



Annual Report and Financial Statements

1 April 2020 - 31 March 2021



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Introduction from the Chair of Brighter Futures for Children

This has been a positive year for Brighter Futures for Children. Although it has been complex and challenging it has also presented opportunities and insights which have shaped and influenced the way we do things. In response to the pandemic, we have shown flexibility and resilience and we are grateful to our staff for their creativity and commitment as we have reshaped the delivery of our services to accommodate periods of lockdown and changing national guidance. In moving much of our work to digital platforms in the first lockdown, we grasped the learning to accelerate our commitment to an agile way of working for our staff and to the exploration of better engagement with young people through digital technology.

Throughout the year we have maintained a clear focus on improving outcomes and protecting and enhancing the lives of the children of Reading. The progress and improvement we have made was recognised with the removal of government intervention in February 2021. In her letter lifting the statutory direction the Children's Minister included reference to improvements in practice in BFFC since the last inspection and the commitment from the leadership of both the Council and the Company for this to continue. This decision was a huge boost to the Company particularly since it indicated confidence in the ability of BFFC to continue to drive further improvement in children's services.

Stability in the leadership of our operational services remains good. In a service that has historically experienced frequent and disruptive changes at the most senior level it has been exceptionally important, particularly during the periods of lockdown, to have the consistency and continuity of leadership provided by Executive Director for Children's Services and the three Directors (Education, Early Help and Children's Social Care).

During the year we have improved our financial management and strengthened our capacity. This work has been led by the Interim Executive Director of Finance and Resources who has also reshaped and developed the role and impact of the broader Finance and Resources team. These changes have enabled us to operate within our budget, deliver savings and identify opportunities to deliver better value for money to secure longer term financial stability. We have begun to make more use of benchmarking to understand and address the key drivers of demand, deliver improvement and secure value for money. We intend to develop this work more thoroughly in 2021/22 particularly as we deploy a more comprehensive approach to demand management in children's services.

The Board has worked with the Institute of Directors to review and strengthen our governance arrangements. We have a stable and experienced group of Non-Executive Directors who bring a breadth of expertise to the Board enabling it to set a clear strategic direction and to hold senior leaders to account in a rigorous and supportive way. With the departure of the Managing Director in September 2020, the decision was made not to recruit to the role. Instead, the Chair has taken on additional responsibilities working closely with the Executive Director of Children's Services and the Interim Executive Director of Finance and Resources. These revised arrangements have the full support of the Board, Reading Borough Council and the Department of Education.

We end the financial year in a good position having delivered our budgeted outline and with encouraging evidence of improvement in the quality and impact of our services. During the year we amended and realigned our business plan priorities in response to the immediate challenges of COVID-19. As the longer-term impact of the pandemic on children, young people and families becomes clearer we will review our approach to ensure we are addressing emerging issues such as concerns about the mental health of young people and the impact of disruption to children's education.

Although we recognise that we have many challenges ahead, we are optimistic about the future. We have firm foundations for further improvement in place and a workforce that has demonstrated enormous flexibility and resilience. We remain enthusiastic about our mission and firm in our commitment to improving the lives of the children and young people of Reading.

**Di Smith, Chair of the Board
Brighter Futures for Children**

BRIGHTER FUTURES FOR CHILDREN LIMITED

Company information

Directors

A P Byrne
S Douglas
N Gilham
D A Glassbrook
R L Harbord
D Smith
P S Snell

Registered Office

Reading Borough Council Civic Offices
Bridge Street
Reading
Berkshire
United Kingdom
RG1 2LU

Company Number

11293709

Auditors

UHY Hacker Young
Chartered Accountants
Quadrant House
4 Thomas More Square
London E1W 1YW

Principal Bankers

Lloyds Bank plc
24 Broad Street
Reading Berkshire
RG1 2BT

Solicitors

Burges Salmon
One Glass Wharf
Bristol
BS2 0ZX

Directors' Strategic report for the year ending 31 March 2021

The directors present their annual report and the audited financial statements of the Company for the period ended 31 March 2021.

Who we are

Incorporated on 5 April 2018, Brighter Futures for Children (BFFC) is a company limited by guarantee. It is an alternative delivery model (ADM) for children's services which are delivered on behalf of Reading Borough Council (RBC). The Company is wholly owned by, but independent of, the Council and is governed by a Board of Directors.

The Company has a seven-year contract to deliver children's social care, early help and prevention and education services, including Special Education Needs and/or Disabilities (SEND).

Mission, vision and values

The Company's overall **mission** is to protect and enhance the lives of the children of Reading.

Our **vision** is to **unlock all the resources in the borough of Reading to help every child have a happy, healthy and successful life.**

Our **values** are:



Our services

The main purpose of Brighter Futures for Children is to ensure the best possible outcomes and opportunities for the children of Reading and to support and protect those who are vulnerable. We provide extra help for children and families who need it and where children are thought to be at risk of harm, we take steps to make sure they are safe. BFFC supports and provides a full range of statutory and support services to children and families including:

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Early Help

Early help services provide targeted support to children, young people and families at the earliest point of identified need. The aims of early help are to support families to support themselves, to prevent problems escalating and to reduce the number of children and young people needing statutory interventions.

The umbrella of early help also covers Early Years, including nurseries and children's centres, the Youth Offending Service, young people's drug and alcohol support and, alongside our other service areas, support for young parents.

Children's Social Care

Social care services provide support to children in need of help and protection. Our services include statutory assessment and care planning for children at risk of significant harm, provision for children looked after and those leaving care, an Emergency Duty Team (EDT) service as well as adoption and permanence services. BfFC provides a specialist service for children with disabilities including the provision of short breaks. It also has its own Independent Fostering Agency.

Education, Special Education Needs and Disabilities, School Support Services

BfFC has the statutory responsibilities for pupil place planning, admissions, children missing education, and elective home education. We support schools and parents regarding exclusions and provide guidance for schools and alternative providers on improvement and safeguarding.

We work closely with school leaders in Reading and provide school improvement support. BfFC has statutory responsibility for Special Educational Needs and Disabilities including assessment and administration of Education Health and Care Plans. We also offer support and guidance to parent carers of children and young people with special educational needs and/or disabilities.

BfFC has developed a range of traded services for schools including educational psychology, educational welfare, finance, emotional health and wellbeing and support for governors and school leadership development.

We work actively to ensure all young people post 16 participate in education, employment and training by offering a comprehensive range of information advice and guidance.

Support services

The Company has a comprehensive range of services to support operational delivery including:

- Financial planning and monitoring
- Commissioning
- HR and Workforce development
- Marketing and communications
- ICT and business systems
- Transformation
- Business support

Responding to COVID-19

The Coronavirus (COVID-19) pandemic challenged our flexibility and resilience as a Company from the start of the financial year. Lockdown and national guidance required us to modify our offer to children, young people and families and to keep everyone safe.

We reviewed and, where necessary, modified our offer to children, young people, families and carers within the context of COVID-19 to ensure minimal disruption in service or outcomes. As we adapted to virtual working, we supported practitioners to move beyond 'welfare checks' to ensure creative and

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meaningful engagement. Some children, young people and families responded well to virtual working, sharing more in calls than they would in a home visit. Other families were more reluctant to take part in virtual working. There were particular challenges for virtual working with young people with learning difficulties and non-verbal children requiring creative ways to observe and engage with them in a meaningful way. Our revised offer included:

- The needs of all children and young people were triaged and the risk COVID-19 posed to them was rated red, amber or green. Children and young people whose risks rated red (higher risk) continued to have face to face visits throughout the pandemic. children and young people rated amber and green were visited virtually, then in person once the first lockdown was lifted.
- Our Early Help teams quickly adapted to new virtual ways of working with direct work being quickly reintroduced, with a focus on new families or those experiencing crisis. The Early Years team mobilised support, ensuring funding was released and provision was open for vulnerable and key worker children. Our own nurseries were among the first to re-open.
- Health professionals across the system have worked with our SEND and mental health teams, which has resulted in the development of a valued suite of resources to support children, young people and their families during this time. Since April 2020, the resources have been displayed on the SEND Local Offer as well as being available on the BFFC website.

We have worked closely with schools throughout the pandemic. School leaders in Reading have had regular virtual meetings with the Director of Education and information and guidance has been provided through a weekly bulletin for headteachers.

The Education team provided a team of 'go-to' contacts, responsible for supporting headteachers and picking up and resolving issues which could be dealt with at a local level as well as providing an escalation route for matters which required regional or national solutions.

All schools were supported in developing a risk assessment for vulnerable children (some 2,000). These were used as the basis for supporting pupils who were not attending school and reintegrating pupils on their return. In addition, we worked in partnership with schools to ensure that 655 laptops were issued to support vulnerable children to access remote learning. Our strategy to support children's engagement in education contributed to attendance at Reading schools exceeding that of national, regional and statistical neighbours. We know that the support has been greatly appreciated by our schools and has served to strengthen our working relationship.

