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**STATEMENT OF ACCOUNTS (DRAFT)
FOR THE YEAR ENDED 31 MARCH 2024
(Pre Audit)**

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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. Evidence of settlement here dates back to the 8th century and by 1525 Reading had grown to be the 10th wealthiest town in England.

Badly affected by the dissolution of the monasteries under Henry VIII, and later by the English Civil War, Reading re-grew rapidly throughout the industrial revolution and flourishes in modern times as a major commercial and retail centre with a net inward commuter flow of 6,000 people each day.

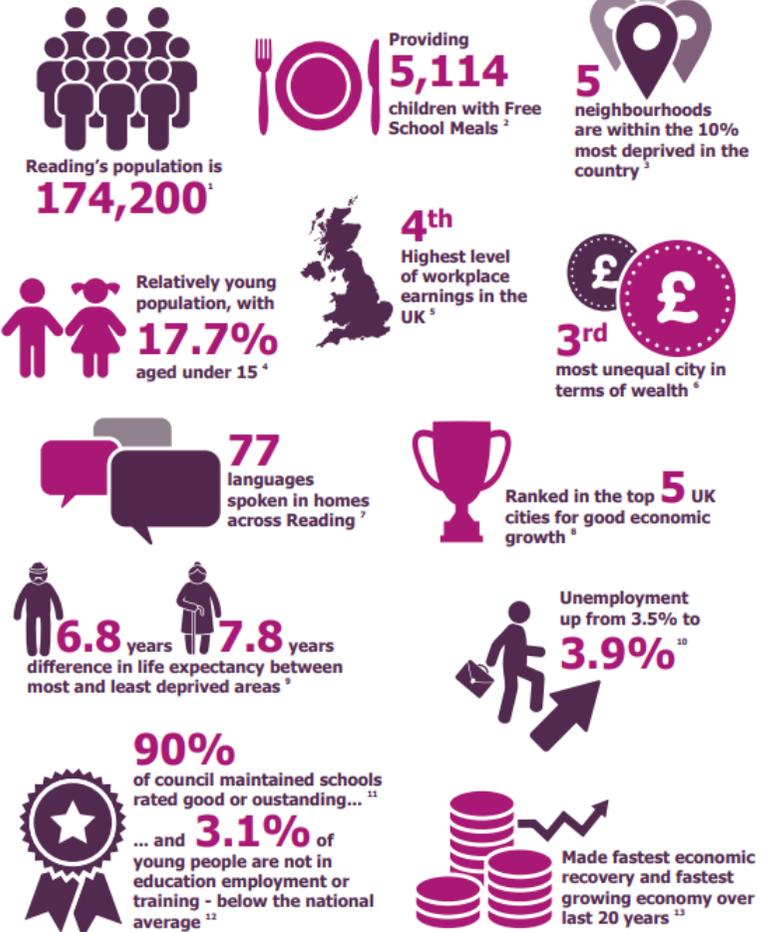
Reading ranks amongst the UK's top 10 locations for economic success and wellbeing, when measured by factors such as employment levels, health, income and skills.

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.

Oscar Wilde, famously imprisoned here between 1895 and 1897, wrote "The Ballad of Reading Gaol" shortly after his release.

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 over the past 12 months and will continue to build on these successes:



Resurfaced over 700 roads totalling over 1 million square metres over the last 4 years.



Caversham Court Gardens has been awarded the prestigious Green Flag award and Green Heritage Accreditation for 2023.



Secured £1.1m for adult social care services to apply cutting edge technology to help adults with health conditions live independently and safely in their homes.



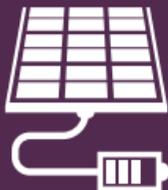
Opened the North Street Affordable Homes development, made up of 36 one and two bed flats, and one three bed flat.



Opened Reading Green Park station, the first new train station in Reading in over 100 years.



Successfully launched digital residents' parking, making it quicker and easier to apply for and renew parking permits.



Helped 239 Reading households to benefit from cheaper electricity by having solar panels installed through the Solar Together initiative.



Reading Borough's carbon footprint has reduced by 51% since 2005 – the 8th largest reduction in the UK. The Council has cut its own carbon footprint by 74% since 2008/09.



New Directions College was awarded the 'Excellence in Apprenticeships' award by the Institute of Leadership and Management.



Approval to introduce six new bus lanes to ease congestion and improve air quality.



Opened the new Rivermead Leisure Centre – part of the Council's investment of over £40m in low carbon leisure facilities.



Introduced 'Tap on Tap off' payment on Reading Buses, making your journey quicker and more convenient, and ensuring you only pay the cheapest on the day adult ticket price.



Delivered over 3,000 health checks in 2023, in partnership with the NHS.



Secured Planning Committee approval for work to begin on the brand-new Central Library for Reading at the Civic Offices, primarily funded by Levelling Up funding from central government.



Opened 15 new affordable homes for key workers at the former Arthur Hill Pool site, as part of the Council's £110m investment in over 400 new homes between 2021 and 2025.



Improved our approach to SEND provision, with 111 more places in local schools.



3 new playgrounds opened for play at Lulworth Road, Coley Recreation Ground, and South Whitley Recreation Ground.

