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**Reading**  
Borough Council  

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Working better with you

# UNAUDITED STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2025

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## Narrative Report

### An introduction to Reading

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

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

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

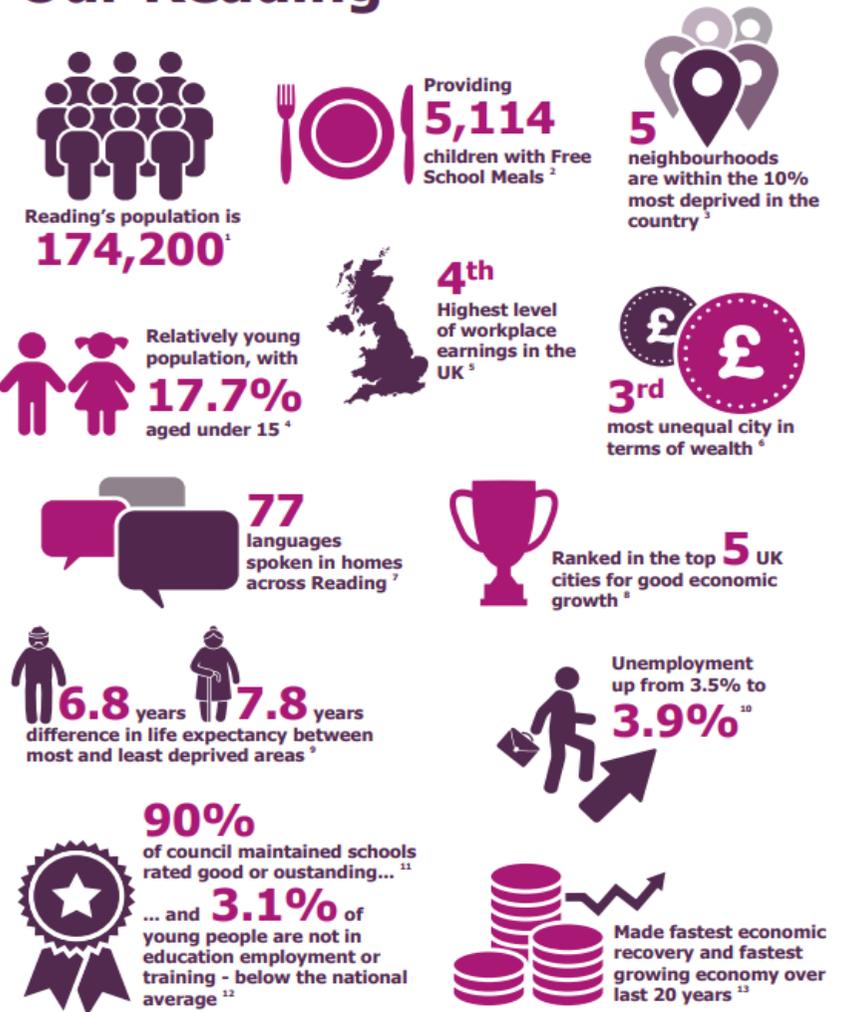
Every year it hosts the Reading Festival, one of the country's major music events, as well as the Reading Beer Festival, Reading Pride, and the Reading Half Marathon.

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

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

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

## Our Reading



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

# Our Achievements

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



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

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



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

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



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

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



Filled in 1,664 potholes.

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



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



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

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



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

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



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

# Our Vision



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



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

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



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



## Together

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

# Our Foundations

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

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



## Efficient

We drive efficiency and value for money in everything we do

## Ambitious

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

## Make a difference

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

## Residents' Survey Results 2024



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

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

## Our Vision and Priorities

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

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

Promote more equal communities in Reading



Secure Reading's economic and cultural success



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



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



Ensure Reading Borough Council is fit for the future



## 2024/25 Budget

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

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

### General Fund Revenue Account

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

### Housing Revenue Account (HRA)

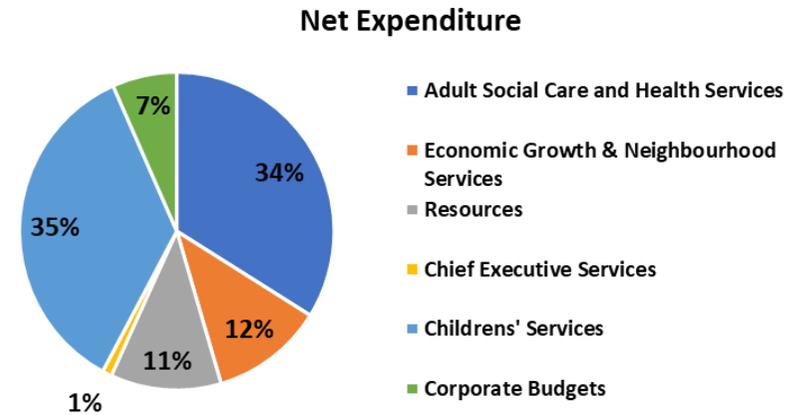
This is a ring-fenced budget for expenditure on the Council's Housing stock and is funded by council tenants' rents.

### Capital

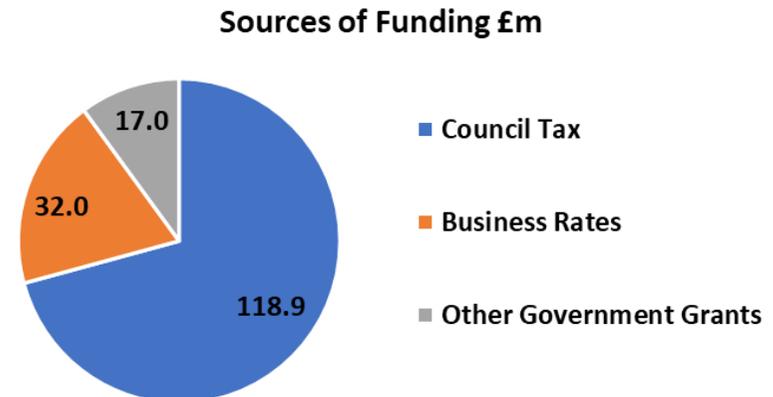
This is the expenditure incurred to make improvements to the Council's assets or for the purchase or creation of new assets. The Council has two capital programmes, one for the General Fund and one for the Housing Revenue Account. Capital is funded by grants, contributions from developers, capital receipts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

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

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



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



## Financial Performance 2024/25

### General Fund Revenue

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

There was a net adverse variance of £9.3m on General Fund revenue expenditure, and this will be funded from the Financial Resilience Reserve (£4.3m) and the Demographic & Cost-Led Pressures Reserve (£5.0m). The comparison of budget to actual for each service was broken down as follows:

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

The General Fund reserve balance was increased to £8.9m and General Fund earmarked reserves were £40.9m, giving total General Fund reserves of £49.8m.

### Housing Revenue Account

Net expenditure on the Housing Revenue Account was £0.5m worse than expected. The final drawdown from reserves was £4.1m. The HRA reserve now stands at £32.8m.

### Capital Expenditure

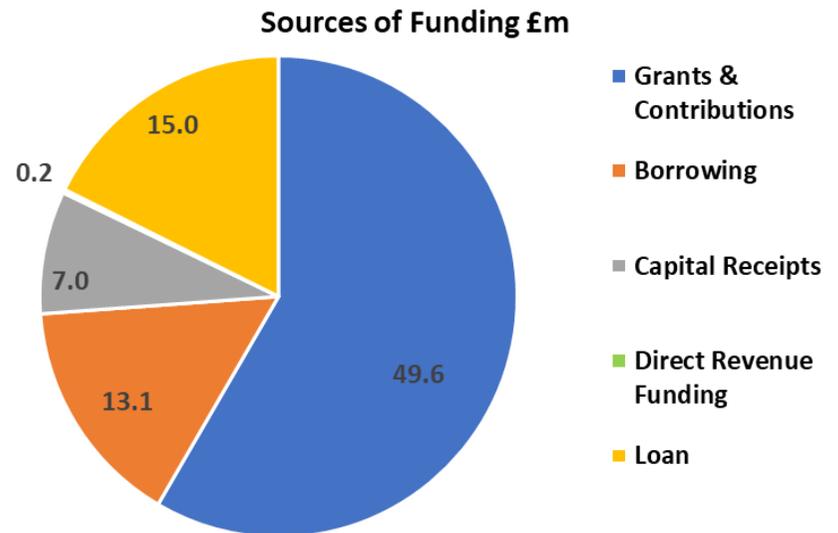
General Fund capital expenditure amounted to £56.7m and HRA capital expenditure was £28.2m, giving total capital expenditure for the year of £84.9m.

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

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

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

### Funding of General Fund capital expenditure:



## Performance of Council owned companies

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

	Reading Transport Ltd £'000	Homes for Reading £'000	Brighter Futures for Children £'000
<b>Turnover</b>	63,927	1,174	127,734
<b>Profit/(Loss)</b>	1,774	44	(10,124)

NB. The subsidiaries' accounts are currently unaudited and therefore subject to change. Profit/(Loss) is before tax.

## Commercial Investments

Reading Borough Council has a small portfolio of investment properties:

Property	Annual Rental Yield Mar 25 £'000	Capital Value Mar 25 £'000	Purchase Price £'000
Kennet Wharf	689	9,530	21,276
Adelphi House	688	7,530	12,116
160-163 Friar St	744	6,710	11,884
Four 10 TVP	2,274	24,850	39,968

## Schools and the High Needs Block

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

The **Schools Earmarked Reserve** has been established to hold balances held by Schools under the delegation scheme. The Schools' surplus of £1.3m comprises the unspent revenue balances held by schools in surplus, offset by the overdrawn revenue balances of schools in deficit. This part of the balance can only be used by the Schools and is not available to the Council for general use.

## The Balance Sheet

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

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

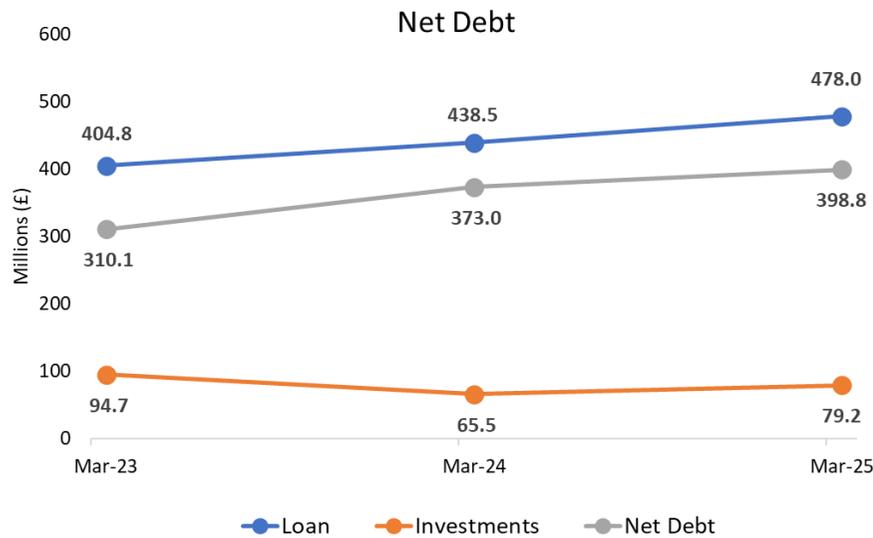
	March 2024 £'000	March 2025 £'000
Long-term Assets	1,254,841	1,291,011
Current Assets	107,406	107,288
Current Liabilities	(189,520)	(227,074)
Long-term Liabilities	(495,849)	(446,878)
<b>Net Assets</b>	<b>676,878</b>	<b>724,347</b>
Usable Reserves	(206,919)	(168,363)
Unusable Reserves	(469,959)	(555,984)
<b>Total Reserves</b>	<b>(676,878)</b>	<b>(724,347)</b>

## Treasury Management

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

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

New borrowing undertaken during 2024/25 totalled £253.5m. Principal repayments on loans totalling £214.0m were made. The net change in the gross borrowing position between 31 March 2024 and 31 March 2025 was an increase of £39.5m.



## Pensions

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

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

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

## Looking ahead

A balanced budget for 2025/26 was set by Council in February 2025, including a budgeted net contribution from reserves of £3.9m and with planned savings of £11.6m and additional income of £4.6m across the 3-years of the MTFS.

## A guide to the Financial Statements

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

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

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

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

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

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

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

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

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

The Notes provide more detail about individual transactions and balances.



A handwritten signature in black ink, appearing to read 'Darren Carter', written over a horizontal line.

**Darren Carter**  
Director of Finance  
Section 151 Officer  
Reading Borough Council

**Date - ....**

## Annual Governance Statement 2024/25

### EXECUTIVE SUMMARY

This Annual Governance Statement (AGS) provides an assessment of Reading Borough Council's governance arrangements for the financial year 1 April 2024 to 31 March 2025. The statement has been prepared in accordance with the Accounts and Audit Regulations 2015 and follows the current CIPFA/SOLACE guidance on delivering good governance in local authorities. Key developments during 2024/25 include:

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

### PURPOSE OF THE GOVERNANCE FRAMEWORK

The Council's governance framework sets out the systems, processes, culture and values through which it is directed, controlled and held accountable to its communities. It supports the monitoring of strategic objectives and ensures that services are delivered effectively and provide value for money. A key element is the system of internal control, designed to manage risks to an acceptable level rather than eliminate them entirely. This ongoing process identifies and prioritises risks to achieving the Council's aims, evaluates their likelihood and impact, and ensures they are managed efficiently and economically.

### KEY ELEMENTS OF THE COUNCIL'S GOVERNANCE FRAMEWORK

The Council operates a committee-based system of governance with four standing committees broadly aligned to the Council's departmental structure. Their remit includes obtaining assurance that Corporate Plan priorities, and the Budget and Policy Framework approved by Council each year, are delivered in their relevant areas. There are no separate scrutiny committees or call-in provisions. However:

- the Standards Committee investigates specific allegations of councillor misconduct;
- the Audit and Governance Committee is tasked with reviewing and considering improvements to corporate governance in general; and
- all standing committees can undertake scrutiny of relevant functions where they think it appropriate.

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

#### Decision Making

- All meetings are held in public and are now webcast and available to watch after the event;
- Decisions are published on the Council website;
- All Council decisions are supported by detailed officer reports which are open to the public unless they qualify as legally “confidential” or “exempt” from publication.

#### Risk Management

- Risk registers identify operational and strategic risks;
- Key risks are considered by Directorate Management Teams;
- Strategic risks are reported to the Audit & Governance Committee quarterly and overseen by the Corporate Management Team.

#### Corporate Management Team (CMT)

- CMT are responsible for the overall management of the Council;
- The Head of Paid Service is the Chief Executive who is responsible for all Council staff and for leading CMT;
- The Executive Directors lead the majority of services which are delivered to the public;
- The Director of Finance is the Council’s s.151 Officer and is responsible for safeguarding the Council’s financial position and ensuring value for money;
- The Monitoring Officer is the Council’s Assistant Director of Legal & Democratic Services who with the Chief Executive is responsible for ensuring legality and promoting high standards of ethical conduct.

## **HOW WE COMPLY WITH THE CIPFA/SOLACE FRAMEWORK**

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

### **Principle 1 – Behaving with integrity and respecting the rule of law:**

Codes of Conduct for members and officers promote high standards of behaviour in line with the Nolan principles, supported by detailed policies such as the Anti-Fraud, Bribery and Corruption Strategy, Whistleblowing Procedures and the Procurement Code. The Monitoring Officer and Section 151 Officer ensure decisions meet legal and financial requirements, and the statutory officers, along with their deputies, meet regularly to review key governance matters, complementing the work of CMT. In 2024/25, the Council strengthened its ethical framework by updating the Anti-Fraud, Bribery and Corruption Policy to reflect the new “failure to prevent fraud” offence, increasing whistleblowing awareness and improving declarations of interests and gifts and hospitality.

### **Principle 2 – Ensuring open and comprehensive stakeholder engagement:**

The Council engages regularly with stakeholders, taxpayers and service users through its online Consultation Hub, a range of thematic committees and forums, and communication channels including newsletters, e-bulletins and social media. Residents can attend committee meetings, ask questions, submit petitions and access councillors through local surgeries. An annual resident survey provides statistically robust feedback to inform service planning. In 2024/25, engagement was further strengthened through major consultations on the Draft Town Centre Public Realm Strategy, community engagement on allotment and burial ground changes, improved tenant involvement following regulatory inspection, and wider participation linked to the Medium-Term Financial Strategy.

### **Principle 3 – Defining outcomes in terms of sustainable economic, social and environmental benefits:**

The Council Plan clearly sets out strategic outcomes, with progress monitored through regular committee reporting and quarterly performance reviews. It guides resource prioritisation and informs service plans and staff objectives, all designed to be financially and environmentally sustainable and shaped through consultation. The Medium-Term Financial Strategy provides a realistic assessment of available resources, while the annual Budget and Policy Framework sets spending limits, savings and key priorities. Performance and risk are tracked through KPIs and regular reports to CMT, Policy Committee and Audit and Governance Committee. During 2024/25, the Council also published the Market Position Statement for Adult Social Care, advanced its climate adaptation work and strengthened the integration of environmental considerations into decision-making.

### **Principle 4 – Determining the intervention necessary to achieve intended outcomes:**

CMT meets monthly to monitor performance, using KPI reports that track progress, risks and issues, and ensuring remedial action where services underperform. Major change programmes are overseen through cross-cutting internal boards, with outcomes feeding into the CMT performance cycle. Senior management and councillors maintain focus on agreed objectives through regular reporting to Policy Committee, while the four standing committees oversee delivery of actions within the Budget and Policy Framework. Financial and Performance Monitoring reports provide

updates on the budget position and savings delivery. In 2024/25, the Council strengthened governance through the decision to in-source Children's Services, enhanced Strategic Housing and Landlord oversight, and improved capital programme and business case governance.