Ensuring access to free school meals during lockdown was a vital part of our support to children and families. A local free school meal voucher system was created for Reading schools by BFFC before the national scheme was introduced. The team issued more than 13,700 electronic vouchers to children entitled to free school meals via schools participating in our local scheme in Reading. During the second lockdown, 1,579 hampers (equivalent of 7,895 meals) were provided until schools moved, again, to the national voucher scheme.

Our Finance team set up an Allpay scheme as an alternative to cash vouchers for care leavers without bank accounts so they continue to receive their allowances. They processed faster payments to support carers and families in need and monitored coronavirus-related additional expenditure.

Adapting our services at short notice to ensure coherent delivery has meant that our focus particularly in the first part of the year was diverted away from the delivery of our business plan priorities. Our focus had to be on immediate changes to allow us to continue to deliver frontline services to children and young people and their families while moving what we could into the digital arena.

We amended and realigned our ambitions and priorities for our business plan in an addendum report that was approved by Reading Borough Council in December 2020. It was important to recognise the disruption created by the pandemic and to respond flexibly to the changing circumstances whilst maintaining the commitment to our ambitious plans to improve the quality and delivery of children's services in Reading.

Achievements and performance in 2020/21

The lifting of the DfE direction and the ending of formal intervention in February 2021 confirmed the growing sense of confidence in the ability and capacity of Brighter Futures for Children to deliver further improvement. We have delivered some key improvements in children's social care this year including:

- The number of our children looked after who have experienced 3+ placements within the last 12 months has reduced from 15% to 8%. Children remain stable in placements for longer, which shows that we are better matching children to their placements
- The percentage of children looked after who have been in care for two and half years or more and have stayed in the same placement has increased from 62% to 71%, again indicative of longer-term stability and improved permanence for children
- Supervision of social workers improved from 80% to 88%, which provides better managerial oversight and planning for children
- The percentage of care leavers who are not in education, employment or training (NEET) has reduced from 38% to 33%.

Data is vital in helping us to track progress and there is evidence that this is increasingly being used effectively. The effective use of data, good knowledge of the service and a strong sense of what needs to be done is essential to securing further improvement. The quality of social work practice has been supported this year by the development of a quality assurance framework and comprehensive programme of audit activity. Together these have made a real difference to the Company's understanding of the quality of practice and we have used the learning to inform further plans for improvement.

Our Architecture for Professional Practice is a key part of our work to improve practice. It was approved by the Board in September 2020 and will support our work to improve outcomes for children, young people and families through embedding effective practice, rooted in our knowledge of research and evidence of 'what works'. The approach builds on learning from the successful implementation of a trauma informed approach in Early Help and the roll out of the Therapeutic Thinking Schools Programme. Our architecture applies to our leadership and our professional practice across the Company and implementation over the next year will focus on children's social care. The successful implementation is fundamental to how we work with children, young people and families and also underpins how we work with each other and our partners across all services and all layers of the organisation.

Over the last year, permanency planning has become well established for our children looked after. From 1 November 2020, all of the local authority's 'permanence' services for children looked after were transferred to the BFFC Adoption and Permanence Service. Early permanency planning is increasingly being put in place for children who are subject to Public Law Outline (PLO) where it is anticipated that care proceedings are likely to be progressed, including for as yet unborn babies. This has supported early placements being achieved for some very young children who have had an adoption plan from birth with BFFC pursuing Fostering for Adoption (FfA) when this is judged to be appropriate for the child.

Good engagement with schools has been particularly important this year and we have received positive feedback on our support to school leaders. Our work to influence schools' behaviour and inclusion policies has been very successful and has resulted in a reduction in exclusions. We have shared training on Therapeutic Thinking with schools and colleges including nursery, primary, secondary, and special and higher education settings (such as Reading College). BFFC is part of a national steering group and 51 (out of 59) Reading schools have committed to the programme. We have trained more than 120 senior tutors in schools and BFFC. We have also had a commitment from six schools to act as system leaders, tasked with providing support and sharing innovation as part of our school to school approach.

Alongside our work with Therapeutic Thinking schools, we have been focusing on the importance of mental health and wellbeing within schools. Our mental health triage has been launched under the

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leadership of our Principal Educational Psychologist with self-referrals being taken from children and young people, as well as parent/carers. Our next step is to embed GP referrals into the process.

Our work to support children and young people with SEND has strengthened considerably this year. We have improved our systems and processes around Education Health and Care Plans (EHCPs) and achieved timeliness of 100% for several months of the year. Regular auditing of Education Health and Care Plans has been undertaken and the learning has been used to support improvements in quality. In partnership with Reading Borough Council, we are committed to increasing the number of specialist education places locally across early years and schools to support children with SEND. Planning for 120 additional places is now in place and will be delivered over the next two years. Schools benefit from specialist material and support from BFFC to ensure the curriculum enables all children including those with SEND to access education, focusing on sequential learning, early reading, and the development of language and communication.

The Virtual School continues to provide strong and effective support for the education of our children looked after. Alongside being committed advocates in our corporate parenting role, the virtual school ensures that children looked after receive high quality education. At early years and foundation stages children looked after continue to perform significantly higher in terms of a good level of development than their peers. During lockdown, the Virtual School advocated determinedly for children looked after, setting up virtual systems of working and continues to work hard to support children, foster carers, social workers, designated teachers and schools during the COVID-19 pandemic. The Virtual School worked closely with social workers and designated teachers who ensured that during lockdown children looked after had risk assessments in place which determined whether they should attend school or remain with their carers and be supported via home learning.

Early Help continued to trial different approaches to supporting those with complex needs and reduce the number of children looked after. Our shared principles were to work in a whole family, trauma informed, systemic way that achieved sustained outcomes. Evaluations concluded that the programme prevented 58 entries to care and enabled 8 successful reunifications.

- 40 aged 10+ young people prevented from entering care and 2 young people reunified through work with the Community Adolescent Support Team (CAST)
- 15 removals at birth prevented through Pre-Birth Support
- 6 children successfully reunified, and 3 children prevented from entering care aged 5-10 through work with Reunification team.

By March 2021, the Child in Need project had worked with 256 children. Of these: 23 were escalated with 2 becoming looked after and 33 were re-referred post closure with none becoming looked after. The success of the project has attracted support from the DfE and the opportunity to explore the wider application of what we have learnt will be developed in 2021/22.

We continue to coordinate the ONE Reading Children and Young People's Partnership. Working groups have been condensed with a focus on under 5s, adolescents and emotional wellbeing. The Mental Health Triage Partnership Hub has supported 13 children; the Family Support Partnership Hub has supported 16 families; and the Youth Diversion Hubs has coordinated responses to 80 young people (April – Dec 20) at risk of entering the youth justice system. In April 2020, the ONE Reading Children and Young People's Partnership Board expressed concern about the impact on school transition. The 'Moving on Moving Up' Year 6 Transitions project, led by Cranbury College, was developed to provide bespoke therapeutic support to facilitate a successful transition to secondary school. Of the 29 children supported by our Education Welfare Officers, 70% achieved 90% attendance in the autumn term.

Our Commissioning team has focused on bringing transparency, compliance and structure to the Company's commissioning function. We have redesigned the commissioning framework to create a more a more flexible dynamic purchasing system which can admit new providers periodically, set ceiling prices and place a stronger emphasis on commissioning providers within a 20-mile radius of Reading in line with our sufficiency strategy. Progress has been made with the sufficiency strategy target of 80% of

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all residential placements being within 20 miles by 2023, with the Company achieving 64% of these within 20 miles in 2020-21, showing a 10% year on year increase since 2019.

In partnership with Reading Borough Council, we jointly commissioned the YMCA to provide 40 accommodation places a year for children and young people for the next five years. This additionally includes emergency accommodation linked and supported by the main YMCA service (we refer to this as the 'crash pad'). The redesigned contract has improved provision and reduced cost.

The September Guarantee is a process whereby we confirm all Year 11 and 12 leavers 2020 have a confirmed formal offer of education or training. In 2020/21 we saw an increase of offers compared to the previous year with 2,777 young people securing a formal offer. Further analysis of the last four years shows this year is the best performance yet.

In terms of Transformation the Placement Solutions team has continued its successful work following on from 2019-20. Over the year it has contributed to savings of £10.036m, which was a combination of placement costs with suppliers, mitigations through in year placement reductions and savings in the coming year (2020-21) by early changes provision that had been planned with our budget. The Transformation team has developed 'discoveries' which will be used to develop more efficient solutions to schools' top-up funding for SEND and proposals around home to school transport.

