.4900%	15,000,000.00
Loan	Fixed	28/03/12	25/09/51	PWLB	Maturity	3.5200%	3,000,000.00
Loan	Fixed	28/03/12	25/03/62	PWLB	Maturity	3.4800%	15,000,000.00
Loan	Fixed	28/03/12	25/03/41	PWLB	EIP	2.9900%	15,000,000.00
Loan	Fixed	17/04/25	17/04/26	PWLB	Maturity	4.2700%	50,000,000.00
Loan	Fixed	28/10/25	28/10/26	PWLB	Maturity	4.0600%	50,000,000.00
Loan	Fixed	26/03/18	25/03/68	PWLB	Maturity	2.2800%	15,000,000.00
Loan	Fixed	27/09/18	27/09/43	PWLB	Maturity	2.8200%	15,000,000.00
Loan	Fixed	27/09/18	27/09/49	PWLB	Maturity	2.7900%	15,000,000.00
Loan	Fixed	11/03/19	11/03/66	PWLB	Maturity	2.3800%	15,000,000.00
Loan	Fixed	13/03/19	13/03/37	PWLB	Maturity	2.4200%	5,000,000.00
Loan	Fixed	13/03/19	13/03/57	PWLB	Maturity	2.4200%	5,000,000.00
Loan	Fixed	01/04/19	01/04/64	PWLB	Maturity	2.2000%	10,000,000.00
Loan	Fixed	01/10/19	02/10/62	PWLB	Maturity	1.6400%	5,000,000.00
Loan	Fixed	01/10/19	01/10/63	PWLB	Maturity	1.6300%	5,000,000.00
Loan	Fixed	07/10/19	07/10/66	PWLB	Maturity	1.6300%	5,000,000.00
Loan	Fixed	07/10/19	08/10/68	PWLB	Maturity	1.6300%	5,000,000.00
Loan	Fixed	11/03/20	25/09/69	PWLB	Maturity	2.0700%	15,000,000.00
Loan	Fixed	06/12/05	06/12/55	Barclays Bank plc	Maturity	3.9900%	5,000,000.00
Fixed Total						3.4550%	453,500,000.00
Loan	Temporary Borrowing - Fixed	14/07/25	14/05/26	West Midlands Combined Authority	Maturity	4.0000%	30,000,000.00
Loan	Temporary Borrowing - Fixed	16/07/25	27/04/26	West Yorkshire Combined Authority	Maturity	4.1000%	15,000,000.00
Loan	Temporary Borrowing - Fixed	31/07/25	30/04/26	Liverpool City Region Combined Authority	Maturity	4.0500%	10,000,000.00
Loan	Temporary Borrowing - Fixed	07/08/25	30/04/26	Derry City & Strabane District Council	Maturity	4.0000%	2,000,000.00
Loan	Temporary Borrowing - Fixed	14/08/25	14/05/26	Vale of White Horse District Council	Maturity	4.0600%	5,000,000.00
Loan	Temporary Borrowing - Fixed	29/10/25	29/04/26	Tendring District Council	Maturity	4.0000%	3,000,000.00

Temporary Borrowing - Fixed Total					4.0354%	65,000,000.00
Loan Total					3.5276%	518,500,000.00

Appendix 2 - Investment Portfolio as at 31st March 2026

Class	Type	Start / Purchase Date	Maturity Date	Original Maturity Date	Counterparty	Rate	Principal O/S (£)
Treasury Investments							
Deposit	Current Account	N/A	N/A		Lloyds Bank Plc	1.25%	1,018,396.93
Deposit	Fixed	25/03/26	17/04/26		Central Bedfordshire Council	7.00%	10,000,000.00
Deposit	MMF	N/A			SLI Sterling Liquidity/CI 2	3.77%	700,000.00
Deposit	MMF	N/A			Federated Prime Rate Sterling Liquidity 4	3.78%	3,350,000.00
Deposit	Property Fund	30/03/15	N/A		CCLA Property Fund	4.70%	15,000,000.00
Treasury Investments Total						5.23%	30,068,396.93
Non-Treasury Investments							
Deposit	Fixed	07/02/2019	*see below	24/03/2023	Homes for Reading Ltd	6.35%	1,294,999.00
Deposit	Fixed	16/04/2019	24/03/2029	N/A	Homes for Reading Ltd	3.75%	7,000,000.00
Deposit	Fixed	30/04/2019	01/07/2027	30/04/2029	Reading Transport Ltd	5.00%	1,893,812.59
Deposit	Fixed	15/08/2019	01/01/2029	30/07/2029	Reading Transport Ltd	5.00%	500,000.00
Deposit	Fixed	08/04/2018	01/04/2029	01/07/2023	Reading Transport Ltd	5.00%	490,297.04
Deposit	Fixed	03/06/2018	01/07/2029	01/07/2023	Reading Transport Ltd	5.00%	206,749.85
Deposit	Fixed	29/07/2018	01/07/2029	01/07/2023	Reading Transport Ltd	5.00%	164,084.05
Deposit	Fixed	20/01/2020	01/07/2029	01/01/2024	Reading Transport Ltd	5.00%	150,785.28
Deposit	Fixed	21/08/2020	01/07/2028	01/10/2024	Reading Transport Ltd	5.00%	700,000.00
Non-Treasury Investments Total						4.44%	12,400,727.81
Total Investments							42,469,124.74

*rescheduling of the loan has been agreed but repayment is dependent on the transfer of HfR assets to the HRA rather than as at a specific date

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

Appendix 3 - Approved Countries for Investments as at 31st March 2026

Based on lowest available rating

AAA

- Australia
- Denmark
- Germany
- Netherlands
- Norway
- Sweden
- Switzerland

AA+

- Canada
- Finland
- U.S.A.

AA-

- Belgium
- France
- U.K.

Audit and Governance Committee

15 July 2026



Reading
Borough Council
Working better with you

Title	Annual Governance Statement 2025-26
Purpose of the report	To make a decision
Report status	Public report
Executive Director/ Statutory Officer Commissioning Report	Louise Duffield, Executive Director of Resources Darren Carter, Director of Finance (S.151 Officer)
Report author	Mark Sanders, Chief Accountant (Deputy S.151 Officer)
Lead Councillor	Cllr Ruth McEwan, Lead Councillor for Corporate Services and Resources
Council priority	Not applicable, but still requires a decision
Recommendations	1. That the Committee agrees the Annual Governance Statement for 2025/2026. 2. That the Committee delegates authority to the Director of Legal and Democratic Services to make minor amendments, in consultation with the Leader and Chief Executive, prior to signature by the Leader and Chief Executive.

1. Executive Summary

- 1.1. The Council is responsible for ensuring that financial management is adequate and effective and that the Council has a sound system of internal control, which facilitates the effective exercise of the Council's functions, and which includes arrangements for the management of risk.
- 1.2. The Accounts and Audit Regulations require local authorities to prepare and publish an Annual Governance Statement (AGS) each financial year, which accompanies the authority's financial statements.
- 1.3. The AGS is a key record of the overall effectiveness of governance arrangements within the Authority. The statement reflects the latest guidance from CIPFA/SOLACE on a strategic approach to governance and demonstrates how the key governance requirements have been met.
- 1.4. The AGS incorporates the latest guidance in relation to the Council's Best Value duty and demonstrates the Council's continued commitment to maintaining robust governance arrangements while addressing emerging challenges and regulatory requirements.

2. Policy Context

- 2.1. The Council's proposed AGS for 2025/26 is attached at Appendix 1.
- 2.2. Essentially, it outlines for the Council:
 - the scope of governance responsibilities
 - the purpose of the governance framework

- a description of the governance framework against the CIPFA/SOLACE Framework for *“Delivering Good Governance in Local Authorities”*
 - arrangements for reviewing the effectiveness of the governance framework
 - governance issues that need to be addressed
- 2.3. The preparation of the Statement has built on previously established arrangements, which involves the collating of information from a number of sources, both internal and external. The information is analysed, and a draft Statement is produced, discussed with key officers, and any amendments identified are then made.
- 2.4. To support the Annual Governance review, each directorate is required to complete a Directorate Governance Statement in relation to systems and processes operational within their areas during the year. These are signed off by the relevant Director. The Directorate Statements demonstrate that Directorates have evaluated and assessed their internal control environment.
- 2.5. The Council receives a substantial amount of assurance from the work that is undertaken by its Internal Audit Service and its External Auditors, KPMG. The role of Internal Audit is to provide independent assurance that the Council’s risk management, governance and internal control processes are operating effectively. The role of External Audit is to review the financial statements, obtain evidence that they are materially correct and provide an opinion as to whether these represent a true and fair view of the financial position of the Council. In addition, External Audit provide value for money commentary assessing whether proper arrangements are in place for securing financial resilience and challenging how the Council secures economy, efficiency and effectiveness.
- 2.6. The 2025/26 Draft Accounts and Draft Annual Governance Statement were published on time, in accordance with the statutory requirements on 30 June 2026 and the public inspection period is underway.
- 2.7. One of the assurance statements the Council receives is the annual opinion of the Chief Internal Auditor in respect of the control framework. The opinion of the Chief Internal Auditor in respect of audit work completed in 2025/26 is reported to the Audit and Governance Committee for its meeting tonight and gives Reasonable Assurance on the internal control environment based on the areas audited.
- 2.8. In 2025-26 the annual assurance report provides a comprehensive overview of internal audit activities conducted in the year, confirming that reasonable assurance can be provided on the Council’s internal control environment. This reflects a position where the majority of controls are operating effectively, but where improvements are required to strengthen consistency, oversight and resilience across some service areas.

Alignment with Best Value Standards and Intervention Guidance 2024

- 2.9. The 2025-26 AGS has been written to align with the Best Value Standards and Intervention guidance published in May 2024. The AGS was enhanced last financial year and continues to provide provide stronger evidence against the seven key themes:
- **Continuous Improvement:** Enhanced coverage of organisational-wide improvement approaches, including transformation programmes and external reviews
 - **Leadership:** Expanded detail on leadership vision, priorities, and development initiatives
 - **Governance:** Improved demonstration of governance effectiveness beyond formal structures
 - **Culture:** Strengthened reporting on organisational culture, staff surveys, and ethical standards

- **Use of Resources:** Better integration of financial strategy with corporate planning
 - **Service Delivery:** Enhanced performance management reporting
 - **Partnerships and Community Engagement:** Improved coverage of partnership governance and community outcomes
- 2.10. The 2025-26 AGS incorporates responses to several significant external assessments:
- **Care Quality Commission (CQC) Assessment:** Governance arrangements maintained to monitor and action areas for improvement in Adult Social Care.
 - **Social Housing Regulator Inspection:** Introduction of Provider Improvement Meetings and enhanced reporting to Housing, Neighbourhoods and Leisure Committee. A number of high-priority contracts have been secured within a rolling programme to manage Priority 1, 1a and 2 work.
 - **Youth Justice Service HMIP Inspection:** Continuation of governance arrangements with positive progress recognised by the Youth Justice Board and Phase 2 of the Service Improvement Plan implemented following completion of the Rapid Improvement Plan.
- 2.11. The 2025-26 AGS demonstrates a number of key themes with:
- **Evidence-Based Reporting:** Stronger use of data and performance metrics to demonstrate governance effectiveness
 - **Strategic Alignment:** Better integration between governance arrangements and corporate priorities
 - **Risk-Based Approach:** More sophisticated risk identification and management reporting
 - **Stakeholder Engagement:** Improved coverage of partnership working and community engagement
- 2.12. All of the above help to ensure alignment with the Best Value Standards and Intervention Guidance whilst still meeting the requirements of the Accounts and Audit Regulations and the CIPFA / SOLACE Framework.

3. The Proposal

- 3.1. The statement covers the period up to the publication of the accounts, but as the final version of the statement is signed by the Leader of the Council and the Chief Executive as Head of Paid Service, it would be sensible to authorise minor amendments that may be needed before the final document is confirmed. The need for material amendment is not currently anticipated.
- 3.2. External Audit will review the AGS for consistency with their knowledge of the Council but does not “audit” it as such.

4. Contribution to Strategic Aims

- 4.1. The Council Plan has established five priorities for the years 2025/28. These priorities are:
- Promote more equal communities in Reading
 - Secure Reading’s economic and cultural success
 - Deliver a sustainable and healthy environment and reduce our carbon footprint
 - Safeguard and support the health and wellbeing of Reading’s adults and children
 - Ensure Reading Borough Council is fit for the future
- 4.2. In delivering these priorities, we will be guided by the following set of principles:
- Putting residents first
 - Building on strong foundations

- Recognising, respecting, and nurturing all our diverse communities
 - Involving, collaborating, and empowering residents
 - Being proudly ambitious for Reading
- 4.3. Full details of the Council Plan and the projects which will deliver these priorities are published on the Council's website - [Council plan - Reading Borough Council](#). These priorities and the Council Plan demonstrate how the Council meets its legal obligation to be efficient, effective and economical.
- 4.4. The concept of Governance is cross-cutting and relevant to all Services of the Council and to all of our public facing services. As such it is relevant to the Council's ability to be able to deliver on all of its Council Plan Priorities. Good Governance is also strongly linked to the Priority of "Ensure Reading Borough Council is fit for the future".

5. Environmental and Climate Implications

- 5.1. The Council declared a Climate Emergency at its meeting on 26 February 2019 (Minute 48 refers).
- 5.2. There is nothing within this report which is of relevance for the Council's strategic priority of Climate Change.

6. Community Engagement

- 6.1. The AGS was published as a draft with the Statement of Accounts on 30 June 2025. Should any comments be received from stakeholders in response to this publication, then they will be reported to Committee. It is not anticipated that there will be a specific public consultation on the Annual Governance Statement. It will however be in the public domain (as above) and at this Committee, and is written in such a way to be accessible for members of the public to understand the Council's approach to Corporate Governance.

7. Equality Implications

- 7.1. Under the Equality Act 2010, Section 149, a public authority must, in the exercise of its functions, have due regard to the need to—
- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 7.2. An Equality Impact Assessment (EIA) is not relevant to this report. There is no reason to think that any section of society will be adversely affected by the development of better Governance policies and procedures across the Council.

8. Other Relevant Considerations

- 8.1. There are none.

9. Legal Implications

- 9.1. Covered in the main body of the report.
- 9.2. These legal implications have been cleared by Jayne La Grua, Interim Assistant Director of Legal and Democratic Services.

10. Financial Implications

- 10.1. There are no direct financial implications arising from this report.
- 10.2. These financial implications have been cleared by Darren Carter, Director of Finance

11. Timetable for Implementation

11.1. Not relevant.

12. Background Papers

12.1. There are none.

Appendices

1. Annual Governance Statement 2025-26

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Annual Governance Statement 2025/26

Reading Borough Council - Covering the period 1 April 2025 to 31 March 2026.

1. Executive Summary

This Annual Governance Statement (AGS) provides a transparent and evidence-based assessment of Reading Borough Council's governance arrangements for the financial year ending 31 March 2026. It is prepared in accordance with the Accounts and Audit Regulations 2015 and the CIPFA/SOLACE Delivering Good Governance in Local Government Framework (2016), including the 2025 Addendum.

The AGS sets out how the Council has complied with the seven core principles of good governance, evaluates the effectiveness of its arrangements, and identifies areas for improvement.

2. Scope of Responsibility

Reading Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently, and effectively.

The Council has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way its functions are exercised. In discharging this responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions.

Our risk management process is a key part of our governance arrangements and provides assurance that:

- Our business is conducted in accordance with all relevant laws and regulations;
- Public money is safeguarded and properly accounted for; and
- Resources are used economically, efficiently, and effectively to achieve agreed priorities which benefit local people.

3. The Governance Framework

The governance framework comprises the systems, processes, culture, and values by which the Council is directed and controlled. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money. The framework is based on the seven core principles of good governance as defined by CIPFA/SOLACE:



Key elements of the Council's governance framework, which have been in place throughout 2025/26, are set out below:

Leader, Lead Councillors and Council

The Council operates a committee model of governance which divides the Council into politically balanced committees that make decisions. The Council's committee system is led by 48 councillors, representing 16 wards.

Under the committee system and rules set out in our constitution, decisions are taken by either:

- Full Council
- Standing committees and sub-committees
- Regulatory committees
- Other committees, such as the Health and Wellbeing Board
- Consultative bodies

Risk and Performance Management

The Council's risk management arrangements ensure operational and strategic risks are managed effectively to support increased performance and delivery of corporate priorities. Identified risks and mitigating controls are monitored through Service, Directorate, and Corporate Risk Registers which are reported to the Corporate Management Team and Audit and Governance Committee.

Statutory Officers

- **Head of Paid Service (the Chief Executive):** responsible for the operational management, leadership and strategic direction of the Council, alongside the management and performance of the Corporate Management Team.
- **Director of Legal and Governance (the Monitoring Officer):** responsible for maintaining the Constitution and ensuring that functions act in accordance with the Constitution and relevant legal requirements. These arrangements include overseeing the ethical conduct of the Council and the production of associated codes, conventions and protocols.
- **Director of Finance (Section 151 Officer):** responsible for the oversight and delivery of financial management arrangements; achieved through a robust financial control framework, financial procedure rules, a scheme of delegation, and an independent and objective Internal Audit function.
- **Statutory Scrutiny Officer:** responsible for promoting the role of the Council's Scrutiny Committees within the Council and providing guidance and support to Scrutiny Members. This role cannot be held by the Head of Paid Service, Monitoring Officer, or Chief Finance Officer.

Corporate Management Team

The Council's Corporate Management Team (CMT) is collectively responsible for ensuring that effective governance arrangements are in place and are subject to regular review. The CMT provides leadership, determines policy, and upholds expected standards of behaviour.

Scrutiny Activity

Policy development, decision-making, and performance challenge are embedded directly into politically balanced standing committees and sub-committees.

Effective and objective scrutiny is undertaken within the responsibilities of each of the Council's committees. The role of the scrutiny is to help develop policy, to carry out reviews of Council and other local services, to provide effective challenge, and to hold decision makers to account for their actions and decisions.