**Principle 5 – Developing capacity, including the capacity of leadership and individuals within the Council:**

The Council invests in leadership development and workforce planning to support sustainable services, with strategic direction provided by CMT and directorate management teams, underpinned by the TEAM Reading values and the People Strategy. Partnership working is embedded in the Corporate Plan, supported by governance arrangements set out in the Constitution. The Learning and Workforce Development Team builds organisational capability through skills and qualification-based training. In 2024/25, the Council strengthened leadership capacity through permanent Executive Director and Assistant Director appointments, improved governance across key service areas, enhanced statutory officer collaboration, and continued organisational development through regular leadership and manager briefings.

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

Corporate risk registers are reviewed quarterly, with significant risks considered by senior management and members, and councillors receiving risk-management training to strengthen scrutiny. Internal Audit provides independent assurance on internal controls and recommends improvements. The Council aims to produce its annual accounts within statutory deadlines. In 2024/25, risk management was strengthened following regulatory inspections, business continuity planning, particularly cyber resilience, was enhanced, and oversight of major programmes improved.

Overall, the Council's decision-making framework promotes best value through continuous improvement, robust leadership, clear governance, strong financial stewardship and effective partnerships, supported by performance monitoring, ethical standards and a disciplined Medium-Term Financial Strategy to ensure services deliver positive outcomes for residents.

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

The Council follows Government guidance on providing clear and accurate information and has developed both its website and the format of Council reports to improve transparency and accessibility. Papers (including performance reports) and minutes of meetings, key decisions, and all items of expenditure and contracts awarded over £500 are published on the Council's website. All Council meetings are held in public, and minutes of meetings and webcasts are available on the Council's website. Public questions are allowed at Committees and at Council meetings. In 2024/25, the Council improved transparency in its Traffic Regulation Order processes following a report to Council on the maladministration of historic Orders, enhanced reporting on company governance arrangements, and strengthened cooperation with external audit alongside improvements in accounts preparation.

## REVIEW OF EFFECTIVENESS

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

### Assurances from Internal and External Audit

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

The annual report and opinion of the Chief Internal Auditor for 2025/26 was presented to the Audit and Governance Committee on 16 July 2025. It states that the Council's internal control environment and systems of internal control in the areas audited were to be classed as "Reasonable Assurance". The number of audits receiving a negative assurance opinion, as well as a combination of advisory work (not detailed audit reviews) and investigations undertaken. 18% of audits received limited or no assurance in 2024/25, compared to 44% in 2023/24, and 26% in 2022/23. The following areas influenced the annual assurance opinion:

- An audit identified discrepancies in the Commercial Properties rent roll that were affecting billing accuracy, highlighting the need for stronger authorisation and verification controls until the CPM system can generate invoices. Split budget responsibilities also meant the overall level of debt was not visible, making it difficult to monitor and report commercial rent and lease risks. A project has begun to upload all leases into CIVICA, validating tenant information, income data and lease details to improve accuracy and control.
- An audit of Supported Living found weaknesses in the tendering process, financial controls for placements, and governance of off-framework providers. Additional controls have been introduced to ensure proper governance for any off-framework providers, and the Council is procuring a new framework (due March 2026) to further reduce off-framework purchasing.
- An audit of Residents Parking Enforcement provided limited assurance over governance, risk management and controls, identifying unclear responsibilities, poor data quality and expired contracts that may no longer be fit for purpose. A series of actions has been agreed to strengthen contract management, record-keeping and decision-making. Work on contracts is ongoing, including an early review of the current enforcement contract ahead of its 2027 renewal.
- An investigation found that the East Reading Red Route TRO and several other TROs had not been properly made or implemented, meaning the Council had no legal basis to issue Penalty Charge Notices and their enforcement was unlawful. The Monitoring Officer issued a Section 5 report under the Local Government and Housing Act 1989 to formally report this maladministration to the Council. A Restitution Scheme and an Action Plan have been established, both of which are monitored by the Audit and Governance Committee.

**External Audit:** The Council's external auditor, KPMG, provides assurance on the accuracy of the year-end Statement of Accounts and the overall adequacy of arrangements for securing and improving value for money. In response to a national recovery programme to bring up to date the achievement of timely external audit opinions, the Government has implemented a series of backstop dates by when audit opinions must be issued. The Council received a disclaimed opinion from EY for 2021/22 and 2022/23, and a disclaimed opinion from KPMG for 2023/24 in compliance with the recovery programme. In giving the 2023/24 opinion, KPMG also provided a small number of improvement recommendations in their ISA 260 reported to the Council's Audit and Governance Committee in April 2025. Value for money commentary was also provided for each of these years by the respective auditors. The latest Auditors Annual Report from KPMG for 2024/25 was reported to Council at its meeting 25 February 2025 which recognised an improvement in the arrangements concerning Children's Services with regard to the on-going continuous improvement plan and evidence of an increasingly joined up approach with other councils and partners to tackle issues. The direction of travel is positive and therefore this does not represent a significant weakness for 2023/24.

### **Compliance with the Financial Management Code**

CIPFA's Financial Management Code requires local authorities to review and evidence compliance with its 17 standards annually. The 2023/24 self-assessment showed continued progress: the 2020/21 accounts received an unqualified opinion, and the 2021/22, 2022/23 and 2023/24 audits were completed to national backstop deadlines, albeit with disclaimed opinions; however, auditors identified no major weaknesses in arrangements to secure economy, efficiency and effectiveness for 2023/24. The Chief Auditor's 2023/24 Annual Assurance Report provided a limited assurance rating on governance, risk management and internal control, resulting in one FM Code standard being downgraded from Green to Amber; overall, 11 standards were assessed as Green and 6 as Amber, giving an overall Amber rating for the year.

### **Self-assessment and review of key performance indicators**

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

- Formal reports by s151 or Monitoring Officer - One – October 2024 at Council in relation to maladministration of historic Traffic Regulation Orders.
- Number of Member Code of Conduct Complaints investigated - None beyond the initial filter stage. Report on referrals presented annually to Standards Committee.
- Proven fraud carried out by councillors or members of staff - None in 2024/25

- Objections received from local electors - There was one objection raised during the year relating to the 2022/23 Statement of Accounts which was not upheld by the Council's External Auditor for those accounts, Ernst & Young
- Local Government Ombudsman referrals upheld:
  - Total number of LGSCO complaints/enquiries received – 59;
  - Cases referred back to Council – 12;
  - Cases closed after initial enquiries – 24;
  - Formal investigations – 15 (10 were upheld).
- Housing Ombudsman referrals upheld:
  - Findings (outcomes) - 3 upheld – further 12 awaiting outcome from the HO;
  - Orders (compensation, apology, specific actions etc.) – 3;
  - Determinations (cases decided upon by the HO) – 3;
  - Maladministration findings- 3.
- Information Commissioner referrals upheld - There was one case investigated by the ICO during the year which was not upheld.
- Freedom of Information requests (performance) - 1043 requests were received in 2024/25. 74.5% were responded to within the statutory timeframe (20 days).
- Annual Accounts - 2021/22, 2022/23 signed off with a disclaimed opinion following limited external audit fieldwork undertaken. 2023/24 was also signed off with a disclaimed opinion, however this was mainly as a result of the unaudited opening balances brought forward from previous years. Significant external audit fieldwork was undertaken by KPMG in relation to 2023/24 'in-year' transactions.
- Group activities<sup>1</sup> - No governance issues to address in 2024/25. The Council continues to receive appropriate information about the performance of its companies through the Policy Committee which acts as the designated shareholder committee for the Council.

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

## Inspections and Assessments

*OFSTED Inspection of Children's Services:* Between April and May 2024, Ofsted carried out a full inspection of Reading's children's services, concluding that the experiences and progress of children who need help and protection, as well as the impact of leaders on social work practice, both "require improvement to be good," while the experiences and progress of children in care and care leavers were judged "good," resulting in an overall effectiveness rating of "requires improvement to be good." Key areas identified for further improvement included the quality of assessment, planning and provision for children in need, the timely identification of risk, strengthened workforce development and support, and improved responses to children at risk of harm outside the home.

*His Majesty's Inspectorate of Probation (HMIP) Youth Justice Inspection (September 2024):* issued an overall judgment of "Inadequate," identifying significant weaknesses requiring comprehensive improvement. Key recommendations focused on strengthening quality assurance, management oversight, assessment and planning, attention to victim needs, resourcing and structure for effective interventions, use of the disproportionality action plan, and access to suitable education, training and employment opportunities.

In response, a comprehensive improvement plan was developed in December 2024, structured around four pillars, Governance and Leadership, Staffing and Workforce Development, Partnership and Services, and Process, Systems and Quality of Practice, with progress overseen by sub-groups reporting to the Youth Justice Management Board and clear timescales and responsibilities assigned.

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

*The Social Housing Regulator (February 2025):* conducted an onsite inspection of the Council's Housing and Communities landlord function to assess compliance with the Consumer Standards, issuing a C3 grading that confirmed serious failings across the Safety and Quality, Transparency, Influence and Accountability, and Neighbourhood and Community standards. Key issues included only 50% of homes being surveyed in the last five years, an outdated understanding of property conditions, around 1,600 overdue repairs, significant weaknesses in the repairs service, limited tenant scrutiny opportunities, shortcomings in anti-social behaviour case management, and further concerns relating to PFI-managed properties—particularly the absence of ASB risk assessments, inadequate tenant information and poor complaint handling. The Council has implemented a comprehensive improvement plan, with progress monitored through monthly provider improvement meetings with the Regulator and regular reporting to the Housing, Neighbourhoods and Leisure Committee.

*Joint Targeted Area Inspection (February 2025):* A Joint Targeted Area Inspection focusing on domestic abuse took place over three weeks, examining 30 cases. The inspection identified several strengths including quick decision-making at initial contact, strong partnerships, and skilled staff providing various interventions. However, ten areas for improvement were identified, including enhanced information sharing, better use of data in repeated domestic abuse cases, and improved commissioning of support services.

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

*The Local Government Association (LGA):* reviewed Brighter Futures for Children’s Transformation Programme and the costs of Reading’s children’s services, finding residential care costs high due to complex needs, limited local provision and reduced foster-carer availability—all issues already targeted in the Transformation Plan.

The review highlighted budget pressures, historic reliance on agency staff (now improving), and the need to strengthen data quality, particularly in SEND, to improve forecasting. It also recommended better integration of performance and cost management and reduced reliance on spreadsheets. Overall, the Transformation Programme was judged to be focused on the right priorities but would benefit from accelerating key actions and securing permanent resourcing, with a remaining risk that demand may still exceed the budget and MTFS assumptions.

## KEY GOVERNANCE ISSUES

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

- 1) **Traffic Regulation Orders** – On 15 October 2024, the Council reviewed a report identifying that several historic Traffic Regulation Orders (TROs) had been improperly made and implemented, rendering enforcement and related Penalty Charge Notice income unlawful. A Scheme of Restitution and an Action Plan were established, with progress reported to the Audit and Governance Committee to ensure scrutiny. New governance and monitoring arrangements now require Network Services, Parking Enforcement and Legal Services to jointly review TROs, supported by site inspections before and after implementation, while a new digital map-based TRO management system is being developed to improve accuracy, transparency and accountability.
- 2) **Children's Services** – The Council will bring all services provided by Brighter Futures for Children Ltd (BFfC) in-house on 1 October 2025, to improve control, decision-making, integration, and reduce duplication. Expected benefits include better oversight, streamlined operations, enhanced collaboration, cost savings of £200,000-£300,000 annually, and improved service delivery for children and families in Reading.
- 3) **Homes for Reading Ltd** – Reading Borough Council has agreed to close Homes for Reading Ltd, its wholly owned housing company, following tenant consultation and in light of changes to lending rules, the housing market and interest rates that affected the company's viability. The 101 homes will be transferred into the Council's mainstream housing stock as leases end, providing affordable homes for key workers, and the Council is supporting tenants throughout the transition to ensure suitable alternative accommodation is secured.
- 4) **Reading Hampshire Property Partnership Ltd** – Reading Council's partner in this property services shared service, Hampshire County Council, has given notice to the Council that it no longer has the capacity to provide the support services required by the Council. All activity ceased by the end of March 2025. A report went to Policy Committee in July 2025 and approval was given for the closure of the Company following completion of all outstanding projects and contractual obligations.
- 5) **Response to regulatory assessments** – a number of areas have been inspected during 2024/25 and the Action Plans to address recommendations will need oversight during 2025/26.

Last year's Annual Governance Report highlighted six key areas for improvement. Set out below are the actions taken to address these issues during 2023/24:

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

## CONCLUSION

The Council's governance arrangements are considered fit for purpose, though several issues have been identified and captured below. The annual review of governance demonstrates the effectiveness of the overall framework and has informed the actions we are now taking to strengthen it further. We are satisfied that these planned improvements address the weaknesses identified in the review, and progress will be monitored as part of the next annual assessment.

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

- 1) Following receipt of the results of Adult Social Care's CQC assessment areas of improvement will be logged, monitored and actioned throughout 2025/26 via our internal governance boards. Progress will be reported into the Adult Social Care, Children's Services & Education Committee.
- 2) Following the receipt of the Social Housing Regulator Inspection Report areas of improvement will be logged, monitored and actioned throughout 2025/26 via our internal governance boards. Progress will be reported to the Social Housing Regulator and reported into the Housing, Neighbourhoods and Leisure Committee.
- 3) Continue with the procurement stream of the housing repairs and property services improvement plan to ensure that all contracts are up to date, are properly implemented and mobilised and have robust contract management in place.
- 4) Reminder to all staff about the importance of the Speaking Up and Whistle Blowing Policy.
- 5) Remind all staff that Declaration of Interests and Gifts and Hospitality declarations should be submitted where necessary and remind managers that the Register of Gifts and Hospitality is reviewed from time to time and is accurate and up to date.
- 6) Traffic Regulation Orders – commissioning of the Digital TRO project, conclusion of the Scheme of Restitution and sign-off of the Action Plan at Audit and Governance Committee.
- 7) The Council will transfer BFfC staff and property back to its control, novate contracts, and close the BFfC Company. Committee terms and the Council's Constitution will be updated, and the Independent Fostering Agency will transition to a Local Authority Fostering Service. An independently chaired Improvement Board will be established, with transition costs funded from earmarked reserves.
- 8) Continue to implement the Children's Services Rapid Improvement Plan and the Partnership Improvement Plan to address the 10 areas of improvement following the partnership's Joint Targeted Area Inspection. Progress will be overseen by the Berkshire West Safeguarding Children's Partnership and the Adult Social Care, Children's Services & Education Committee.
- 9) Continue to implement the Youth Justice Improvement Plan, monitored by the Youth Justice Management Board.

- 10) Budget plans to be in place for the next MTFS period and planning will start soon for further savings to close the forecast Council budget gap.
- 11) Update the Council Anti-Fraud, Bribery and Corruption Policy to take into account the new 'failure to prevent fraud offence', which will come into effect on 1 September 2025. Under the Economic Crime and Corporate Transparency Act 2023, the "failure to prevent fraud" offence means large organisations can be criminally liable if they fail to prevent fraud committed by employees and associated persons, unless they can demonstrate reasonable fraud prevention procedures.

**Cllr Liz Terry**

Leader of Reading Borough Council

Date:

**Jackie Yates**

Chief Executive of Reading Borough Council

Date:

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

To follow

## Statement of Responsibilities

### Responsibilities of the Council

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, for 2024/25, the Chief Financial Officer is the Director of Finance.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Arrange for the approval of the Statement of Accounts at the conclusion of the audit. In this Council, the approval is delegated to the Audit and Governance Committee.

### Responsibilities of the Chief Financial Officer

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

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

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

The Chief Financial Officer has also:

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

### Approval of the Accounts

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

Darren Carter  
Director of Finance (S151 Officer)  
Date ....