The COVID-19 vaccination programme for frontline workers was a significant achievement. In January/February 287 employees were invited to receive a COVID-19 jab. Some **95%** had, by the end of March, received their first vaccination and **25%** their second jab. Staff are encouraged to regularly undertake lateral flow tests and are required to do so before entering offices or visiting families. Much of the HR team's work focused on creating a more stable workforce and reducing the number of agency workers. Over the past 12 months, the numbers reduced from 78-48 overall with agency social workers reducing from 45 to 25. Voluntary (uncontrolled) turnover for the past 12 months was 13.4%. Onboarding has been reviewed and updated in line with new, flexible ways of working.

We had intended to generate income for the business by exploring opportunities and increasing our traded services in 2020-21. COVID-19 prevented us from doing so but we have laid the foundations by establishing an income generation working group and will now use 2021/22 to act on the opportunities, improve existing revenue and develop further trading options.

Partnerships in the community

Brighter Futures for Children sees partnership working as crucial to the overall success of the Company. Since the Company's formation, we have worked to build community capacity, to work in partnership and to signpost children, young people and their families to the most appropriate support at the right place and the right time.

The ONE Reading Children and Young People's Partnership, which is Reading-wide with agencies, voluntary, charitable and community organisations continues to work well, with a shared consensus and joint aim of reducing the number of troubled families and of children and young people reaching the threshold for children's social care.

This partnership is resourced by Brighter Futures for Children, but every partner within it is equal, so we refer to ourselves as 'facilitators' in helping the equal structure of the partnership to develop.

Its objectives and strategic framework include a whole family, integrated approach, which is restorative and trauma informed, which dovetails with the practice mode, Architecture for Professional Practice (AfPP) that was launched in 2020-21 and will be embedded over the next year.

The partnership approach includes a focus on place-based interventions, shared accountability and the ability to capacity build by working through a multi-agency approach, with a focus on community-based activities to drive improved outcomes for children, young people and their families.

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Key priorities for next year (2021-22)

Priority 1: Deliver transformation of services in all areas of the Company to ensure continuous improvement and better outcomes for our children and young people

Priority 2: Make optimal use of resources, deliver best value and scope opportunities for external funding and income generation to maximise our impact for children and young people

Priority 3: Complete end-to-end process mapping and develop and embed a demand management approach for all services

Priority 4: Implement and embed the Early Help approach securing active commitment of community partners

Priority 5: Support education providers to give our children and young people the best start and to promote excellent teaching and learning, especially for those with SEND.

Priority 6: Focus on building a stable workforce of permanent staff

To achieve our priorities and futureproof our work, we must, in tandem, also deliver the following enabling objectives:

- Develop agile ways of working including increased use of digitalisation
- Engage actively in contract monitoring with Reading Borough Council to seek best possible value for money and quality of service.

Financial review of our business

The Company prepares its financial statements in accordance with Financial Reporting Standard 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” and the Companies Act 2006.

During the year, the Company delivered children’s services on behalf of Reading Borough Council. Turnover for the year was £103.951m, of which £80.565m was received from RBC in the form of contract income, grant income and contributions, excluding guaranteed pension liability. The main contract income from RBC totalled £48.4m.

The Company spent £88.074m on direct costs, providing services to children. We also spent £328,316 on administration expenses during the year. The pension costs recognised in the Other Comprehensive Income is £20.468m. Pension contributions to the pension scheme totalled £6.947m for the year. Employer contributions to the pension scheme for the 518 employees for the year were £2.268m.

Equal opportunities and disabled persons policies (Equalities Policy)

The Company aims to be an equal opportunities employer. We have adopted Reading Borough Council’s Equalities Policy and will continue to adapt it over time. It is our policy to develop and apply procedures and practices which are designed to ensure that equal opportunities are provided to employees and those who apply to work for us.

Selection for employment, training, promotion or other matters affecting their employment is on the basis of suitability and ability and all roles are subject to competitive recruitment.

It is our policy to give full and fair consideration to the employment needs of anyone disabled (and anyone who becomes disabled while employed by the Company) and to comply with any current legislation with regard to disability.

In 2020-21, our Board, Executive Committee and Senior Leadership Team participated in facilitated equality and diversity workshop training and a programme of training was rolled out across the

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Company. Furthermore, equality and diversity training is provided for all employees either through specialist professional training or stand-alone online learning.

As at 31 March 2021 the make-up of our permanent workforce was as follows:

Ethnicity	All staff
White	55.6%
Asian	5.9%
Black	12%
Mixed Race	3.9%
Other	0.8%
Not stated	21.8%

Disability	All Staff
Yes	3.2%
No	67.9%
Not stated	28.9%

Gender	All Staff
Male	13.3%
Female	86.7%

Further enhancements to our HR IT system will enable us to better capture data relating to sexuality and also non-binary employees.

Gender pay gap

The Company will publish its first Gender Pay Gap Report on 31 October 2021.

Arrangements for setting pay and remuneration of Key Management Personnel

The Board will convene a Remuneration Committee on an as needs basis which will review the compensation and benefits for Executive directors, in line with market-led comparative offers. The Board will also oversee and approve policies relating to the remuneration of senior staff below the level of Executive Director.

Connected organisations, including related party relationships

Brighter Futures for Children's key related party relationship is with our parent company, Reading Borough Council. We have one connected organisation – Brighter Futures for Children's Independent Fostering Agency (IFA) – which was established in January 2019.

Members' liability

Liability for the Company rests with Reading Borough Council, as the Company's sole owner.

Trade union facility time

BFFC provides reasonable paid time for union duties which includes representing staff through consultation or employee related matters. The Company is a party to the recognition and facilities agreements between RBC and recognised trades unions.

Privacy Policy

The Company has a privacy policy which comprehensively covers children, education and early help services Data Privacy Notices (DPNs) under GDPR. The policy is on our website and can be viewed here: <https://brighterfuturesforchildren.org/privacy-policy-2021/>

Modern Slavery Statement including Human Trafficking

In accordance with the Modern Slavery Act 2015, Brighter Futures for Children (BFFC) has a publicly available statement regarding the steps we take to ensure that modern slavery (i.e. slavery and human trafficking) is not taking place in any part of our own Company or any of our suppliers. The statement can be viewed on the website here: <https://brighterfuturesforchildren.org/modern-slavery-statement/>

Benefit and beneficiaries

The Company is limited by guarantee and has no share capital. As such, no dividends will be distributed.

The Company's position at the end of the year

The position at the end of the year is a comprehensive loss of £111.9k. This is the increase in the Holiday Pay Accrual for the year. The Retained losses shown in the Balance Sheet all refer to the costs of Holiday Pay Accrual.

Financial Key Performance Indicators

The financial key performance indicators to be included in a performance dashboard are:

- Business Transformation Funding Allocation
- Business Transformation Fund spend to date
- Value of Transformational savings delivered
- Expected budget position at the end of the financial year
- The average weekly cost of Children Looked After per child
- Percentage of invoices sampled and paid within timescales
- Expected budget position of the Dedicated Schools Grant at the end of the financial year

Performance management

Details of the services provided and related Key Performance Indicators are set out in a legally binding service contract between Reading Borough Council and Brighter Futures for Children. Performance is scrutinised through a regular contract management meeting.

The suite of KPIs is supported by a range of management information indicators, to additionally review progress against set targets. As part of the service contract, an annual review of the current targets and tolerances takes place, to ensure they reflect the Company's performance and take both local and national comparators into account.

The Board meets monthly, the Executive Committee meets weekly and the Senior Leadership Team meets fortnightly to monitor and improve performance.

Governance and Board committees

The role of the Board is to set the strategic aims of the Company, supervise the management of the business, and hold the management team to account. It is the responsible body for the performance of Brighter Futures for Children (BFfC) in terms of delivering its legal and contractual obligations and achieving outcomes for children and young people in Reading. It sets high standards for performance and quality and promotes the interests of children, young people and families throughout Reading.

The Board has the following committees:

Audit & Risk which undertakes an assurance and advisory role in relation to risk, policy, finance and audit.

Quality Assurance & Improvement which monitors quality, performance, improvement and outcomes across all operational services for children, young people and families. There is a sub-committee which focusses on improving the delivery of services for children with Special Educational Needs and Disabilities (SEND)

Independent Fostering Agency (IFA) which provides oversight, governance and support to the work of the Brighter Futures for Children Fostering Service, in its role as an Independent Fostering Agency and operating as a management committee as referenced in Fostering National Minimum Standards

Adoption Agency committee which provides oversight, governance and support to the work of the Brighter Futures for Children Voluntary Adoption Service, in its role in conjunction with the Regional Adoption Agency.

There are two working groups:

Finance Working Group established to provide Board assurance on the robustness of financial processes and financial management across the Company. This task and finish group is to be replaced by a Finance Committee from April 2021.