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

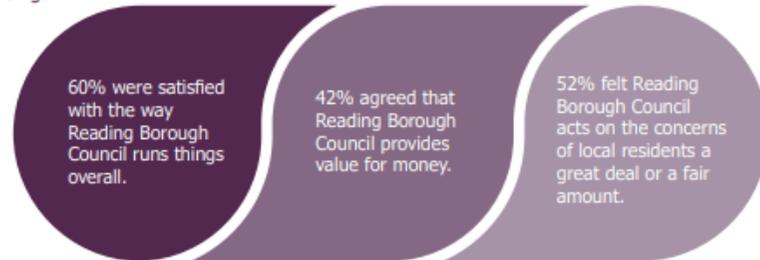
We are ambitious in our plans and in what we want to achieve

Make a difference

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

Residents' Survey Results

In summer 2023, the Council undertook a survey with a representative sample of 1,000 Reading residents to gauge levels of satisfaction with the local area, the Council and the services it provides, in order to inform corporate and service planning. Here is a summary of the key findings:



The residents' survey highlighted several areas for improvement. We set out below what we are doing in response:

- Roads and pavements** - we have resurfaced over 700 roads totalling over 1 million square metres since the start of our programme of investment 4 years ago, along with over 100 pavements and footways. We are investing a further £8m between 2022/23 and 2026/27, with over 200 sections of roads planned to be resurfaced over the coming year.
- Traffic congestion** - we are continuing to roll out incentive schemes in partnership with bus operators whilst delivering required improvements to infrastructure, such as bus lanes, as part of the £26 million Bus Service Improvement Plan (BSIP) grant funding secured from Government. Building on the delivery of the new station at Green Park and the refurbishment of Reading West Station, other key infrastructure developments are being undertaken such as the investment in cycling improvements on Shinfield Road and Bath Road and enhancements for pedestrians.
- Levels of crime** - the three year Community Safety and Serious Violence Strategy has seven priorities including reducing community-based drug activity, reducing knife violence, and tackling violence against women and girls. The priority delivery groups are established and will deliver a number of actions through working in partnership across these key areas.
- Affordable housing** - from 2021 to 2025 we are investing £110 million in the delivery of 400 homes.
- Cleaner streets** - our Environmental Enforcement Team continue to investigate incidents of littering and fly-tipping and issue fixed penalty notices to act as a deterrent. CCTV coverage of recycling facilities has significantly reduced incidents of misuse and abuse. Our free bulky waste collection service continues to be popular, with booking slots being made available daily at 4pm, one week in advance. For Reading town centre and Oxford Road, our street cleansing and waste collection services are rescheduling their resources to ensure waste is cleared from the streets in a timely fashion, with dedicated resources allocated to the provision of enhanced cleansing standards.
- Parking** - we continue to address smaller-scale parking issues raised or observed through the Waiting Restriction Review programmes and consider further rollout of resident permit parking schemes where there is demonstrable majority local support to do so. We have also commissioned a review of the Council's Town Centre Parking and Assets Strategy.



Our Themes

We've listened to what residents, businesses and our partners and stakeholders have said about their experience of Reading, and their hopes and aspirations for the town.

In this year's residents' survey we heard that the majority of residents are satisfied with how the Council runs services in Reading, but would like to see more action taken on key issues. Through consultation on our major change initiatives – such as the Local Transport Plan and the Climate Emergency Strategy – we know we have the support of residents and partners to make the changes we all want to see.

We will make this change happen by focusing on three interconnected themes:



2023/24 Budget

The 2023/24 budget for Reading Borough Council was agreed by Council on 28 February 2023 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)

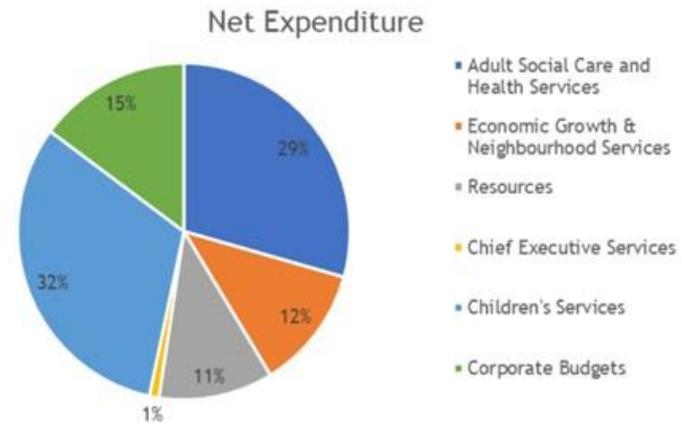
This is a ring-fenced budget for expenditure on the Council's Housing stock and is funded by council tenants' rents.