## Financial Statements

### Comprehensive Income and Expenditure Statement

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

2023/24 Restated			Service Area	Note	2024/25		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000			Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
115,386	(61,963)	53,423	Communities and Adult Social Care		130,500	(69,506)	60,994
43,904	(23,220)	20,684	Resources		48,830	(26,210)	22,620
1,925	(236)	1,689	Chief Executive Services		1,895	(425)	1,470
50,575	(50,585)	(10)	Corporate		43,090	(50,835)	(7,745)
185,968	(116,492)	69,476	Children, Education and Early Help Services		209,653	(120,671)	88,982
96,687	(44,769)	51,918	Economic Growth and Neighbourhood Services		100,221	(42,973)	57,248
46,226	(46,418)	(192)	Housing Revenue Account		52,826	(50,504)	2,322
<b>540,671</b>	<b>(343,683)</b>	<b>196,988</b>	<b>Costs of Services</b>		<b>587,015</b>	<b>(361,124)</b>	<b>225,891</b>
		21,543	Other Operating Expenditure	10			2,071
		23,581	Financing and Investment Income and Expenditure	11			19,563
		(188,840)	Taxation and Non-Specific Grant Income	12			(214,818)
		<b>53,272</b>	<b>(Surplus) or Deficit on Provision of Services</b>				<b>32,707</b>
		340	(Surplus) or Deficit on Revaluation of Available for Sale Financial Assets				(268)
		(33,257)	Remeasurements of the Net Defined Benefit Liability	44			(57,860)
		21,717	(Surplus) or Deficit on Revaluation of Property, Plant and Equipment				(22,048)
		<b>(11,200)</b>	<b>Other Comprehensive Income and Expenditure</b>				<b>(80,176)</b>
		<b>42,072</b>	<b>Total Comprehensive Income and Expenditure</b>				<b>(47,469)</b>

**Please Note:** This table and all others within this document are subject to some rounding of figures. Where necessary some previous year figures may have been restated to match 2024/25 reporting structure

## Movement in Reserves Statement

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

2024/25	REVENUE RESERVES						CAPITAL RESERVES			Total Usable Reserves	Total Unusable Reserves	Total Reserves
	General Fund balance	Earmarked General Fund Reserves	Total General Fund balances	Housing Revenue Account (HRA)	Earmarked HRA Reserves	Total HRA Balances	Capital Receipts Reserve	Major repairs Reserve	Capital Grants Unapplied Account			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000			
<b>Balance at 31 March 2024</b>	<b>(8,394)</b>	<b>(57,751)</b>	<b>(66,145)</b>	<b>(27,388)</b>	<b>(9,524)</b>	<b>(36,912)</b>	<b>(32,670)</b>	<b>(11,786)</b>	<b>(59,406)</b>	<b>(206,919)</b>	<b>(469,959)</b>	<b>(676,878)</b>
(Surplus)/Deficit on provision of services	23,028	-	23,028	9,679	-	9,679	-	-	-	32,707	-	32,707
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	-	-	(80,176)	(80,176)
<b>Total Comprehensive Income and Expenditure</b>	<b>23,028</b>	<b>-</b>	<b>23,028</b>	<b>9,679</b>	<b>-</b>	<b>9,679</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32,707</b>	<b>(80,176)</b>	<b>(47,469)</b>
Adjustments between accounting basis and funding basis under regulations	8,823	-	8,823	(5,604)	-	(5,604)	15,824	346	1,959	21,348	(21,348)	-
<b>Net (increase)/decrease before transfers to/(from) earmarked reserves</b>	<b>31,851</b>	<b>-</b>	<b>31,851</b>	<b>4,075</b>	<b>-</b>	<b>4,075</b>	<b>15,824</b>	<b>346</b>	<b>1,959</b>	<b>54,055</b>	<b>(101,524)</b>	<b>(47,469)</b>
Transfers to/(from) earmarked reserves	(32,362)	16,852	(15,510)	(933)	933	-	-	-	10	(15,499)	15,499	-
<b>(Increase)/decrease for the year</b>	<b>(511)</b>	<b>16,852</b>	<b>16,341</b>	<b>3,143</b>	<b>933</b>	<b>4,075</b>	<b>15,824</b>	<b>346</b>	<b>1,969</b>	<b>38,556</b>	<b>(86,025)</b>	<b>(47,469)</b>
<b>Balance at 31 March 2025</b>	<b>(8,905)</b>	<b>(40,899)</b>	<b>(49,804)</b>	<b>(24,245)</b>	<b>(8,591)</b>	<b>(32,836)</b>	<b>(16,846)</b>	<b>(11,440)</b>	<b>(57,437)</b>	<b>(168,363)</b>	<b>(555,984)</b>	<b>(724,347)</b>

2023/24 Restated	REVENUE RESERVES						CAPITAL RESERVES			Total Usable Reserves	Total Unusable Reserves	Total Reserves
	General Fund balance	Earmarked General Fund Reserves	Total General Fund balances	Housing Revenue Account (HRA)	Earmarked HRA Reserves	Total HRA Balances	Capital Receipts Reserve	Major repairs Reserve	Capital Grants Unapplied Account			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000			
<b>Balance at 31 March 2023</b>	<b>(8,221)</b>	<b>(70,132)</b>	<b>(78,353)</b>	<b>(35,334)</b>	<b>(9,916)</b>	<b>(45,250)</b>	<b>(31,584)</b>	<b>(8,749)</b>	<b>(61,704)</b>	<b>(225,640)</b>	<b>(493,310)</b>	<b>(718,950)</b>
(Surplus)/Deficit on provision of services	47,122	-	47,122	6,150	-	6,150	-	-	-	53,272	-	53,272
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	-	-	(11,200)	(11,200)
<b>Total Comprehensive Income and Expenditure</b>	<b>47,122</b>	<b>-</b>	<b>47,122</b>	<b>6,150</b>	<b>-</b>	<b>6,150</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>53,272</b>	<b>(11,200)</b>	<b>42,072</b>
Adjustments between accounting basis and funding basis under regulations	(28,973)	-	(28,973)	2,188	-	2,188	(1,086)	(3,037)	2,298	(28,610)	28,610	-
<b>Net (increase)/decrease before transfers to/(from) earmarked reserves</b>	<b>18,149</b>	<b>-</b>	<b>18,149</b>	<b>8,338</b>	<b>-</b>	<b>8,338</b>	<b>(1,086)</b>	<b>(3,037)</b>	<b>2,298</b>	<b>24,662</b>	<b>17,410</b>	<b>42,072</b>
Transfers to/(from) earmarked reserves	(18,322)	12,381	(5,941)	(392)	392	-	-	-	-	(5,941)	5,941	-
<b>(Increase)/decrease for the year</b>	<b>(173)</b>	<b>12,381</b>	<b>12,208</b>	<b>7,946</b>	<b>392</b>	<b>8,338</b>	<b>(1,086)</b>	<b>(3,037)</b>	<b>2,298</b>	<b>18,721</b>	<b>23,351</b>	<b>42,072</b>
<b>Balance at 31 March 2024</b>	<b>(8,394)</b>	<b>(57,751)</b>	<b>(66,145)</b>	<b>(27,388)</b>	<b>(9,524)</b>	<b>(36,912)</b>	<b>(32,670)</b>	<b>(11,786)</b>	<b>(59,406)</b>	<b>(206,919)</b>	<b>(469,959)</b>	<b>(676,878)</b>

## Balance Sheet

2023/24 Restated £'000	Balance Sheet	Note	2024/25 £'000
1,007,223	Property, Plant & Equipment	22	1,051,468
137,168	Infrastructure	23	137,097
3,376	Heritage Assets	24	3,273
57,580	Investment Property	25	52,310
7,228	Intangible Assets	26	9,077
23,080	Long-term Investments	29	23,347
19,186	Long-term Debtors	34	14,439
<b>1,254,841</b>	<b>Non-Current Assets</b>		<b>1,291,011</b>
125	Assets held for sale		-
204	Financial Assets Held for Sale		186
441	Inventories	31	568
82,467	Short-term Debtors	34	72,733
24,169	Cash and Cash Equivalents	33	33,801
<b>107,406</b>	<b>Current Assets</b>		<b>107,288</b>
(79,518)	Short-term Borrowing	29	(122,182)
(93,159)	Short-Term Creditors	35	(86,914)
(9,234)	Revenue Receipts in Advance	35	(9,785)
(6,256)	Short-Term Provisions	36	(6,101)
(1,325)	PFI Short-Term Liabilities and Deferred Income	42	(2,092)
(28)	Deferred Income		-
<b>(189,520)</b>	<b>Current Liabilities</b>		<b>(227,074)</b>
-	Long-Term Provisions	36	-
(357,485)	Long-Term Borrowing	29	(355,485)
(117,072)	Liability relating to defined benefit pension scheme	44	(62,179)
(20,518)	PFI Long-Term Liabilities and Deferred Income	42	(28,242)
(774)	Other Long Term Liabilities		(972)
<b>(495,849)</b>	<b>Long Term Liabilities</b>		<b>(446,878)</b>
<b>676,878</b>	<b>Net Assets</b>		<b>724,347</b>
(206,919)	Usable Reserves	37	(168,363)
(469,959)	Unusable reserves	38	(555,984)
<b>(676,878)</b>	<b>Total Reserves</b>		<b>(724,347)</b>

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

## Cash Flow Statement

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

2023/24 Restated £'000	Cash Flow	2024/25 Note £'000
53,272	Net (surplus) or deficit on the provision of services	32,707
(71,372)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	45 (71,718)
33,334	Adjustments for items included in the net surplus on the provision of services that are investing and financing activities	45 55,724
<b>15,234</b>	<b>Net cash flows from Operating Activities</b>	<b>16,713</b>
33,819	Investing Activities	46 13,228
(19,015)	Financing Activities	47 (39,573)
<b>30,038</b>	<b>Net (increase) or decrease in cash and cash equivalents</b>	<b>(9,632)</b>
54,207	Cash and cash equivalents at the beginning of the reporting period	24,169
(30,038)	Net increase or (decrease) in cash and cash equivalents	9,632
<b>24,169</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>33 33,801</b>

# Notes to the Statement of Accounts

## Note 1 – Significant Accounting Policies

### i. General Principles

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

The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015 (as amended), which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the Code), supported by International Financial Reporting Standards (IFRS)

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The Statement of Accounts has been prepared on a "going concern" basis.

### ii. Events after the Reporting Period

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

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

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

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

### iii. Accruals of Income and Expenditure

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

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

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

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

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

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

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

iv. **Interest Income & Expense**

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

An interest expense on a qualifying asset can be capitalised.

v. **Exceptional Items**

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

vi. **Cash and Cash Equivalents**

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

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

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

**vii. Council Tax and Non-Domestic Rates**

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

**Accounting for Council Tax and NDR**

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

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

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

**viii. Employee Benefits**

**Benefits Payable during employment**

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

## **Termination Benefits**

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

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

## **Post-Employment Benefits**

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

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

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

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

## **The Local Government Pension Scheme**

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

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

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

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

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

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

Service costs comprising:

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

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

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

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

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

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

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

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

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

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

#### **ix. Financial Instruments**

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

#### **Financial Liabilities**

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

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

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

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

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is deducted from, or added to, the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

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

### **Financial Assets**

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

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

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

#### *Financial Assets measured at amortised cost*

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

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

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

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

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

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

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

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

## **x. Government Grants and Contributions**

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

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

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

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

Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

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

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

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

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

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

**xi. Inventories**

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

## **xii. Interests in Companies and Other Entities**

### **Companies**

The Council has interests in three subsidiary companies, which:

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

### **Schools**

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

## **xiii. Investment Property**

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

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

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

#### xiv. Leases

##### Council as Lessee

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

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

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

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

Lease payments are apportioned between:

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

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

## **Council as Lessor**

### ***Finance Leases***

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

Income from lessees is apportioned between:

- a charge to write down the lease debtor for the acquisition of the leased item; and
- finance income (i.e., interest) which is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

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

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

### **xv. Overhead and support service recharges**

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

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

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

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

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

During the preparation of the 2024/25 accounts, the following updates have been made to the prior period financial statements (as previous reported) to either correct previously reported numbers identified within the prior year financial statements, or to update comparatives to reflect the 2024/25 management reporting structure and better allow comparison between financial years:

Primary Statement	CIES - Reporting Line 2023/24	Value Previously Reported £'000	Note A £'000	Note B £'000	Note C £'000	Note D £'000	Restated Figure £'000
CIES	Communities and Adult Social Care	51,766	1,657				53,423
CIES	Resources	18,463	2,221				20,684
CIES	Chief Executive Services	1,503	186				1,689
CIES	Corporate	(10)	-				(10)
CIES	Children, Education and Early Help Services	65,677	3,799				69,476
CIES	Economic Growth and Neighbourhood Services	50,280	2,796	(1,158)			51,918
CIES	Housing Revenue Account	(1,167)	975				(192)
<b>CIES</b>	<b>Costs of Services</b>	<b>186,512</b>	<b>11,634</b>	<b>(1,158)</b>	-	-	<b>196,988</b>
CIES	Other Operating Expenditure	21,543					21,543
CIES	Financing and Investment Income and Expenditure	22,763		1,158	(340)		23,581
CIES	Taxation and Non-Specific Grant Income	(188,840)					(188,840)
<b>CIES</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>41,978</b>	<b>11,634</b>	-	<b>(340)</b>	-	<b>53,272</b>
CIES	(Surplus) or Deficit on Revaluation of Available for Sale Financial Assets	-			340		340
CIES	Remeasurements of the Net Defined Benefit Liability	(21,623)	(11,634)				(33,257)
CIES	(Surplus) or Deficit on Revaluation of Property, Plant and Equipment	21,717					21,717
<b>CIES</b>	<b>Other Comprehensive Income and Expenditure</b>	<b>94</b>	<b>(11,634)</b>	-	<b>340</b>	-	<b>(11,200)</b>
<b>CIES</b>	<b>Total Comprehensive Income and Expenditure</b>	<b>42,072</b>	-	-	-	-	<b>42,072</b>
<b>MIRS - Reporting Line 2023/24</b>							
MIRS	(Surplus)/Deficit on provision of services	34,168	11,634		(340)	7,810	53,272
MIRS	Other Comprehensive Income and Expenditure	94	(11,634)		340		(11,200)
<b>MIRS</b>	<b>Total Comprehensive Income and Expenditure</b>	<b>34,262</b>	-	-	-	<b>7,810</b>	<b>42,072</b>

- A. **Pension Prepayment (See CIES, MIRS and Notes 7, 8, 38 and 44)** – The Council have reversed an incorrect journal posted during last year relating to pensions contributions. The Council have adjusted the comparatives for the year to 31 March 2024, increasing the cost of services for the year ended 31 March 2024 by £11.634 million (see impact on individual service line in the table above) and increasing the remeasurement of the net defined benefit pension liability in other comprehensive income by an equal amount. There was no impact on the Balance Sheet.
- B. **Reclassification of income and expenditure associated with rental properties (see CIES and Notes 7 and 11)** – The Council have updated comparative numbers to increase Financing and Investment Income and Expenditure by £1.158 million, while decreasing the net cost of Environmental and Neighbourhood services by £1.158 million to reflect the rental income generated from providing Environmental and Neighbourhood services, and to aid future comparability.
- C. **Movement of expenditure associated with the revaluation of financial assets (see CIES, MIRS and Notes 7, 11 and 29)** – The Council have updated the comparative numbers to move the loss on revaluation of financial assets at FVOCI to other comprehensive income. This correction decreases Financing and Investment Income and Expenditure by £0.340 million, while increasing (Surplus)/Deficit on Revaluation of Available for Sale Financial Assets by the same amount.
- D. **Correction of casting error in Movement in Reserves Table (see MIRS)** – There was an arithmetic error of £7.810 million in the movement in reserves table within the prior year accounts, linking to the (Surplus) / deficit per CIES, which has been updated so it ties to the other primary statements as reported.

## xvii. Property, Plant and Equipment

### Recognition

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

### Measurement

#### **Assets are initially valued at cost comprising:**

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

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

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

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

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

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

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

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

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amounts are not materially different from the current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the revaluation reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service, adjusted for depreciation that would have been charged if the loss had not been recognised.

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

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

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

### **Impairment**

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

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

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

### **Depreciation**

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

### **Depreciation is calculated on the following bases:**

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

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

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

### **Disposals**

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

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

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

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

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

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

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

### **Heritage Assets**

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

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

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

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

### **Componentisation**

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

#### ***Significant Component Factors:***

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

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

## xviii. Service Concessions

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

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

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

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

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

## xix. Provisions, Contingent Liabilities and Contingent Assets

### Provisions

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

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

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

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

### **Contingent Liabilities**

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

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

### **Contingent Assets**

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

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

### **xx. Reserves**

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

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

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

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

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

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

**xxii. Value Added Tax (VAT)**

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

**Note 2 – Accounting Standards Issued but Not Yet Adopted**

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

**Note 3 – Critical Judgements in Applying Accounting Policies**

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

There is a high degree of uncertainty regarding future levels of funding for Local Government. The Council's medium term financial strategy assesses the ongoing pressures from reduced funding and increased demand for services, which are mitigated by further savings and use of reserves. The Council takes the

view that this uncertainty is not yet sufficient indication that the value of the Council's assets might need to be impaired due to reduced levels of service provision or the need to close associated facilities.