Recruitment and Retention Working Group which provides assurance on the robustness of the recruitment and retention processes keeping the Recruitment and Retention Strategy under review and scrutiny

Internal Controls Assurance

The Board acknowledges its overall responsibility for establishing and maintaining the whole system of internal controls and for reviewing its effectiveness.

The system of internal controls is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable, and absolute, assurance against material misstatement or loss.

Principal risks and uncertainties

The Board of the Company takes risk management seriously and the risk register is updated regularly, so that strategic risks that are considered the most critical in relation to the Company are quickly identified and mitigation plans put in place. The risk register is a standing item on the Audit and Risk Committee agenda. These risks are actively scrutinised by the Audit & Risk Committee with major issues being escalated to the Board as and when appropriate.

Mitigating risk

The process for identifying, evaluating and managing any significant risks faced by the Company is on-going and has been in place for the financial year.

Key elements of the control framework include:

- Regular reporting to the Board, ExCo and SLT on key objectives, outcomes and performance

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against targets

- Board-approved Governance Framework including terms of reference for the Board, and terms of reference of delegated authorities for the Audit and Risk Committee, Quality and Improvement Committee and Fostering and Adoption Committees
- Health and Safety reports to the Board on a monthly basis to provide assurance to the Board on risks, control and their mitigation
- Clearly defined management responsibilities for the identification, evaluation and control of significant risks
- Strategic and business planning process, with detailed financial budgets
- Recruitment, training and development policies for all staff
- Reports to Board for approval of significant new initiatives highlighting risks and financial implications
- Board approved confidential reporting (whistleblowing) policy
- Board approved Business Plan, Risk and Control Framework.

The Board accepts ultimate responsibility for the system of internal controls and it has delegated authority to the Audit and Risk Committee to regularly review the effectiveness of the system of internal controls. The Board receives minutes of all the Audit and Risk Committee meetings.

Going Concern

The impact of COVID-19 has been assessed and accounted for in the production of the going concern statement for the Company. This impact of COVID-19 was forecast to be £1.5m for the financial year 2020/21, arising from increased demand and pressures for children's social care which were not foreseen within the contract negotiations with RBC. BfFC mitigated this pressure in year by introducing cost reduction measures and negotiating an element of government funding from RBC.

After making appropriate enquiries, the Board of Directors has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing these financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Section 172 Statement

The Board acknowledges as directors of the Company that they have a duty to promote the success of the Company. This includes considering the interests of the Company's employees and the fostering of the Company's business relationships with suppliers, customers and others.

Consideration of the interests of the Company's employees has been undertaken in numerous ways during the financial year, and includes the following:

- All staff roadshows (meetings) being held on a monthly basis, via Teams, to inform and engage employees' views.
- Breakout sessions during the all staff roadshows gather employees' views and allowed everyone to contribute, both to our business planning and to ideas on flexible and agile working. and a 'you said, we did' is transparent and visible on the intranet for all employees to see
- We surveyed everyone for their views on agile and flexible working and any barriers to it. In the first quarter of the year, we had a pilot group of employees trialling it, with regular, positive feedback
- An induction programme is followed for new employees joining the Company to ensure the Company's values are adopted and business priorities are understood and that they feel

BRIGHTER FUTURES FOR CHILDREN LIMITED

welcome

- A recruitment video includes quotes from existing employees on their experiences of working for BFC
- Twice weekly staff briefings inform employees of all new updates, changes and working arrangements, as well as staff feedback, 'shout outs' for staff excellence and thanks from peers. These briefings were daily during the height of the pandemic and were positively received
- The strategic Business Plan is communicated to all employees and stakeholders regularly
- The Board summarises its meetings in a monthly briefing for all employees, via the staff briefing
- The comprehensive intranet, with all policies, procedures, guidance and support for employees across the Company, also archives Board meeting summaries, all staff briefings, and all staff roadshows, including recordings of the roadshows.

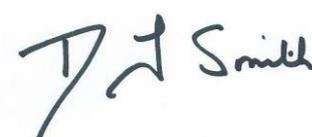
The success of the Company is promoted to stakeholders, suppliers, service users and others through:

- A comprehensive website, which was updated daily during the height of the pandemic, particularly with schools' information, activities (including learning) for children and young people, wellbeing advice and links for children, young people and parents/carers, suppliers' information and updates for stakeholders
- Regular press releases promote the Company's achievements and initiatives, both locally and in the sector media nationally
- Followers on our social media sites, including Facebook, Twitter, LinkedIn and Instagram (for young people only) have continued to grow and were key to keeping our service users and partner agencies updated during the pandemic.

The Company's business relationships with suppliers, customers and others has been fostered by:

- ensuring the Board has acted in a fair and professional way, declaring of interests where relevant with related parties
- ensuring the Company has adopted appropriate contracts, where applicable, following a fair procurement process
- Improving content and accessibility to its traded services offer
- Working in multi-agency arrangements, where possible, to deliver the right service at the right time and place
- Attending all statutory, contractual and partnership meetings, as part of its governance arrangements.

Approved by the Board of Directors on 29 July 2021 and signed on its behalf by:



Dianne Smith
Director and Chair of the Board

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2021

Directors' report

Results and dividends

The Company was incorporated on 5 April 2018 and commenced business in December 2018. These are the statutory financial statements for the year ended 31 March 2021.

The results for the year are set out on pages 22 onwards.

The Company is limited by guarantee and has no share capital.

Directors

The following directors held office during the year and up to the date of report are set out below:

A P Byrne

S Douglas

N Gilham

D Glassbrook

R Harbord (appointed on 28 September 2020)

A P Kildare (resigned on 8 September 2020)

D Smith (appointed on 1 April 2020)

P S Snell.

Employees

The number of permanent staff employed by the Company at year end was 518. The Full Time equivalent was 456.37.

In addition to permanent staff, Brighter Futures for Children had 50 agency staff at 31 March 2021, including interim staff of which 22 were social workers. There was also 24 contracted staff on fixed term or renewable contracts associated with change management and Transformation Programme projects.

Streamlined energy and carbon reporting

Brighter Futures for Children is a qualifying Company under the Streamlined Energy and Carbon regulations and must report its greenhouse gas emissions from Scope 1 and 2 Electricity, Gas and Transport annually.

This is a statutory report required by the Department for Business, Energy and Industrial Strategy. From financial years beginning on or after 1 April 2019, large UK companies are required to report publicly on their UK energy use and carbon emissions within their Directors' Report This is the first reporting year under these regulations so there are no emissions data for previous years.

The criteria for being described as a large company is that they exceed at least two of the following three thresholds in the preceding financial year:

- £36m annual turnover
- £18m balance sheet total

BRIGHTER FUTURES FOR CHILDREN LIMITED

- 250 employees.

Brighter Futures for Children, therefore, is required to produce such a report as it meets two of the criteria.

The purpose of the report is to:

- Develop processes and controls for data collection
- Focus on the potential reputational impact of public disclosure of energy use and carbon emissions
- Demonstrate improved performance year on year by establishing ongoing monitoring of energy use and carbon emissions.

The future intention is that penalties may be faced for disclosing inaccurate information.

There are three separate areas requiring a report:

1. Direct Emissions - Fuel use from transport (where the journey starts or ends in the UK)
2. Indirect Emissions - Electricity purchased and used for operations
3. Other Indirect Emissions.

Energy use and related emissions from business travel in rental cars or employee owned vehicles where the company is responsible for purchasing the fuel.

The Company does not own any property but leases from Reading Borough Council (RBC) or occupies under license from RBC.

The usage and often the times of usage are therefore specified in the lease or license and in all the buildings RBC provides facilities management. This facilities management extends to the selection of energy provider, provision of smart meters and energy saving measures

Reported results for 2020/2021

Direct Emissions

Motor Car Usage

- 115 people claimed mileage
- 500 mileage claims were made
- 93,332 miles were claimed
- £41,995 was paid in mileage.

These results are all for employee owned vehicles and exclusively for business mileage.

Gas Usage

- In the year to 31 March 2021 the total usage of gas was 944,890 KWH
- The cost of Gas to the company was £26,406
- This equates to Tonnage of CO2 of 173.72 tonnes

Indirect Emissions

Usage of Electricity by the company in all premises

- Total usage of Electricity was 702,784 KWH
- Total cost of electricity to the Company was £100,284
- This equates to tonnage of CO2 of 177.94 tonnes

Therefore, the total CO2 figure for 2020/21 was 351.66 tonnes.

Conclusions

2020/21 was an abnormal year because of COVID-19 and the various lockdowns and restrictions. It will be difficult to show a reduced level of energy use in a normal year.