Capital

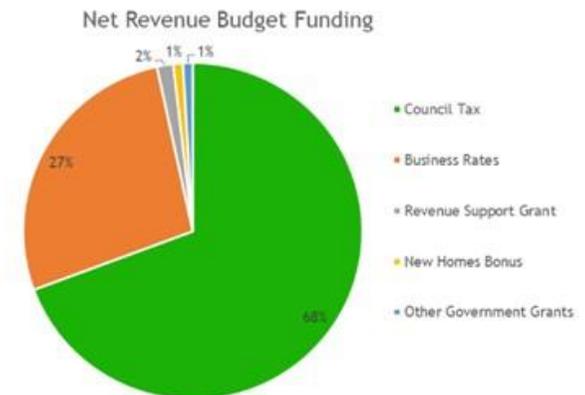
This is the expenditure incurred to make improvements to the Council's assets or for the purchase or creation of new assets. The Council has two capital programmes, one for the General Fund and one for the Housing Revenue Account. Capital is funded by grants, contributions from developers, capital receipts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

For 2023/24, the Council has a net revenue budget of £164.4m, a General Fund Capital Programme of £106.7m, Housing Revenue Account budget of £49.2m and HRA Capital Programme of £56.9m.

The Chart below set out the relative proportions of the net budget spent in each of the key service areas for 2023/24.



The chart below shows the net funding for the General Fund revenue budget of £164.4m



Financial Performance 2023/24

General Fund Revenue

The financial outturn for 2023/24 was presented to Policy Committee on 8 July 2024.

There was a net adverse variance of £6.099m on General Fund revenue expenditure, and this will be funded from the Financial Resilience Reserve. The comparison of budget to actual for each service was broken down as follows:

£4.2m of ongoing savings were delivered against a target of £8.1m. £2.8m of non-delivered savings were carried forward.

The General Fund reserve balance was increased to £8.4m and General Fund earmarked reserves were £56.0m, giving total General Fund reserves of £64.4m.

Housing Revenue Account

Net expenditure on the Housing Revenue Account was £1.3m worse than expected. The final drawdown from reserves to £7.9m. The HRA reserve stood at £27.4m.

Capital Expenditure

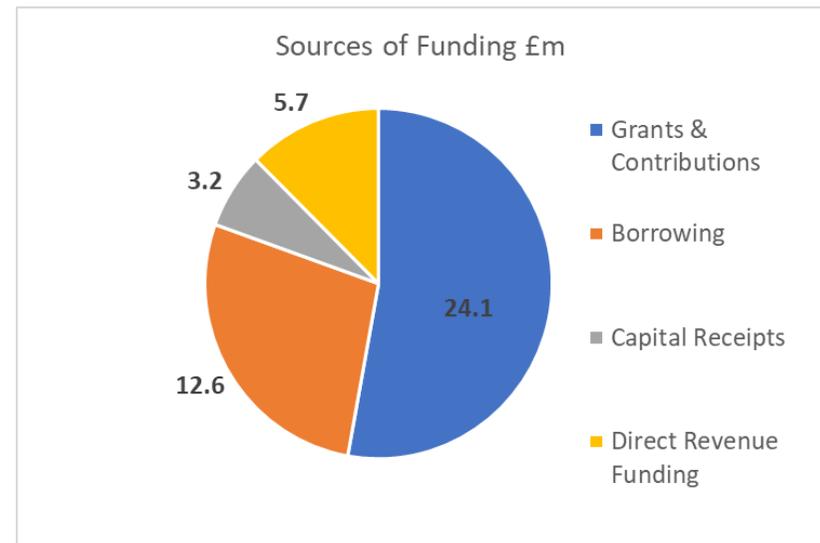
General Fund capital expenditure amounted to £45.6m and HRA capital expenditure was £31.5m, giving total capital expenditure for the year of £77.1m.

Capital expenditure for the year was £77.1m, including:

- Major Repairs – Existing Homes £11.4m

- New Build Housing £11.3m
- Highways Infrastructure £7.0m
- Homes Provided under Local Authority Housing Fund £6.5m
- Leisure Centres £6.0m
- Replacement Vehicles £4.0m
- Delivery Fund £3.2m
- Corporate and Community Buildings £1.9m

Funding of General Fund capital expenditure:



Performance of Council owned companies

The Council's year-end Balance Sheet includes investments in limited companies and joint ventures. Its three principal interests are Brighter Futures for Children, Reading Transport Limited, and Homes for Reading. All three are wholly owned subsidiaries of the Council. A summary of the most recent audited accounts for 2023/24 is as follows:

	Reading Transport Ltd £'000	Homes for Reading £'000	Brighter Futures for Children £'000
Turnover	55,800	1,400	113,300
Profit/(Loss)	2,900	1,500	(5,075)

Commercial Investments

Reading Borough Council has a small portfolio of investment properties:

Property	Annual Rental Yield Mar 24 £'000	Capital Value Mar 24 £'000	Purchase Price £'000
Kennet Wharf	1,271	10,900	21,276
Adelphi House	688	9,310	12,116
160-163 Friar St	735	9,200	11,884
Four 10 TVP	2,277	32,200	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 £1.780m 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 2024 is:

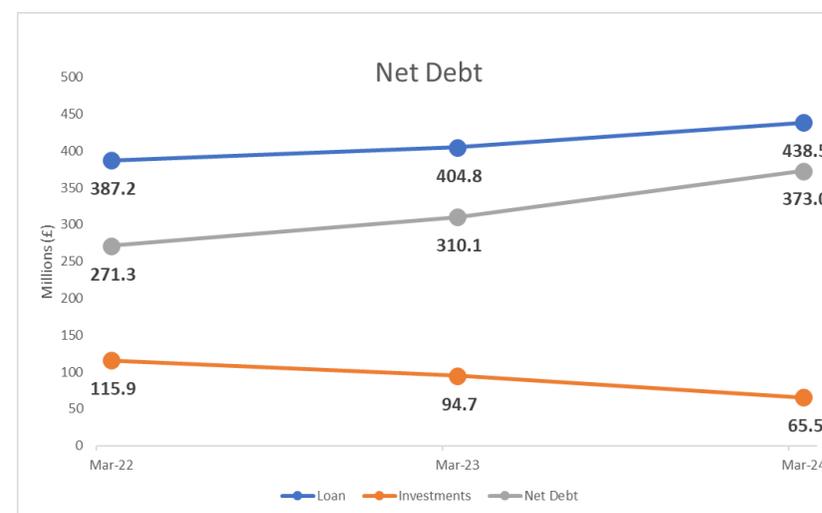
	March 2023 £'000	March 2024 £'000
Long-term Assets	1,284,935	1,262,651
Current Assets	121,181	107,247
Current Liabilities	(135,162)	(189,361)
Long-term Liabilities	(552,004)	(495,849)
Net Assets	718,950	684,688
Usable Reserves	(225,640)	(206,919)
Unusable Reserves	(493,310)	(477,769)
Total Reserves	(718,950)	(684,688)

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 2023/24 totalled £101m. Principal repayments on loans totalling £67.340m were made. The net change in the gross borrowing position between 31 March 2023 and 31 March 2024 was an increase of £33.660m.



Pensions

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

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

There is a net pensions deficit in the balance sheet of £117.1m at 31 March 24, the equivalent deficit figure for 2022/23 was £160.0m. 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 2024/25 was set by Council in February 2024, including a budgeted net contribution from reserves of £3.084m and with planned savings of £8.465m 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 Notes provide more detail about individual transactions and balances.

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



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 – 12/09/2024

Annual Governance Statement 2023/2024

{to be added once published}

Independent Auditors Report to the Members of Reading Borough Council

{to be completed following the outcome of the external audit}

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 2023/24, 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 2024 and its income and expenditure for the year ended 31 March 2024.

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.

2022/23 Restated				2023/24			
Gross Expenditure	Gross Income	Net Expenditure	Service Area	Note	Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000			£'000	£'000	£'000
97,442	(49,415)	48,027	Communities and Adult Social Care		107,358	(55,592)	51,766
42,448	(25,686)	16,762	Resources		41,683	(23,220)	18,463
7,800	(6,029)	1,771	Chief Executive Services		8,109	(6,606)	1,503
47,364	(48,687)	(1,323)	Corporate		50,575	(50,585)	(10)
160,341	(100,031)	60,310	Children, Education and Early Help Services		182,169	(116,492)	65,677
93,907	(49,410)	44,497	Economic Growth and Neighbourhood Services		94,060	(43,780)	50,280
40,243	(42,834)	(2,591)	Housing Revenue Account		45,252	(46,419)	(1,167)
489,545	(322,092)	167,453			529,206	(342,694)	186,512
		(4,148)	Other Operating Expenditure	10			21,543
		31,691	Financing and Investment Income and Expenditure	11			14,953
		(186,423)	Taxation and Non-Specific Grant Income	12			(188,840)
		8,573	(Surplus) or Deficit on Provision of Services				34,168
		(318,084)	Remeasurements of the Net Defined Benefit Liability	44			(21,623)
		(20,196)	(Surplus) or Deficit on Revaluation of Property, Plant and Equipment				21,717
		(338,280)	Other Comprehensive Income and Expenditure				94
		(329,707)	Total Comprehensive Income and Expenditure				34,262

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 2023/2024 reporting structure (primarily a change of reporting of Resources, Chief Executive Services & Corporate)

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.

2023/24	REVENUE RESERVES						CAPITAL RESERVES			Total Usable Reserves £'000	Unusable Reserves £'000	Total Reserves £'000
	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			
Balance at 31 March 2023	(8,221)	(70,132)	(78,353)	(35,334)	(9,916)	(45,250)	(31,584)	(8,749)	(61,704)	(225,640)	(493,310)	(718,950)
(Surplus)/Deficit on provision of services	28,993		28,993	5,175		5,175				34,168		34,168
Other Comprehensive Income and Expenditure			-			-				-	94	94
Total Comprehensive Income and Expenditure	28,993	-	28,993	5,175	-	5,175	-	-	-	34,168	94	34,262
Adjustments between accounting basis and funding basis under regulations	(10,844)		(10,844)	3,163		3,163	(1,086)	(3,037)	2,298	(9,506)	9,506	-
Net (increase)/decrease before transfers to/(from) earmarked reserves	18,149	-	18,149	8,338	-	8,338	(1,086)	(3,037)	2,298	24,662	9,600	34,262
Transfers to/(from) earmarked reserves	(18,322)	12,381	(5,941)	(392)	392	-				(5,941)	5,941	-
(Increase)/decrease for the year	(173)	12,381	12,208	7,946	392	8,338	(1,086)	(3,037)	2,298	18,721	15,541	34,262
Balance at 31 March 2024	(8,394)	(57,751)	(66,145)	(27,388)	(9,524)	(36,912)	(32,670)	(11,786)	(59,406)	(206,919)	(477,769)	(684,688)