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

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

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

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

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

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

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

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

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

### Property, Plant and Equipment

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

### Valuation of HRA dwellings

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

### Pension Liability

Estimation of the net liability to pay pensions depends on complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates, and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about these assumptions and judgments and has provided the sensitivity analysis shown below for 2024/25:

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

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

### **Arrears**

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

### **Service Concessions**

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

### **Business ratepayer appeals**

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

## **Note 5 – Material Items of Income and Expense**

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

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

## **Note 6 – Events After the Reporting Period**

Events taking place after 30 June 2025 are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2025, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

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

## Note 7 – Expenditure and Funding Analysis

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

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

2023/24 Restated				2024/25		
Net Expenditure Chargeable to the GF and HRA Balances	Adjustments	Net Expenditure in the CIES		Net Expenditure Chargeable to the GF and HRA Balances	Adjustments	Net Expenditure in the CIES
£'000	£'000	£'000		£'000	£'000	£'000
54,444	(1,021)	53,423	Communities and Adult Social Care	61,664	(671)	60,994
23,496	(2,812)	20,684	Resources	23,777	(1,157)	22,620
1,933	(244)	1,689	Chief Executive Services	1,559	(89)	1,470
5,119	(5,129)	(10)	Corporate	5,317	(13,062)	(7,745)
70,934	(1,458)	69,476	Children, Education and Early Help Services	82,003	6,979	88,982
28,061	23,857	51,918	Economic Growth and Neighbourhood Services	26,984	30,264	57,248
7,636	(7,828)	(192)	Housing Revenue Account	3,900	(1,578)	2,322
<b>191,623</b>	<b>5,365</b>	<b>196,988</b>	<b>Cost of Services</b>	<b>205,204</b>	<b>20,686</b>	<b>225,891</b>
(165,135)	21,419	(143,716)	Other Income and Expenditure	(169,288)	(23,896)	(193,184)
<b>26,488</b>	<b>26,784</b>	<b>53,272</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>35,916</b>	<b>(3,210)</b>	<b>32,707</b>
		<b>(123,603)</b>	<b>Opening General Fund and HRA Balances as at 1 April</b>			<b>(103,057)</b>
		(5,942)	Movement on DSG deficit to Unusable Reserves			(15,499)
		26,488	Transfer from Capital Grants Unapplied to Earmarked Reserve			
			(Surplus) or Deficit on Provision of Services (Statutory Basis)			35,916
		<b>(103,057)</b>	<b>Closing General Fund and HRA Balances as at 31 March</b>			<b>(82,640)</b>

**Please Note:** This table and all others within this document are subject to some rounding of figures. Where necessary some previous year figures may have been restated to match 2024/25 reporting structure

## Note 7a – Note to the Expenditure and Funding Analysis

2023/24 Restated					2024/25					
Capital Statutory Adjustments	Net Pension Statutory Adjustments	Salary Accruals	Other Adjustments	Total Adjustments		Capital Statutory Adjustments	Net Pension Statutory Adjustments	Salary Accruals	Other Adjustments	Total Adjustments
£'000	£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000	£'000
517	(2,241)	11	693	(1,021)	Communities and Adult Social Care	513	(1,136)	24	(72)	(671)
211	(3,038)	15	-	(2,812)	Resources	362	(1,484)	23	(58)	(1,157)
-	(241)	(3)	-	(244)	Chief Executive Services	-	(88)	(1)	-	(89)
(9,282)	10,889	-	(6,737)	(5,129)	Corporate	(6,236)	(552)	-	(6,274)	(13,062)
3,682	(5,197)	58	-	(1,458)	Children, Education and Early Help Services	8,308	(1,357)	2	26	6,979
24,012	(3,721)	27	3,537	23,857	Economic Growth and Neighbourhood Services	27,473	(1,725)	13	4,503	30,264
(1,518)	(1,424)	2	(4,888)	(7,828)	Housing Revenue Account	7,456	(685)	(1)	(8,348)	(1,578)
<b>17,623</b>	<b>(4,973)</b>	<b>110</b>	<b>(7,396)</b>	<b>5,365</b>	<b>Net Cost of Services</b>	<b>37,876</b>	<b>(7,027)</b>	<b>60</b>	<b>(10,223)</b>	<b>20,686</b>
21,406	-	-	137	21,543	Other Operating Expenditure	1,931	-	-	140	2,071
8,917	6,934	-	7,732	23,583	Financing and investment income	5,270	4,140	-	10,144	19,554
(28,914)	-	-	5,208	(23,707)	Taxation and non - specific grants	(47,655)	-	-	2,134	(45,521)
<b>19,032</b>	<b>1,961</b>	<b>110</b>	<b>5,681</b>	<b>26,784</b>	<b>Difference between GF/HRA (surplus)/ deficit and CIES (surplus) /deficit</b>	<b>(2,578)</b>	<b>(2,887)</b>	<b>60</b>	<b>2,195</b>	<b>(3,210)</b>

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

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

## **Net Change for the Pensions Adjustments**

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

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

## **Net Change for Salary Adjustments**

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

## **Other Differences**

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

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

## Note 7b – Segmental Analysis of Income

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

Segmental income	Total Income per CIES £'000	Less Grants in Note 21 £'000	Net Income £'000
Communities and Adult Social Care	(69,506)	(24,269)	(45,237)
Resources	(26,210)	(4,749)	(21,460)
Chief Executive Services	(425)	-	(425)
Corporate	(50,835)	(50,447)	(388)
Children, Education and Early Help Services	(120,671)	(119,818)	(853)
Economic Growth and Neighbourhood Services	(42,973)	(5,259)	(37,714)
Housing Revenue Account	(50,504)	(4,036)	(46,468)
	<b>(361,124)</b>	<b>(208,578)</b>	<b>(152,545)</b>

## Note 7c – Expenditure and Income Analysed by Nature

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

2023/24 Restated £'000	Nature of Expenditure or Income	2024/25 £'000
143,925	Council employees	151,941
11,396	Voluntary Aided Schools	13,444
<b>155,321</b>	<b>Sub total</b>	<b>165,385</b>
39,745	Depreciation, amortisation, impairment	54,504
22,939	Interest payments	25,439
354,371	Other service expenses	372,536
36,371	Business Rates Tariff	37,642
21,406	Net Loss on Asset Disposals	1,927
-	Payments to Housing Capital Receipts Pool	4
<b>630,153</b>	<b>Total Expenditure</b>	<b>657,437</b>
(155,698)	Revenue from external customers and other service income	(152,545)
(516)	Interest and investment income	(11,147)
(175,695)	Income from Council Tax and NDR	(184,722)
(244,972)	Government grants and contributions	(276,316)
-	Net Gain on Asset Disposals	-
<b>(576,880)</b>	<b>Total Income</b>	<b>(624,730)</b>
<b>53,272</b>	<b>(Surplus) or Deficit for Year</b>	<b>32,707</b>

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

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

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

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

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

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

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

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

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

2024/25	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000
<b>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</b>						
Pension cost (transferred to (or from) the Pensions Reserve)	(2,839)	(128)	-	-	-	2,967
Pensions Prepayment from prior year transferred from Pensions Reserve	5,187	665	-	-	-	(5,852)
Council tax and NDR (transfers to or from the Collection Fund)	(2,185)	-	-	-	-	2,185
Holiday pay (transferred to the Accumulated Absences reserve)	(61)	1	-	-	-	60
Charges for depreciation and impairment of non-current assets	(24,896)	(21,717)	-	-	-	46,613
Movements in the market value of investment properties	(5,270)	-	-	-	-	5,270
Amortisation of intangible assets	(2,620)	-	-	-	-	2,620
Revenue expenditure funded from capital under statute	(13,588)	-	-	-	-	13,588
Amounts of non-current assets write off on disposal or sale as part of the gain/loss on disposal	(7,055)	(2,941)	-	-	-	9,995
Capital grants and contributions unapplied	47,655	-	-	-	(47,655)	-
First time recognition of IFRS 16	311	-	-	-	-	(311)
<b>Total Adjustments to Revenue Resources</b>	<b>(5,361)</b>	<b>(24,120)</b>	<b>-</b>	<b>-</b>	<b>(47,655)</b>	<b>77,136</b>
<b>Adjustments between Revenue and Capital Resources</b>						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	3,966	4,103	(8,069)	-	-	-
Posting of Housing Revenue Account resource from revenue to the Major Repairs Reserve	-	12,770	-	(12,770)	-	-
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	10,153	1,485	-	-	-	(11,638)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	69	158	-	-	-	(227)
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>14,188</b>	<b>18,516</b>	<b>(8,069)</b>	<b>(12,770)</b>	<b>-</b>	<b>(11,865)</b>
<b>Adjustments to Capital Resources</b>						
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	7,281	-	-	(7,281)
Capital receipts not linked to sales	-	-	16,900	-	-	(16,900)
Capital receipts pooling	(4)	-	4	-	-	-
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	-	13,116	-	(13,116)
Application of capital grants to finance capital expenditure	-	-	-	-	49,614	(49,614)
Cash payments in relation to deferred capital receipts	-	-	(292)	-	-	292
<b>Total Adjustments to Capital Resources</b>	<b>(4)</b>	<b>-</b>	<b>23,893</b>	<b>13,116</b>	<b>49,614</b>	<b>(86,619)</b>
<b>Total Adjustments</b>	<b>8,823</b>	<b>(5,604)</b>	<b>15,824</b>	<b>346</b>	<b>1,959</b>	<b>(21,348)</b>

2023/24 Restated	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000
<b>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</b>						
Pension cost (transferred to (or from) the Pensions Reserve)	8,873	800	-	-	-	(9,673)
Pensions Prepayment for future years transferred to Pensions Reserve	(10,660)	(975)	-	-	-	11,635
Council tax and NDR (transfers to or from the Collection Fund)	(5,683)	-	-	-	-	5,683
Holiday pay (transferred to the Accumulated Absences reserve)	(108)	(2)	-	-	-	110
Charges for depreciation and impairment of non-current assets	(22,748)	(14,888)	-	-	-	37,636
Movements in the market value of investment properties	(8,917)	-	-	-	-	8,917
Amortisation of intangible assets	(2,108)	-	-	-	-	2,108
Revenue expenditure funded from capital under statute	(8,838)	-	-	-	-	8,838
Amounts of non-current assets write off on disposal or sale as part of the gain/loss on disposal	(24,934)	(892)	-	-	-	25,826
Capital grants and contributions unapplied	28,914	-	-	-	(28,914)	-
<b>Total Adjustments to Revenue Resources</b>	<b>(46,209)</b>	<b>(15,957)</b>	<b>-</b>	<b>-</b>	<b>(28,914)</b>	<b>91,080</b>
<b>Adjustments between Revenue and Capital Resources</b>						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	2,681	1,739	(4,420)	-	-	-
Posting of Housing Revenue Account resource from revenue to the Major Repairs Reserve	-	14,892	-	(14,892)	-	-
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	9,010	764	-	-	-	(9,774)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	5,545	750	-	-	-	(6,295)
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>17,236</b>	<b>18,145</b>	<b>(4,420)</b>	<b>(14,892)</b>	<b>-</b>	<b>(16,069)</b>
<b>Adjustments to Capital Resources</b>						
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	5,079	-	-	(5,079)
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	-	11,855	-	(11,855)
Application of capital grants to finance capital expenditure	-	-	-	-	31,212	(31,212)
Cash payments in relation to deferred capital receipts	-	-	(1,744)	-	-	1,744
<b>Total Adjustments to Capital Resources</b>	<b>-</b>	<b>-</b>	<b>3,335</b>	<b>11,855</b>	<b>31,212</b>	<b>(46,402)</b>
<b>Total Adjustments</b>	<b>(28,973)</b>	<b>2,188</b>	<b>(1,086)</b>	<b>(3,037)</b>	<b>2,298</b>	<b>28,610</b>

## Note 9 – Transfers to/from Earmarked Reserves

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

	Balance at 31 March 2023 Restated £'000	Transfers Out £'000	Transfers In £'000	Balance at 31 March 2024 £'000	Transfers Out £'000	Transfers In £'000	Balance at 31 March 2025 £'000
<b>General Fund Reserves:</b>							
Emergency Planning Reserve	(1,308)	308	-	(1,000)	51	-	(949)
Communications Reserve	(200)	74	-	(126)	20	-	(106)
Housing Benefit Subsidy Loss Reserve	(625)	625	-	-	-	-	-
Public Health Reserve	(1,067)	-	(452)	(1,519)	-	(178)	(1,697)
Schools Deficit Liability Reserve	(1,004)	-	(297)	(1,301)	-	-	(1,301)
Climate Change Reserve	(226)	4	-	(222)	68	-	(153)
Legal & Taxation Reserve	(1,360)	1,442	(308)	(226)	162	(290)	(354)
Commercial Property Liabilities Reserve	(2,800)	24	-	(2,776)	808	-	(1,968)
Revenue Grants Unapplied Reserve	(17,547)	8,086	(1,999)	(11,459)	4,992	(666)	(7,133)
Self Insurance Reserve	(3,198)	578	(562)	(3,182)	698	(562)	(3,046)
IT & Digital Reserve	(2,591)	-	-	(2,591)	2,591	-	-
Cyber Security Risk Reserve	-	-	-	-	532	(2,591)	(2,059)
Transformation Reserve	(6,584)	5,034	-	(1,551)	702	(300)	(1,149)
Capital Financing Smoothing Reserve	(9,678)	7,444	(4,488)	(6,722)	6,722	-	-
Redundancy Reserve	(345)	104	-	(241)	241	-	-
Demographic & Cost-Led Pressures Reserve	(2,000)	-	(3,000)	(5,000)	5,000	-	-
Abortive Capital Costs Reserve	(825)	724	-	(101)	10	-	(91)
Collection Fund Smoothing Reserve	(2,780)	14	(792)	(3,557)	2,884	(2,092)	(2,765)
Better Care Fund Reserve	(1,820)	750	(806)	(1,877)	466	-	(1,411)
Joint Legal Team Reserve	(126)	126	-	-	-	(408)	(408)
Financial Resilience Reserve	(10,114)	6,099	(4,221)	(8,236)	4,047	(7,323)	(11,511)
DEGNS Strategic Reserve	(155)	155	-	-	-	-	-
Archives Projects Reserve	(9)	81	(72)	-	-	-	-
Energy Reserve	(1,287)	787	-	(500)	500	-	-
Ministry of Justice Liability Order Reserve	(119)	-	-	(119)	119	-	-
Pay & Inflation Reserve	-	1,000	(4,000)	(3,000)	1,330	-	(1,670)
Health & Safety Reserve	(71)	-	-	(71)	42	-	(29)
Project Management Office Reserve	(210)	47	-	(163)	-	-	(163)
Hardship Fund	(500)	67	-	(433)	86	-	(347)
Schools	(1,585)	979	(1,174)	(1,780)	1,666	(1,234)	(1,348)
Elections Reserve	-	-	-	-	-	(41)	(41)
Pooled Investment Fund Reserve	-	-	-	-	-	(1,200)	(1,200)
<b>Total General Fund</b>	<b>(70,132)</b>	<b>34,552</b>	<b>(22,170)</b>	<b>(57,751)</b>	<b>33,737</b>	<b>(16,885)</b>	<b>(40,898)</b>
<b>Housing Revenue Account Reserves:</b>							
North Whitley PFI	(9,916)	392	-	(9,524)	933	-	(8,591)
<b>Total Housing Revenue Account</b>	<b>(9,916)</b>	<b>392</b>	<b>-</b>	<b>(9,524)</b>	<b>933</b>	<b>-</b>	<b>(8,591)</b>
<b>Total Earmarked Reserves</b>	<b>(80,048)</b>	<b>34,944</b>	<b>(22,170)</b>	<b>(67,275)</b>	<b>34,670</b>	<b>(16,885)</b>	<b>(49,490)</b>

The Council holds these Reserves for the following purposes:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Note 10 – Other Operating Expenditure

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

## Note 11 – Financing and Investment Income and Expenditure

2023/24 Restated £'000		2024/25 £'000
16,005	Interest payable and similar charges	19,342
6,934	Net interest on the net defined benefit liability (asset)	4,140
(3,246)	Interest receivable and similar income	(4,214)
(5,027)	Income and expenditure in relation to investment properties	(4,475)
8,917	Changes in the fair value of Investment Properties	5,270
-	RTL Dividend	(500)
<b>23,581</b>	<b>Total</b>	<b>19,563</b>

## Note 12 – Taxation and Non-Specific Grant Income

2023/24 £'000		2024/25 £'000
(110,996)	Council Tax Income	(117,587)
(64,698)	Non-Domestic rates income	(67,135)
36,371	Non-Domestic Rates Tariff and Levy	37,642
(20,603)	Non-Ringfenced Government Grants	(20,083)
(28,914)	Capital Grants and Contributions	(47,655)
<b>(188,840)</b>	<b>Total</b>	<b>(214,818)</b>

## Note 13 – Officers’ Remuneration

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

### 2024/25 Senior Officers' Remuneration

2024/25	Post Holder Information	Salary, fees and allowances* (£)	Expenses allowances (£)	Compensation for loss of office (£)	Total remuneration (£)	Employer's pension contributions (£)	Total remuneration including pension contributions (£)
	Chief Executive (Jackie Yates)	182,391	-	-	<b>182,391</b>	29,547	<b>211,938</b>
	Director of Finance (S151 Officer)	129,836	-	-	<b>129,836</b>	21,033	<b>150,869</b>
	Executive Director of Communities & Adult Social Care Services	150,021	-	-	<b>150,021</b>	24,303	<b>174,324</b>
	Executive Director Of Resources	149,766	-	-	<b>149,766</b>	24,262	<b>174,028</b>
	Executive Director for Economic Growth & Neighbourhood Services 1*	131,703	-	-	<b>131,703</b>	21,336	<b>153,039</b>
	Interim Director of Public Health Berkshire West 2*	53,459	-	-	<b>53,459</b>	-	<b>53,459</b>
	Director of Public Health Berkshire West 3*	94,516	-	-	<b>94,516</b>	15,312	<b>109,828</b>
	Executive Director of Children's Services	133,945	-	-	<b>133,945</b>	21,699	<b>155,644</b>
	Assistant Director of Legal & Democratic Services (Monitoring Officer) 4*	114,967	-	-	<b>114,967</b>	18,625	<b>133,592</b>
		<b>1,140,604</b>	-	-	<b>1,140,604</b>	<b>176,117</b>	<b>1,316,721</b>