Audit and Governance Committee

The Audit and Governance Committee oversees the Council's audit and corporate governance arrangements and provides independent assurance on the adequacy

of the risk management framework and internal controls. The Committee considers annual audit plans, and reports of internal and external auditors.

External Audit

External audit provides an opinion on the Council's annual Statement of Accounts and review the Council's Value For Money (VFM) arrangements which are designed to secure economy, efficiency, and effectiveness in its use of resources.

Internal Audit

Internal audit provides an independent and objective opinion on the Council's governance, risk management and control environment; evaluating effectiveness through a risk-based approach. The annual Internal Audit Plan comprises operational audit reviews, cross-cutting governance audits, annual review of key financial system controls, IT audits, grant assurance work, and any other special or unplanned review aligned to the Council's corporate risks.

4. Review of Effectiveness

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework. This review is informed by:

- The Chief Auditor's annual report and opinion; (insert link here once done)
- Assurances from statutory officers (Chief Executive, Section 151 Officer and Monitoring Officer);
- Performance and risk management reports;
- External audit and inspection reports; (insert link here once done)
- Feedback from the Audit and Governance Committee; (insert link here once done) and
- Self-assessments against the CIPFA Financial Management Code and other relevant standards. [Agenda for Audit and Governance Committee on Wednesday, 8th April, 2026, 6.30 pm - Reading Borough Council](#)

During 2025/26, the Council continued to operate within a sound governance framework while responding to significant organisational change, sustained financial pressures, and response to external regulatory findings.

Key governance developments during the year included:

- The adoption of the Council Plan 2025–28;
- Updates to the Constitution and Financial Regulations;
- The reintegration of Children's Services into the Council; and
- Ongoing oversight of high-risk service areas through the Strategic Risk Register and internal audit programme.

Key strengths during the year included:

- Strong member oversight through the Audit and Governance Committee, supported by regular internal audit, investigations, and risk reporting;

- An established Strategic Risk Register, reviewed quarterly, which provided visibility of the Council's most significant risks, including financial sustainability, safeguarding, cyber security, and statutory service delivery;
- Effective internal audit coverage across core financial systems and high-risk operational areas, with a high proportion of audits receiving reasonable or substantial assurance;
- Improved transparency and governance oversight following previous weaknesses, including in relation to Traffic Regulation Orders, fuel management and information governance; and
- Improvements recognised following the 2025/26 CIPFA Financial Management Code self-assessment which identified that two individual standards have improved from Amber to Green and one standard has reduced from Green to Amber since last year, whilst retaining an overall Amber rating against the Code.

Significant governance issues identified during the year included:

- Management and oversight of improvement actions arising from CQC, Social Housing Regulator and Children's Services inspections;
- Ongoing delivery of improvement plans across Children's Services, Youth Justice, SEND, Home to School Transport, and fostering services;
- Strengthening governance and contract management arrangements for housing repairs and property services;
- Enhanced governance capability through targeted Digital, IT, financial, and leadership training;
- Continued embedding of ethical governance arrangements, including Gifts and Hospitality and Declarations of Interest;
- Financial resilience risks arising from demand pressures and reliance on reserves to balance the budget;
- Capacity pressures within internal audit and investigations, resulting in amendments to the approved audit plan; and
- Areas where internal audit provided limited assurance, requiring continued management attention.

These issues are set out in Section 6 of this Statement, together with the actions being taken to address them.

5. Governance Arrangements by Principle

This section outlines how the Council's arrangements align with each of the seven CIPFA/SOLACE principles. Full details are available in the Council's Local Code of Governance.

Principle A: Integrity, Ethics, and Lawfulness

- Codes of conduct for members and officers are in place and regularly reviewed.
- Registers of interests and gifts/hospitality are maintained and published.
- Whistleblowing and anti-fraud policies are operational and accessible.
- Statutory officers, along with their deputies, meet regularly to review key governance matters, complementing the work of the CMT.

Principle B: Openness and Stakeholder Engagement

- Public consultations are conducted on key policies and decisions.
- Council meetings and decisions are published and accessible online.
- Residents can attend committee meetings, ask questions, submit petitions and access councillors through local surgeries.
- Engagement strategies are in place for residents, businesses, and partners.

Principle C: Defining Outcomes

- The Council's strategic objectives and priorities are set out in the Council Plan 2025–28 and are supported by service planning, budget setting, and performance reporting arrangements. Progress against priorities is monitored through regular performance and financial reporting to Members, with value for money assessed through benchmarking, service reviews, and internal audit work.
- Major change programmes are overseen through cross-cutting internal boards, with outcomes feeding into the CMT performance cycle.
- The Medium-Term Financial Strategy provides a realistic assessment of available resources, while the annual Budget and Policy Framework sets spending limits, savings, and key priorities.
- Performance and risk are tracked through KPIs and regular reports to CMT, Policy Committee, and Audit and Governance Committee

Principle D: Interventions and Decision-Making

- CMT meets monthly to monitor performance, using KPI reports that track progress, risks and issues, and ensuring remedial action where services underperform.
- Business planning and budget setting are aligned with strategic priorities.
- Equality impact assessments are conducted for major decisions.
- Programme and project management frameworks are in place.

Principle E: Capacity and Capability

- Member and officer development programmes are delivered annually.
- Workforce planning and succession strategies are in place.

- Statutory roles are clearly defined and supported.
- The Monitoring Officer left the Council at the end of December 2025, with the duties and responsibilities transferring to an interim officer to provide stability and cover. The Council will recruit to a permanent successor during 2026/27.

Principle F: Risk Management and Internal Control

- The Council maintains a Strategic Risk Register, which is reviewed quarterly by the CMT and the Audit and Governance Committee. During 2025/26 key strategic risks included financial sustainability, cyber security, safeguarding of vulnerable adults and children, SEND provision, information governance, and health and safety.
- **Internal audit operates in accordance with the Public Sector Internal Audit Standards and provided reasonable assurance overall.** Where weaknesses were identified, management action plans were agreed and progress monitored through audit follow-up and committee reporting.
- Financial management complies with the CIPFA Financial Management Code.
- Individual Directorates continue to exercise robust financial management through routine expenditure control processes, identifying variances from budget in a timely and transparent manner, and actively monitors expenditure and income trends and savings targets. This is a key process to ensure the Council fulfils its Best Value duty to secure continuous improvement in the economy, efficiency and effectiveness in the use of its resources.

Principle G: Transparency and Accountability

- The AGS and financial statements are published on the Council's website.
- The Audit and Governance Committee provides independent oversight.
- External audit recommendations are tracked and implemented.
- In year commentary and reporting by external and internal audit, including any assurances provided or risks emerging, are discussed through Finance Management Team, CMT and through Lead Members and committees as appropriate. Both external and internal audit have unfettered and independent access to Audit and Governance and to all other Members at all times.

Governance Developments and Key Matters During 2025/26

During 2025/26 the Council's governance framework continued to evolve in response to strategic policy decisions, organisational change and external requirements. Key developments included the adoption of the Council Plan 2025–28, updates to constitutional and financial governance arrangements, the

reintegration of Children's Services into the Council, and changes to group governance following the closure of a Council-owned company. Member oversight through Policy Committee, the Audit and Governance Committee and Full Council ensured these matters were managed through established governance processes, supported by performance monitoring, risk management and assurance activity.

The Council Plan 2025–28 established the Council's strategic priorities, intended outcomes and performance framework for the medium term. It provides the overarching framework for service planning, budget setting and performance management, with progress monitored through regular reporting to Members.

During the year, updates to the Council's Constitution and Financial Regulations were approved, strengthening clarity around decision-making responsibilities, financial controls and delegations, and supporting effective accountability and compliance with proper standards.

The reintegration of Children's Services represented a significant organisational and governance change. Arrangements were put in place to manage the associated governance and assurance implications, including strengthened member oversight, revised internal audit planning, and the incorporation of services into the Council's corporate risk and performance management frameworks.

In its role overseeing Council-owned companies, the Policy Committee approved the closure of Reading Hampshire Property Partnership Ltd. This resulted in a change to the Council's group governance arrangements and was managed through established governance processes to ensure appropriate oversight of risk, financial implications, and accountability during the wind-up process.

The CQC outcome was finalised in January 2026 and a revised Adult Social Care improvement plan is being implemented, with progress monitored through established governance and committee arrangements during 2026/27.

An improvement plan to address issues identified through the Social Housing Regulator inspection is in place, with progress monitored through internal governance arrangements until formal sign-off is confirmed by the Regulator.

Significant progress has been made in strengthening housing repairs and property services governance, with a number of high-priority contracts secured and a clear programme in place to complete Priority 1, 1A and 2 contracts and embed these within a rolling programme of contract management during 2026/27.

The Children's Services Integrated Improvement Plan and Partnership Improvement Plan have been fully implemented and continue to be embedded through established governance and assurance arrangements.

Youth Justice arrangements continue to be monitored by the independently chaired Youth Justice Management Board, with positive progress recognised by the Youth Justice Board and Phase 2 of the Service Improvement Plan implemented following completion of the Rapid Improvement Plan.

TRO-related issues were substantially resolved during the year, the Restitution Scheme was closed in September 2025, and the Digital TRO programme progressed, with implementation of digital waiting, moving traffic and speed limit orders planned through to 2027/28.

The Council's policy framework was strengthened through legislative updates, including the introduction of a new Declarations of Interest policy requiring annual staff declarations to support compliance with *failure to prevent fraud* requirements.

The transfer of BFfC functions back to the Council has been fully implemented, supported by strengthened governance arrangements and an independently chaired Improvement Board, with formal company closure progressing in line with an agreed closure plan.

The Council's Anti-Fraud, Bribery and Corruption Policy was revised to reflect legislative changes and formally approved by the Policy Committee in October 2025, strengthening the Council's overall counter-fraud framework.

Throughout the year, the Audit and Governance Committee provided oversight of risk management, internal control and assurance arrangements, including scrutiny of internal audit delivery, the Strategic Risk Register, information governance improvements, and external audit and inspection findings.

6. Forward Look

Looking ahead to 2026/27, the Council anticipates the following governance developments:

- i. Implement and oversee improvement actions arising from Adult Social Care's CQC assessment through established internal governance arrangements, with progress reported to the Adults, Children's & Education Committee.
- ii. Deliver and monitor improvement actions arising from the Social Housing Regulator Inspection through internal governance boards, with progress reported to the Regulator and the Housing, Neighbourhoods and Leisure Committee.
- iii. Progress the procurement strand of the housing repairs and property services improvement plan to ensure contractual arrangements are current, effectively mobilised and supported by robust contract management arrangements.
- iv. Continue delivery of the Children's Services Integrated Improvement Plan and Partnership Improvement Plan, overseen by the Children's Services Improvement Board, the Reading Safeguarding Children's Partnership and the Adults, Children's & Education Committee.
- v. Continue implementation of the Youth Justice Improvement Plan, with progress monitored through the Youth Justice Management Board.
- vi. Implement the Children's Services *How We Care* Gold Programme, with oversight provided by the RBC Transformation and Efficiency Board and the Children's Services Improvement Board.
- vii. Implement the Children's Services SEND and Home to School Transport Gold Programmes, monitored by the RBC Transformation and Efficiency Board and the Children's Services Improvement Board.
- viii. Deliver targeted training and support for Digital and IT leadership to strengthen governance, assurance and decision-making arrangements.
- ix. Roll out financial management training for councillors and managers during 2026/27 to strengthen financial governance and accountability.
- x. Continue embedding Gifts and Hospitality and Declarations of Interest policies and processes across councillors and officers, including a refresh of staff declarations.

9. Conclusion

We are satisfied that Reading Borough Council's governance arrangements for 2025/26 were fit for purpose. Where areas for improvement have been identified, appropriate action plans are in place.

Cllr Liz Terry

Leader of Reading Borough Council

Date:

Jackie Yates

Chief Executive

Date:

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Audit and Governance Committee

15 July 2026



Reading
Borough Council
Working better with you

Title	Audit and Governance Committee Annual Report 2025/26
Purpose of the report	To note the report for information
Report status	Public report
Executive Director/ Statutory Officer Commissioning Report	Director of Finance
Report author	Paul Harrington, Chief Auditor
Lead Councillor	Councillor Ruth McEwan, Corporate Services and Resources
Council priority	All
Recommendations	The Audit and Governance Committee is requested to consider and approve the draft report as a fair reflection of their performance over the municipal year before submission to Council.

1. Executive Summary

- 1.1 CIPFA guidance recommends that Audit Committees produce an annual report demonstrating how they have fulfilled their responsibilities and assessed their effectiveness. This report presents the Audit and Governance Committee's Annual Report for 2025/26 (Appendix 1) alongside the detailed results of member and officer effectiveness surveys (Appendix 2).
- 1.2 The Committee continued to operate effectively across its core responsibilities, including governance, risk management, internal control, and oversight of internal and external audit. Key developments during the year included changes to Committee structure and reporting cycles, improved access to information through a dedicated SharePoint site, and continued investment in member training.
- 1.3 Survey feedback indicates a strong understanding of the Committee's role and generally positive views on its performance, particularly in relation to risk management, internal audit, training, and meeting management. However, the findings also highlight areas where assurance and visibility could be strengthened. These include issue escalation, tracking of recommendations, stakeholder engagement, and clarity around the Committee's overall impact.

2. Policy Context

- 2.1. The role and operation of the Audit and Governance Committee is set within the Council's Constitution and supported by CIPFA's Position Statement on Audit Committees.
- 2.2. The Annual Report and effectiveness review support the Council's overall governance framework, including the Annual Governance Statement.

3. The Proposal

- 3.1. The Annual Report outlines the work of the Committee during 2025/26 and confirms that it has continued to provide independent assurance on governance, risk and control arrangements.
- 3.2. Key developments during the year included:
- Changes to Committee structure and operation, including increased membership and an additional meeting.
 - Introduction of a dedicated SharePoint site to improve access to information and training resources.
 - Continued oversight of internal and external audit, financial reporting, and key governance risks.
- 3.3. The Committee received regular updates across its core areas, including:
- Internal audit progress and the Chief Auditor's annual assurance opinion.
 - External audit updates from KPMG, including national backlog issues.
 - Strategic risk management, information governance and treasury management.
- 3.4. Overall, the Annual Report concludes that the Committee continues to operate effectively, but identifies areas where visibility, consistency and impact could be strengthened.
- 3.5. Feedback from Members and officers provides a balanced assessment of Committee effectiveness.
- 3.6. Key strengths identified:
- Strong understanding of the Committee's role across both groups.
 - Positive feedback on training, meeting effectiveness and core governance coverage.
 - Strong relationships with key officers, particularly in finance and audit.
- 3.7. Areas of mixed assurance:
- Issue escalation, where visibility and consistency were questioned.
 - Coverage of some governance areas, including fraud and whistleblowing.
 - Stakeholder engagement and broader organisational visibility.
- 3.8. Key improvement themes:
- Strengthening tracking and implementation of recommendations.
 - Improving visibility of outcomes and Committee impact.
 - Enhancing communication, feedback mechanisms and engagement.
 - Developing clearer processes and supporting member understanding.
- 3.9. The evidence from both appendices demonstrates that the Committee continues to operate on a sound footing, with effective core arrangements and strong member capability. However, to enhance overall assurance and maximise its impact, there is a clear need to:
- improve transparency and visibility of activity and outcomes;
 - strengthen recommendation tracking and follow-through;
 - broaden engagement with stakeholders; and
 - ensure readiness for forthcoming governance changes, including legislative developments.

4. Contribution to Strategic Aims

- 4.1. Effective governance, risk management and internal control underpin all Council priorities, particularly ensuring the Council is fit for the future and operates efficiently and transparently.

5. Environmental and Climate Implications

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

6. Community Engagement

- 6.1. No external consultation has been undertaken. The report incorporates internal feedback from Members and officers to inform improvement.

7. Equality Implications

- 7.1. There are no direct equality implications arising from this report.

8. Other Relevant Considerations

N/A

9. Legal Implications

- 9.1. The Committee's role and reporting arrangements are consistent with the Council's constitutional framework and relevant legislation.

10. Financial Implications

- 10.1. There are no direct financial implications arising from this report. Improved governance and oversight support value for money and effective resource management.

11. Timetable for Implementation

- 11.1. Not applicable.

12. Background Papers

- 12.1. There are none.

Appendices:

Appendix 1: Audit and Governance Committee Annual Report 2025/26

Appendix 2: Feedback from Member and Officer Surveys

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AUDIT AND GOVERNANCE COMMITTEE ANNUAL REPORT

**Report on the work of the
Audit and Governance Committee
during the 2025/26 Municipal Year**



Introduction / Foreword by the Committee Chair:

I'm pleased to present this year's Audit and Governance Committee Annual Report.

There were several changes during the 2025/26 municipal year. Committee membership increased from eight to nine members; an additional November meeting considered external audit matters and the draft annual report; and some reporting shifted from quarterly to half-yearly to allow more in-depth discussion. A new SharePoint site was also introduced, providing centralised information and on-demand training on internal and external audit, treasury management, and risk management.

As in previous years, the Committee covered core areas of governance, risk and control, financial reporting, and internal and external audit. This included quarterly internal audit updates, half-yearly updates on strategic risks and information governance, and review of the 2026/27 Internal Audit Plan, Audit Charter, and the Chief Auditor's annual assurance report. Updates were also received on Traffic Regulation Orders (TROs) and the associated restitution scheme. KPMG attended all meetings, providing regular external audit updates, including on the national backlog.

Training remained a focus, with sessions supporting members in their role, and feedback continuing to demonstrate their usefulness and effectiveness.

While performance remained strong, feedback indicated more mixed assurance in areas such as issue escalation, visibility of outcomes, and stakeholder engagement. Continued focus is needed on previously identified priorities, including value for money, fraud, AGS implementation, external audit engagement, whistleblowing, housing repairs, and Local Audit Reform. There is also a need to strengthen visibility, escalation, and tracking of recommendations, and to improve understanding of Committee impact.

As part of the English Devolution and Community Empowerment Act 2026, which received Royal Assent in April 2026, it was set out that the Secretary of State, when making provisions regarding various aspects of the Audit Committee, must ensure that at least one member of an audit committee was an independent person, as defined by the regulations. Further details are awaited.