2022/23 Restated	REVENUE RESERVES						CAPITAL RESERVES			Total Usable Reserves	Unusable Reserves	Total Reserves
	General Fund balance	Earmarked General Fund Reserves	Total General Fund balances	Housing Revenue Account (HRA)	Earmarked HRA Reserves	Total HRA Balances	Capital Receipts Reserve	Major repairs Reserve	Capital Grants Unapplied Account			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000			
Balance at 31 March 2022	(7,500)	(85,052)	(92,552)	(40,264)	(10,147)	(50,411)	(12,818)	(6,957)	(62,746)	(225,484)	(163,759)	(389,243)
(Surplus)/Deficit on provision of services	5,551		5,551	3,019		3,019				8,571		8,571
Other Comprehensive Income and Expenditure			-			-				-	(338,280)	(338,280)
Total Comprehensive Income and Expenditure	5,551	-	5,551	3,019	-	3,019	-	-	-	8,571	(338,280)	(329,709)
Adjustments between accounting basis and funding basis under regulations	10,443		10,443	2,141		2,141	(18,766)	(1,792)	546	(7,428)	7,428	-
Net (increase)/decrease before transfers to/(from) earmarked reserves	15,993	-	15,993	5,161	-	5,161	(18,766)	(1,792)	546	1,142	(330,852)	(329,709)
Transfers to/(from) earmarked reserves	(16,714)	14,920	(1,794)	(231)	231	-	-		496	(1,298)	1,298	-
(Increase)/decrease for the year	(721)	14,920	14,199	4,930	231	5,161	(18,766)	(1,792)	1,042	(156)	(329,554)	(329,709)
Balance at 31 March 2023	(8,221)	(70,132)	(78,353)	(35,334)	(9,916)	(45,250)	(31,584)	(8,749)	(61,704)	(225,640)	(493,310)	(718,950)

Balance Sheet

2022/23 - Restated £'000	Balance Sheet	Note	2023/24 £'000
1,031,359	Property, Plant & Equipment	22	1,007,220
132,984	Infrastructure	23	137,170
2,541	Heritage Assets	24	3,376
67,775	Investment Property	25	65,390
5,968	Intangible Assets	26	7,228
23,575	Long-term Investments	29	23,080
20,733	Long-term Debtors	34	19,187
1,284,935	Non-Current Assets		1,262,651
-	Assets held for sale		329
383	Inventories	31	336
66,591	Short-term Debtors	34	82,413
54,207	Cash and Cash Equivalents	33	24,169
121,181	Current Assets		107,247
(33,009)	Short-term Borrowing	29	(79,518)
(88,485)	Short-Term Creditors	35	(94,888)
(7,431)	Revenue Receipts in Advance	35	(7,346)
(4,904)	Short-Term Provisions	36	(6,256)
(1,304)	PFI Short-Term Liabilities and Deferred Income	42	(1,325)
(28)	Deferred Income		(28)
(135,162)	Current Liabilities		(189,361)
-	Long-Term Provisions	36	-
(369,485)	Long-Term Borrowing	29	(357,485)
(160,003)	Liability relating to defined benefit pension scheme	44	(117,072)
(21,843)	PFI Long-Term Liabilities and Deferred Income	42	(20,518)
(673)	Other Long Term Liabilities		(774)
(552,004)	Long Term Liabilities		(495,849)
718,950	Net Assets		684,688
(225,640)	Usable Reserves	37	(206,919)
(493,310)	Unusable reserves	38	(477,769)
(718,950)	Total Reserves		(684,688)

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.

2022/23 £'000	Cash Flow	Note	2023/24 £'000
8,572	Net (surplus) or deficit on the provision of services		34,168
(35,608)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	45	(44,775)
41,719	Adjustments for items included in the net surplus on the provision of services that are investing and financing activities	45	33,334
14,683	Net cash flows from Operating Activities		22,727
36,753	Investing Activities	46	35,365
(16,501)	Financing Activities	47	(28,054)
34,934	Net (increase) or decrease in cash and cash equivalents		30,038
68,551	Cash and cash equivalents at the beginning of the reporting period		54,207
(14,344)	Net increase or (decrease) in cash and cash equivalents		(30,038)
54,207	Cash and cash equivalents at the end of the reporting period	33	24,169

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 2023/24 financial year and its position as at 31 March 2024.