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

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

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

3\* Started the role on 01/07/2024

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

## 2023/24 Senior Officers' Remuneration

2023/24	Post Holder Information	Salary, fees and allowances* (£)	Expenses allowances (£)	Compensation for loss of office (£)	Total remuneration (£)	Employer's pension contributions (£)	Total remuneration including pension contributions (£)
	Chief Executive (Jackie Yates)	177,942	-	-	<b>177,942</b>	28,827	<b>206,769</b>
	Director of Finance (S151 Officer)	127,255	-	-	<b>127,255</b>	20,615	<b>147,870</b>
	Executive Director of Communities & Adult Social Care Services	135,985	-	-	<b>135,985</b>	22,030	<b>158,015</b>
	Executive Director Of Resources	146,423	-	-	<b>146,423</b>	23,721	<b>170,144</b>
	Executive Director for Economic Growth & Neighbourhood Services 1*	23,345	-	-	<b>23,345</b>	3,703	<b>27,048</b>
	Acting Executive Director for Economic Growth & Neighbourhood Services 2*	34,216	-	-	<b>34,216</b>	5,575	<b>39,791</b>
	Executive Director for Economic Growth & Neighbourhood Services 3*	76,878	-	61,010	<b>137,888</b>	11,726	<b>149,614</b>
	Interim Director of Public Health Berkshire West 4*	220,589	-	-	<b>220,589</b>	-	<b>220,589</b>
	Executive Director of Children's Services	127,386	-	-	<b>127,386</b>	20,637	<b>148,023</b>
	Assistant Director of Legal & Democratic Services (Monitoring Officer) 5*	102,458	-	-	<b>102,458</b>	16,598	<b>119,056</b>
		<b>1,172,477</b>	-	<b>61,010</b>	<b>1,233,487</b>	<b>153,432</b>	<b>1,386,919</b>

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

1\* Left the role on 04/06/2023

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

3\* Started 4/9/2023 & left role on 01/03/2024

4\* Started the role on 17/04/23 but on an Agency Contract

5\* The Assistant Director of Legal & Democratic Services is also the Returning Officer and their salary includes £5,032 for this role

## 50k Banding

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

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

## Note 14 – Exit Packages

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band (£)	
	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25
£0 - £20,000	-	-	18	23	18	23	95,628	112,762
£20,001 - £40,000	-	-	2	4	2	4	45,893	117,802
£40,001 - £60,000	-	-	-	-	-	-	-	-
£60,001 - £80,000	-	-	1	-	1	-	61,010	-
£80,001 - £100,000	-	-	-	-	-	-	-	-
£100,001 - £150,000	-	-	-	-	-	-	-	-
£150,001 - £200,000	-	-	-	-	-	-	-	-
£200,001 - £250,000	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	<b>21</b>	<b>27</b>	<b>21</b>	<b>27</b>	<b>202,531</b>	<b>230,564</b>
Add: Amounts provided for in CIES not included in bandings							-	-
<b>Total cost included in CIES</b>							<b>202,531</b>	<b>230,564</b>

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

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

## Note 15 – Members’ Allowances

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

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

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

2023/24 £'000		2024/25 £'000
444	Basic Allowances	458
171	Special Responsibility Allowance	177
2	Travelling and Subsistence Allowance	1
3	Co-optees' Allowance	1
<b>620</b>		<b>637</b>

## Note 16 – Related Parties

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

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

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

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

Three Members sit on the Board of Readibus. This Charity has been established to provide a Scheme for the transportation of elderly and temporarily or permanently disabled people within Reading and the surrounding district. The Council is the major grant funding body for Readibus. In total during 2024/25, the Council incurred costs of £650k (2023/24: £655k) with Readibus.

### **Transactions with Central Government**

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

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

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

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

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

## Note 17 – External Audit Costs

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

2023/24 £'000		2024/25 £'000
	<b>Certification of grant claims and returns for the following years</b>	
56	Financial Year 2021-22	51
92	Financial Year 2022-23	(22)
98	Financial Year 2023-24	(25)
-	Financial Year 2024-25	73
	<b>Certification of Pooling Returns for the following years</b>	
-	Financial Years 2017-18 to 2023-24	73
-	Financial Year 2024-25	7
	<b>Fees payable in regard to external audit services for the following years</b>	
290	Financial Year 2019-20	-
290	Financial Year 2020-21	(76)
42	Financial Year 2021-22	-
42	Financial Year 2022-23	-
222	Financial Year 2023-24	34
-	Financial Year 2024-25	335
<b>1,132</b>	<b>Total</b>	<b>450</b>

## Note 18 – Trading Operations

The Council operates a trading account for the service below:

### Building Control - Trading Account

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

2023/24		2024/25
£'000		£'000
(255)	Turnover	(249)
414	Expenditure	461
<b>159</b>	<b>(Surplus)/Deficit</b>	<b>212</b>

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

## Note 19 – Pooled Budgets

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

### 1) Berkshire Community Equipment Stores

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

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

## 2) Better Care Fund

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

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

### Note 20 – Dedicated Schools Grant

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

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

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

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

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

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

2024/25	Central Expenditure £'000	Individual Schools Budget £'000	Total £'000
Final DSG for 2024/25 before Academy recoupment			(181,011)
Academy figure recouped for 2024/25			76,128
<b>Total DSG after Academy recoupment for 2024/25</b>			<b>(104,883)</b>
Plus: Brought forward from 2023/24			-
Less: Carry forward to 2025/26 agreed in advance			-
<b>Agreed initial budgeted distribution in 2024/25</b>	<b>(22,824)</b>	<b>(82,058)</b>	<b>(104,882)</b>
In year adjustments	-	(151)	(151)
<b>Final budgeted distribution for 2024/25</b>	<b>(22,824)</b>	<b>(82,209)</b>	<b>(105,033)</b>
Less: Actual central expenditure	38,773		38,773
Less: Actual ISB deployed to schools		81,759	81,759
Plus: Local Authority contribution for 2024/25	-	-	-
<b>In-year Carry-forward to 2025/26</b>	<b>15,949</b>	<b>(450)</b>	<b>15,499</b>
DSG deficit within Unusable Reserves at the end of 2023/24			9,404
Addition to DSG deficit within Unusable Reserves at the end of 2024/25			15,499
Total of DSG deficit within Unusable Reserves at the end of 2024/25			24,903
<b>New DSG position at the end of 2024/25</b>			<b>24,903</b>

## Note 21 – Grant Income

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

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

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

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

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

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

2023/24 £'000	Credited to Taxation and Non Specific Grant Income	2024/25 £'000
(14,674)	Business Rates Reliefs	(14,666)
(2,487)	Revenue Support Grant	(2,652)
(1,453)	New Homes Bonus	(1,255)
-	Funding Guarantee Grant	(979)
(1,241)	Services Grant	(214)
(307)	Other Non Specific Revenue Grants	(318)
(4,143)	Capital Grants*	(5,866)
(24,772)	Capital Contributions (including CIL and S106 monies)*	(41,789)
<b>(49,076)</b>	<b>Total</b>	<b>(67,738)</b>

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

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

## Note 22 – Property, Plant and Equipment

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

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

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

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

### Revaluations

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

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

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

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

For DRC Valuations:

Assessments are modelled on the core build cost derived from BCIS that is relevant to property type

Contingency of 5% and Professional Fees of 12.5% applied

For Valuations using MEA:

The MEA is adopted when the actual area is lower

The actual area is adopted where the MEA is larger

MEA based on DFE guidance per pupil per m<sup>2</sup>

For Valuations based on Comparable/Capitalised rent:

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

Net Initial Yields excludes acquisition costs

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

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

Cap Adj running yield is based on cumulative capital invested

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

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

	Council Dwellings NBV £'000	Other Land & Buildings NBV £'000	Vehicles, Plant & Equipment NBV £'000	Surplus Assets NBV £'000	Total NBV £'000
Carried at Historical Cost	-	-	16,663	-	16,663
Carried at Present Value (IFRS16 RoU Assets)	-	530	49	-	579
Valued at Current Value as at:					
Prior to 31 March 2021	-	281	-	-	281
31 March 2021	-	35,030	841	-	35,871
31 March 2022	-	57,075	-	-	57,075
31 March 2023	-	52,387	-	-	52,387
31 March 2024	-	128,420	-	-	128,420
31 March 2025	567,149	96,253	-	22,609	686,011
	<b>567,149</b>	<b>369,976</b>	<b>17,553</b>	<b>22,609</b>	<b>977,287</b>

All asset valuations were carried out by Sanderson Weatherall LLP.

## Property, Plant and Equipment 2024/25

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

## Property, Plant and Equipment 2023/24

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

## Note 23 – Infrastructure Assets

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

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

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

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

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

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

## Note 24 – Heritage Assets

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

Heritage assets include:

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

## Note 25 – Investment Properties

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

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

2023/24		2024/25
£'000		£'000
67,775	Opening balance	57,580
(1,278)	Transfers Out	-
(8,917)	Net gains / (losses) from fair value adjustments	(5,270)
<b>57,580</b>	<b>Closing balance</b>	<b>52,310</b>

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

## Note 26 – Intangible Assets

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

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

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

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

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

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

## Note 27 – Capital Commitments

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

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

## Note 28 – Capital Expenditure and Capital Financing

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

2023/24 £'000		2024/25 £'000
<b>615,614</b>	<b>Opening Capital Finance Requirement</b>	<b>628,515</b>
	O/B Adjustment re IFRS 16 Liability Remeasurements	11,265
	<b>Opening Capital Finance Requirement</b>	<b>639,780</b>
	<b>Capital investment:</b>	
65,836	Property, plant and equipment and Infrastructure	69,235
-	Investment property	-
2,422	Intangible assets	2,158
8,839	Revenue Expenditure Funded through Capital Under Statute	13,588
19	Heritage assets	8
-	Long term debtor	-
-	Long term investment	-
<u>77,116</u>		<u>84,989</u>
	<b>Sources of finance:</b>	
(3,334)	Capital receipts	(6,989)
(31,212)	Government grants and other contributions	(49,614)
(6,296)	Sums set aside from revenue	(227)
(11,855)	Major Repairs Reserve	(13,116)
(1,744)	Application of capital receipts to reduce debt	(5,920)
<u>(54,441)</u>		<u>(75,866)</u>
(9,774)	Minimum Revenue Provision	(11,638)
<b>628,515</b>	<b>Closing Capital Finance Requirement</b>	<b>637,265</b>
2023/24 £'000		2024/25 £'000
	<b>Movements in year:</b>	
24,419	Increase in underlying need to borrow (unsupported by Government financial assistance)	15,043
-	Assets acquired under finance leases	-
-	Assets acquired under PFI contracts/Remeasured PFI Liabilities	-
(1,744)	Capital receipts applied to reduce existing Capital Financing Requirement	(5,920)
-	Revenue reserves applied to reduce existing Capital Financing Requirement	-
(8,585)	Statutory provision for repayment of debt (Minimum Revenue Provision)	(9,436)
(1,189)	Statutory provision for PFI and finance lease debt (Minimum Revenue Provision)	(1,827)
-	Statutory provision for Right of Use asset debt (Minimum Revenue Provision)	(375)
<b>12,901</b>	<b>Increase/(decrease) in Capital Finance Requirement</b>	<b>(2,515)</b>

## Note 29 – Financial Instruments

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

2023/24			2024/25	
Non-current £'000	Current £'000		Non-current £'000	Current £'000
<b>Financial Assets</b>				
<b>Fair value through profit and loss</b>				
13,895	-	Investments	14,162	-
-	13,585	Cash and cash equivalents	-	33,820
9,125	-	Investments in subsidiaries	9,125	-
60	-	Investment in Energy Company	60	-
<b>Amortised cost</b>				
19,186	29,517	Debtors	14,438	19,511
	10,584	Cash and cash equivalents		(19)
Designated as fair value through other comprehensive income				
<b>42,266</b>	<b>53,686</b>	<b>Total Financial Assets</b>	<b>37,786</b>	<b>53,312</b>
<b>Financial Liabilities</b>				
<b>Amortised cost</b>				
(357,485)	(79,518)	Loans outstanding	(355,485)	(122,182)
(20,518)	(1,325)	PFI lease liability	(28,242)	(2,092)
-	(33,678)	Creditors	-	(30,166)
		Bank overdraft		
Designated as fair value through other comprehensive income				
<b>(378,002)</b>	<b>(114,521)</b>	<b>Total Financial Liabilities</b>	<b>(383,727)</b>	<b>(154,440)</b>

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

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

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

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

## Income, Expense, Gains and Losses

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

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

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

## Note 30 – Fair Value

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

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

### Sensitivity of assets valued at level 3

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

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

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

### Fair value hierarchy

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

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

### Transfers between level 1 and 2

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

### Reconciliation of fair values within Level 3

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

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

### Note 31 – Inventories

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

	Balance at 1 April 2024	Movement in 2024/25	Balance at 31 March 2025
	£'000	£'000	£'000
Refuse bins	130	(38)	<b>92</b>
Building Maintenance Stocks	186	123	<b>309</b>
Other	125	42	<b>167</b>
<b>Total</b>	<b>441</b>	<b>127</b>	<b>568</b>

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

### Overall procedures for managing risk

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

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

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

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

### Credit Risk

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

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

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

## Credit Risk - Treasury Investments

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

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

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

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

### Credit and Counterparty Risk – Trade Debtors

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

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

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

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

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

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

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

### Credit risk - long-term debtors

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

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

## Liquidity risk

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

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

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

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

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

## Market Risks

### Interest rate risk

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

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

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

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

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

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

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

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

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

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

### Note 33 – Cash and Cash Equivalents

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

## Note 34 – Debtors

### Long Term Debtors

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

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

### Short Term Debtors

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

31 March 2024 Restated £'000		31 March 2025 £'000
	<b>Government Bodies</b>	
8,707	HMRC	4,182
5,088	Other Central Government	6,357
7,277	Other Local Authorities	3,112
1,831	NHS Bodies	972
15	Public Corporations	5
	<b>Other Entities and Individuals</b>	
1,852	Business Rates payers	2,178
6,263	Council Tax payers	6,474
1,630	Housing Benefits Overpayments	1,607
2,319	Housing	2,699
20,077	Group Subsidiaries	28,339
27,408	Other Sundry Debtors	16,808
<b>82,467</b>	<b>Total Debtors</b>	<b>72,733</b>

31 March 2024 Restated £'000		31 March 2025 £'000
	<b>Other Entities and Individuals</b>	
(4,374)	Business Rates payers	(4,272)
(15,185)	Council Tax payers	(16,713)
(3,636)	Housing Benefits Overpayments	(3,058)
(3,467)	Housing	(3,921)
(8,852)	Other Sundry Debtors	(9,413)
<b>(35,514)</b>	<b>Total Impairment Allowance</b>	<b>(37,377)</b>

### Note 35 – Creditors

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

Restated 2023/24 £'000		2024/25 £'000
	<b>Government Bodies</b>	
(2,925)	HMRC – PAYE and NI	(3,279)
(18,021)	Other	(14,958)
(604)	Other Local Authorities	(677)
(1,120)	NHS Bodies	(248)
	<b>Other Entities and Individuals</b>	
(21,042)	Group Subsidiaries	(19,644)
(6,656)	Business Rates payers	(8,064)
(3,928)	Council Tax payers	(3,710)
(2,032)	Accumulated Absences	(2,092)
(36,829)	Other creditors	(34,242)
<b>(93,159)</b>	<b>Total</b>	<b>(86,914)</b>
(9,234)	<b>Receipts in Advance</b>	(9,785)
<b>(102,394)</b>	<b>Total</b>	<b>(96,699)</b>

## Note 36 – Provisions

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

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

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

## Note 37 – Usable Reserves

The Usable Reserves of the Council are as follows:

31 March 2024		31 March 2025
£'000		£'000
(8,394)	General Fund (GF)	(8,905)
(27,388)	Housing Revenue Account (HRA)	(24,245)
(9,524)	HRA Earmarked Reserves	(8,591)
(57,751)	GF - Earmarked Reserves	(40,899)
(11,786)	Major Repairs Reserve	(11,440)
(59,406)	Capital Grants Unapplied	(57,437)
(32,670)	Capital Receipts Reserve	(16,846)
<b>(206,919)</b>	<b>Total</b>	<b>(168,363)</b>

## Major Repairs Reserve (HRA)

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

*\*Table is subject to rounding*

## Capital Grants Unapplied

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

## Capital Receipts Reserve

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

### Note 38 – Unusable Reserves

The Unusable Reserves of the Council are as follows:

31 March 2024 Restated £'000		31 March 2025 £'000
(228,452)	Revaluation Reserve	(245,272)
(383,573)	Capital Adjustment Account	(409,799)
128,707	Pension Reserve	67,961
(1,504)	Deferred Capital Receipts Reserve	(1,213)
2,257	Collection Fund Adjustment Account	4,441
2,032	Accumulated Absences Account	2,092
1,105	Pooled Fund Adjustment Account	838
64	Financial Instrument Revaluation Reserve	64
9,405	Dedicated Schools Grant	24,904
<b>(469,959)</b>	<b>Total</b>	<b>(555,984)</b>

## Revaluation Reserve

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

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

The balance is reduced when assets with accumulated gains are:

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

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

## Capital Adjustment Account

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

2023/24 £'000		2024/25 £'000
(395,855)	Balance at 1 April	(383,573)
-	Opening Balance Adjustment re IFRS16 for First time Recognition of Leased In Assets at Peppercorn Rent (Donated Assets)	(311)
<b>(395,855)</b>		<b>(383,884)</b>
37,637	Charges for depreciation and impairment of non-current assets	46,614
-	Reversal of impairment of subsidiary holding	-
2,108	Amortisation of intangible assets	2,620
8,839	Revenue expenditure funded from capital under statute	13,588
25,826	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	9,996
<b>74,410</b>	<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</b>	<b>72,818</b>
(6,829)	Adjusting Amounts written out of the Revaluations Reserve	(5,228)
<b>67,581</b>	<b>Net written out amount of the cost of non-current assets consumed in year</b>	<b>67,590</b>
(3,334)	Use of Capital Receipts Reserve to finance new capital expenditure	(6,989)
(11,855)	Use of the Major repairs reserve	(13,116)
(31,212)	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement which have been applied to capital expenditure	(49,614)
(9,774)	Statutory provision for the financing of capital investment charged against the General Fund and HRA balance	(11,638)
(6,296)	Capital expenditure charged against the General Fund and HRA balances	(227)
<b>(62,472)</b>	<b>Capital financing applied in year:</b>	<b>(81,584)</b>
8,917	Movement in the fair value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	5,270
(1,744)	Other Movements	(17,191)
<b>(383,573)</b>	<b>Balance at 31 March</b>	<b>(409,799)</b>

## Pension Reserve

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

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

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

2023/24 £'000	Pensions Reserve and Liabilities Recognised in the Balance Sheet	2024/25 £'000
<b>128,707</b>	<b>Balance on the Pension Reserve for LGPS</b>	<b>67,961</b>
(5,853)	2024/25 Upfront payment	-
(5,782)	2025/26 Upfront payment	(5,782)
<b>117,072</b>	<b>Balance on the net pensions liability for LGPS</b>	<b>62,179</b>

## Deferred Capital Receipts Reserve

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

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

## Collection Fund Adjustment Account

2023/24 £'000		2024/25 £'000
(3,427)	<b>Balance at 1 April</b>	2,257
5,684	Expenditure Statement is different from amounts calculated for the year in accordance with statutory requirements	2,184
<b>2,257</b>	<b>Balance at 31 March</b>	<b>4,441</b>

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

### Accumulated Absences Account

2023/24 £'000		2024/25 £'000
<b>1,922</b>	<b>Balance at 1 April</b>	<b>2,032</b>
(1,922)	Settlement or cancellation of accrual made at the end of the preceding year	(2,032)
2,032	Amounts accrued at the end of the current year	2,092
<b>2,032</b>	<b>Balance at 31 March</b>	<b>2,092</b>

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

### Pooled Fund Adjustment Account

2023/24 £'000		2024/25 £'000
<b>765</b>	<b>Balance at 1 April</b>	<b>1,105</b>
340	Unrealised gains/(losses) on adjustment in fair value of financial instruments	(267)
<b>1,105</b>	<b>Balance at 31 March</b>	<b>838</b>

### Financial Instruments Revaluation Reserve

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

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

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

## Dedicated Schools Grant

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

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

## Note 39 – Contingent Liabilities

### Municipal Mutual Insurance (MMI)

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

### Duty of Care Claims

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

### Wholly Owned Companies - Pension Liabilities

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

### Business Rates Appeals

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

## Note 40 – Contingent Assets

The Council has no contingent assets.