Councillor Josh Williams

Chair, Audit and Governance Committee

1. Committee remit

- 1.1 The Audit and Governance Committee's role is to provide an independent, high-level focus on the adequacy of the Council's governance, risk, and control arrangements, ensuring that there is sufficient assurance over these to give increased confidence that these arrangements are effective. It has oversight of internal and external audit, financial and governance reporting.
- 1.2 The terms of reference for the committee are included within the Council's [constitution](#) (page 69) and provide more details of its remit.

2. Committee membership

- 2.1 In the 2025/26 municipal year, committee membership increased from eight to nine members, reflecting the Council's political composition, with five Labour Councillors, two Green Party members, and one each from the Liberal Democrat and Conservative parties. During the year, one member changed political affiliation and stood down from the committee; a replacement Conservative member was subsequently appointed.
- 2.2 The role of Chair is traditionally offered by the Administration Group to a member of the largest opposition party. As in the previous two years, a Green Party member served as Chair. There was one instance where, due to the Chair attending remotely, the Vice Chair assumed the role of Chair. There were no Lead Members on the committee during the year and no independent members.
- 2.3 Details of membership and attendance are set out in Table 1 below. An additional Audit and Governance meeting was held in 2025/26 (five in total), which was used to receive an update on external audit progress, including the draft ISA 260 report.

Table 1: Table showing committee members' meeting attendance during the 2025/26 municipal year.

Member	Position	Party	Attendance					% attendance
			07/25	09/25	11/25	01/26	04/26	
Williams	Chair	Green	✓	✓*	✓	✓	✓	100%
Asare	Member	Labour	A	✓	✓	✓	✓	80%
Ballsdon	Member	Conservative	n/a	n/a	n/a	✓	A	50%
Dennis	Member	Labour	✓	✓	✓	A	✓	80%
Keane	Member	Green	✓	✓	✓	✓	✓	100%
McGoldrick	Vice Chair	Labour	✓	✓*	A	✓	A	60%
McGrother	Member	Labour	✓	✓	✓	✓	✓	100%
Mitchell	Member	Conservative	✓	✓	✓	n/a	n/a	100%
Moore	Member	Liberal Democrats	✓	A	✓	✓	A	60%
Stevens	Member	Labour	✓	✓	✓	✓	✓	100%
% attendance			89%	89%	89%	89%	67%	

Note: ✓ = attended, A = absent, n/a = not applicable, * = Councillor Williams attended remotely, and Councillor McGoldrick, as Vice Chair, took on the role of Chair.

- 2.4 The Audit and Governance Committee reports, and is directly accountable, to Council and is independent of scrutiny functions.

3. Areas covered and work of the committee.

The Audit and Governance Committee has five core areas within its remit. A summary of activity across these areas during the 2025/26 municipal year is set out in Table 2 below. Following agreement at the end of the 2024/25 municipal year, the frequency of routine reports, covering the audit tracker, risk management, information governance, accounts updates and external audit, was reduced to twice yearly. This change was implemented from the start of 2025/26 municipal year to support more effective management of the Committee's business and allow greater focus on agenda items.

Table 2: Table showing key areas covered at 2025/26 Municipal Year A&G Committee meetings.

Areas covered at meetings:	07/25	09/25	11/25	01/26	04/26
Governance, Risk and control	✓	✓		✓	✓
Governance Reporting	✓	✓			
Financial Reporting	✓			✓	✓
External Audit	✓	✓	✓	✓	✓
Internal Audit	✓	✓		✓	✓

3.1 Governance, risk and control

- 3.1.1 Following previous agreement, the committee received half yearly updates on progress in implementing audit recommendations (where either a limited or no assurance opinion had been given), information governance and the strategic risk register.
- 3.1.2 In addition, a progress update was received on implementing the action plan to rectify irregularities relating to Traffic Regulation Orders. This had arisen following a previous audit report received by Council, who had delegated oversight of progress to the Audit and Governance Committee.
- 3.1.3 In relation to the audit recommendations tracker, concern had been raised regarding an overdue risk relating to Supported Living and whether the response was appropriate to control the risk. A written response to address this was requested.

3.2 Governance reporting

- 3.2.1 The Committee reviewed the draft 2024/25 Annual Governance Statement (AGS), assessing overall governance effectiveness in line with CIPFA/Solace guidance. It also endorsed the annual review of Committee effectiveness against CIPFA's Position Statement, including findings from self-assessment by members and key officers.

3.3 Financial reporting

- 3.3.1 Half-yearly updates were received on the closure of the 2024/25 accounts, alongside a report on the CIPFA Financial Management Code 2025/26.

3.4 External Audit

- 3.4.1 KPMG attended all meetings, presenting the audit plan, progress updates on the 2024/25 accounts, the ISA 260 report, and the 2025/26 audit strategy. Updates were also provided on national backlog ('backstop') arrangements. An additional November meeting considered the draft Annual Report and progress on the 2024/25 audit.

3.5 Internal Audit

- 3.5.1 Quarterly reports from the Chief Auditor covering audits, investigations and whistleblowing were reviewed. The Annual Assurance Report concluded reasonable assurance over governance, risk management and control. The 2026/27 Internal Audit Plan and Charter were approved.

3.6 Other

- 3.6.1 The Committee received an Annual Treasury Management review for 2024/25 and quarterly updates on Treasury Management activity.
- 3.6.2 All A&G Committee meeting agendas, papers and minutes are available online on the [Council's website](#), and recordings of the meetings are publicly available for a period of six months.

4. Training

- 4.1 Training sessions were delivered to support effective member challenge, including sessions on Treasury Management, Internal Audit and External Audit, with attendance recorded (Table 3).

Table 3: Table showing training attended by A&G Committee members in the 2025 /2026 Municipal Year.

Member	Cyber Security 2025	GDPR (UK) 2025	Internal & External Audit	Member Briefing Sessions	Planning, Development & Control	Planning & Enforcement Training	Risk Management	Safeguarding Adults (L2)	Treasury Management
Williams	✓	✓	✓	✓	✓	✓	✓		✓
Asare		✓	✓	✓				✓	✓
Ballsdon			n/a	✓	✓	✓			✓
Dennis			✓	✓			✓		
Keane	✓		✓	✓			✓		✓
McGoldrick			✓						
McGrother	✓	✓	✓	✓	✓	✓	✓		✓
Mitchell									
Moore	✓	✓		✓					✓
Stevens	✓	✓		✓					✓

5. Committee Effectiveness

As in previous years, both committee members and key officers were invited to complete a short questionnaire on the Committee's effectiveness. Response rates were comparable (Councillors: 66%; Officers: 67%), providing a representative evidence base. A detailed analysis is set out in Appendix 2; key combined findings are summarised below.

5.1 Overall Understanding of Role

- 5.1.1 There is a strong and consistent understanding of the Committee's role and purpose across both groups. All officer respondents confirmed full understanding (100%), while councillor responses also remained high, with 83% indicating a clear understanding and the remainder reporting at least partial understanding.

5.2 Issue Escalation

- 5.2.1 Perceptions differ between councillors and officers. All officers (100%) consider that issues are escalated appropriately and promptly, reflecting a notable improvement from the prior year. In contrast, while a majority of councillors (67%) agree, this represents a lower level of confidence, with some uncertainty and feedback suggesting that escalation processes are not always visible or that issues can persist across multiple meetings.

5.3 Governance, Risk and Assurance

- 5.3.1 Both groups provided generally positive feedback on the Committee's coverage of its core responsibilities, particularly in relation to risk management and internal audit (strong agreement across both groups).

5.3.2 However, councillor responses indicate a slight reduction in confidence compared to previous years, with more 'somewhat agree' and neutral responses. Officers reported improvements in some areas (e.g. governance and financial reporting) but also noted declines in assurance relating to internal control and limited progress in external audit assurance.

5.3.3 Across both groups, some key governance areas (including fraud, whistleblowing, and wider organisational risks) received more mixed responses, indicating scope to strengthen assurance and visibility.

5.4 Private Meetings with Audit

5.4.1 Awareness of private meetings with Internal and External Audit remains inconsistent. While there has been some improvement among councillors, both groups reported significant levels of uncertainty, particularly officers, suggesting that these arrangements are not consistently communicated or visible.

5.5 Committee Knowledge, Skills and Training

5.5.1 Training continues to be viewed as a key strength, with councillors confirming it is useful (100%) and effective (83%). Most respondents across both groups consider the Committee to have appropriate knowledge and skills (67%), although this represents a slight decline in officer confidence compared to the previous year.

5.5.2 Both groups identified that formal evaluation of member skills and knowledge is not consistently undertaken, despite ongoing identification of training needs.

5.6 Relationships, Access and Visibility

5.6.1 Relationships with key statutory officers, particularly the Director of Finance and Chief Auditor, are consistently positive across both groups.

5.6.2 However, perceptions are more mixed in relation to other roles, including Legal and Democratic Services, with both councillors and officers reporting variability in access, visibility, and strength of relationships. A recurring theme is that engagement is not experienced consistently by all participants.

5.7 Meeting Management and Effectiveness

5.7.1 Feedback on meeting management remains positive overall. Both groups agree that meetings are generally well chaired, focused on key agenda items, and encourage participation.

5.7.2 There are, however, some contrasting views regarding the Committee operating in an apolitical manner, with a decline in positive responses from officers and some mixed feedback from councillors.

5.8 Recommendations, Impact and Value

5.8.1 Across both groups, there is less certainty regarding the effectiveness and impact of the Committee's recommendations. Around half of respondents consider that effective recommendations are made, but there is a consistent level of uncertainty regarding whether these translate into tangible outcomes.

5.8.2 Perceptions of the Committee adding value remain broadly positive, though slightly reduced among officers and more qualified among councillors, with several respondents indicating only partial value. A common theme is the need to improve visibility of recommendation tracking and implementation.

5.9 Feedback, Communication and Engagement

- 5.9.1 Responses indicate that formal feedback on the Committee's performance is limited or not widely visible, particularly among councillors. Officers reported somewhat more positive feedback mechanisms, though some uncertainty remains.
- 5.9.2 Engagement is generally considered positive, particularly in relation to audit findings and officer attendance at meetings (which has improved). However, both groups highlighted less clarity around broader stakeholder engagement and communication.

5.10 Emerging and Priority Areas for Improvement

- 5.10.1 The 2025/26 survey highlights a number of recurring themes across both groups:
- Variability in awareness and visibility of key processes (e.g. escalation, private audit meetings, implementation of actions).
 - Mixed levels of assurance in specific governance areas, including fraud, whistleblowing, and broader organisational risks.
 - The need to strengthen the monitoring and communication of outcomes, particularly in relation to recommendations and AGS actions.
 - Continued development of member skills evaluation and broader stakeholder engagement.

6. Progress since the Last Assessment of Good Practice

- 6.1 The Committee has continued to operate broadly in line with CIPFA's Position Statement (2022) and has made a number of practical improvements during the year to support its effectiveness.
- 6.2 A dedicated SharePoint site was introduced, improving access to information and supporting member development, building on consistently positive feedback regarding training.
- 6.3 Changes to the Committee's composition and operation were implemented, including an increase in membership from eight to nine members to better reflect political balance, and an increase in scheduled meetings from four to five per year.
- 6.4 Reporting arrangements were also reviewed, with some key areas, including risk management and information governance, moving from quarterly to six-monthly reporting to allow more focused consideration within meetings. The additional meeting was used to support External Audit reporting.
- 6.5 A broad range of officers continued to support the Committee, with regular attendance from key statutory and assurance roles and wider officer engagement where required, ensuring access to appropriate expertise.
- 6.6 Overall, these changes demonstrate continued progress in strengthening the Committee's structure, access to information, and capacity to consider its business.

7 **Conclusions**

- 7.1 The review indicates that the Committee continues to operate effectively in delivering its core responsibilities. However, feedback from Members and officers highlights several areas where visibility, consistency and overall impact could be strengthened.
- 7.2 While the Committee broadly covers its core responsibilities, there is scope to strengthen the balance and depth of coverage and maintain sustained oversight of priority areas, including value for money, fraud and counter-fraud, AGS implementation, whistleblowing arrangements and wider developments in local audit reform.
- 7.3 Feedback also highlights the need for clearer understanding of roles, responsibilities and processes, particularly for newer members, alongside opportunities to strengthen engagement and relationships with a broader range of stakeholders.
- 7.4 In addition, there is a need to enhance feedback mechanisms and strengthen the tracking and reporting of Committee recommendations to improve visibility of implementation and demonstrate the Committee's impact.
- 7.5 Looking ahead, the Committee will need to respond to a changing governance landscape. The English Devolution and Community Empowerment Act 2026 is expected to introduce significant changes, including a requirement for at least one independent member of the Audit Committee. Consideration will therefore need to be given to how and when this requirement is implemented, alongside ensuring that the Committee continues to have the appropriate skills, capacity and independence to fulfil its role effectively.

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Appendix 2: Feedback from Committee and Officer Surveys

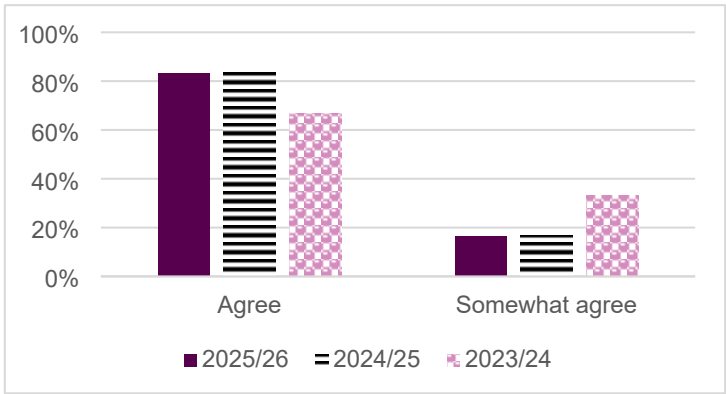
Committee Survey

In April 2026, a self-evaluation questionnaire was issued to all members of the Audit & Governance Committee. The questionnaire comprised of 21 structured questions, alongside opportunities for free-text commentary. Its purpose was to capture members' reflections and assessments of the Committee's performance during the 2025/26 municipal year. Some additional questions were included to enable the identification of progress against areas for improvement highlighted in the 2024/25 review.

A summary of the responses received is set out below. Where applicable, this includes comparative information from the previous two municipal years (2024/25 and 2023/24), for questions that remained consistent across the period.

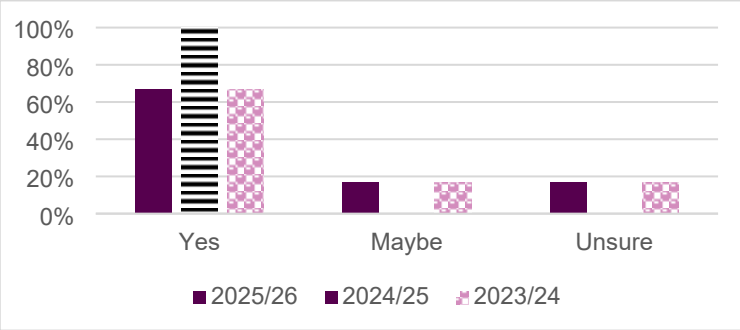
Q1 I understand the role and purpose of the Audit and Governance Committee

Response	2025/26	2024/25	2023/24
Agree	83%	83%	67%
Somewhat agree	17%	17%	33%
Neither agree nor disagree	0%	0%	0%
Somewhat disagree	0%	0%	0%
Disagree	0%	0%	0%
Total	100%	100%	100%



Q2 Do you think that the Audit and Governance Committee escalate issues and concerns promptly to those in governance and leadership roles, i.e., Council and/or CMT?

Response	2025/26	2024/25	2023/24
Yes	67%	100%	67%
Maybe	17%	0%	17%
Unsure	17%	0%	17%
No	0%	0%	0%
Don't know	0%	0%	0%
Other	0%	0%	0%
Total	100%	100%	100%

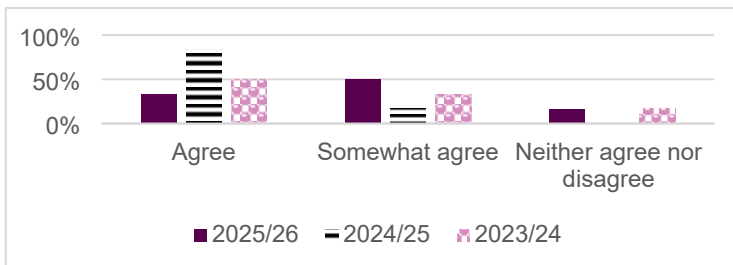


Comments: Some issues seem to continue to reside over multiple meetings.

Q3 Do you think that in the last year, the A&GC has given adequate consideration to all core areas listed below?