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 2023/24 (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 2023/24 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.

iv. Council tax and non-domestic rates

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

Accounting for Council Tax and NDR

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

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

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

vii. Employee Benefits

Benefits Payable during employment

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

provision of services, but then reversed out through the Movement in Reserves Statement to the accumulated absences account so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

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

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

Post-Employment Benefits

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

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

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

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

The Local Government Pension Scheme

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

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

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

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

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

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

Service costs comprising:

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

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

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

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

defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments

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

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

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

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

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

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

viii. **Financial Instruments**

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

Financial Liabilities

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

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

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

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

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

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

Financial Assets

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

- 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.

ix. Government Grants and Contributions

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

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

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

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

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

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

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

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

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

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

x. Inventories and Work in Progress (WIP)

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. Work in Progress is subject to an interim valuation at the year-end and recorded in the Balance Sheet at cost plus any profit reasonably attributable to the works.

xi. Interests in Companies and Other Entities

Companies

The Council has interests in three subsidiary companies, which:

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

Schools

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

xii. Investment Property

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

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

Rentals received in relation to investment properties are credited to the financing and investment income line and result in a gain for the general fund balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the general fund balance. The gains and

losses are therefore reversed out of the general fund balance in the movement in reserves statement and posted to the capital adjustment account and (for any sales proceeds greater than £10,000) the capital receipts reserve.

xiii. Leases

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.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

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.

IFRS 16

The CIPFA LASAAC Local Authority Code Board has agreed to defer the implementation of IFRS 16 Leases in the Code of Practice on Authority Accounts in the UK (the Code) until the 2024/25 financial year.

This aligns with the decision at the Government's Financial Reporting Advisory Board to establish a new effective date of 1 April 2024 for the implementation of IFRS 16.

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset remains on the Council's Balance Sheet. Rental income is recognised in the Comprehensive Income and Expenditure Statement on a straight-line basis over the term of the lease, regardless of the pattern of payments.

Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

Council as Lessee

Finance Leases

The Council does not have property, plant or equipment held under finance leases.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g., there is a rent-free period at the commencement of the lease).

xiv. Overhead and support service recharges

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

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

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

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

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

xvi. Property, Plant and Equipment

Recognition

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

Measurement

Assets are initially valued at cost comprising:

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

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

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

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

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

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

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

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

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

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

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

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

Impairment

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

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

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

Depreciation

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

Depreciation is calculated on the following bases:

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

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

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

Disposals

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

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

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

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

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

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

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

Heritage Assets

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

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

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

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

Componentisation

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

Significant Component Factors:

- 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.

The following assets have been componentised:

We componentise Council Dwellings both the separation of the land value, and internal components. Where components are replaced, the Council will derecognise the replaced components within the accounts.

xvii. Service Concessions

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

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

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

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

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

xviii. 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.

xix. 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.

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

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

During the period 1 April 2016 to 31 March 2025 the Council are allowed under guidance published by MHCLG the flexible use of capital receipts on areas of revenue cost to reform which generate ongoing savings to the Council. In the case where revenue spend is identified as meeting the criteria to use flexible capital receipts the Council will meet the cost of the reform through capital receipts generated during the same financial year. Where the Council has determined to meet this cost from capital receipts a transfer to the Capital Adjustment Account reverses the amounts charged to the Comprehensive Income and Expenditure Statement via the Movement in Reserves Statement so there is no impact on the level of Council Tax.

xxi. Value Added Tax (VAT)

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

Note 2 – Accounting Standards Issued but Not Yet Adopted

The Code of Practice requires that the Council discloses the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This requirement applies to accounting standards that come into effect for financial years commencing on or before 1 January of the financial year in question (i.e., on or before 1 January 2024 for 2023/24). The 2023/24 Code will highlight the following amendments:

IFRS 16: Leases

IFRS 16 will require local authorities that are lessees to recognize a lease in their balance sheet as a right-of-use asset with a corresponding lease liability (there are exemptions for low-value and short-term leases). CIPFA/LASAAC have deferred implementation of IFRS 16 for local government to 1 April 2024. The Council will continue to review its' lease arrangements to assess the impact of the change.

Note 3 – Critical Judgements in Applying Accounting Policies

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

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

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

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

The Council has completed a school-by-school assessment across the different schools operated within the Borough to determine the individual accounting treatments. Judgements have been made to determine the arrangements in place and the accounting treatment of the Non-Current Assets. As a result, the Council recognises school assets for Community schools on the Balance Sheet. The Council does not recognise assets relating to Academies, Voluntary Aided (VA), Voluntary Controlled (VC) or Free Schools as the view has been adopted that these entities were deemed to be owned by the relevant Dioceses or Trust

following consultation and review. School assets are recognised as a disposal from the Council's Balance Sheet on the date on which a school converts to Academy status, not on the date of any related announcement, nor is any impairment recognised by the Council prior to conversion.

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

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

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

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

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

The items in the Council's Balance Sheet at 31 March 2024 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 £1.289m 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 £0.211m 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 2023/24:

Impact on the defined benefit obligation	Increase in assumption	Decrease in assumption
	£'000	£'000
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(10,353)	11,524
Rate of increase in salaries (increase or decrease by 0.1%)	676	(670)
Rate of inflation (increase or decrease by 0.1%)	10,147	(9,892)
Longevity (increase or decrease by 1 year)	25,164	(24,164)

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 £10.353m. See Note 44 for more details of the LGPS Pension Scheme.

Arrears

At 31 March 2024, the Council had a balance of sundry debtors of £27.220m (net of impairments). A review of significant balances suggested that an impairment of doubtful debts of £8.9m was appropriate. If collection rates were to deteriorate, a 1% increase in the value of impairments for doubtful debts would require an additional £88,520 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 £98,000.