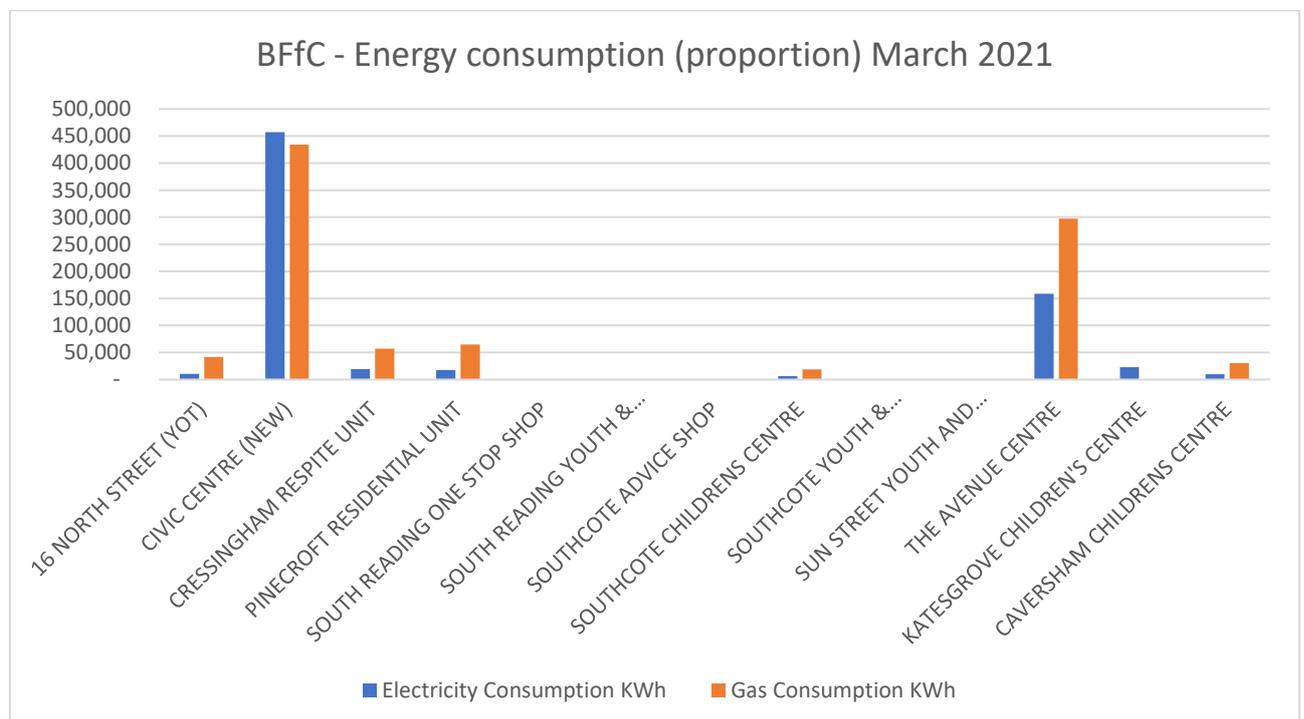
A variety of measures have been taken to encourage less energy use:

- Power is turned off in the main offices at 4pm to avoid peak demand
- There has been an increase in the usage of electric vehicles
- In this year there has been a great encouragement to work at home
- Smart meters have been introduced to give greater intelligence
- Local measures have been adopted to control lighting and heating times.

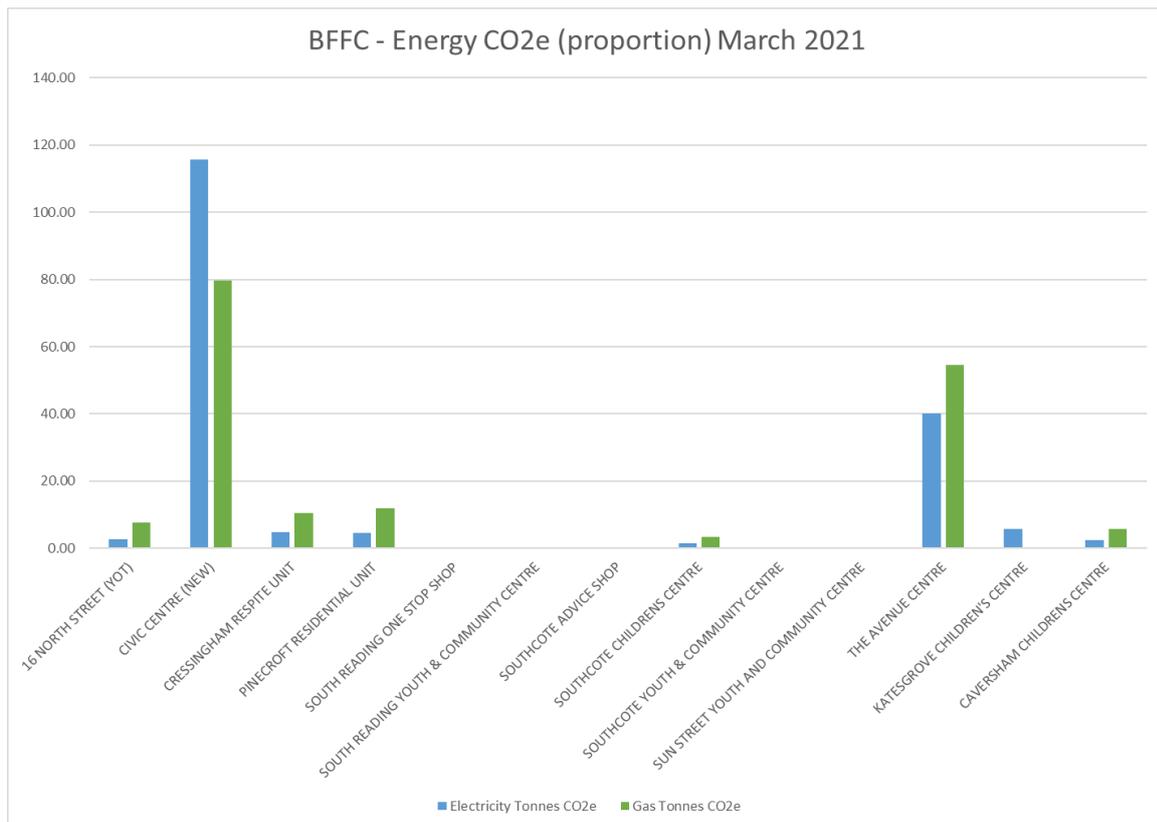
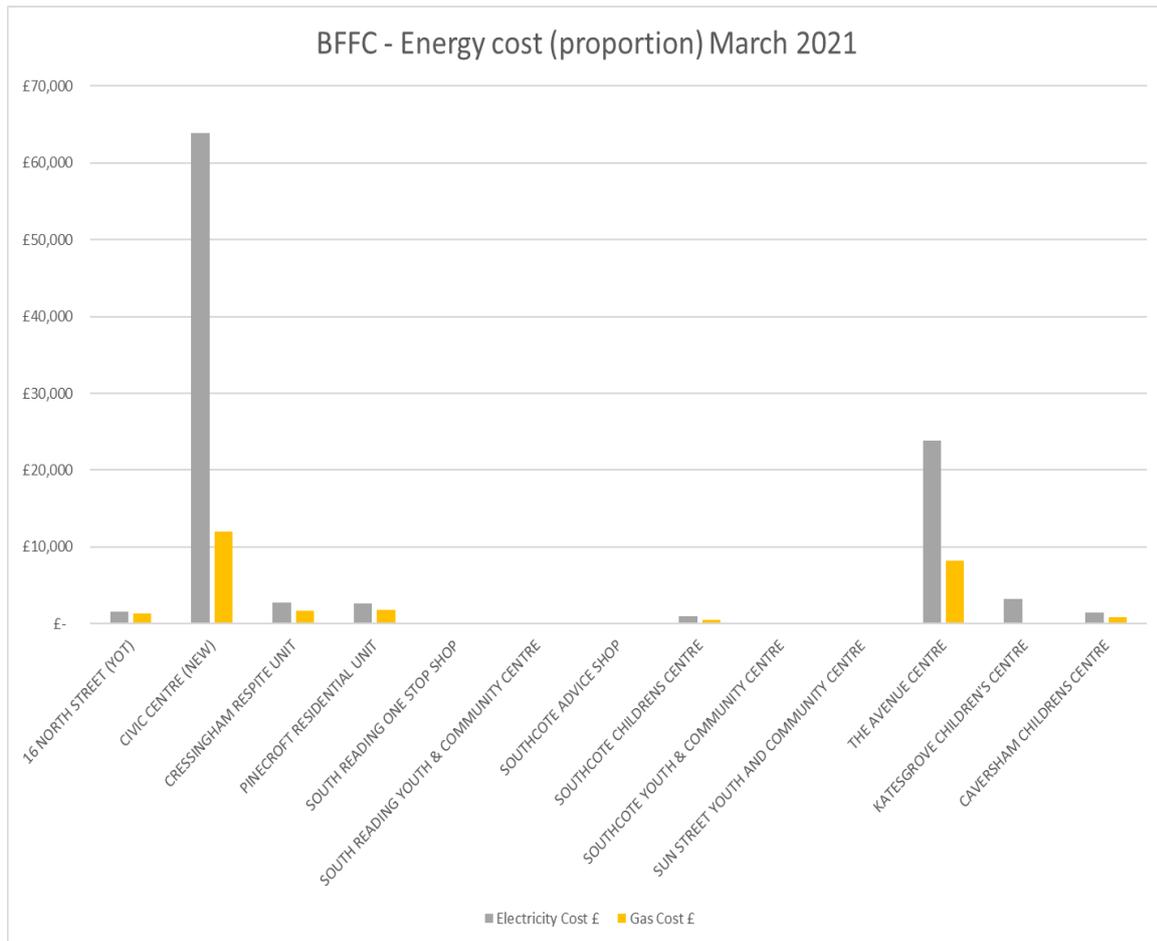
In 2021/22 it is hoped to replace the gas boiler array with water source heat pumps as part of the decarbonisation aspirations for buildings.