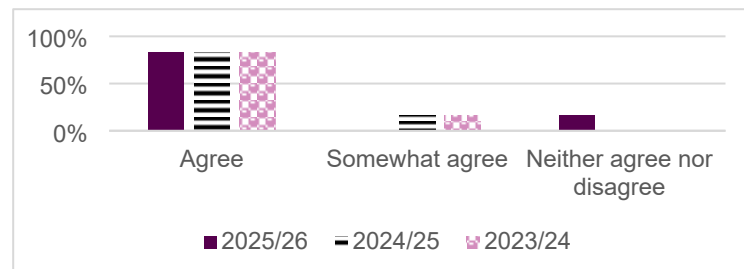
Governance arrangements:

Responses	2025/26	2024/25	2023/24
Agree	33%	83%	50%
Somewhat agree	50%	17%	33%
Neither agree nor disagree	17%	0%	17%
Somewhat disagree	0%	0%	0%
Disagree	0%	0%	0%
Total	100%	100%	100%



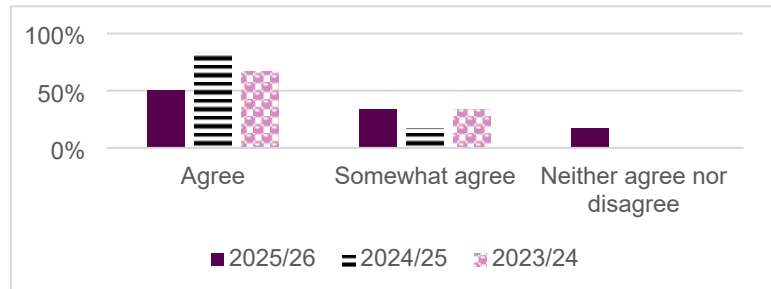
Risk management arrangements:

Responses	2025/26	2024/25	2023/24
Agree	83%	83%	83%
Somewhat agree	0%	17%	17%
Neither agree nor disagree	17%	0%	0%
Somewhat disagree	0%	0%	0%
Disagree	0%	0%	0%
Total	100%	100%	100%



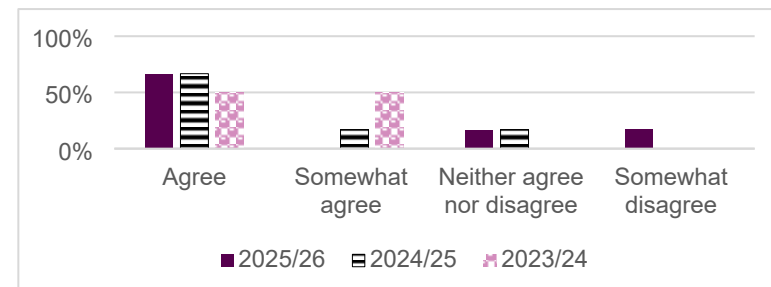
Internal control arrangements:

Responses	2025/26	2024/25	2023/24
Agree	50%	83%	67%
Somewhat agree	33%	17%	33%
Neither agree nor disagree	17%	0%	0%
Somewhat disagree	0%	0%	0%
Disagree	0%	0%	0%
Total	100%	100%	100%



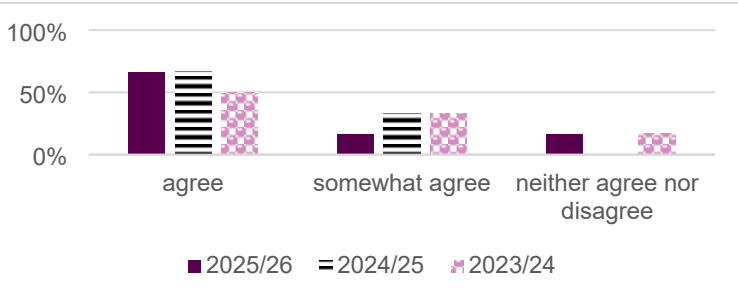
Annual Governance Statement (AGS):

Area	2025/26	2024/25	2023/24
Agree	67%	67%	50%
Somewhat agree	0%	17%	50%
Neither agree nor disagree	17%	17%	0%
Somewhat disagree	17%	0%	0%
Disagree	0%	0%	0%
Total	100%	100%	100%



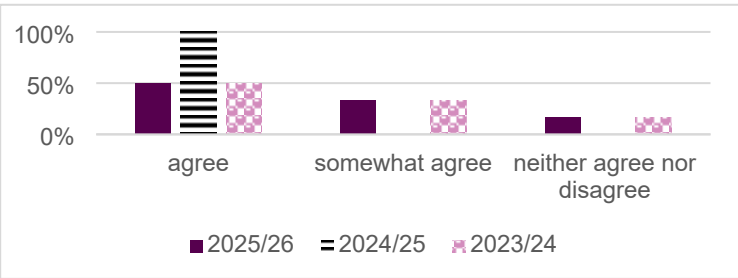
Financial reporting:

Area	2025/26	2024/25	2023/24
Agree	67%	67%	50%
Somewhat agree	17%	33%	33%
Neither agree nor disagree	17%	0%	17%
Somewhat disagree	0%	0%	0%
Disagree	0%	0%	0%
Total	100%	100%	100%



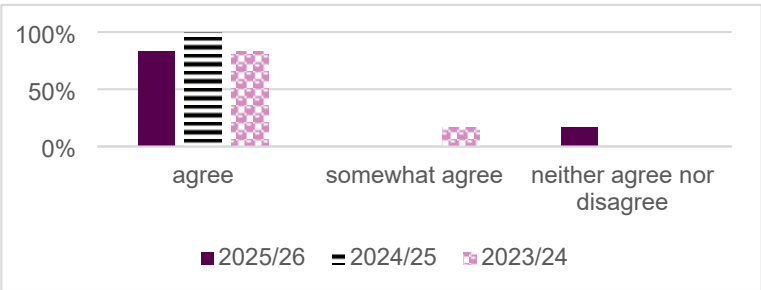
Assurance Framework:

Area	2025/26	2024/25	2023/24
Agree	50%	100%	50%
Somewhat agree	33%	0%	33%
Neither agree nor disagree	17%	0%	17%
Somewhat disagree	0%	0%	0%
Disagree	0%	0%	0%
Total	100%	100%	100%



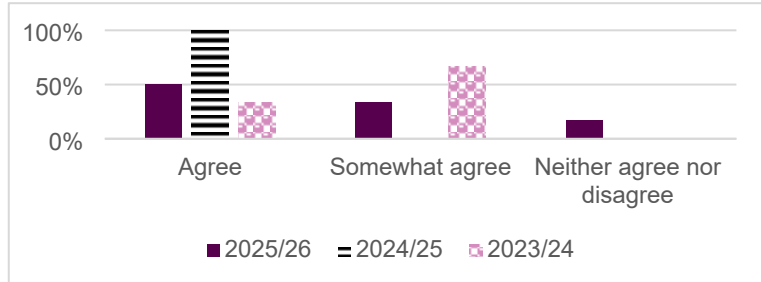
Internal Audit:

Area	2025/26	2024/25	2023/24
Agree	83%	100%	83%
Somewhat agree	0%	0%	17%
Neither agree nor disagree	17%	0%	0%
Somewhat disagree	0%	0%	0%
Disagree	0%	0%	0%
Total	100%	100%	100%



External Audit:

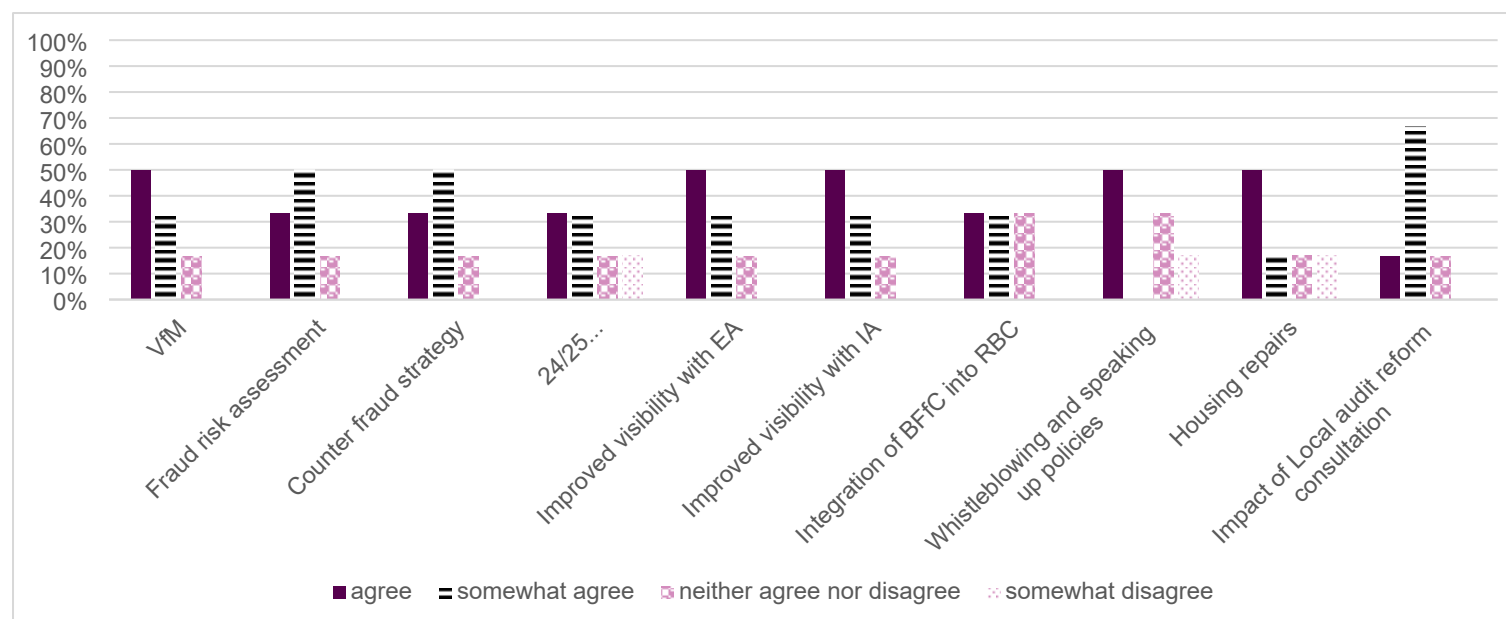
Area	2025/26	2024/25	2023/24
Agree	50%	100%	33%
Somewhat agree	33%	0%	67%
Neither agree nor disagree	17%	0%	0%
Somewhat disagree	0%	0%	0%
Disagree	0%	0%	0%
Total	100%	100%	100%



Q4 Do you think that the Audit & Governance Committee has given adequate consideration to the following in the last year?

(note that this question was not asked previously)

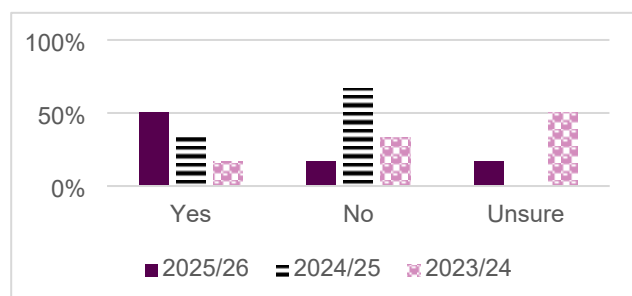
Area	Agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Disagree	Total 2025/26
Value for Money	50%	33%	17%	0%	0%	100%
Fraud risk assessment	33%	50%	17%	0%	0%	100%
Counter fraud strategy	33%	50%	17%	0%	0%	100%
2024/25 AGS recommendation implementation	33%	33%	17%	17%	0%	100%
Improved visibility with External Audit	50%	33%	17%	0%	0%	100%
Improved engagement with External Audit	50%	33%	17%	0%	0%	100%
Integration of BFfC into RBC	33%	33%	33%	0%	0%	100%
Whistleblowing and speaking up policies	50%	0%	33%	17%	0%	100%
Housing repairs	50%	17%	17%	17%	0%	100%
Impact of Local Audit reform consultation	17%	67%	17%	0%	0%	100%



Q5 Are you aware if the committee met privately with the External Auditors and Internal Audit within the last year?

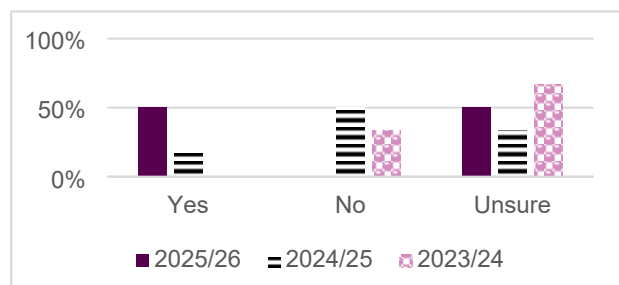
External Audit:

Response	2025/26	2024/25	2023/24
Yes	50%	33%	17%
No	17%	67%	33%
Unsure	33%	0%	50%
Total	100%	100%	100%



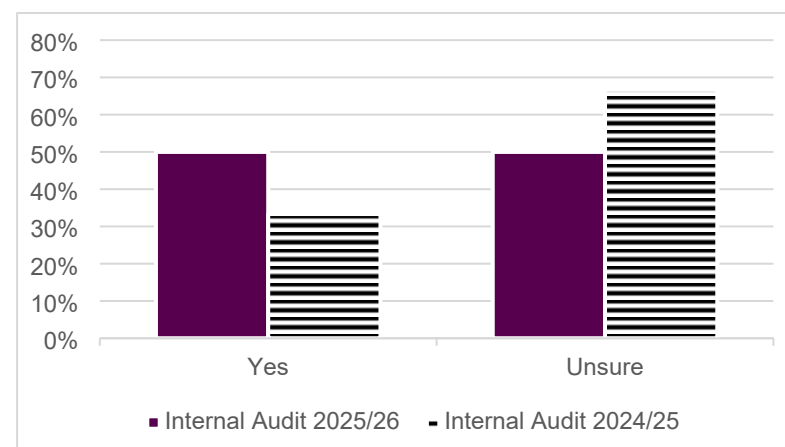
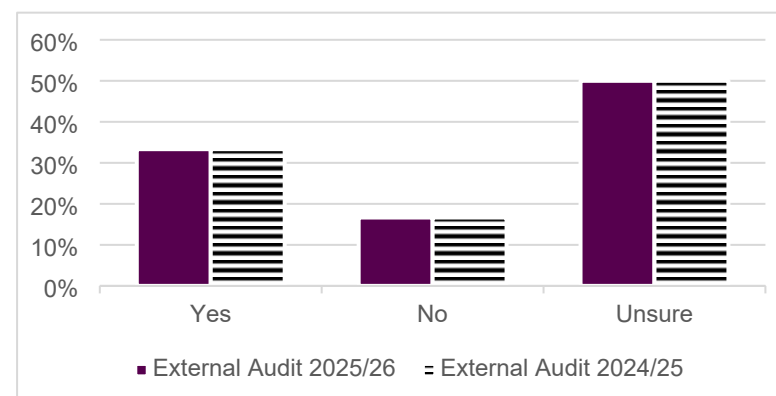
Chief Auditor (Internal Audit):

Response	2025/26	2024/25	2023/24
Yes	50%	17%	0%
No	0%	50%	33%
Unsure	50%	33%	67%
Total	100%	100%	100%



Q6 Are you aware if the committee chair met privately with the external auditors and the Chief Auditor (Internal Audit) within the last year?

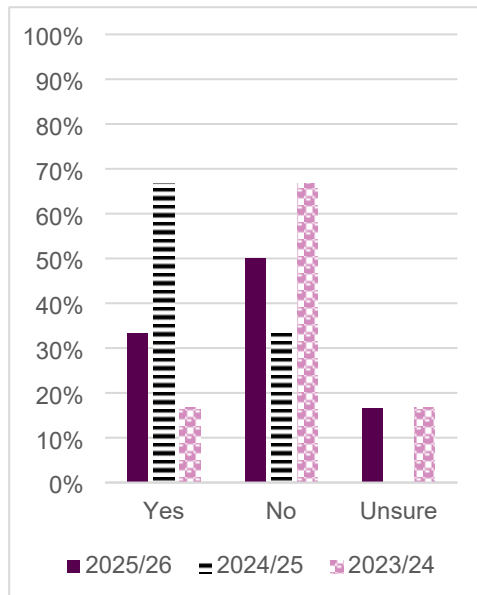
Response	External Audit 2025/26	External Audit 2024/25	Internal Audit 2025/26	Internal Audit 2024/25
Yes	33%	33%	50%	33%
No	17%	17%	0%	0%
Unsure	50%	50%	50%	67%
Total	100%	100%	100%	100%



Q7 Have you had an evaluation of your knowledge, skills, and training needs carried out since you joined the committee or within the last two years (whichever is most recent)?

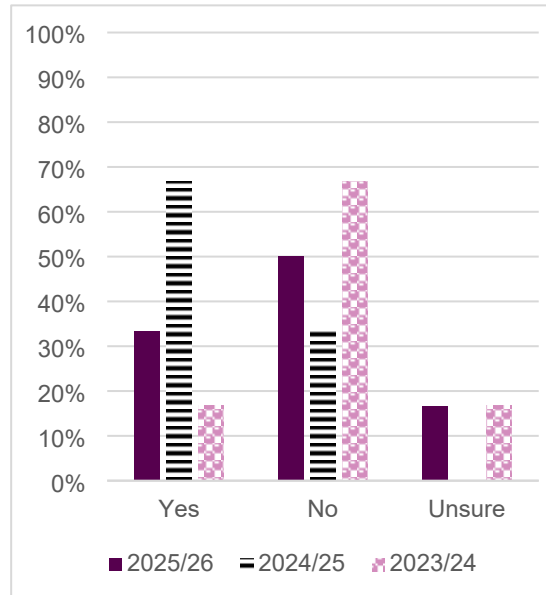
Knowledge:

Responses	2025/26	2024/25	2023/24
Yes	33%	67%	17%
No	50%	33%	67%
Unsure	17%	0%	17%
Total	100%	100%	100%



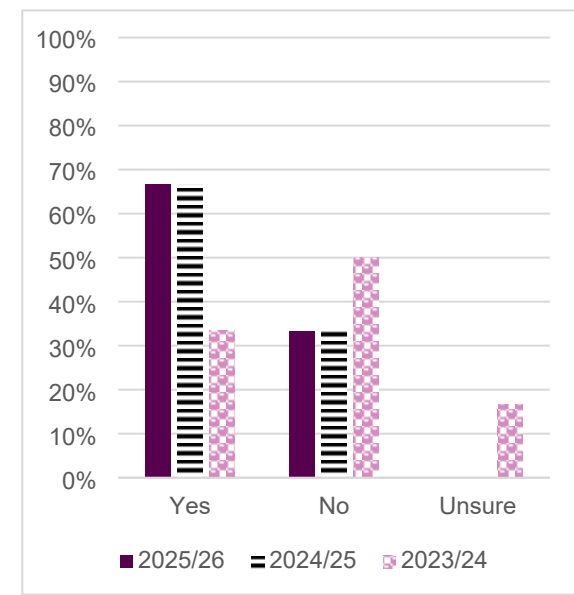
Skills:

Responses	2025/26	2024/25	2023/24
Yes	33%	67%	17%
No	50%	33%	67%
Unsure	17%	0%	17%
Total	100%	100%	100%



Training needs:

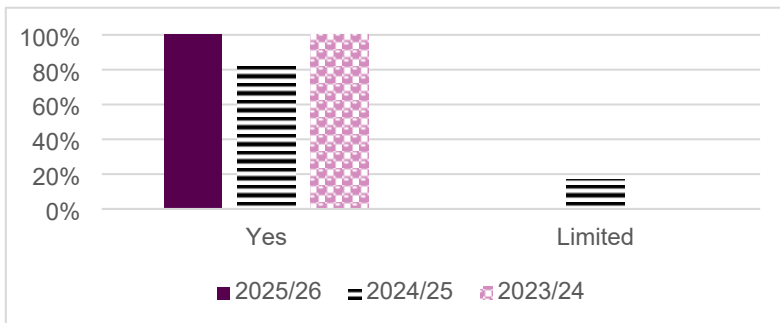
Responses	2025/26	2024/25	2023/24
Yes	67%	67%	33%
No	33%	33%	50%
Unsure	0%	0%	17%
Total	100%	100%	100%



Q8 Has useful and effective training and support been provided?