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 2024 was £10.181m, which is shared between the Council, Central Government and the Fire Authority. The Council's share of this provision totals £4.988m. The provision at 31 March 2024 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:

- £9.7m (£7.5m 2022/23) to RE3 Ltd for waste collection and disposal under the waste collection service concession.
- £60.6m (£50.8m 2022/23) to BFfC for provision of Children's Services.
- £8.0m (£6.6m 2022/23) to Affinity (Reading) Ltd under a service concession to refurbish council-owned housing at North Whitley.
- £4.0m (£4.1m 2022/23) to Reading Transport Ltd for providing free travel under the Concessionary Fares Scheme.
- £2.8m (£2.9m 2022/23) to Northgate Public Services (UK) Ltd for the provision of IT services.

Note 6 – Events After the Reporting Period

Events taking place after September 2024 (Draft Accounts) are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2024, 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.

2022/23 Restated			2023/24			
Net Expenditure Chargeable to the GF and HRA		Net Expenditure in the CIES		Net Expenditure Chargeable to the GF and HRA		Net Expenditure in the CIES
Balances	Adjustments			Balances	Adjustments	
£'000	£'000	£'000		£'000	£'000	£'000
47,302	725	48,027	Communities and Adult Social Care	52,787	(1,021)	51,766
13,458	3,304	16,762	Resources	21,275	(2,812)	18,463
1,716	55	1,771	Chief Executive Services	1,746	(243)	1,503
2,736	(4,059)	(1,323)	Corporate	16,753	(16,763)	(10)
55,186	5,124	60,310	Children, Education and Early Help Services	67,135	(1,458)	65,677
17,127	27,370	44,497	Economic Growth and Neighbourhood Services	25,264	25,016	50,280
1,981	(4,572)	(2,591)	Housing Revenue Account	6,661	(7,828)	(1,167)
139,506	27,946	167,453	Cost of Services	191,622	(5,109)	186,512
(118,351)	(40,529)	(158,880)	Other Income and Expenditure	(165,134)	12,789	(152,345)
21,157	(12,583)	8,573	(Surplus) or Deficit on Provision of Services	26,488	7,680	34,167
		(142,963)	Opening General Fund and HRA Balances as at 1 April			(123,603)
		(1,299)	Movement on DSG deficit to Unusable Reserves			(5,942)
		(497)	Transfer from Capital Grants Unapplied to Earmarked Reserve			
		21,157	(Surplus) or Deficit on Provision of Services (Statutory Basis)			26,488
		(123,603)	Closing General Fund and HRA Balances as at 31 March			(103,057)

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 2023/2024 reporting structure (primarily a change of reporting of Resources, Chief Executive Services & Corporate)

Note 7a – Note to the Expenditure and Funding Analysis

2022/23					2023/24					
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
182	570	(27)	-	725	Communities and Adult Social Care	517	(2,241)	11	693	(1,021)
2,705	593	6	-	3,304	Resources	211	(3,038)	15	-	(2,812)
(1)	62	(8)	-	55	Chief Executive Services	-	(241)	(3)	-	(243)
(6,870)	-	-	2,814	(4,055)	Corporate	(9,282)	(745)	-	(6,737)	(16,763)
3,201	1,719	203	-	5,124	Children, Education and Early Help Services	3,682	(5,197)	58	-	(1,458)
26,098	1,284	(13)	-	27,371	Economic Growth and Neighbourhood Services	24,012	(3,721)	27	4,699	25,016
(5,074)	491	10	-	(4,573)	Housing Revenue Account	(1,518)	(1,424)	2	(4,888)	(7,828)
20,242	4,719	171	2,814	27,945	Net Cost of Services	17,622	(16,607)	110	(6,234)	(5,109)
(1,494)	-	-	-	(1,494)	Other Operating Expenditure	21,406	-	-	137	21,543
7,435	8,709	-	-	16,144	Financing and investment income	1,447	6,934	-	6,572	14,953
(36,235)	-	-	(18,944)	(55,179)	Taxation and non - specific grants	(28,914)	-	-	5,208	(23,707)
(10,053)	13,428	171	(16,130)	(12,583)	Difference between GF/HRA (surplus)/ deficit and CIES (surplus) /deficit	11,560	(9,673)	110	5,683	7,680

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 and Expenditure

Segmental income	Total Income per CIES £'000	Less Grants in Note 21 £'000	Net Income £'000
Communities and Adult Social Care Resources	(55,592)	(20,122)	(35,470)
Chief Executive Services	(6,606)	(24)	(6,582)
Corporate	(50,585)	(50,607)	22
Children, Education and Early Help Services	(116,492)	(110,788)	(5,704)
Economic Growth and Neighbourhood Services	(43,780)	(6,411)	(37,369)
Housing Revenue Account	(46,419)	(4,015)	(42,404)
	(342,694)	(195,776)	(146,918)

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

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

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

Note 7c – Expenditure and Income Analysed by Nature

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

2022/23 £'000	Nature of Expenditure or Income	2023/24 £'000
134,870	Council employees	132,291
11,746	Voluntary Aided Schools	11,396
146,617	Sub total	143,687
43,049	Depreciation, amortisation, impairment	39,745
36,139	Interest payments	23,279
300,013	Other service expenses	354,371
32,971	Business Rates Tariff	36,371
-	Net Loss on Asset Disposals	21,406
209	Payments to Housing Capital Receipts Pool	-
558,998	Total Expenditure	618,859
(134,826)	Revenue from external customers and other service income	(155,698)
(4,449)	Interest and investment income	(8,326)
(164,932)	Income from Council Tax and NDR	(175,695)
(241,729)	Government grants and contributions	(244,972)
(4,491)	Net Gain on Asset Disposals	-
(550,426)	Total Income	(584,690)
8,572	(Surplus) or Deficit for Year	34,168

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.