There is an encouragement to use public transport and car share on a general basis.

The following tables give the 2020-21 (proportionate) energy consumption, cost and CO2e in the buildings BfC occupies:



BRIGHTER FUTURES FOR CHILDREN LIMITED



Auditors

The auditors for the year were UHY Hacker Young LLP and will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing those financial statements, the directors are required to:

- i) select suitable accounting policies and then apply them consistently;
- ii) make judgements and estimates that are reasonable and prudent;
- iii) prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- iv) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors confirm that the financial statements comply with the above requirements.

The directors are responsible for keeping proper accounting records which at any time disclose with reasonable accuracy the financial position of the Company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. The directors are also responsible for safeguarding the assets of the Company and for taking steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Approved by the Board of Directors on 29 July 2021 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'D. Smith', is written over a light blue rectangular background.

Dianne Smith

Director and Chair of the Board

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF BRIGHTER FUTURES FOR CHILDREN LIMITED**

Opinion

We have audited the financial statements of Brighter Futures for Children Limited for the year ended 31 March 2021, which comprise of the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards including FRS 102, *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, Brighter Futures for Children Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 March 2021 and of the Company's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statement is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon.

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF BRIGHTER FUTURES FOR CHILDREN LIMITED**

The directors are responsible for the other information contained within the financial statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report. We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities set out in the Directors' Report, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF BRIGHTER FUTURES FOR CHILDREN LIMITED**

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the sector; and
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment, environmental and health and safety legislation.
- we assessed the susceptibility of the financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:
 - making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
 - considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 2 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in the audit procedures described above; any instance of non-compliance with laws and regulations and fraud which is far removed from transactions reflected in the financial statements would diminish the likelihood of detection. Furthermore, the risk of not detecting a material misstatement due to fraud is greater than the risk of not detecting one resulting from error. Fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentation, or through an act of collusion that would mitigate internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with part 3 of Chapter 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Colin Wright (Senior Statutory Auditor)
For and on behalf of UHY Hacker Young

..... 2021

Chartered Accountants
Statutory Auditor

Quadrant House
4 Thomas More Square
London E1W 1YW

BRIGHTER FUTURES FOR CHILDREN LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021**

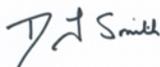
	Notes	Year ended 2021 £	Year ended 2020 £
Revenue and grant funding	3	103,951,305	91,838,364
Direct costs		(88,074,023)	(94,898,795)
		-----	-----
Gross profit/(loss)		15,877,282	(3,060,431)
Administrative expenses		28,316	(719,144)
		-----	-----
Operating profit/(loss)	4	15,905,598	(3,779,575)
Finance costs	5	(68,469)	(54,849)
Finance income	6	949	69,311
		-----	-----
Profit/(loss) before taxation		15,838,078	(3,765,113)
Taxation	7	-	-
		-----	-----
Profit/(loss) for the period		15,838,078	(3,765,113)
		-----	-----
Other comprehensive income:			
Actuarial (losses)/gain on defined benefit scheme	15	(15,950,000)	3,737,000
Other comprehensive income		-	-
		-----	-----
Other comprehensive (loss)/income for the year net of tax		(15,950,000)	3,737,000
		-----	-----
Total comprehensive loss for the year		(111,922)	(28,113)
		=====	=====

BRIGHTER FUTURES FOR CHILDREN LIMITED

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021**

	Notes	31 March 2021 £	31 March 2020 £
Current assets			
Debtors	11	4,025,601	4,457,254
Cash at bank and in hand	17	8,362,142	11,801,889
		_____	_____
		12,387,743	16,259,143
Creditors: amounts falling due within one year	12	(5,640,707)	(16,062,602)
		_____	_____
Net current assets		6,747,036	196,541
Creditors: amounts falling due after one year	13	(5,000,000)	-
Deferred income	14	(2,054,141)	(391,724)
Defined benefit pension scheme	15	-	-
		_____	_____
Net Liabilities		(307,105)	(195,183)
		=====	=====
Equity and Reserves			
Retained losses		(307,105)	(195,183)
		_____	_____
		(307,105)	(195,183)
		=====	=====

The financial statements were approved by the Board of Directors and authorised for issue on 29 July 2021.



Dianne Smith
Director and Chair of the Board

The notes on pages 30 to 45 form an integral part of these financial statements.

BRIGHTER FUTURES FOR CHILDREN LIMITED

Company Registration No. 11293709

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021**

	Retained Losses £	Total Equity £
Period ended 31 March 2019	(167,070)	(167,070)
Total comprehensive loss for the period	(28,113)	(28,113)
	—————	—————
Year ended 31 March 2020	(195,183)	(195,183)
	=====	=====
Total comprehensive loss for the year	(111,922)	(111,922)
	—————	—————
Year ended 31 March 2021	(307,105)	(307,105)
	=====	=====

BRIGHTER FUTURES FOR CHILDREN LIMITED**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021**

		Year ended 2021	Year ended 2020
	Notes	£	£
Cash flows from operating activities			
Cash (used in)/generated by operations	16	(3,372,227)	4,701,025
Net cash (used in)/generated by operating activities		(3,372,227)	4,701,025
Cash flows from financing activities			
Loan from Reading Borough Council	21	-	-
Repayments of loans and other obligations		(68,469)	(54,849)
Interest income		949	69,311
Net cash (used in)/generating from financing activities		(67,520)	14,462
Net (decrease)/increase in cash and cash equivalents		(3,439,747)	4,715,487
Cash and cash equivalents at the beginning of the financial year		11,801,889	7,086,402
Cash and cash equivalents at the end of the financial year	17	8,362,142	11,801,889

BRIGHTER FUTURES FOR CHILDREN LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1. Accounting policies

Brighter Futures for Children Limited is a private company, limited by guarantee, registered in England and Wales. The Company's registered number and registered office address can be found on the Company Information page.

1.1 Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and in accordance with the Companies Act 2006.

The financial statements are presented in UK Sterling, which is the functional currency of the Company, rounded to the nearest £1. The financial statements have been prepared under the historical cost convention.

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgements and key sources of estimation uncertainty, is set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company has made a loss in the year of £111,922 (2020: £28,113) and had net liabilities of £307,105 as at 31 March 2021 (2020: £195,183). Reading Borough Council has confirmed that it will financially support the Company for a further 12 months from the date the financial statements are signed by the Directors. Additionally, during the year ended 31 March 2021, the Company renewed the loan of £5,000,000 (note 21) with RBC to fund ongoing and future operations. This loan has been further extended to cover the period until March 2026.

These accounts will be signed off in the midst of the COVID-19 outbreak and subsequent government restrictions and as such there is uncertainty around the breadth and duration of business disruptions related to the pandemic. After giving due consideration and making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Board of Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Revenue is recognised to the extent that the Company has entitlement to the funds, the receipt is probable and the amount can be measured reliably. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty.

Turnover consists of income from various grants and contracts and is recognised in accordance with the terms of those grants and contracts.

Grants receivable

Grants are included in the Statement of Comprehensive Income on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in deferred income on the Statement of Financial Position. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred. This is included as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

Capital grants are recognised where there is entitlement and are not deferred over the life of the asset on which they are expended.

Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the goods have been provided or on completion of the service.

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefits to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity.

1.5 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less.

1.6 Financial instruments

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Company's statement of financial position when the Company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Statement of Financial Activities.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in the Statement of Financial Activities.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Basic financial liabilities, including creditors, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Company's contractual obligations expire or are discharged or cancelled.

1.7 Provisions

Provisions are recognised when the Company has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.8 Leased assets

Rentals under operating leases are charged on a straight line basis over the lease term.