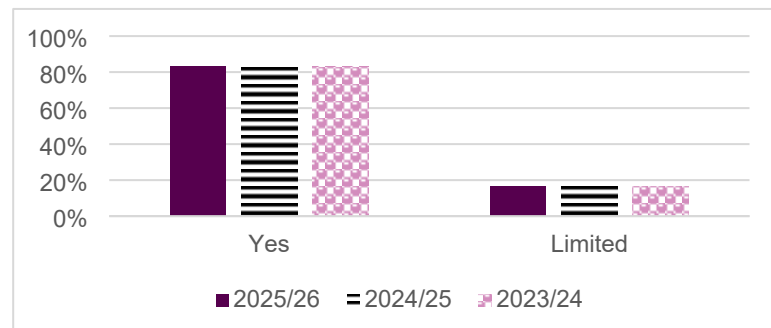
Useful training:

Responses	2025/26	2024/25	2023/24
Yes	100%	83%	100%
Limited	0%	17%	0%
Unsure	0%	0%	0%
Total	100%	100%	100%



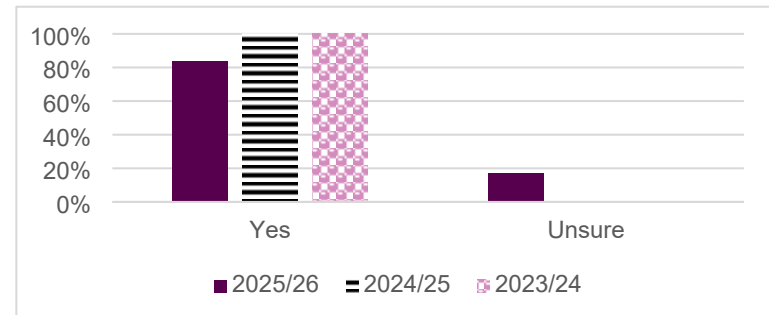
Effective training:

Responses	2025/26	2024/25	2023/24
Yes	83%	83%	83%
Limited	17%	17%	17%
Unsure	0%	0%	0%
Total	100%	100%	100%



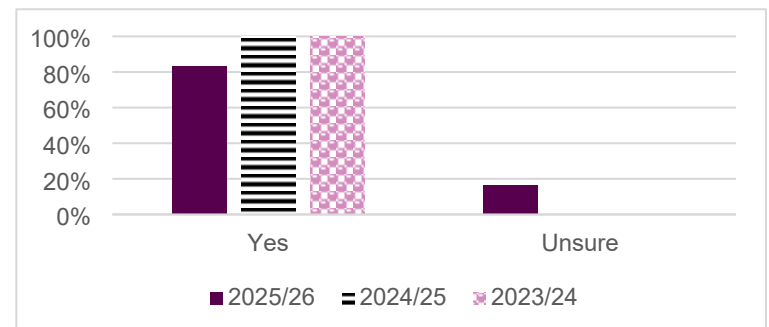
Useful support:

Responses	2025/26	2024/25	2023/24
Yes	83%	100%	100%
Limited	0%	0%	0%
Unsure	17%	0%	0%
Total	100%	100%	100%



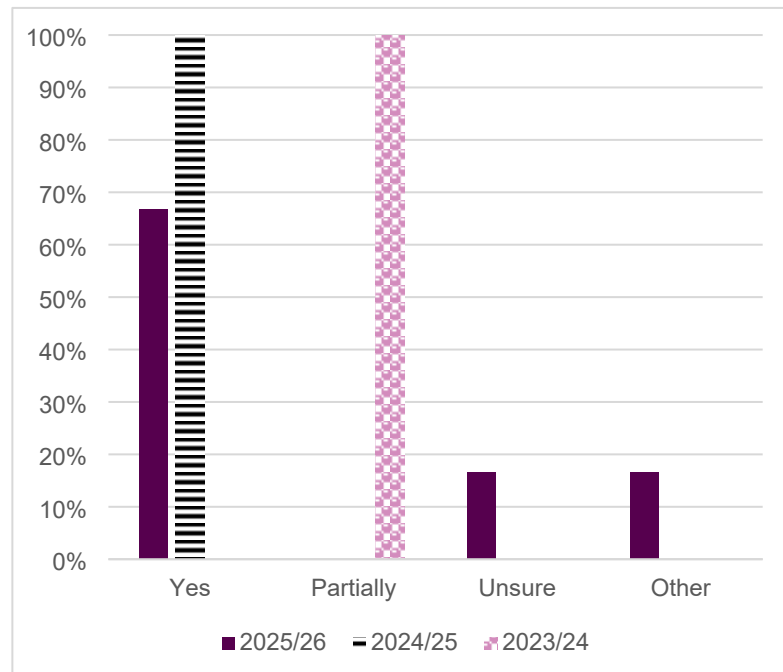
Effective support:

Responses	2025/26	2024/25	2023/24
Yes	83%	100%	100%
Limited	0%	0%	0%
Unsure	17%	0%	0%
Total	100%	100%	100%



Q9 Do you feel that there is an appropriate level of knowledge and skills on the committee?

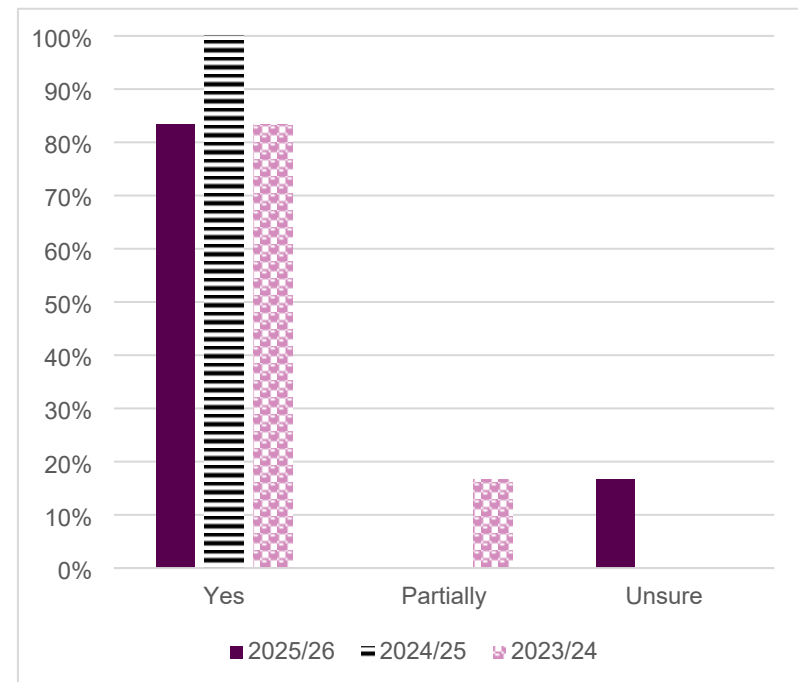
Responses	2025/26	2024/25	2023/24
Yes	67%	100%	0%
No	0%	0%	0%
Partially	0%	0%	100%
Unsure	17%	0%	0%
Other	17%	0%	0%
Total	100%	100%	100%



Comments: Concern was raised about attendance and explaining when the committee could request other senior staff and Councillors to attend A&GC to answer A&G's specific enquiries or hear A&G's perspective on need for improvement.

Q10 Does the committee have adequate secretarial and administrative support?

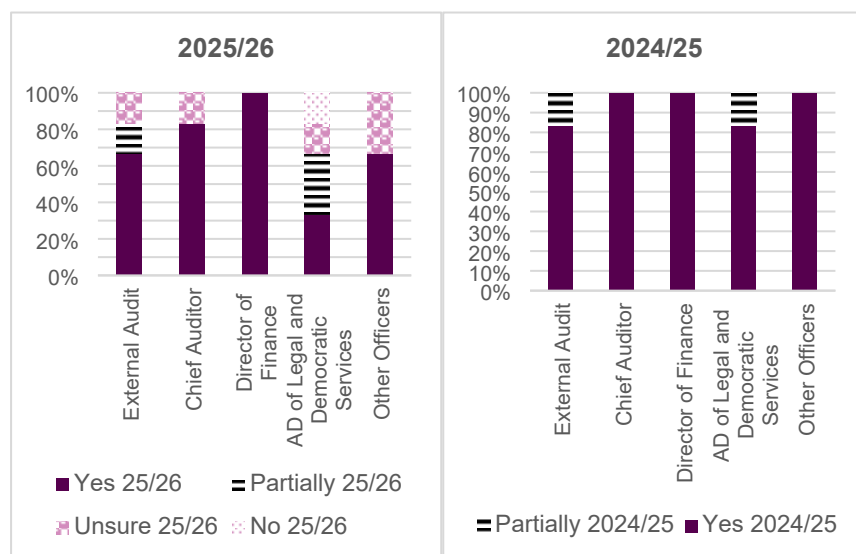
Responses	2025/26	2024/25	2023/24
Yes	83%	100%	83%
No	0%	0%	0%
Partially	0%	0%	17%
Unsure	17%	0%	0%
Total	100%	100%	100%



Comments: It was noted that standard governance processes appear to be operating as expected, with papers circulated in advance and formal minutes prepared.

1Q11 Do you think that the committee has good working relations with the key people detailed below?

Area	Yes 25/26	Yes 24/25	Partially 25/26	Partially 24/25	Unsure 25/26	Unsure 24/25	No 25/26	No 24/25
External Audit	67%	83%	17%	17%	17%	0%	0%	0%
Chief Auditor	83%	100%	0%	0%	17%	0%	0%	0%
Director of Finance	100%	100%	0%	0%	0%	0%	0%	0%
AD of Legal and Democratic Services	33%	83%	33%	17%	17%	0%	17%	0%
Other Officers	67%	100%	0%	0%	33%	0%	0%	0%



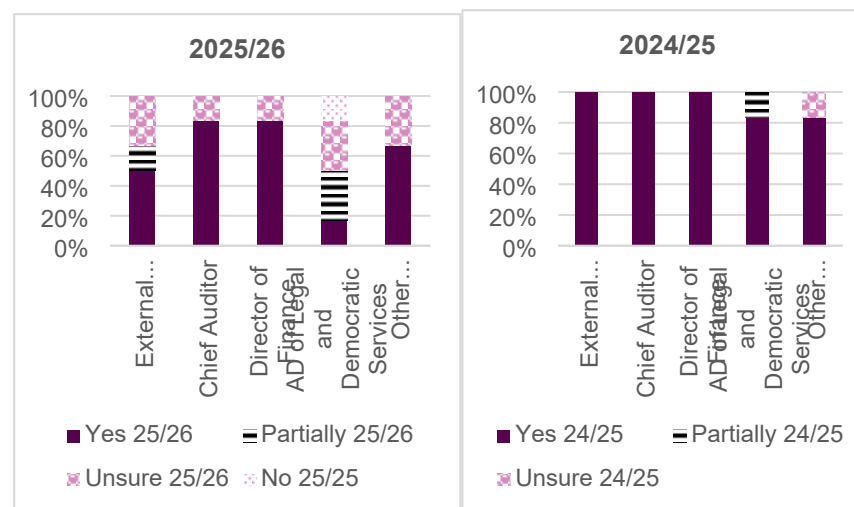
Other Officers: Director of Resources, Risk Management

Other comments: It was considered that effective working relationships are maintained through direct communication by email.

¹ Note for questions 11-13 there is no direct comparison available with the 2023/24 municipal year as this was asked as one question

Q12 Do you think that the committee has good access to the key people detailed below?

Area	Yes 25/26	Yes 24/25	Partially 25/26	Partially 24/25	Unsure 25/26	Unsure 24/25	No 25/25	No 24/25
External Audit	50%	100%	17%	0%	33%	0%	0%	0%
Chief Auditor	83%	100%	0%	0%	17%	0%	0%	0%
Director of Finance	83%	100%	0%	0%	17%	0%	0%	0%
AD of Legal and Democratic Services	17%	83%	33%	17%	33%	0%	17%	0%
Other Officers	67%	83%	0%	0%	33%	17%	0%	0%



Other Officers: Director of Resources, Risk Management

Comments: It was noted that access to key individuals is primarily through formal meetings or via the A&GC Chair, and within these routes, working relationships appear effective.

Q13 Do you think that the committee has good visibility with the key people detailed below?

Area	Yes 25/26	Yes 24/25	Partially 25/26	Partially 24/25	Unsure 25/26	Unsure 24/25	No 25/26	No 24/25
External Audit	67%	67%	0%	17%	33%	17%	0%	0%
Chief Auditor	83%	67%	0%	17%	17%	17%	0%	0%
Director of Finance	83%	83%	0%	0%	17%	17%	0%	0%
AD of Legal and Democratic Services	17%	83%	33%	0%	33%	17%	17%	0%
Other Officers	33%	67%	17%	0%	50%	33%	0%	0%



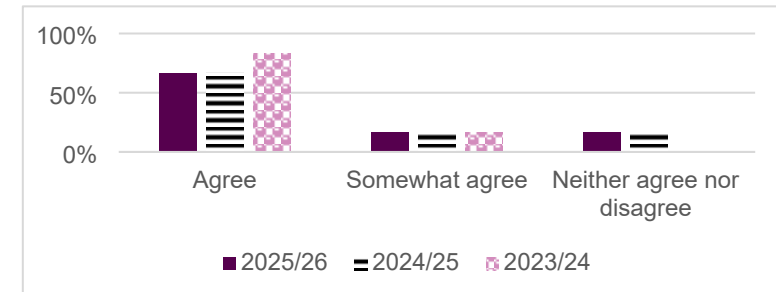
Comments:

It was noted that some respondents were uncertain or unable to form a clear view, with one indicating a lack of clarity around the question and the committee's structure or modes of engagement.

Q14 Please rate the following in terms of meetings in the last year:

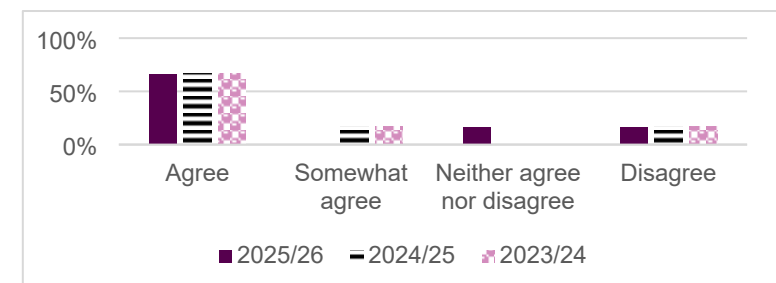
- The Committee is well chaired

Responses	2025/26	2024/25	2023/24
Agree	67%	67%	83%
Somewhat agree	17%	17%	17%
Neither agree nor disagree	17%	17%	0%
Somewhat disagree	0%	0%	0%
Disagree	0%	0%	0%
Total	100%	100%	100%



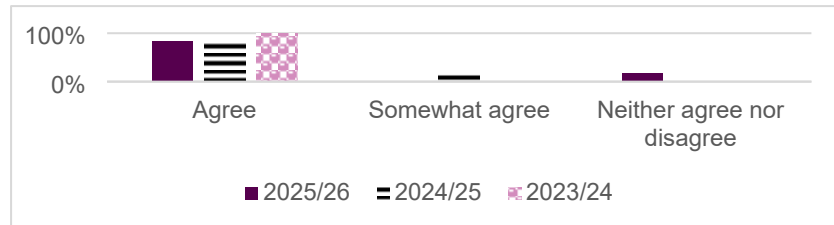
The committee operates in an apolitical manner

Responses	2025/26	2024/25	2023/24
Agree	67%	67%	67%
Somewhat agree	0%	17%	17%
Neither agree nor disagree	17%	0%	0%
Somewhat disagree	0%	0%	0%
Disagree	17%	17%	17%
Total	100%	100%	100%



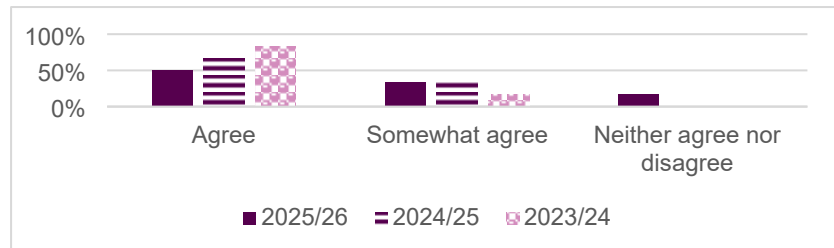
• Key agenda items are addressed

Responses	2025/26	2024/25	2023/24
Agree	83%	83%	100%
Somewhat agree	0%	17%	0%
Neither agree nor disagree	17%	0%	0%
Somewhat disagree	0%	0%	0%
Disagree	0%	0%	0%
Total	100%	100%	100%