## Note 41 – Leases

### Authority as Lessee - Finance Leases

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

### Right of Use Assets

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

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

## Transactions under Leases

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

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

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

## Maturity analysis of lease liabilities

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

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

*Table is subject to roundings*

### Authority as Lessor - Finance Leases

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

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

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

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

### Authority as Lessor - Operating Leases

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

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

## Note 42 – Service Concession Arrangements

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

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

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

2023/24 £'000	Balance Sheet	2024/25 £'000
(1,325)	PFI Short Term	(2,092)
(20,518)	PFI Long Term	(28,242)
<b>(21,843)</b>	<b>Total</b>	<b>(30,334)</b>

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

2023/24 £'000	PFI Liabilities - within 1 year	2024/25 £'000
(771)	Housing PFI - Reimbursement of CAPEX	(1,390)
(115)	Waste PFI - Annual Income Stream	(115)
(473)	Waste PFI - Repayment in year	(587)
34	Adjusting Journals	-
<b>(1,325)</b>	<b>Total</b>	<b>(2,092)</b>

2023/24 £'000	PFI Liabilities - Long Term	2024/25 £'000
(16,269)	Housing PFI - Liability Outstanding	(23,188)
(717)	Annual Income Stream - Waste PFI	(602)
(3,532)	Waste PFI - Liability Outstanding	(4,452)
<b>(20,518)</b>	<b>Total</b>	<b>(28,242)</b>

### a) North Whitley Housing PFI scheme

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

#### Property, Plant and Equipment

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

#### Payments

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

		2024/25				
Service cost	Reimbursement of capital expenditure	Interest	Total			
£'000	£'000	£'000	£'000	£'000		
4,305	1,390	2,720	8,415		within 1 year	
18,189	8,310	9,056	35,555		within 2-5 years	
20,279	14,878	4,485	39,642		within 6-10 years	
-	-	-	-		within 11-15 years	
-	-	-	-		within 16-20 years	
<b>42,773</b>	<b>24,578</b>	<b>16,261</b>	<b>83,612</b>			

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

NB. The prior year comparatives have been restated due to the impact of updated inflation figures on the future payments. Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide; the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed. The liability outstanding to be paid to the contractor for capital expenditure incurred is as follows:

2023/24 £'000		2024/25 £'000
<b>(17,756)</b>	<b>Opening balance</b>	<b>(17,040)</b>
-	O/B Adjustment re IFRS16	(8,710)
716	Repayment of liability	1,172
<b>(17,040)</b>	<b>Closing Balance</b>	<b>(24,578)</b>

## b) Waste PFI Scheme

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

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

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

### Value of assets under the PFI contract

Land & Buildings £'000	2023/24			2024/25		Total £'000
	Plant & Equipment £'000	Total £'000		Land & Buildings £'000	Plant & Equipment £'000	
11,847	991	12,838	<b>Opening Balance</b>	11,717	916	12,632
			<b>O/B Adjust Re IFRS16</b>	1,723		1,723
-	-	-	Impairment of O/B Adjust	(1,723)		(1,723)
(130)	(75)	(206)	Depreciation	(130)	(75)	(206)
-	-	-	Revaluations			-
-	-	-	Additions			-
<b>11,717</b>	<b>916</b>	<b>12,632</b>	<b>Closing balance</b>	<b>11,586</b>	<b>841</b>	<b>12,426</b>

## Payments

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

2023/24				2024/25				
Service cost	Reimbursement of capital expenditure	Interest	Total		Service cost	Reimbursement of capital expenditure	Interest	Total
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
2,386	602	478	3,465	within 1 year	2,563	587	376	3,526
11,640	791	2,047	14,478	within 2-5 years	10,458	3,288	985	14,731
6,997	159	1,446	8,603	within 6-10 years	3,555	1,164	105	4,824
-	-	-	-	within 11-15 years	-	-	-	-
<b>21,023</b>	<b>1,552</b>	<b>3,971</b>	<b>26,546</b>		<b>16,576</b>	<b>5,039</b>	<b>1,466</b>	<b>23,081</b>

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

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

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

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

2023/24		2024/25
£'000		£'000
(4,444)	Opening balance	(3,971)
-	O/B Adjustment re IFRS16	(1,723)
473	Repayment	655
<b>(3,971)</b>	<b>Closing balance</b>	<b>(5,039)</b>

### **Note 43 – Pension Schemes Accounted for as Defined Contribution Schemes**

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

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

In 2024/25, the Council paid £7.714m to the Teachers Pensions Agency in respect of teachers' retirement benefits, representing 28.7% of pensionable pay (in 2023/24 £5.953m was paid representing 23.7% of pensionable pay). There were no contributions payable at the year-end. The expected contributions to the Teachers' Pension Scheme for 2025/26 are £8.019m (representing 28.7% of pensionable pay).

## Note 44 – Defined Benefit Pension Scheme

### Local Government Pension Schemes

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

The Council participates in two post-employment schemes:

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

### Transactions relating to post-employment benefits

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

i. Impact on Comprehensive Income & Expenditure Account

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

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

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

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

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

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

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

iii. Reconciliation of the Present Value of the Scheme Liabilities

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

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

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

**Basis for estimating assets and liabilities**

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

In June 2023, the High Court handed down a decision in the case of Virgin Media Limited v NTL Pension Trustees II Limited and others relating to the validity of certain historical pension changes due to the lack of actuarial confirmation required by law. In July 2024, the Court of Appeal dismissed the appeal brought by Virgin Media Ltd against aspects of the June 2023 decision. On 2 September 2025, the Government published draft amendments to the Pensions Scheme Bill which would give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historical benefit changes met the necessary standards. The draft legislation will need to be agreed by both Houses of Parliament before it passes into law. Following the publication of draft legislation, we do not now expect the ruling to give rise to any additional liabilities.

v. **Impact of Asset Ceiling**

<b>2023/24</b>		<b>2024/25</b>
<b>£'000</b>		<b>£'000</b>
-	<b>Opening impact of asset ceiling</b>	-
-	Interest on impact of asset ceiling	-
-	Actuarial losses / (gains)	24,935
-	<b>Closing impact of asset ceiling</b>	<b>24,935</b>

The asset ceiling is the present value of any economic benefit available to the council in the form of refunds or reduced future employer contributions. As at 31 March 2025, the results show a net defined benefit liability position before considering IFRIC 14.

Reading Borough Council is currently paying deficit contributions towards a funding deficit and this minimum funding requirement constitutes an onerous funding commitment under the 2022 funding agreement – which gives a present value of secondary contributions of £52.378m as at 31 March 2025. There is therefore a further IFRIC 14 adjustment of £24.935m to bring the final net defined benefit liability on the balance sheet for 2024/25 to £62.179m.

As per note ii above this is composed of the minimum funding obligation of £52.378m for LGPS and unfunded liabilities of £9.801m.

## Principal Assumptions

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

2023/24 Years	Life expectancy assumptions	2024/25 Years
	Longevity at 65 for current pensioners	
20.8	Men	20.7
23.6	Women	23.6
	Longevity at 65 for future pensioners	
22.0	Men	22.0
25.0	Women	25.0

%	Financial assumptions	%
4.9	Discount rate	5.9
2.9	Pension increases (CPI)	2.9
3.2	RPI Inflation	3.2
3.9	Salary increases	3.9

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

## Sensitivity Analysis

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

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

vi. **Scheme Assets**

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

**Asset and Liability Matching Strategy**

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

**Impact on the Council's Cash Flows**

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

vii. **Estimate of contributions for 2025/26**

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

## Note 45 – Cash Flow from Operating Activities

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

2023/24 Restated £'000	Cashflows relating to interest	2024/25 £'000
(3,246)	Interest received	(6,172)
22,939	Interest paid	25,439
-	Dividends received	(500)
<b>19,693</b>	<b>Total</b>	<b>18,767</b>

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

2023/24 Restated £'000	Adjustments for non-cash movements	2024/25 £'000
(37,637)	Depreciation	(28,142)
-	Impairment and downward valuations	(8,039)
(2,108)	Amortisation	(2,620)
7,608	(Increase)/decrease in creditors	6,134
(12,377)	Increase/(decrease) in debtors	(11,511)
58	Increase/(decrease) in inventories	127
9,674	Movement in pension liability	(2,967)
(25,826)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(9,996)
(10,764)	Other non-cash movements charged to the surplus or deficit on provision of services	(14,704)
<b>(71,372)</b>	<b>Total</b>	<b>(71,718)</b>

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

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

**Note 46 – Cash Flow from Investing Activities**

2023/24 Restated £'000	Net Cash Flows from Investing Activities	2024/25 £'000
68,896	Purchase of property, plant and equipment, investment property and intangible assets	69,243
-	Purchase of short-term and long-term investments	-
-	Other payments for investing activities	-
(6,163)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(8,360)
-	Proceeds from short-term and long-term investments	-
(28,914)	Other receipts from investing activities	(47,655)
<b>33,819</b>	<b>Total</b>	<b>13,228</b>

**Note 47 – Cash Flow from Financing Activities**

2023/24 Restated £'000	Net Cash Flows from Financing Activities	2024/25 £'000
(101,849)	Cash receipts of short-term and long-term borrowing	(254,664)
-	Other receipts from financing activities	(2,376)
1,304	Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance-Sheet PFI contracts	1,532
67,340	Repayments of short-term and long-term borrowing	214,000
14,190	Council Tax and NNDR share	1,936
<b>(19,015)</b>	<b>Total</b>	<b>(39,573)</b>

## Housing Revenue Account

### Housing Revenue Account Income and Expenditure Statement

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

2023/24 Restated £'000	Expenditure	2024/25 £'000
10,833	Repairs and Maintenance	12,532
19,784	Supervision and Management	17,723
359	Rents, Rates, Taxes and other charges	403
14,888	Depreciation, impairment and revaluation losses of non-current assets	21,718
21	Debt Management Costs	30
<b>45,885</b>	<b>Total Expenditure</b>	<b>52,406</b>

2023/24 Restated £'000	Income	2024/25 £'000
(40,693)	Dwelling Rents	(44,323)
(49)	Non-Dwelling rents	(39)
(3,997)	PFI Credit	(3,994)
(1,598)	Charges for services and facilities	(1,756)
(80)	Other	(391)
<b>(46,418)</b>	<b>Total Income</b>	<b>(50,504)</b>

2023/24 Restated £'000		2024/25 £'000
45,885	Total Expenditure	52,406
(46,418)	Total Income	(50,504)
<b>(533)</b>	<b>Net Expenditure of HRA Services</b>	<b>1,902</b>
341	HRA share of costs of Corporate and Democratic core	420
<b>(192)</b>	<b>Net Expenditure of HRA Services as reported in CIES</b>	<b>2,322</b>
(847)	(Gains)/loss on sale of HRA Fixed Assets	(1,161)
8,981	Interest Payable and Similar Charges	10,329
(2,416)	HRA Interest and Investment Income	(1,958)
624	Net Interest on the defined benefit liability/asset	147
<b>6,150</b>	<b>(Surplus) or deficit for Year on HRA Services</b>	<b>9,679</b>

## Movement on the HRA Statement

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

2023/24 Restated £'000	Movement on the HRA Statement	2024/25 £'000
<b>35,334</b>	Balance on the HRA at the end of the previous year	<b>27,388</b>
6,150	(Surplus) or deficit on the HRA Income and Expenditure Statement	9,679
2,188	Adjustments between accounting basis and funding basis under statute	(5,604)
8,338	Net (increase) or decrease before transfers to or from other reserves	4,075
(392)	Transfers to/(from) other reserves - PFI Smoothing Reserve	(933)
<b>7,946</b>	<b>(Increase) or decrease on the HRA for the year</b>	<b>3,143</b>
(27,388)	Balance on the HRA at the end of the current year	(24,245)
(9,524)	Earmarked reserves - PFI Smoothing Reserve	(8,591)
<b>(36,914)</b>	<b>Total HRA Reserves</b>	<b>(32,836)</b>

2023/24 Restated £'000	Adjustments between accounting basis	2024/25 £'000
<b>(14,124)</b>	Transfers to/(from) the Capital Adjustment Account	<b>(20,232)</b>
847	Gain or (loss) on sale of non-current assets	1,161
800	Contributions to or (from) the Pension Reserve	(128)
(975)	Impact of Pensions Prepayment	665
750	Capital Expenditure funded from the HRA	158
(2)	Transfers to/(from) the Accumulated Absences Account	1
14,892	Transfers to/(from) Major Repairs Reserve	12,770
<b>2,188</b>	<b>Net additional amount required by statute to be debited or (credited) to the HRA Balance for the year</b>	<b>(5,604)</b>

## Note 1 – Analysis of Council Housing Stock

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

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

## Note 2 – Housing Revenue Account Capital Expenditure

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

31 March 2024			31 March 2025	
£'000			£'000	
<b>Capital Investment</b>				
18,581		Operational Assets		19,747
13,057		Assets Under Construction		8,488
-		REFCUS		-
<b>31,638</b>		<b>Total Capital Expenditure within the HRA</b>		<b>28,235</b>
<b>Sources of Funding</b>				
(11,810)		Borrowing		(9,159)
(101)		Capital Receipts		(394)
(11,855)		Major Repairs Reserve		(13,116)
(750)		Revenue Contributions		(158)
(7,123)		Government Grants and other Contributions		(5,408)
<b>(31,638)</b>		<b>Total Funding</b>		<b>(28,235)</b>

### Note 3 – Balance Sheet Value of HRA Operational Assets

31 March 2024			31 March 2025	
£'000			£'000	
		<b>Operational Assets</b>		
550,571		Dwellings	567,149	
5,447		Other Land and Buildings	5,796	
-		Intangibles	1,958	
		<b>Non Operational Assets</b>		
34,497		Assets Under Construction	40,993	
1,277		Surplus Assets	2,049	
<b>591,792</b>		<b>Total</b>	<b>617,945</b>	

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

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

### Note 4 – Depreciation and Impairment

31 March 2024				31 March 2025		
Depreciation	Impairment	Total		Depreciation	Impairment	Total
£'000	£'000	£'000		£'000	£'000	£'000
(14,644)	-	(14,644)	Council Dwellings	(12,532)	(8,710)	(21,242)
(233)	-	(233)	Other Land and Buildings' Properties	(459)	(1)	(460)
(15)	4	(11)	Surplus Assets	(5)	(10)	(15)
<b>(14,892)</b>	<b>4</b>	<b>(14,888)</b>	<b>Total</b>	<b>(12,996)</b>	<b>(8,721)</b>	<b>(21,717)</b>

NB. A positive entry indicates an impairment reversal.