1.9 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense. The cost of any unused holiday entitlement is recognised in the year in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.10 Pension benefits

Retirement benefits to employees of the Company are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the Company.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Company in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 15, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

The LGPS is part of the Royal County of Berkshire Pension Fund with effect from 1 December 2018 when staff were transferred from the employment of Reading Borough Council (RBC) to the Company. Retirement benefits to employees of the Company are provided by the LGPS. This is a defined benefit scheme and the assets are held separately from those of the Company in an independently administered fund.

Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Statement of Financial Position date.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the year by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

This final salary scheme, like a number of other such schemes, has a deficit. Measures are in place to address this deficit, by increasing employer contributions in the medium term. However, the requirements of Financial Reporting Standard 102 (FRS 102), is to show the pension scheme deficit as a liability on the Statement of Financial Position.

As a result of an agreement between the Company and Reading Borough Council (RBC), a pension related asset, being the guarantee from RBC to cover all related pension costs, exists. The asset will always be equal and opposite to the pension liability, and accordingly, no overall pension scheme asset or liability has been recognised in the Statement of Financial Position.

1.11 Taxation

Tax on the profit or loss for the year comprises of current tax. Tax is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current tax assets and liabilities are not discounted.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the financial reporting date.

2. Critical accounting estimates and areas of judgement

Accounting estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. There are no changes to the estimates or assumptions that would have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Critical areas of judgement

The Directors do not consider that they have made any critical judgements in the preparation of the financial statements.

BRIGHTER FUTURES FOR CHILDREN LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

3. Revenue

An analysis of revenue by class of business for the year ended 31 March 2021 is given below:

	Year ended 2021 £	Year ended 2020 £
Grant income	80,565,713	87,723,662
Reading Borough Council guarantee income (note 21)	20,468,200	2,085,216
Other income	2,917,392	2,029,486
	<hr/>	<hr/>
	103,951,305	91,838,364
	=====	=====

4. Operating (loss)/profit

	Year ended 2021 £	Year ended 2020 £
--	----------------------------------	----------------------------------

The operating (loss)/profit for the year is stated after charging:

Auditor's remuneration (see below)	38,000	32,550
	=====	=====
Audit services		
Fees payable to the Company's auditors	28,250	27,250
Other services		
Other services relating to taxation	1,750	1,600
Other advisory services	8,000	3,700
	=====	=====

5. Finance costs

	Year ended 2021 £	Year ended 2020 £
--	----------------------------------	----------------------------------

Finance loan interest	68,469	54,849
	=====	=====

6. Finance income

	Year ended 2021 £	Year ended 2020 £
--	----------------------------------	----------------------------------

Bank interest income	949	69,311
	=====	=====

BRIGHTER FUTURES FOR CHILDREN LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

7. Taxation**Analysis of the tax charge**

No liability to UK corporation tax arose for the year to 31 March 2021.

The Company is a tax exempt entity and HMRC has agreed that no tax filing is required.

8. Staff numbers and costs

	2021	2020
	Number	Number
The average number of people employed by the Company (including Directors) during the period was as follows:		
Key and senior management	6	5
Executive office support	11	77
Operational	526	394
	-----	-----
	543	476
	=====	=====
Staff costs (including Directors) were:	Year ended	Year ended
	2021	2020
	£	£
Wages and salaries	25,499,320	23,076,510
Social security costs	1,770,061	1,590,567
Other pension costs	2,663,637	1,860,488
Contributions to defined benefit schemes (note 15)	6,947,000	6,519,000
	-----	-----
	36,880,018	33,046,565
	=====	=====

Included in wages and salaries are non-statutory/non-contractual severance payments totalling £113,177 (2020: £120,156).

BRIGHTER FUTURES FOR CHILDREN LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

9. Directors' emoluments	Year ended 2021 £	Year ended 2020 £
Emoluments for qualifying services:		
Aggregate directors' emoluments	338,949	249,910
Pension contributions	33,361	23,678
	<hr/>	<hr/>
	372,310	273,588
	=====	=====

The number of Directors for whom retirement benefits were accruing under defined benefit schemes in the year was 2 (2020: 2).

10. Financial instruments

The Directors have considered the Company's exposure to credit, cash flow and liquidity risks as part of its annual risk assessment procedures. Risks are assessed within the Company's risk register and monitored throughout the period. The Directors do not consider the Company to be materially exposed to credit, cash flow or liquidity risk, owing to sufficient bank balances and limited debtor exposures.

11. Debtors	2021 £	2020 £
Trade receivables	723,624	1,069,683
Amounts owed by Reading Borough Council (note 21)	2,743,447	-
Other receivables	373,750	3,303,081
Prepayments and accrued income	184,780	84,490
	<hr/>	<hr/>
	4,025,601	4,457,254
	=====	=====

BRIGHTER FUTURES FOR CHILDREN LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

12. Creditors: amounts falling due within one year	2021	2020
	£	£
Trade payables	1,936,484	2,653,309
Amounts owed by Reading Borough Council (note 21)	-	6,354,508
Taxation and social security	1,649,369	1,703,593
Other payables	335,815	87,706
Accruals	1,719,039	263,486
Loan payable to Reading Borough Council (note 21)	-	5,000,000
	<hr/>	<hr/>
	5,640,707	16,062,602
	=====	=====
13. Creditors: amounts falling due after one year	2021	2020
	£	£
Loan payable to Reading Borough Council (note 21)	5,000,000	-
	<hr/>	<hr/>
	5,000,000	-
	=====	=====
14. Deferred income	2021	2020
	£	£
Deferred income	2,054,141	391,724
	=====	=====

Deferred income has been recognised using the accruals method. Deferred income has been recognised in situations where government grants have been received but relevant expenditure relating to those grants has not occurred. The income will be recognised when the relevant expenditure has taken place in future periods.

15. Pension liability**Defined Benefit Scheme**

The Company is a member of the Reading Borough Council Pension Fund which is a defined benefit Local Government Pension Scheme (LGPS). The assets of the scheme are held separately, being invested with a managed pension fund. The Company is also a member of the Teachers' Pension Scheme England and Wales ('TPS') which is also a defined benefit scheme for academic and related staff.

The total contribution made for the year ended 31 March 2021 was £3,328,000 (2020: £2,755,000), of which employer's contributions totalled £2,268,000 (2020: £1,806,000) and employees' contributions totalled £1,060,000 (2020: £949,000). The agreed contribution rates for future years are 30% for employers and between 5.5% and 12.5% for employees.

BRIGHTER FUTURES FOR CHILDREN LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

15. Pension liability (continued)

Principal Actuarial Assumptions:	At 31 March 2021	At 31 March 2020
Rate of increase in salaries	3.8%	2.8%
Rate of increase for pensions	2.8%	1.8%
Discount rate for scheme liabilities	2.05%	2.35%

The below table, as produced by Barnett Waddingham LLP sets out the impact of a small change in the discount rates on the defined benefit obligations and projected service cost along with a plus/minus 1 year age rating adjustment to the mortality assumption.

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Assumption:	Movement 2021	Impact £ 2021	Movement 2020	Impact £ 2020
Mortality Age Rating Assumption	+ 1 year	2,598,000	+ 1 year	1,314,000
Salary Increase Rate	+ 0.1%	289,000	+ 0.1%	201,000
Real Discount Rate	- 0.1%	1,987,000	- 0.1%	1,211,000
Pension Increase Rate	+ 0.1%	1,681,000	+ 0.1%	1,015,000

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	At 31 March 2021 (years)	At 31 March 2020 (years)
Retiring today		
Males	21.2	21.5
Females	23.9	24.1
Retiring in 20 years		
Males	22.5	22.9
Females	25.4	25.5

BRIGHTER FUTURES FOR CHILDREN LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

15. Pension liability (continued)

The Company's share of the assets and liabilities in the scheme and the expected rates of return were:

	Fair value at 31 March 2021 £	Fair value at 31 March 2020 £
Equities	16,924,000	12,343,000
Bonds	4,612,000	2,035,000
Property	3,496,000	3,004,000
Cash	1,288,000	2,582,000
Target return portfolio	1,161,000	921,000
Commodities	-	129,000
Infrastructure	2,308,000	1,792,000
Longevity insurance	(1,541,000)	(944,000)
	-----	-----
Total market value of assets	28,248,000	21,862,000
	=====	=====

Actual return on scheme assets was £nil.