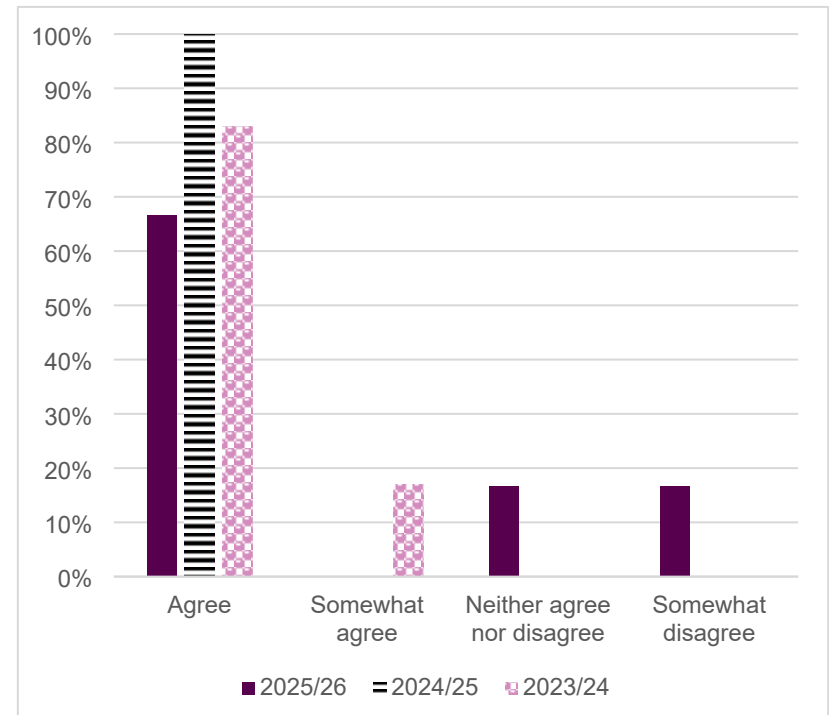
• There is a focus on improvement

Responses	2025/26	2024/25	2023/24
Agree	50%	67%	83%
Somewhat agree	33%	33%	17%
Neither agree nor disagree	17%	0%	0%
Somewhat disagree	0%	0%	0%
Disagree	0%	0%	0%
Total	100%	100%	100%



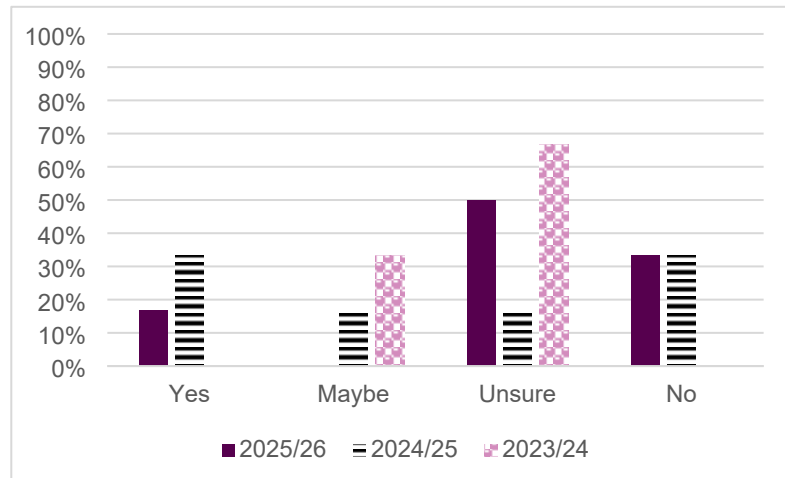
• All members are encouraged to engage in discussions

Responses	2025/26	2024/25	2023/24
Agree	67%	100%	83%
Somewhat agree	0%	0%	17%
Neither agree nor disagree	17%	0%	0%
Somewhat disagree	17%	0%	0%
Disagree	0%	0%	0%
Total	100%	100%	100%



Q15 Has the committee obtained feedback on its performance from those interacting with or relying on its work (for example, key officers, committees, etc)?

Responses	2025/26	2024/25	2023/24
Yes	17%	33%	0%
Maybe	0%	17%	33%
Unsure	50%	17%	67%
No	33%	33%	0%
Total	100%	100%	100%

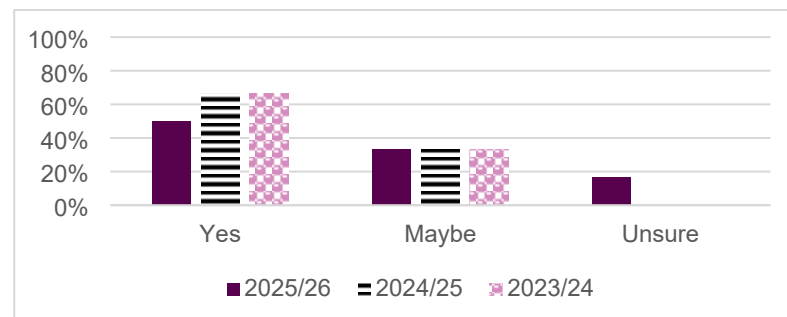


Comments:

It was noted that there is limited awareness of feedback on this matter, with some indicating uncertainty or that they are unable to form a clear view. While there was a small amount of positive feedback from committee members, overall perception among wider stakeholders is unclear.

Q16 Does the committee make recommendations for improving governance, risk, and control arrangements?

Responses	2025/26	2024/25	2023/24
Yes	50%	67%	67%
Maybe	33%	33%	33%
Unsure	17%	0%	0%
No	0%	0%	0%
Total	100%	100%	100%



Comments:

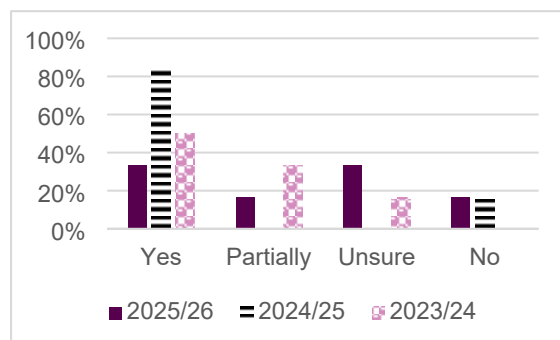
It was noted that while recommendations are regularly made by the committee, including in areas such as Housing Repairs and Cyber Security, they are not always acted upon. Some respondents highlighted uncertainty or were unable to form a view.

There is recognition of the need for further development of risk management arrangements, including clearer articulation of risk appetite and improvement in the Strategic Risk Register, which has seen limited change over time.

It was also observed that recommendations are often dependent on officer reporting, and clarity around implementation and follow-through could be strengthened.

Q17 Do Audit and Governance Committee recommendations have traction with those in leadership roles?

Responses	2025/26	2024/25	2023/24
Yes	33%	83%	50%
Partially	17%	0%	33%
Unsure	33%	0%	17%
No	17%	17%	0%
total	100%	100%	100%

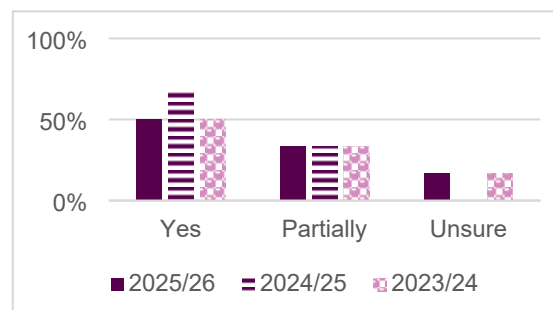


Comments:

It was noted that formal recommendations from the committee appear to be relatively limited, often building on Internal Audit findings. While there is an expectation that senior officers would attend when requested, there has been little evidence of broader member engagement or of scrutiny leading to significant change at a senior level. Some respondents considered that actions are generally implemented in a timely manner, while others were uncertain or unable to form a clear view.

Q18 Do you think the Audit and Governance Committee is adding value?

Responses	2025/26	2024/25	2023/24
Yes	50%	67%	50%
Partially	33%	33%	33%
Unsure	17%	0%	17%
No	0%	0%	0%
total	100%	100%	100%

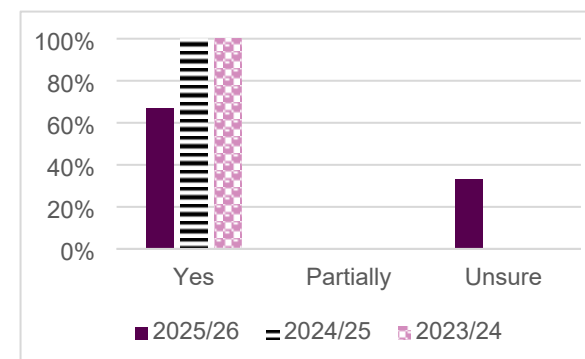


Comments:

It was noted that the committee maintains oversight of the Council through formal reporting and by holding officers to account on key issues. Members have demonstrated strong engagement with audit findings, particularly where improvements have been limited. While this level of scrutiny is considered appropriate and constructive, there is some uncertainty as to whether it consistently drives sustained improvement at a broader organisational or member level. It was also observed that the committee has generally avoided politicisation, while continuing to provide appropriate challenge.

Q19 Does the committee engage with a wide range of leaders and managers, including discussing audit findings, risks, and action plans with responsible officers?

Responses	2025/26	2024/25	2023/24
Yes	67%	100%	100%
Partially	0%	0%	0%
Unsure	33%	0%	0%
No	0%	0%	0%
total	100%	100%	100%



Comments:

It was noted that engagement with senior leaders does occur, particularly through committee meetings and training sessions, and that members show a strong interest in audit findings. However, there is less clarity on the extent to which the committee, as a whole, engages consistently with a wider range of leadership.

Q20 Have meeting papers been received in a timely manner during the year?

It was noted that external auditor reports are generally considered useful, though there is some scope to improve their presentation, as the use of infographics does not always clearly align with the accompanying narrative.

Q21 Please provide any comment on the inclusion of an additional meeting during the last year (5 held instead of 4 previously).

There was a comment that the current cycle of five meetings was viewed positively, with the timing and distribution across the year considered appropriate.

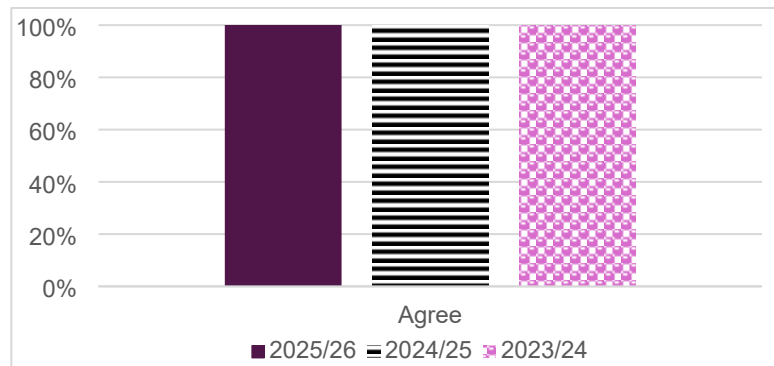
Officers Survey

A slightly different questionnaire was given to key Officers consisted of 16 questions, including some opportunities for free-text responses. Its purpose was to gather members' reflections, input, and assessments of the committee's performance during the 2025/26 municipal year.

A summary of the responses received is provided below and includes a comparison with responses from the previous years (2023/24 and 2024/25), where questions were repeated.

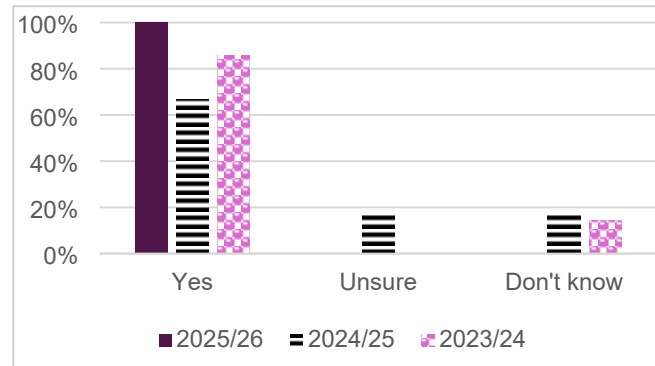
Q1 I understand the role and purpose of the Audit and Governance Committee

Response	2025/26	2024/25	2023/24
Agree	100%	100%	100%
Somewhat agree	0%	0%	0%
Neither agree nor disagree	0%	0%	0%
Somewhat disagree	0%	0%	0%
Disagree	0%	0%	0%
Total	100%	100%	100%



Q2 Do you think that the Audit and Governance Committee escalates issues and concerns promptly to those in governance and leadership roles, i.e., Council and/or CMT?

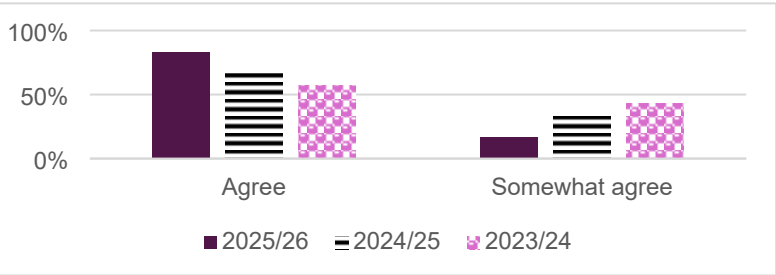
Response	2025/26	2024/25	2023/24
Yes	100%	67%	86%
Maybe	0%	0%	0%
Unsure	0%	17%	0%
No	0%	0%	0%
Don't know	0%	17%	14%
Total	100%	100%	100%



Q3 Do you think that in the last year, the A&GC has given adequate consideration to all core areas listed below?

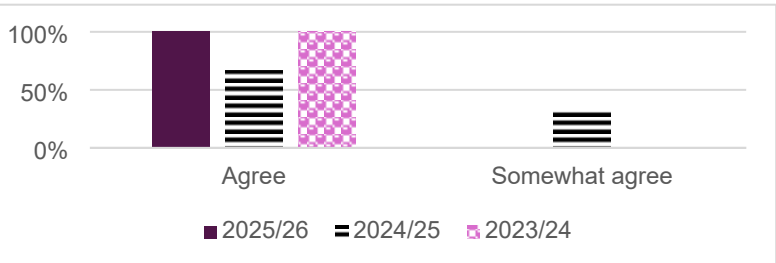
Governance arrangements:

Response	2025/26	2024/25	2023/24
Agree	83%	67%	57%
Somewhat agree	17%	33%	43%
Neither agree nor disagree	0%	0%	0%
Somewhat disagree	0%	0%	0%
Unsure	0%	0%	0%
Total	100%	100%	100%



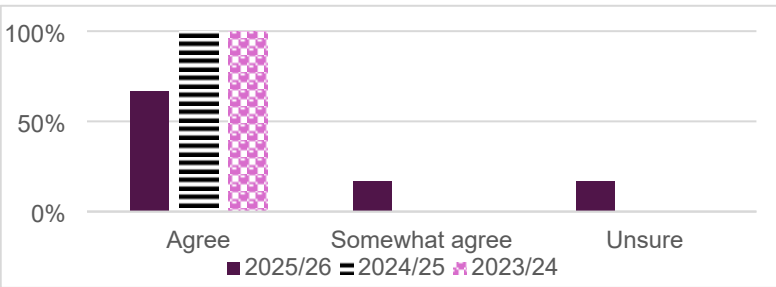
Risk management arrangements:

Response	2025/26	2024/25	2023/24
Agree	100%	67%	100%
Somewhat agree	0%	33%	0%
Neither agree nor disagree	0%	0%	0%
Somewhat disagree	0%	0%	0%
Unsure	0%	0%	0%
Total	100%	100%	100%



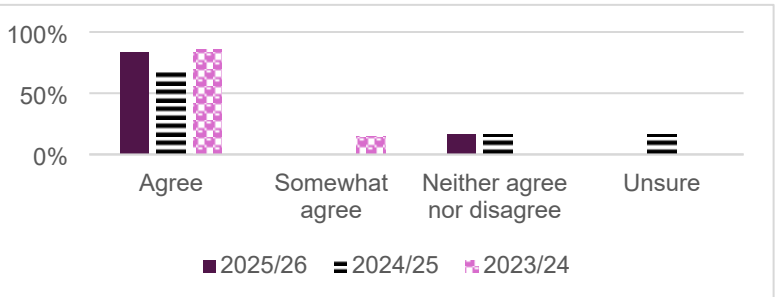
Internal control arrangements:

Response	2025/26	2024/25	2023/24
Agree	67%	100%	100%
Somewhat agree	17%	0%	0%
Neither agree nor disagree	0%	0%	0%
Somewhat disagree	0%	0%	0%
Unsure	17%	0%	0%
Total	100%	100%	100%



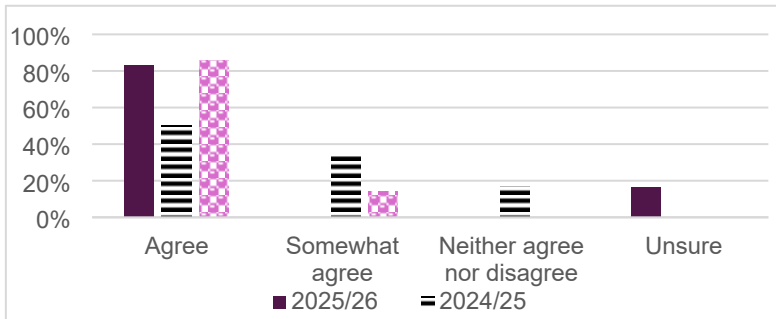
Annual Governance Statement:

Response	2025/26	2024/25	2023/24
Agree	83%	67%	86%
Somewhat agree	0%	0%	14%
Neither agree nor disagree	17%	17%	0%
Somewhat disagree	0%	0%	0%
Unsure	0%	17%	0%
Total	100%	100%	100%



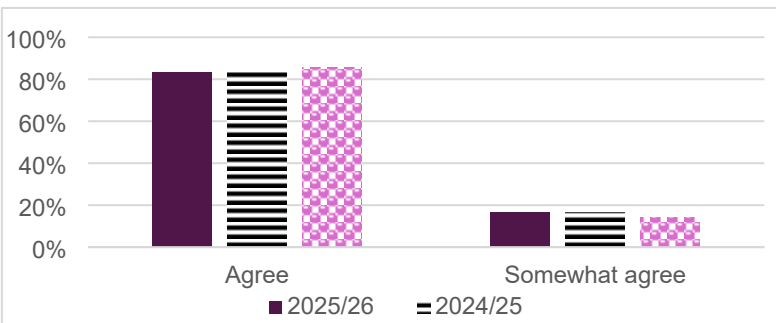
Financial Reporting:

Response	2025/26	2024/25	2023/24
Agree	83%	50%	86%
Somewhat agree	0%	33%	14%
Neither agree nor disagree	0%	17%	0%
Somewhat disagree	0%	0%	0%
Unsure	17%	0%	0%
Total	100%	100%	100%



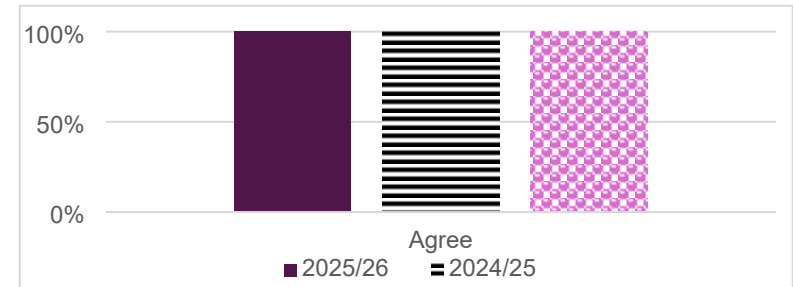
Assurance Framework:

Response	2025/26	2024/25	2023/24
Agree	83%	83%	86%
Somewhat agree	17%	17%	14%
Neither agree nor disagree	0%	0%	0%
Somewhat disagree	0%	0%	0%
Unsure	0%	0%	0%
Total	100%	100%	100%



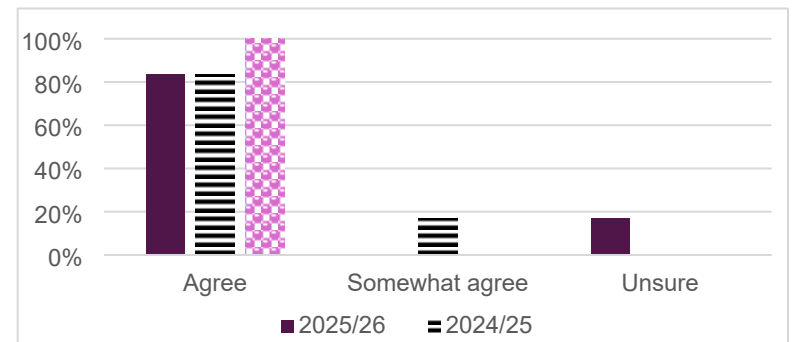
Internal Audit:

Response	2025/26	2024/25	2023/24
Agree	100%	100%	100%
Somewhat agree	0%	0%	0%
Neither agree nor disagree	0%	0%	0%
Somewhat disagree	0%	0%	0%
Unsure	0%	0%	0%
Total	100%	100%	100%



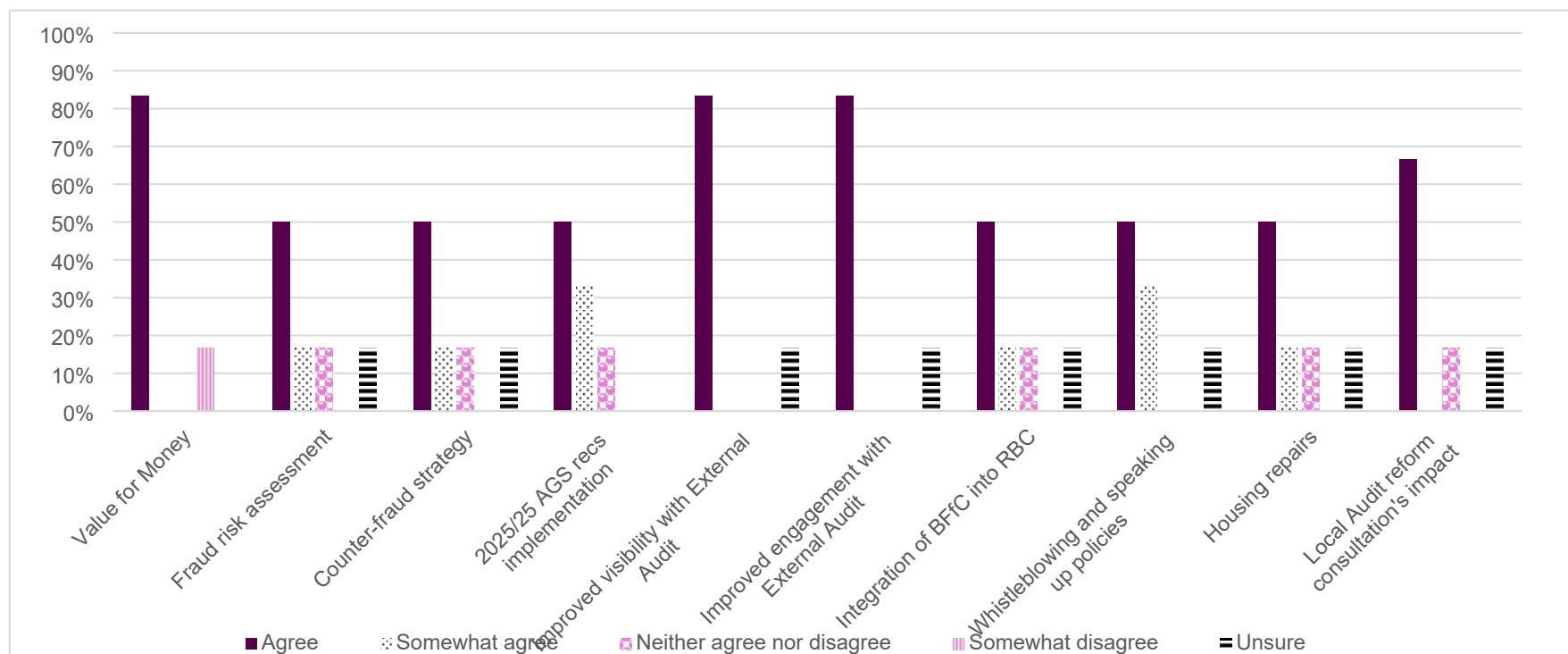
External Audit:

Response	2025/26	2024/25	2023/24
Agree	83%	83%	100%
Somewhat agree	0%	17%	0%
Neither agree nor disagree	0%	0%	0%
Somewhat disagree	0%	0%	0%
Unsure	17%	0%	0%
Total	100%	100%	100%



Q4 Do you think that the A&GC has given adequate consideration to the following in the last year?

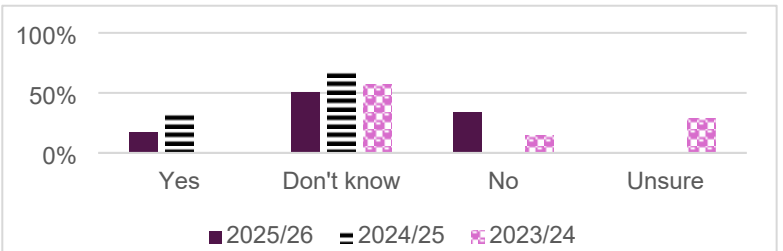
Area	Agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Disagree	Unsure	Total
Value for Money	83%	0%	0%	17%	0%	0%	100%
Fraud risk assessment	50%	17%	17%	0%	0%	17%	100%
Counter-fraud strategy	50%	17%	17%	0%	0%	17%	100%
2025/25 AGS recs implementation	50%	33%	17%	0%	0%	0%	100%
Improved visibility with External Audit	83%	0%	0%	0%	0%	17%	100%
Improved engagement with External Audit	83%	0%	0%	0%	0%	17%	100%
Integration of BFfC into RBC	50%	17%	17%	0%	0%	17%	100%
Whistleblowing and speaking up policies	50%	33%	0%	0%	0%	17%	100%
Housing repairs	50%	17%	17%	0%	0%	17%	100%
Local Audit reform consultation's impact	67%	0%	17%	0%	0%	17%	100%



Q5 Are you aware if the committee has met privately with the external auditors and Chief Auditor (Internal Audit) within the last year?

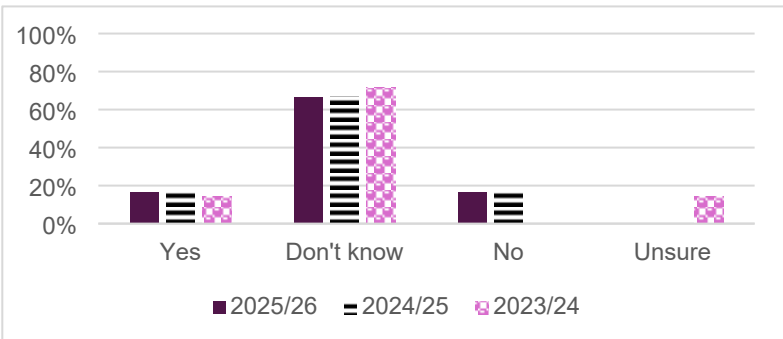
External Audit:

Response	2025/26	2024/25	2023/24
Yes	17%	33%	0%
Don't know	50%	67%	57%
No	33%	0%	14%
Unsure	0%	0%	29%
Total	100%	100%	100%



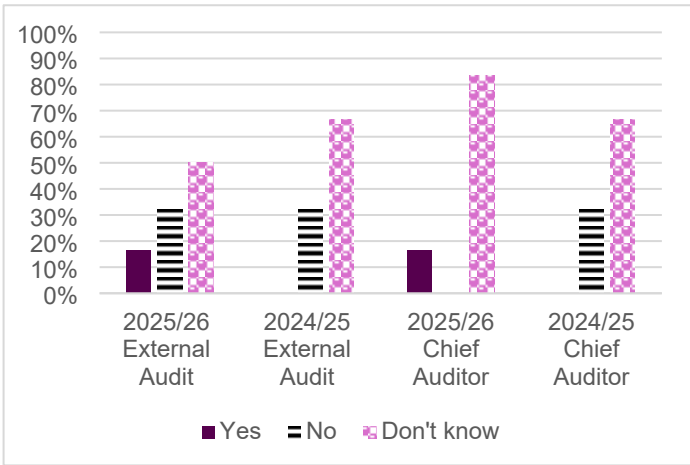
Chief Auditor:

Response	2025/26	2024/25	2023/24
Yes	17%	17%	14%
Don't know	67%	67%	71%
No	17%	17%	0%
Unsure	0%	0%	14%
Total	100%	100%	100%



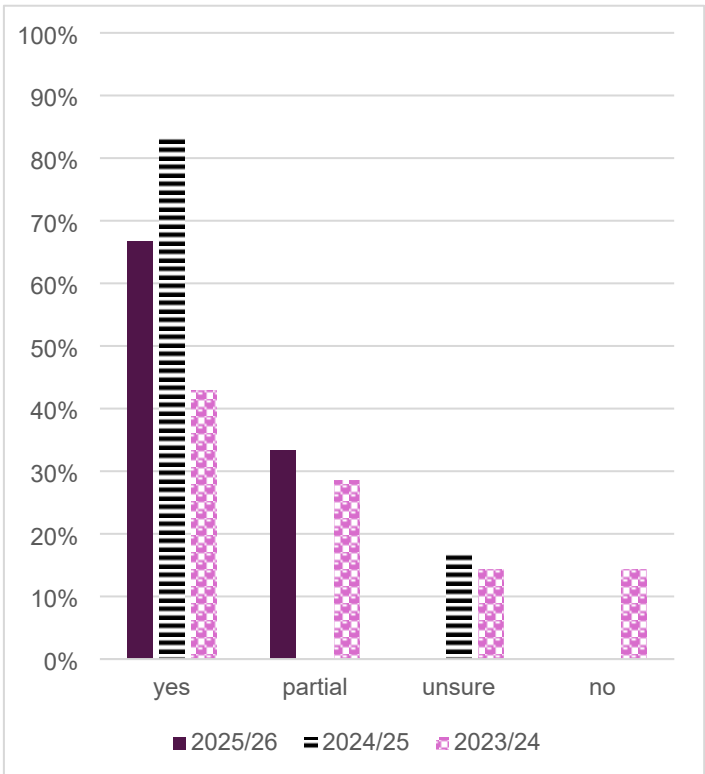
Q6 Are you aware if the chair has met privately with the external auditors and Chief Auditor (Internal Audit) within the last year?

External Audit:	2025/26	2024/25
Yes	17%	0%
No	33%	33%
Unsure	50%	67%
Total	100%	100%
Chief Auditor:	2025/26	2024/25
Yes	17%	33%
No	0%	0%
Unsure	83%	67%
Total	100%	100%



Q7 Do you feel that there is an appropriate level of knowledge and skills on the committee?

Response	2025/26	2024/25	2023/24
Yes	67%	83%	43%
Partial	33%	0%	29%
Unsure	0%	17%	14%
No	0%	0%	14%
Other	0%	0%	0%
Total	100%	100%	100%

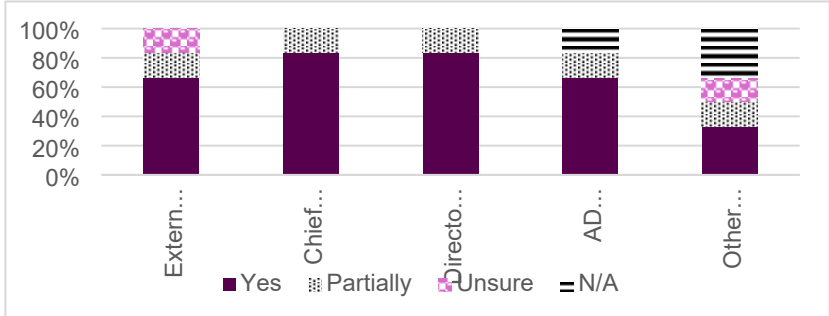


Q8 Do you think that the committee has good working relations with the key people detailed below?

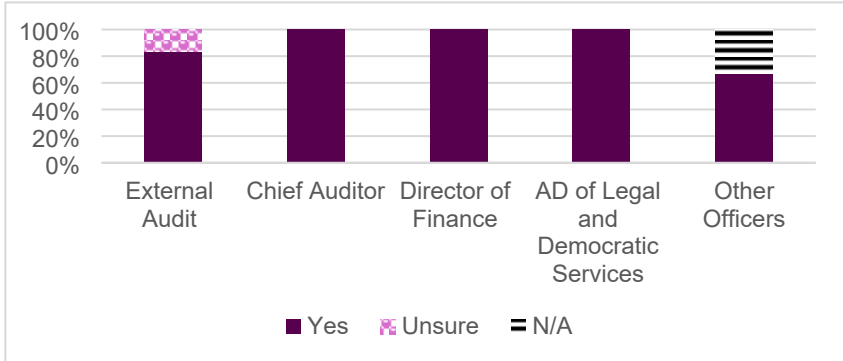
2025/26:	Yes	Partially	Unsure	N/A	Total
External Audit	67%	17%	17%	0%	100%
Chief Auditor	83%	17%	0%	0%	100%
Director of Finance	83%	17%	0%	0%	100%
AD of Legal and Democratic Services	67%	17%	0%	17%	100%
Other Officers	33%	17%	17%	33%	100%

2024/25:	Yes	Partially	Unsure	N/A	Total
External Audit	83%	0%	17%	0%	100%
Chief Auditor	100%	0%	0%	0%	100%
Director of Finance	100%	0%	0%	0%	100%
AD of Legal and Democratic Services	100%	0%	0%	0%	100%
Other Officers	67%	0%	0%	33%	100%

2025/26:



2024/25:

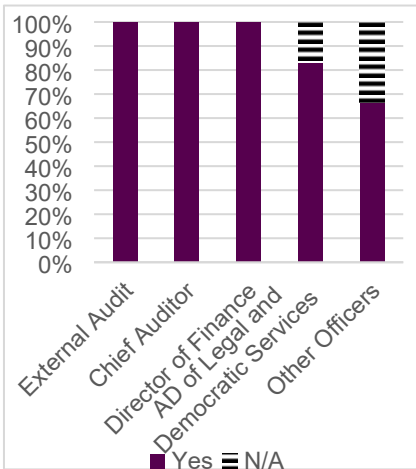


Q9 Do you think that the committee has good access to the key people detailed below?

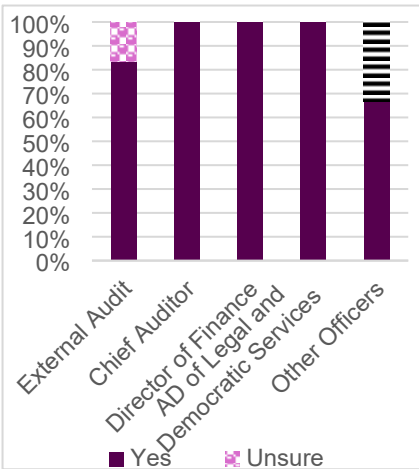
Area	Yes	Partially	Unsure	N/A	Total
External Audit	100%	0%	0%	0%	100%
Chief Auditor	100%	0%	0%	0%	100%
Director of Finance	100%	0%	0%	0%	100%
AD of Legal and Democratic Services	83%	0%	0%	17%	100%
Other Officers	67%	0%	0%	33%	100%

2024/25:	Yes	Partially	Unsure	N/A	Total
External Audit	83%	0%	17%	0%	100%
Chief Auditor	100%	0%	0%	0%	100%
Director of Finance	100%	0%	0%	0%	100%
AD of Legal and Democratic Services	100%	0%	0%	0%	100%
Other Officers	67%	0%	0%	33%	100%

2025/26:



2024/25:



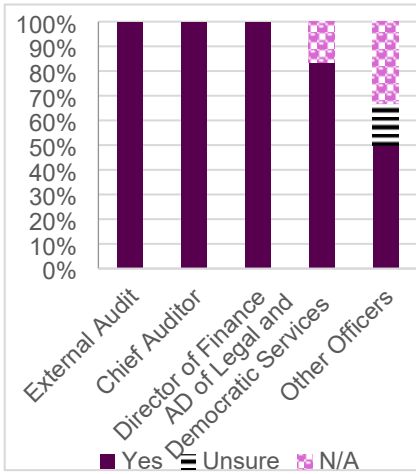
Other officers named included the Executive Director of Resources and the Information Governance Team

Q10 Do you think that the committee has good visibility with the key people detailed below?