## Note 5 – Transactions relating to Retirement Benefits

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

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

## Note 6 – Total Capital Receipts Generated during the year

31 March 2024 £'000		31 March 2025 £'000
(1,739)	Council Houses	(2,351)
-	Other Property	(478)
<b>(1,739)</b>	<b>Total</b>	<b>(2,829)</b>

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

## Note 7 – Rent Arrears and Bad Debt Provision

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

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

# Collection Fund

## Introduction

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

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

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

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

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

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

## Council Tax

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

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

## Business Rates (Non-Domestic Rates)

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

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

## Notes to the Collection Fund

### Business Rates

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

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

### Council Tax

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

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

# Group Accounts

## Introduction

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

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

In addition to the above companies:

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

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

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

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

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

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

## Group Financial Statements

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

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

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

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

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

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

## Group Accounting Policies

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

### Basis of accounts production

The group accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

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

## Critical Judgements in Applying Group Accounting Policies

Group accounts have been prepared using the following financial information:

Reading Borough Council	Audited financial statements for 2024/25 and prior years.
Brighter Futures for Children	Audited financial statements for 2024/25 and prior years.
Homes for Reading	Audited financial statements for 2024/25 and prior years.
Reading Transport Limited	Audited financial statements for 2024/25 and prior years.

## Group Comprehensive Income and Expenditure Statement

2023/24 Restated			Service Area	2024/25		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
115,386	(61,963)	53,423	Communities and Adult Social Care	130,500	(69,507)	60,993
43,904	(23,220)	20,684	Resources	48,830	(26,210)	22,620
1,925	(236)	1,689	Chief Executive Services	1,895	(425)	1,470
50,575	(49,929)	646	Corporate Support Services	43,090	(50,835)	(7,745)
230,894	(155,909)	74,985	Children, Education and Early Help Services	274,297	(175,215)	99,082
92,895	(40,977)	51,918	Economic Growth and Neighbourhood Services	92,683	(35,435)	57,248
55,966	(58,032)	(2,066)	Reading Transport Limited (RTL)	64,591	(63,927)	664
102	(319)	(217)	Homes for Reading (HFR)	44	(1,990)	(1,946)
45,118	(46,418)	(1,300)	Housing Revenue Account	53,642	(50,207)	3,435
<b>636,765</b>	<b>(437,003)</b>	<b>199,762</b>	<b>Group Cost of Services</b>	<b>709,572</b>	<b>(473,751)</b>	<b>235,821</b>
		18,528	Other Operating (Income)/Expenditure			(876)
		23,844	Financing and Investing Income and Expenditure			19,834
		(188,839)	Taxation and Non-Specific Grant Income			(214,744)
		524	Corporation and Deferred Tax payable			982
		<b>53,819</b>	<b>Group (Surplus)/Deficit on Provision of Services</b>			<b>41,018</b>
		340	(Surplus)/Deficit on Revaluation of Investments			(568)
		22,292	(Surplus)/Deficit on Revaluation of Non-Current Assets			(22,048)
		(36,138)	Remeasurement of Pension Fund Liabilities			(66,275)
		(1,650)	Deferred Tax on Pension Liability and Corporation Tax Adjustment			(360)
		<b>(15,156)</b>	<b>Other Group Comprehensive Income and Expenditure</b>			<b>(89,251)</b>
		<b>38,663</b>	<b>Total Group Comprehensive Income and Expenditure</b>			<b>(48,233)</b>

**Please Note:** This table and all others within this document are subject to some rounding of figures. Where necessary some previous year figures may have been restated to match 2024/25.

## Group Movement in Reserves Statement

2024/25	REVENUE RESERVES						CAPITAL RESERVES			Total Council Usable Reserves	Total Council Unusable Reserves	Total Council Reserves	Council's share of subsidiaries' Reserves	Total Group Reserves
	General Fund	General Fund Earmarked Reserves	Total General Fund Balances	Housing Revenue Account (HRA)	HRA Earmarked Reserves	Total HRA Balances	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied					
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000					
<b>Balance 1 April 2024</b>	<b>(8,394)</b>	<b>(57,751)</b>	<b>(66,145)</b>	<b>(27,388)</b>	<b>(9,524)</b>	<b>(36,912)</b>	<b>(32,670)</b>	<b>(11,786)</b>	<b>(59,406)</b>	<b>(206,919)</b>	<b>(469,959)</b>	<b>(676,878)</b>	<b>(14,049)</b>	<b>(690,927)</b>
Surplus/Deficit on the Provision of Services	(42,014)	-	(42,014)	9,679	-	9,679	-	-	-	(32,335)	-	(32,335)	73,353	41,018
Other Comprehensive Income/Expenditure	-	-	-	-	-	-	-	-	-	-	(80,176)	(80,176)	(9,075)	(89,251)
<b>Total Income/Expenditure</b>	<b>(42,014)</b>	<b>-</b>	<b>(42,014)</b>	<b>9,679</b>	<b>-</b>	<b>9,679</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(32,335)</b>	<b>(80,176)</b>	<b>(112,511)</b>	<b>64,278</b>	<b>(48,233)</b>
Consolidation adjustments between Group and Council Accounts	65,042	-	65,042	-	-	-	-	-	-	65,042	-	65,042	(65,042)	-
<b>Net Increase/Decrease</b>	<b>23,028</b>	<b>-</b>	<b>23,028</b>	<b>9,679</b>	<b>-</b>	<b>9,679</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32,707</b>	<b>(80,176)</b>	<b>(47,469)</b>	<b>(764)</b>	<b>(48,233)</b>
Adjustments between Funding and Accounting	8,823	-	8,823	(5,604)	-	(5,604)	15,824	346	1,959	21,348	(21,348)	-	-	-
<b>Net Increase/Decrease before Transfers to/from Reserves</b>	<b>31,851</b>	<b>-</b>	<b>31,851</b>	<b>4,075</b>	<b>-</b>	<b>4,075</b>	<b>15,824</b>	<b>346</b>	<b>1,959</b>	<b>54,055</b>	<b>(101,524)</b>	<b>(47,469)</b>	<b>(764)</b>	<b>(48,233)</b>
Transfers to/from Reserves	(32,362)	16,852	(15,510)	(933)	933	-	-	-	10	(15,499)	15,499	-	-	-
<b>Net Increase/Decrease for year</b>	<b>(511)</b>	<b>16,852</b>	<b>16,341</b>	<b>3,143</b>	<b>933</b>	<b>4,075</b>	<b>15,824</b>	<b>346</b>	<b>1,969</b>	<b>38,556</b>	<b>(86,025)</b>	<b>(47,469)</b>	<b>(764)</b>	<b>(48,233)</b>
<b>Balance 31 March 2025</b>	<b>(8,905)</b>	<b>(40,899)</b>	<b>(49,804)</b>	<b>(24,245)</b>	<b>(8,591)</b>	<b>(32,836)</b>	<b>(16,846)</b>	<b>(11,440)</b>	<b>(57,437)</b>	<b>(168,363)</b>	<b>(555,984)</b>	<b>(724,347)</b>	<b>(14,813)</b>	<b>(739,160)</b>

2023/24 Restated	REVENUE RESERVES						CAPITAL RESERVES			Total Council Usable Reserves	Total Council Unusable Reserves	Total Council Reserves	Council's share of subsidiaries' Reserves	Total Group Reserves
	General Fund	General Fund Earmarked Reserves	Total General Fund Balances	Housing Revenue Account (HRA)	HRA Earmarked Reserves	Total HRA Balances	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied					
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000					
<b>Balance 1 April 2023</b>	<b>(8,221)</b>	<b>(70,132)</b>	<b>(78,353)</b>	<b>(35,334)</b>	<b>(9,916)</b>	<b>(45,250)</b>	<b>(31,584)</b>	<b>(8,749)</b>	<b>(61,704)</b>	<b>(225,640)</b>	<b>(493,310)</b>	<b>(718,952)</b>	<b>(10,639)</b>	<b>(729,590)</b>
Surplus/Deficit on the Provision of Services	(9,144)	-	(9,144)	6,150	-	6,150	-	-	-	(2,994)	-	(2,994)	56,813	53,819
Other Comprehensive Income/Expenditure	-	-	-	-	-	-	-	-	-	-	(11,200)	(11,200)	(3,957)	(15,157)
<b>Total Income/Expenditure</b>	<b>(9,144)</b>	<b>-</b>	<b>(9,144)</b>	<b>6,150</b>	<b>-</b>	<b>6,150</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,994)</b>	<b>(11,200)</b>	<b>(14,194)</b>	<b>52,856</b>	<b>38,662</b>
Consolidation adjustments between Group and Council Accounts	56,266	-	56,266	-	-	-	-	-	-	56,266	-	56,266	(56,266)	-
<b>Net Increase/Decrease</b>	<b>47,122</b>	<b>-</b>	<b>47,122</b>	<b>6,150</b>	<b>-</b>	<b>6,150</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>53,272</b>	<b>(11,200)</b>	<b>42,072</b>	<b>(3,410)</b>	<b>38,662</b>
Adjustments between Funding and Accounting	(28,973)	-	(28,973)	2,188	-	2,188	(1,086)	(3,037)	2,298	(28,610)	28,610	-	-	-
<b>Net Increase/Decrease before Transfers to/from Reserves</b>	<b>18,149</b>	<b>-</b>	<b>18,149</b>	<b>8,338</b>	<b>-</b>	<b>8,338</b>	<b>(1,086)</b>	<b>(3,037)</b>	<b>2,298</b>	<b>24,662</b>	<b>17,410</b>	<b>42,072</b>	<b>(3,410)</b>	<b>38,662</b>
Transfers to/from Reserves	(18,322)	12,381	(5,941)	(392)	392	-	-	-	-	(5,941)	5,941	-	-	-
<b>Net Increase/Decrease for year</b>	<b>(173)</b>	<b>12,381</b>	<b>12,208</b>	<b>7,946</b>	<b>392</b>	<b>8,338</b>	<b>(1,086)</b>	<b>(3,037)</b>	<b>2,298</b>	<b>18,721</b>	<b>23,351</b>	<b>42,072</b>	<b>(3,410)</b>	<b>38,662</b>
<b>Balance 31 March 2024</b>	<b>(8,394)</b>	<b>(57,751)</b>	<b>(66,145)</b>	<b>(27,388)</b>	<b>(9,524)</b>	<b>(36,912)</b>	<b>(32,670)</b>	<b>(11,786)</b>	<b>(59,406)</b>	<b>(206,919)</b>	<b>(469,959)</b>	<b>(676,878)</b>	<b>(14,049)</b>	<b>(690,927)</b>

## Group Balance Sheet

2023/24 Restated £'000	Balance Sheet	Note	2024/25 £'000
1,036,120	Property, Plant and Equipment	1	1,090,766
137,168	Infrastructure		137,097
3,376	Heritage Assets		3,273
87,905	Investment Property	2	78,540
8,853	Intangible Assets		10,352
5,869	Pension Assets		4,157
13,955	Long-Term Investments		14,222
386	Long-Term Debtors		365
<b>1,293,632</b>	<b>Group Non-Current Assets</b>		<b>1,338,772</b>
329	Assets Held for Sale		186
1,045	Inventories		1,318
64,565	Short-Term Debtors	3	55,514
33,831	Cash and Cash Equivalents		44,434
<b>99,770</b>	<b>Group Current Assets</b>		<b>101,452</b>
(79,518)	Short-Term Borrowing		(122,182)
(94,880)	Short-Term Creditors	4	(88,431)
(9,234)	Revenue Receipts in Advance		(9,785)
(6,256)	Short-Term Provisions		(6,381)
(1,325)	PFI Short-Term Liabilities and Deferred Income		(2,092)
(28)	Deferred Income		-
-	Grants Received in Advance - Capital		-
<b>(191,241)</b>	<b>Group Current Liabilities</b>		<b>(228,871)</b>
(592)	Long-Term Provisions		(432)
(357,485)	Long-Term Borrowing		(355,486)
(117,072)	Pensions Liabilities		(62,179)
(33,000)	Other Long-Term Liabilities	5	(50,477)
(3,084)	Deferred Tax re Pension Scheme		(3,620)
<b>(511,233)</b>	<b>Group Long-Term Liabilities</b>		<b>(472,194)</b>
<b>690,928</b>	<b>Net Group Assets</b>		<b>739,160</b>
(220,969)	Usable Reserves		(183,176)
(469,959)	Unusable Reserves		(555,984)
<b>(690,928)</b>	<b>Total Group Reserves</b>		<b>(739,160)</b>

Darren Carter

Director of Finance (S151 Officer) – Date .....

## Group Cash Flow Statement

2023/24 Restated £'000	Cash Flow	2024/25 £'000
		Note
53,819	Net (surplus) or deficit on the provision of services	41,018
(70,404)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	6 (86,205)
33,334	Adjustments for items included in the net surplus on the provision of services that are investing and financing	6 57,125
<b>16,749</b>	<b>Net cash flows from Operating Activities</b>	<b>11,938</b>
41,352	Investing Activities	6a 13,293
(24,845)	Financing Activities	6b (35,834)
<b>33,256</b>	<b>Net (increase) or decrease in cash and cash equivalents</b>	<b>(10,603)</b>
67,087	Cash and cash equivalents at the beginning of the reporting period	33,831
(33,256)	Net increase or (decrease) in cash and cash equivalents	10,603
<b>33,831</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>44,434</b>

## Note 1 – Group Property, Plant and Equipment

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

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

Other land and buildings and surplus asset valuations were undertaken by the external Valuer Sanderson Weatherall LLP. The valuation date is the 31 March 2025 for all valuations completed.

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

## Group Property, Plant and Equipment 2024/25

2024/25	Council dwellings £'000	Other land and buildings £'000	Vehicles, furniture, plant and equipment £'000	Community assets £'000	Surplus assets £'000	Assets under construction £'000	Total £'000
<b>Cost or valuation 2024/25</b>							
<b>at 1 April 2024</b>	<b>550,572</b>	<b>382,649</b>	<b>98,900</b>	<b>9,257</b>	<b>23,772</b>	<b>47,284</b>	<b>1,112,435</b>
Adjustment owing to initial application of IFRS16	9,825	2,796	70	-	-	-	12,691
<b>Revised Opening Balance at 1 April 2024</b>	<b>560,397</b>	<b>385,445</b>	<b>98,970</b>	<b>9,257</b>	<b>23,772</b>	<b>47,284</b>	<b>1,125,126</b>
Additions	19,747	3,902	12,200	123	41	37,797	73,810
Revaluation Adjustments Recognised in the Revaluation Reserve	12,682	8,095	-	-	1,269	-	22,046
Derecognition and Disposals	(2,909)	(7,114)	(7,131)	-	(814)	-	(17,967)
Reclassifications and Transfers	(488)	9,299	894	-	(1,607)	(12,716)	(4,618)
Other Movements in Cost or Valuation	(21,726)	(7,215)	-	-	(53)	-	(28,994)
<b>At 31 March 2025</b>	<b>567,703</b>	<b>392,412</b>	<b>104,934</b>	<b>9,380</b>	<b>22,609</b>	<b>72,364</b>	<b>1,169,403</b>
<b>Accumulated Depreciation and Impairment</b>							
<b>at 1 April 2024</b>	<b>-</b>	<b>(17,251)</b>	<b>(56,253)</b>	<b>(2,094)</b>	<b>-</b>	<b>(716)</b>	<b>(76,313)</b>
Depreciation Charge for Year	(12,532)	(10,503)	(7,192)	(53)	(10)	-	(30,289)
Impairments Recognised in the Provision of Services	(8,710)	407	-	-	(47)	-	(8,350)
Derecognition and Disposals	77	1,000	6,802	-	4	-	7,883
Reclassifications and Transfers	-	(27)	27	-	-	-	-
Other Movements in Depreciation and Impairment	21,165	7,215	-	-	53	-	28,433
<b>At 31 March 2025</b>	<b>-</b>	<b>(19,160)</b>	<b>(56,616)</b>	<b>(2,147)</b>	<b>-</b>	<b>(716)</b>	<b>(78,637)</b>
<b>Net book value 31 March 2025</b>	<b>567,703</b>	<b>373,253</b>	<b>48,318</b>	<b>7,233</b>	<b>22,609</b>	<b>71,649</b>	<b>1,090,766</b>
<b>Net book value 31 March 2024</b>	<b>550,572</b>	<b>365,398</b>	<b>42,647</b>	<b>7,163</b>	<b>23,772</b>	<b>46,568</b>	<b>1,036,119</b>

\* This table is subject to roundings

## Group Property, Plant and Equipment 2023/24

2023/24 Restated	Council dwellings	Other land and buildings	Vehicles, furniture, plant and equipment	Community assets	Surplus assets	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation 2023/24</b>							
<b>at 1 April 2023</b>	<b>569,137</b>	<b>364,237</b>	<b>86,331</b>	<b>9,019</b>	<b>27,781</b>	<b>81,195</b>	<b>1,137,700</b>
Additions	18,442	6,618	12,498	238	-	25,989	63,785
Revaluation Adjustments Recognised in the Revaluation Reserve	(34,392)	9,547	-	-	2,077	-	(22,768)
Derecognition and Disposals	(916)	(2,218)	(3,615)	-	(2,101)	-	(8,850)
Reclassifications and Transfers	12,921	19,851	3,685	-	(3,896)	(59,900)	(27,339)
Other Movements in Cost or Valuation	(14,620)	(15,385)	-	-	(88)	-	(30,093)
<b>At 31 March 2024</b>	<b>550,572</b>	<b>382,649</b>	<b>98,900</b>	<b>9,257</b>	<b>23,772</b>	<b>47,284</b>	<b>1,112,435</b>
<b>Accumulated Depreciation and Impairment</b>							
<b>at 1 April 2023</b>	-	<b>(25,032)</b>	<b>(52,716)</b>	<b>(2,057)</b>	-	<b>(707)</b>	<b>(80,512)</b>
Depreciation Charge for Year	(14,644)	(10,293)	(6,799)	(37)	(53)	-	(31,826)
Impairments Recognised in the Provision of Services	-	1,952	-	-	(53)	-	1,899
Derecognition and Disposals	24	710	3,261	-	34	-	4,029
Reclassifications and Transfers	-	25	-	-	(16)	(9)	(0)
Other Movements in Depreciation and Impairment	14,620	15,387	-	-	88	-	30,095
<b>At 31 March 2024</b>	-	<b>(17,251)</b>	<b>(56,253)</b>	<b>(2,094)</b>	-	<b>(716)</b>	<b>(76,316)</b>
<b>Net book value 31 March 2024</b>	<b>550,572</b>	<b>365,398</b>	<b>42,647</b>	<b>7,163</b>	<b>23,772</b>	<b>46,568</b>	<b>1,036,119</b>
<b>Net book value 31 March 2023</b>	<b>569,137</b>	<b>339,205</b>	<b>33,614</b>	<b>6,963</b>	<b>27,781</b>	<b>80,486</b>	<b>1,057,187</b>