**Amounts recognised in the statement of
comprehensive income**

	Year ended 2021 £	Year ended 2020 £
Current service cost (net of employee contributions)	6,407,000	6,049,000
Interest cost	527,000	458,000
Expected return	-	-
Past service cost	-	-
Interest on plan assets	-	-
Administration expenses	13,000	12,000
	-----	-----
Total operating charge	6,947,000	6,519,000
	=====	=====

BRIGHTER FUTURES FOR CHILDREN LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021****15. Pension liability (continued)**

Changes in the present value of defined benefit obligations were as follows:

	Year ended 2021 £	Year ended 2020 £
Opening defined benefit obligation	42,422,000	39,421,000
Current service cost	6,365,000	5,245,000
Past service cost, including curtailments	42,000	804,000
Interest cost	963,000	982,000
Employee contributions	1,060,000	949,000
Experience (gain)/loss on defined benefit obligation	(418,000)	2,611,000
Estimated benefits paid net of transfers in	96,000	361,000
Change in financial assumptions	19,401,000	(6,754,000)
Change in demographic assumption	(494,000)	(1,197,000)
Liabilities assumed on settlements	-	-
	-----	-----
Closing defined benefit obligation	69,437,000 =====	42,422,000 =====

Changes in the fair value of the Company's share of scheme assets:

	Year ended 2021 £	Year ended 2020 £
Opening fair value of scheme assets	21,862,000	19,837,000
Return on plan assets (excluding net interest on the net defined pension liability)	2,539,000	(838,000)
Other actuarial (losses)/gains	-	(765,000)
Employer contributions	2,268,000	1,806,000
Employee contributions	1,060,000	949,000
Benefits paid	96,000	361,000
Administration expenses	(13,000)	(12,000)
Interest on assets	436,000	524,000
	-----	-----
Closing fair value of scheme assets	28,248,000 =====	21,862,000 =====

Contributions to the scheme are charged to the Statement of Comprehensive Income so as to spread the cost of the pensions over the employees' remaining working lives with the Company. Contributions are determined by an independent qualified actuary on the basis of triennial valuations, using the Projected Unit method. The most recent valuation of this Defined Benefit Pension Fund was at 31 March 2021.

BRIGHTER FUTURES FOR CHILDREN LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

15. Pension liability (continued)

The amounts recognised in the Statement of Financial Position are as follows:

	As at March 2021	As at March 2020
Present value of funded obligations	(69,437,000)	(42,422,000)
Fair value of plan assets	28,248,000	21,862,000
	—————	—————
Net pension liability	41,189,000	20,560,000
Reading Borough Council guarantee (note 21)	(41,189,000)	(20,560,000)
	—————	—————
Present value of unfunded obligations	-	-
	—————	—————
Deficit	-	-
	—————	—————
Net liability	-	-
	=====	=====

McCloud Judgement

In December 2018, the Court of Appeal ruled against the Government in the 'McCloud/Sargeant' judgement, which found that the transitional protection arrangements put in place when the firefighters' and judges' pensions schemes were reformed, were age discriminatory. The ruling potentially has implications for all public-sector schemes which were reformed around the same time and could lead to members who were discriminated against being compensated.

In relation to LGPS, all members of the 2008 scheme were moved into the new 2014 scheme, but members within 10 years of normal retirement were given an underpin promise, that their benefits would be at least valuable in terms of amount and when they could be drawn, as they would be if they had remained in the 2008 scheme.

The Government applied to the Supreme Court for permission to appeal the judgement; however, this was unsuccessful on 27 June 2019.

An allowance was made in the Company's valuation of the LGPS present value of funded obligations for the McCloud judgement which relates to age discrimination in the prior year. These assumptions have been rolled forward and remeasured to obtain the accounting results as at 31 March 2021 as disclosed above.

On 16 July 2020, the Government published a consultation on the proposed remedy to be applied to LGPS benefits in response to the McCloud and Sargeant cases. The consultation closed on 8 October 2020 and the final remedy will only be known after the consultation responses have been reviewed and a final set of remedial Regulations are published. The actuary does not believe there are any material differences between the approach underlying their estimated allowance and the proposed remedy. These are yet to be finalised and therefore it remains uncertain what changes may be made to LGPS benefits as a result.

BRIGHTER FUTURES FOR CHILDREN LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

15. Pension liability (continued)

Guaranteed Minimum Pension (GMP) Equalisation

As a result of the High Court's recent Lloyds ruling on the equalisation of GMPs between genders, a number of pension schemes have made adjustments to accounting disclosures to reflect the effect this ruling has on the value of pension liabilities. HM Treasury have confirmed that the judgement "does not impact on the current method used to achieve equalisation and indexation in public service pension schemes".

On 23 March 2021, the Government published the outcome to its Guaranteed Minimum Pension Indexation consultation, concluding that all public service pension schemes, including the LGPS, will be directed to provide full indexation to members with a GMP reaching State Pension Age (SPA) beyond 5 April 2021. This is a permanent extension of the existing 'interim solution' that has applied to members with a GMP reaching SPA on or after 6 April 2016.

The actuarial valuation assumption for GMP is that the Fund will pay limited increases for members that have reached SPA by 6 April 2016, with the Government providing the remainder of the inflationary increase. For members that reach SPA after this date, the actuary have assumed that the Fund will be required to pay the entire inflationary increase. Therefore, the actuary's assumption is consistent with the consultation outcome and there is no requirement to make any adjustments to the value placed on the liabilities as a result of the above outcome.

16. Cash (used in)/generated from operations	2021 £	2020 £
Profit/(loss) before taxation	15,838,078	(3,765,113)
Add back non-operating items:		
Financial income	(949)	(69,311)
Financial expense	68,469	54,849
<i>Adjustments for:</i>		
Pension movement (cost, less contributions)	(15,950,000)	3,737,000
Decrease/(increase) in receivables	431,653	(696,887)
(Decrease)/increase in payables	(3,759,478)	5,440,487
	_____	_____
Cash (used in)/generated from operations	(3,372,227)	4,701,025
	=====	=====

BRIGHTER FUTURES FOR CHILDREN LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

17. Cash and cash equivalents

	2021	2020
	£	£
Cash at bank and in hand	8,362,142	11,801,889
	<hr/>	<hr/>
Cash and cash equivalents in the cash flow statement	8,362,142	11,801,889
	=====	=====

18. Contingent assets and liabilities

There are no contingent assets or liabilities as at 31 March 2021.

19. Guarantees and other financial commitments

There were neither guarantees nor financial commitments issued by the Company as at 31 March 2021.

20. Leasing arrangements

The premises leases occupied by Brighter Futures for Children Limited were in the process of being transferred to the Company in the prior period from Reading Borough Council as per a new service level agreement. Minimum lease payments under non-cancellable operating leases fall due as follows:

	2021	2020
	£	£
Within one year	1,058,290	1,066,290
Between one and five years	4,153,160	4,167,160
In more than five years	-	1,038,290
	<hr/>	<hr/>
	5,211,450	6,271,740
	=====	=====

21. Related party disclosures

Reading Borough Council

Reading Borough Council ('RBC' or the 'Council') is the Company's main funding organisation and is the ultimate controlling party.

For the year ended 31 March 2021, RBC guaranteed to cover the losses incurred by Company excluding the holiday pay accrual. This total loss covered by RBC totalled £20,468,200 (note 3) (2020: £2,085,216). As at the year end, an amount of £2,743,447 was receivable from RBC (2020: £6,354,508 was payable to RBC).

As a result of a Memorandum of Understanding between Brighter Futures For Children Limited and RBC, a pension related asset, being a guarantee from RBC to cover the related pension liability, exists. The asset will always be equal and opposite to the pension liability, and accordingly, no asset or liability has been recognised in the Statement of Financial Position. As at 31 March 2021, the pension liability guaranteed by RBC totalled £41,189,000 (note 15) (2020: £20,560,000).

During the year ended 31 March 2021 the Council provided, under the terms of a service delivery contract, funding to the Company amounting to £41,062,297 (2020: £41,062,300).

In the year ended 31 March 2021, RBC also charged the Company £6,759,000 (2020: £6,716,000) under service level agreements for services including, among others, regulatory services, joint legal team, premises, human resources and insurance.

Under the Memorandum of Understanding, the Company is an autonomous organisation, independent of RBC and entered into the Service Delivery Contract in accordance with direction given by the Secretary of State for Education. The Memorandum of Understanding was signed on 28 March 2018 and the contract was signed on 30 November 2018.

RBC issued a loan on 3 December 2018 of £5,000,000 to the Company. The interest rate on the loan is 1.0% fixed rate and matured on 29 March 2019. The repayment terms of the loan were subsequently revised from 29 March 2019 to 27 March 2020 at a fixed interest rate of 1.1%. The repayment date has been further extended from 27 March 2020 to 25 March 2026 at an interest rate of 1.81%.

As at 31 March 2021, the RBC loan has been recognised as falling due after one year.

22. Ultimate controlling party

The ultimate controlling party during the year and as at 31 March 2021 is Reading Borough Council.

23. Subsequent events

There were no significant events after the report date.