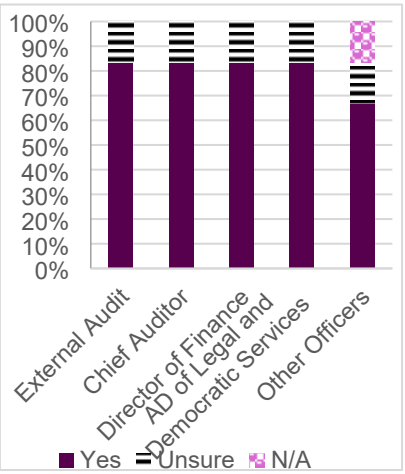
2025/26:	Yes	Partially	Unsure	N/A	Total
External Audit	100%	0%	0%	0%	100%
Chief Auditor	100%	0%	0%	0%	100%
Director of Finance	100%	0%	0%	0%	100%
AD of Legal and Democratic Services	83%	0%	0%	17%	100%
Other Officers	50%	0%	17%	33%	100%

2024/25:	Yes	Partially	Unsure	N/A	Total
External Audit	83%	0%	17%	0%	100%
Chief Auditor	83%	0%	17%	0%	100%
Director of Finance	83%	0%	17%	0%	100%
AD of Legal and Democratic Services	83%	0%	17%	0%	100%
Other Officers	67%	0%	17%	17%	100%

2025/26:



2024/25:

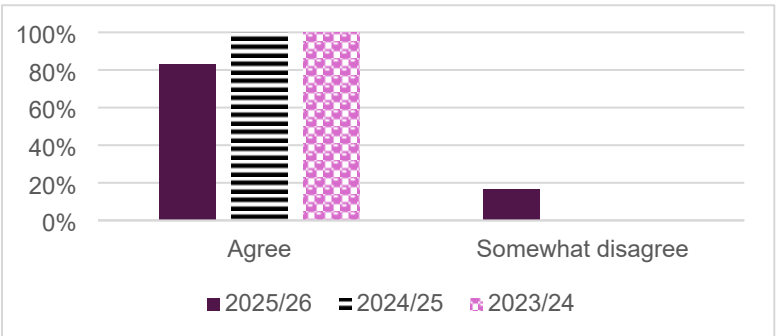


Other officers named included the Executive Director of Resources, the Information Governance Team and Directors called in on occasion.

Q11 Please rate the following in terms of the meetings in the last year:

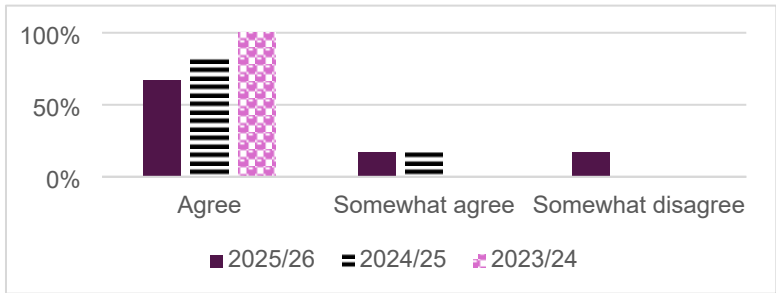
“The Committee is well chaired”:

Responses	2025/26	2024/25	2023/24
Agree	83%	100%	100%
Somewhat agree	0%	0%	0%
Neither agree nor disagree	0%	0%	0%
Somewhat disagree	17%	0%	0%
Unsure	0%	0%	0%
Total	100%	100%	100%



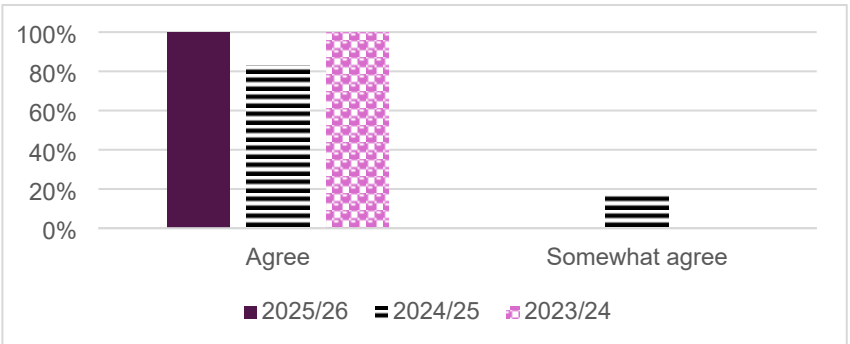
“The committee operates in an apolitical manner”:

Responses	2025/26	2024/25	2023/24
Agree	67%	83%	100%
Somewhat agree	17%	17%	0%
Neither agree nor disagree	0%	0%	0%
Somewhat disagree	17%	0%	0%
Unsure	0%	0%	0%
Total	100%	100%	100%



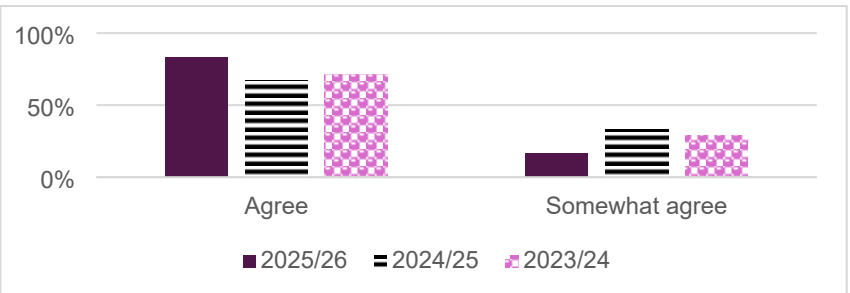
“Key agenda items are addressed”:

Responses	2025/26	2024/25	2023/24
Agree	100%	83%	100%
Somewhat agree	0%	17%	0%
Neither agree nor disagree	0%	0%	0%
Somewhat disagree	0%	0%	0%
Unsure	0%	0%	0%
Total	100%	100%	100%



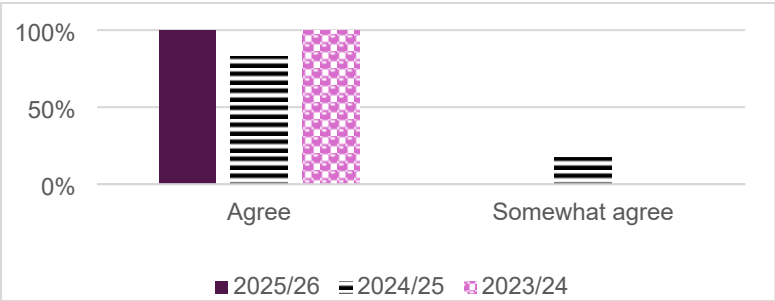
“There is a focus on improvement”:

Responses	2025/26	2024/25	2023/24
Agree	83%	67%	71%
Somewhat agree	17%	33%	29%
Neither agree nor disagree	0%	0%	0%
Somewhat disagree	0%	0%	0%
Unsure	0%	0%	0%
Total	100%	100%	100%



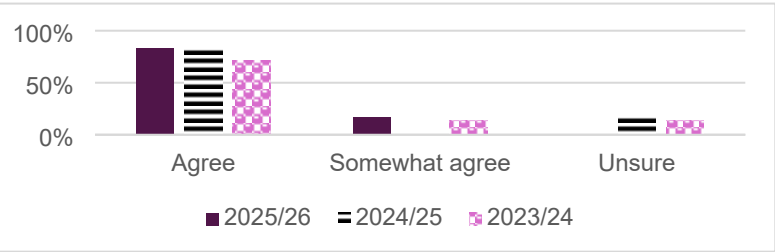
“All members are encouraged to engage in discussions”:

Responses	2025/26	2024/25	2023/24
Agree	100%	100%	86%
Somewhat agree	0%	0%	14%
Neither agree nor disagree	0%	0%	0%
Somewhat disagree	0%	0%	0%
Unsure	0%	0%	0%
Total	100%	100%	100%



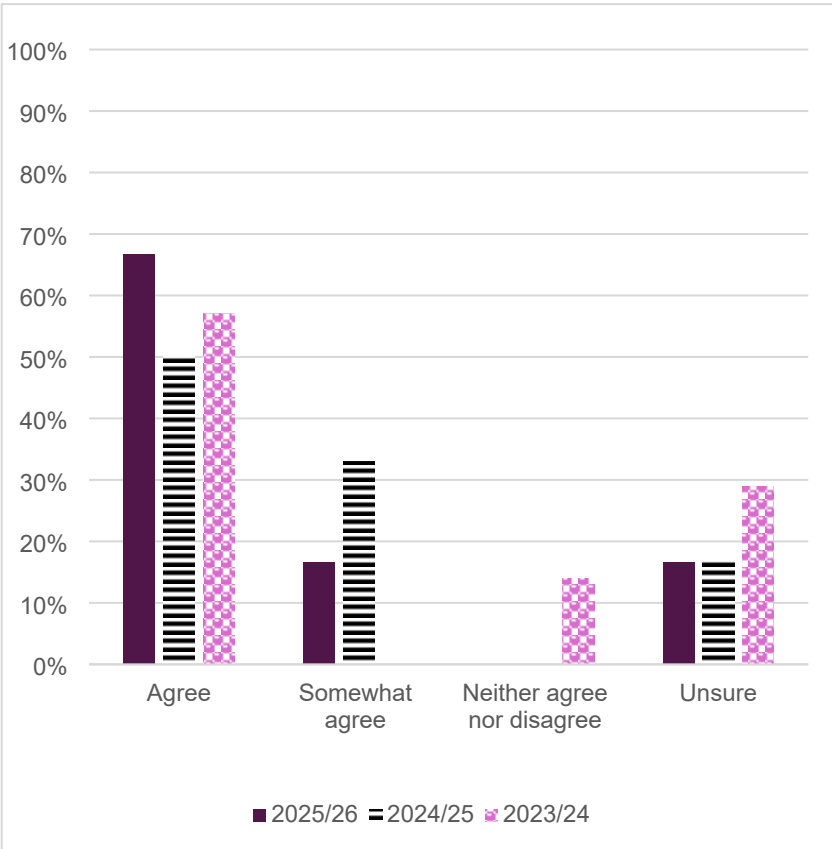
“There is regular dialogue with the Chair as to how the committee is working”:

Responses	2025/26	2024/25	2023/24
Agree	83%	83%	71%
Somewhat agree	17%	0%	14%
Neither agree nor disagree	0%	0%	0%
Somewhat disagree	0%	0%	0%
Unsure	0%	17%	14%
Total	100%	100%	100%



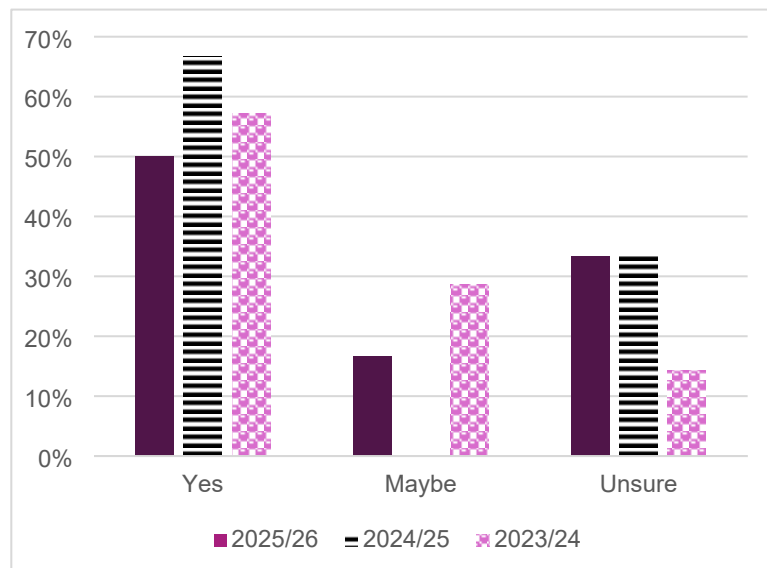
“Feedback is provided to the committee”:

Responses	2025/26	2024/25	2023/24
Agree	67%	50%	57%
Somewhat agree	17%	33%	0%
Neither agree nor disagree	0%	0%	14%
Somewhat disagree	0%	0%	0%
Unsure	17%	17%	29%
Total	100%	100%	100%



Q12 Does the committee make recommendations for improving governance, risk and control arrangements?

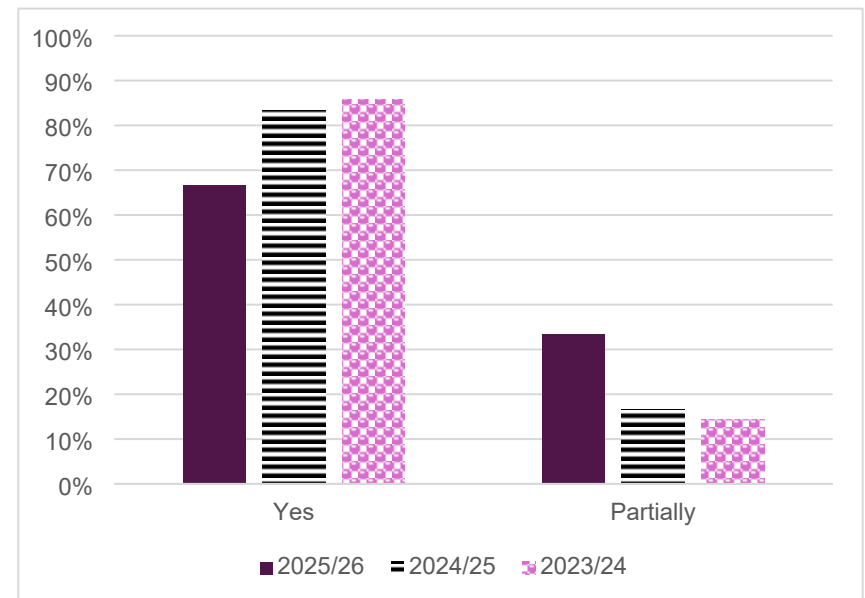
Responses	2025/26	2024/25	2023/24
Yes	50%	67%	57%
Maybe	17%	0%	29%
Unsure	33%	33%	14%
No	0%	0%	0%
Total	100%	100%	100%



Officers further added that the committee makes numerous recommendations, at times straying into officer responsibilities, but also in response to officer reports, particularly internal audit progress reports where audit fieldwork highlights areas of concern and view on managements ability to implement recommendations when responding to internal audit reports. Other officers added that the committee's input is largely driven through comments, questions, and requests for updates, challenging existing processes and holding management to account, although there are limited formal recommendations for improvement and a greater emphasis on expectations and discussion.

Q13 Do you think the Audit and Governance Committee is adding value?

Responses	2025/26	2024/25	2023/24
Yes	67%	83%	86%
Maybe	33%	17%	14%
Unsure	0%	0%	0%
No	0%	0%	0%
Total	100%	100%	100%



Officers indicated that the Audit and Governance Committee is adding value by functioning as intended, with a strong mix of skills and experience among members. The committee provides effective and professional challenge to reports, supporting robust decision-making, while its formal structure and published papers promote transparency and encourage officers to reflect on compliance with statutory requirements and guidance. Value is also added through independent oversight of financial reporting, risk management, and internal controls, although there are some concerns around occasional politicisation.

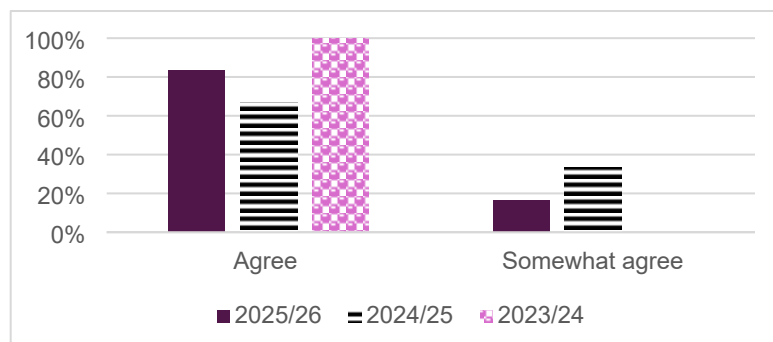
Q14 What, if anything, do you think has changed as a result of the actions of the A&G Committee?

Officers responded with the following:

- The Committee receive updates on all the key governance matters and makes valid challenge to management.
- The financial reporting of the Council has improved, especially the quality of the accounts and the value for money arrangements
- Improved transparency.
- Oversight from A&G to drive home to Officers the importance of responding to FOI's and SAR's on time.
- Frequency of reporting certain items, Directors being requested to attend to provide updates on actions.

Q15 Responsible Officers attend A&GC meetings when appropriate to answer questions, advise on actions being taken to address areas of concern, and listen to comments and concerns of the committee on key matters such as the Annual Governance Statement, Annual Assurance Report etc

Responses	2025/26	2024/25	2023/24
Agree	83%	67%	100%
Somewhat agree	17%	33%	0%
Unsure	0%	0%	0%
Somewhat disagree	0%	0%	0%
total	100%	100%	100%



Q16 Please provide any comments on the inclusion of an additional meeting during the year (5 held instead of 4 previously); for example: has this improved the workload at each meeting?

Officers' views on the additional meeting were mixed. Some felt it supported timely audit reporting and enabled key items, such as external audit reports, to be presented and approved, reducing pressure on existing meetings and allowing more in-depth discussion where agendas are better planned. However, others noted that agendas remain full, the extra meeting was not always fully utilised, and in some cases felt unnecessary, with a view that four meetings could still be sufficient. Overall, the benefit of a fifth meeting depends on improved agenda planning to make effective use of the additional capacity.

Additional comments:

Oversight from A&G had been used to drive home to Officers the importance of responding to FOI's and SAR's on time.

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