\* This table is subject to roundings

## Note 2 – Investment Property

The tables below summarise the movement in the fair value of investment properties over the year, together with the income and expenditure relating to these properties which has been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

2023/24				2024/25		
RBC £'000	HfR £'000	Total £'000		RBC £'000	HfR £'000	Total £'000
<b>67,775</b>	<b>30,900</b>	<b>98,675</b>	Opening Balance	<b>57,580</b>	<b>30,325</b>	<b>87,905</b>
-	-	-	Additions	-	-	-
-	-	-	Disposals	-	(4,250)	(4,250)
(1,278)	-	(1,278)	Reclassifications and transfers	-	-	-
(8,917)	(575)	(9,492)	Net gains and losses from fair value adjustments	(5,270)	155	(5,115)
<b>57,580</b>	<b>30,325</b>	<b>87,905</b>	<b>Closing Balance</b>	<b>52,310</b>	<b>26,230</b>	<b>78,540</b>

## Note 3 – Debtors

Debtors due within one year

2023/24 Restated £'000			2024/25 £'000
15,664	Government bodies		13,473
7,277	Other local authorities		3,112
1,831	NHS bodies		972
39,793	Other entities and individuals		37,957
<b>64,565</b>	<b>Total</b>		<b>55,514</b>

## Note 4 – Creditors

Creditors due within one year

2023/24 Restated £'000		2024/25 £'000
(24,280)	Government Bodies	(19,373)
(604)	Other Local Authorities	(677)
(1,120)	NHS Bodies	(248)
(68,876)	Other Entities and Individuals	(68,133)
<b>(94,880)</b>	<b>Total</b>	<b>(88,431)</b>

## Note 5 – PFI and Other Long-Term Liabilities

2023/24 Restated				2024/25		
RBC £'000	Subsidiaries £'000	Group Total £'000		RBC £'000	Subsidiaries £'000	Group Total £'000
(16,269)	-	(16,269)	RBC - North Whitley PFI scheme	(23,188)	-	(23,188)
(4,249)	-	(4,249)	RBC - Waste PFI scheme	(5,054)	-	(5,054)
-	(5,410)	(5,410)	RTL - Finance Lease and HP contracts	-	(16,456)	(16,456)
(774)	(6,298)	(7,072)	Accruals and Deferred Income	(972)	(4,807)	(5,779)
<b>(21,292)</b>	<b>(11,708)</b>	<b>(33,000)</b>	<b>Total</b>	<b>(29,214)</b>	<b>(21,263)</b>	<b>(50,477)</b>

## Note 6 – Cash Flow from Operating Activities

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

2023/24 Restated £'000	Cashflows relating to Interest	2024/25 £'000
(3,359)	Interest received	(5,314)
23,313	Interest paid	26,113
<b>19,954</b>	<b>Total</b>	<b>20,799</b>

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

2023/24 Restated £'000	Adjustments for non-cash movements	2024/25 £'000
(41,894)	Depreciation	(32,622)
-	Impairment and downward valuations	(8,039)
(2,108)	Amortisation	(2,620)
19,842	(Increase) / decrease in creditors	8,828
(19,017)	Increase / (decrease) in debtors	(13,559)
139	Increase / (decrease) in inventories	272
9,673	Movement in pension liability	(13,094)
(25,826)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(10,275)
(11,214)	Other non-cash movements charged to the surplus or deficit on provision of services	(15,096)
<b>(70,404)</b>	<b>Total</b>	<b>(86,205)</b>

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

2023/24 Restated £'000	Adjustments relating to Investing and Financing Activities	2024/25 £'000
4,420	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	8,446
28,914	Any other items for which the cash effects are investing or financing cash flows	48,679
-	Proceeds from short-term (not considered to be cash equivalents) and long-term investments	-
<b>33,334</b>	<b>Total</b>	<b>57,125</b>

### Note 6a – Cash Flow from Investing Activities

2023/24 Restated £'000	Net cash flows from investing activities	2024/25 £'000
76,431	Purchase of property, plant and equipment, investment property and intangible assets	70,988
-	Purchase of short-term and long-term investments	-
-	Other payments for investing activities	-
(6,165)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(9,016)
-	Proceeds from short-term and long-term investments	-
(28,914)	Other receipts from investing activities	(48,679)
<b>41,352</b>	<b>Total</b>	<b>13,293</b>

### Note 6b – Cash Flow from Financing Activities

2023/24 Restated £'000	Net cash flows from financing activities	2024/25 £'000
(34,509)	Cash receipts of short-term and long-term borrowing	(257,040)
(5,829)	Other receipts from financing activities	-
1,304	Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance-Sheet PFI contracts	5,270
-	Repayments of short-term and long-term borrowing	214,000
14,190	Council Tax and NNDR share	1,936
<b>(24,845)</b>	<b>Total</b>	<b>(35,834)</b>

## Glossary Of Terms

For compliance with the Code of Practice the following definitions have been adopted:

### **ACCOUNTING PERIOD**

The period of time covered by the accounts, normally a period of twelve months commencing on 1 April. The end of the accounting period is commonly referred to as the Balance Sheet date.

### **ACCOUNTING POLICIES**

The principles, rules and procedures used in the preparation of the accounts.

### **ACCRUALS**

The recognition of income and expenditure as goods and services are provided, not when cash is received or paid.

### **ACTUARIAL GAINS AND LOSSES**

For a defined benefit pension scheme, the changes in actuarial surpluses or deficits that arise because:

- Events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or
- The actuarial assumptions have changed.

### **ASSET**

A resource controlled by the Council because of past events and from which economic benefits or service potential is expected. Assets can be:

- Intangible – assets of non-physical form, e.g., patents, goodwill, trademarks and copyrights
- Property, plant and equipment – assets which give the Council benefits for more than one year
- Community – assets held in perpetuity which may have restrictions on their disposal
- Infrastructure – assets such as highways and footways
- Non-operational – assets not directly used for service provision
- Heritage – assets held solely for historical, artistic, or environmental qualities

A current asset will be consumed or cease to have material value within the next financial year (e.g., cash and stock).

### **ASSETS UNDER CONSTRUCTION**

Capital expenditure on assets where the work is incomplete.

### **AUDIT OF ACCOUNTS**

An independent examination of the Council's financial affairs.

### **BALANCE SHEET**

A statement of the recorded assets, liabilities and other balances at the end of the accounting period.

### **BORROWING**

Using cash provided by another party to pay for expenditure, on the basis of an agreement to repay the cash at a future point, usually incurring additional interest charges over and above the original amount.

### **BUDGET**

The forecast of net revenue and capital expenditure over the accounting period.

### **CAPITAL EXPENDITURE**

Expenditure on the acquisition of a fixed asset, which will be used in providing services beyond the current accounting period, or expenditure which adds to and not merely maintains the value of an existing fixed asset.

### **CAPITAL FINANCING**

Funds raised to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

### **CAPITAL PROGRAMME**

Capital schemes that the Council intends to carry out over a number of financial years. The Capital Programme is approved annually by the Council alongside the budget.

### **CAPITAL RECEIPT**

The proceeds from the disposal of land or other fixed assets. Proportions of capital receipts can be used to finance new capital expenditure, within rules set down by the government but they cannot be used to finance revenue expenditure.

### **CLAW-BACK**

Where average council house rents are set higher than the Government's prescribed average limit rent, used in the calculation of rent rebates, the percentage difference reduces the amount of rent rebate subsidy due to the Council, i.e., it is "clawed-back" by the Government.

## **CIPFA**

The Chartered Institute of Public Finance and Accountancy is the professional body that sets accounting codes of practice that the Council follows.

## **COLLECTION FUND**

A separate fund that records the income and expenditure relating to Council Tax and non-domestic rates.

## **COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT**

The account of the Council that reports the net cost for the year of the functions for which it is responsible and demonstrates how that cost has been financed from local taxation, grants and other income.

## **CONSISTENCY**

The concept that the accounting treatment of like items within an accounting period and from one period to the next are the same.

## **CONTINGENT ASSET**

A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's accounts.

## **CONTINGENT LIABILITY**

A contingent liability is either:

- A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control; or
- A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount of the obligation cannot be measured with sufficient reliability.

## **CORPORATE AND DEMOCRATIC CORE**

The corporate and democratic core comprises all activities that local authorities engage in specifically because they are elected, multi-purpose authorities. The cost of these activities is thus over and above those which would be incurred by a series of independent single purpose, nominated bodies managing the same services.

## **CREDITORS**

Amounts owed by the Council for work done, goods received, or services provided but for which payment has not been made by the end of that accounting period.

### **CURRENT SERVICE COST (PENSIONS)**

Officers employed during the year will have earned one or more years of pensionable service. The current service cost is the increase in the value of the pension scheme's liabilities arising from the employee service during the period.

### **DEBTORS**

Amounts due to the Council for works done, goods received, or services provided but which remain unpaid by the end of that accounting period.

### **DEDICATED SCHOOLS GRANT (DSG)**

A Central Government grant paid to the County Council for use for expenditure on schools.

### **DEFINED BENEFIT PENSION SCHEME**

Pension schemes in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.

### **DEPRECIATION**

The measure of the cost of wearing out, consumption or other reduction in the useful economic life of the Council's fixed assets during the accounting period, whether from use, the passage of time or obsolescence through technical or other changes.

### **DISCRETIONARY BENEFITS (PENSIONS)**

Retirement benefits, which the employer has no legal, contractual or constructive obligation to award and are awarded under the Council's discretionary powers such as the Local Government (Discretionary Payments) Regulations 1996.

### **EVENTS AFTER THE BALANCE SHEET DATE**

Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.

### **EXCEPTIONAL ITEMS**

Material items which derive from events or transactions that fall within the ordinary activities of the Council, and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

### **EXPECTED RETURN ON PENSION ASSETS**

For a funded defined benefit scheme, this is the average rate of return, including both income and changes in fair value but net of scheme expenses, which is expected over the remaining life of the related obligation on the actual assets held by the scheme.

**FAIR VALUE**

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction, or a liability settled.

**GENERAL FUND**

The Main revenue account of the Council covering all services but excluding Housing landlord functions.

**GOING CONCERN**

The concept that the Statement of Accounts is prepared on the assumption that the Council will continue in operational existence for the foreseeable future in particular that the revenue accounts and Balance Sheet assume no intention to curtail significant the scale of operations.

**GOVERNMENT GRANTS**

Grants made by the Government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the Council. These grants may be specific to a particular scheme or may support the revenue spend of the Council in general.

**HOUSING BENEFITS**

A system of financial assistance to individuals towards certain housing costs administered by authorities and subsidised by Central Government.

**HOUSING REVENUE ACCOUNT (HRA)**

A separate account to the General Fund, which includes the income and expenditure arising from the provision of housing accommodation by the Council.

**IMPAIRMENT**

A reduction in the value of a fixed asset to below its recoverable amount, the higher of the asset's fair value less costs to sell and its value in use.

**INFRASTRUCTURE ASSETS**

Fixed assets belonging to the Council that cannot be transferred or sold on which expenditure is only recoverable by the continued use of the asset created. Examples are highways, footpaths and bridges.

**INTANGIBLE ASSETS**

An intangible (non-physical) item may be defined as an asset when access to the future economic benefits it represents is controlled by the reporting entity. This Council's intangible assets comprise computer software licences.

**INTEREST COST (PENSIONS)**

For a defined benefit scheme, the expected increase during the period of the present value of the scheme liabilities because the benefits are one period closer to settlement.

## **INTERNATIONAL FINANCIAL REPORTING STANDARDS**

Accounting Standards applicable to local authorities from 2010/11 onwards.

## **INVESTMENTS (PENSION FUND)**

The investments of the Pension Fund will be accounted for in the statements of that fund. However, authorities are also required to disclose, as part of the disclosure requirements relating to retirement benefits, the attributable share of the pension scheme assets associated with their underlying obligations.

## **LIABILITY**

A liability is where the Council owes payment to an individual or another organisation.

- A current liability is an amount which will become payable or could be called in within the next accounting period, e.g., creditors or cash overdrawn.
- A deferred liability is an amount which by arrangement is payable beyond the next year at some point in the future or to be paid off by an annual sum over a period of time.

## **LIQUID RESOURCES**

Current asset investments that are readily disposable by the Council without disrupting its business and are either:

- Readily convertible to known amounts of cash at or close to the carrying amount; or
- Traded in an active market.

## **LONG-TERM CONTRACT**

A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or a combination of assets or services which together constitute a single project), where the time taken to substantially complete the contract is such that the contract activity falls into more than one accounting period.

## **MATERIALITY**

The concept that the Statement of Accounts should include all amounts which, if omitted, or mis-stated, could mean the use of the accounts might come to a difference opinion on the matters contained in the accounts. An item could be material in nature or in value.

## **MINIMUM REVENUE PROVISION (MRP)**

The minimum amount which must be charged to the revenue account each year in order to provide for the repayment of loans and other amounts borrowed by the Council.

### **NET CURRENT PLACEMENT COSTS**

The cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e., the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

### **NET BOOK VALUE**

The amount at which fixed assets are included in the Balance Sheet, i.e., their historical costs or current value less the cumulative amounts provided for depreciation.

### **NET DEBT**

The Council's borrowings less cash and liquid resources.

### **NON-DISTRIBUTED COSTS**

These are overheads for which no user directly benefits and as such are not apportioned to services.

### **NON-DOMESTIC RATES (NDR)**

The Non-Domestic Rate is a levy on businesses, based on a national rate in the pound set by Central Government and multiplied by the assessed rateable value of the premises they occupy. In England it is collected by the Council on behalf of itself, Central Government and major preceptors. In Scotland it is collected by the Council on behalf of Central Government and then redistributed back to support the cost of services.

### **NON-OPERATIONAL ASSETS**

Fixed assets held by the Council but not directly occupied, used or consumed in the delivery of services. Examples are investment properties, assets under construction or assets surplus to requirements pending sale or redevelopment.

### **OPERATIONAL ASSETS**

Fixed assets held and occupied, used or consumed by the Council in the pursuit of its strategy and in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

### **PAST SERVICE COST (PENSIONS)**

For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

### **PENSION SCHEME LIABILITIES**

The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities measured during the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

### **PRECEPT**

The levy made by precepting authorities by billing authorities, requiring the latter to collect income from Council Tax on their behalf.

### **PRIOR YEAR ADJUSTMENT**

Material adjustments applicable to previous years arising from changes in accounting policies or from the correction of fundamental errors. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.

### **PROVISION**

An amount set aside in the accounts for future liabilities or losses which are certain or very likely to occur but the amounts or dates of when they will arise are uncertain.

### **PUBLIC WORKS LOAN BOARD (PWLB)**

A Central Government Agency, which provides loans for one year and above to authorities at interest rates similar to those at which the government can borrow itself.

### **RATEABLE VALUE**

The annual assumed rental of a hereditament, which is used for NNDR purposes.

### **RELATED PARTIES**

The definition of related parties in IPSAS 20. For the Council's purposes related parties are deemed to include the Council's Members, the Chief Executive, its Directors and their close family and household members.

### **RELATED PARTY TRANSACTIONS**

The CIPFA Code of Practice requires the disclosure of any material transactions between the Council and related parties to ensure that stakeholders are aware when these transactions occur and the amount and implications of such.

### **REMUNERATION**

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by the employer are excluded.

### **RESERVES**

Money set aside to meet the cost of specific future expenditure. These can be either:

- Usable – those which can be used to provide services
- Unusable – those which cannot be used to provide services

**RESIDUAL VALUE**

The net realisable value of an asset at the end of its useful life.

**RETIREMENT BENEFITS**

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

**REVENUE EXPENDITURE**

The day-to-day expenses of providing services.

**REVENUE EXPENDITURE FUNDED BY CAPITAL UNDER STATUTE (REFCUS)**

Expenditure which ordinarily would be revenue but is statutorily defined as capital. Examples of REFCUS include grants of a capital nature to voluntary organisations and back pay expenditure capitalised under Secretary of State Direction.

**REVENUE SUPPORT GRANT**

A grant paid by Central Government to authorities, contributing towards the general cost of their services.

**STOCKS**

Items of raw materials and stores a Council has procured and holds in expectation of future use. Examples are consumable stores, raw materials and products and services in intermediate stages of completion.

**TEMPORARY BORROWING**

Money borrowed for a period of less than one year.

**TRUST FUNDS**

Funds administered by the Council for such purposes as prizes, charities, specific projects and on behalf of minors.

**USEFUL ECONOMIC LIFE (UEL)**

The period over which the Council will derive benefits from the use of a fixed asset.