2023/24	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
Adjustments to the Revenue Resources	£000	£000	£000	£000	£000	£000
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:						
Pension cost (transferred to (or from) the Pensions Reserve)	8,873	800				(9,673)
Financial Instruments (transferred to the Financial Instruments Adjustments Account)	(340)	-				340
Council tax and NDR (transfers to or from the Collection Fund)	(5,683)	-				5,683
Holiday pay (transferred to the Accumulated Absences reserve)	(108)	(2)				110
Equal pay settlements (transferred to the Unequal Pay / Back Pay Account)						
Charges for depreciation and impairment of non-current assets	(24,644)	(14,892)				39,536
Impairment losses on Property plant and equipment	1,895	4				(1,899)
Reversal of impairment of subsidiary Holding.						-
Movements in the market value of investment properties	(1,107)	-				1,107
Amortisation of intangible assets	(2,108)	-				2,108
Revenue expenditure funded from capital under statute	(8,839)	-				8,839
Amounts of non-current assets write off on disposal or sale as part of the gain/loss on disposal	(24,934)	(892)				25,826
Capital grants and contributions unapplied	28,914	-			(28,914)	
Total Adjustments to Revenue Resources	(28,081)	(14,982)	-	-	(28,914)	71,977
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	2,681	1,739	(4,420)			
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)						
Posting of Housing Revenue Account resource from revenue to the Major Repairs Reserve	-	14,892		(14,892)		
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	9,010	764				(9,774)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	5,546	750				(6,296)
Total Adjustments between Revenue and Capital Resources	17,237	18,145	(4,420)	(14,892)	-	(16,070)
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	5,079			(5,079)
Use of the Major Repairs Reserve to finance new capital expenditure	-	-		11,855		(11,855)
Application of capital grants to finance capital expenditure					31,212	(31,212)
Cash payments in relation to deferred capital receipts	-	-	(1,744)			1,744
Total Adjustments to Capital Resources	-	-	3,335	11,855	31,212	(46,402)
Other adjustments						
Total Adjustments	(10,844)	3,163	(1,085)	(3,037)	2,298	9,504

2022/23	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£'000	£000	£000	£000	£000	£000
Adjustments to the Revenue Resources						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:						
Pension cost (transferred to (or from) the Pensions Reserve)	(12,213)	(1,215)	-	-	-	13,428
Financial Instruments (transferred to the Pooled Funded Adjustment Account)	(2,810)	-	-	-	-	2,810
Council tax and NDR (transfers to or from the Collection Fund)	18,944	-	-	-	-	(18,944)
Holiday pay (transferred to the Accumulated Absences reserve)	(161)	(10)	-	-	-	171
Equal pay settlements (transferred to the Unequal Pay / Back Pay Account)	-	-	-	-	-	-
Charges for depreciation and impairment of non-current assets	(27,693)	(13,777)	-	-	-	41,470
Revaluation (gains) / losses on Property plant and equipment	-	-	-	-	-	-
Reversal of impairment of subsidiary holding	368	-	-	-	-	(368)
Movements in the market value of investment properties	(7,435)	-	-	-	-	7,435
Amortisation of intangible assets	(1,964)	-	-	-	-	1,964
Revenue expenditure funded from capital under statute	(5,560)	-	-	-	-	5,560
Amounts of non-current assets write off on disposal or sale as part of the gain/loss on disposal	1,161	(2,154)	-	-	-	993
Capital grants and contributions unapplied	36,235	-	-	-	(36,235)	-
Total Adjustments to Revenue Resources	(1,128)	(17,156)	-	-	(36,235)	54,519
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	1,250	4,234	(5,484)	-	-	(1)
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	(209)	-	209	-	-	-
Posting of Housing Revenue Account resource from revenue to the Major Repairs Reserve	-	13,633	-	(13,633)	-	-
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	7,752	880	-	-	-	(8,632)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	2,775	551	-	-	-	(3,326)
Total Adjustments between Revenue and Capital Resources	11,568	19,298	(5,275)	(13,633)	-	(11,959)
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	-	-	-	-
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	2,474	-	-	(2,474)
Application of capital grants to finance capital expenditure	-	-	-	11,841	-	(11,841)
Cash payments in relation to deferred capital receipts	-	-	(1,744)	-	36,782	(36,782)
Total Adjustments to Capital Resources	-	-	730	11,841	36,782	(49,353)
Other adjustments (Repayment on Finance Lease)	-	-	(14,221)	-	-	14,221
Total Adjustments	10,440	2,143	(18,766)	(1,792)	547	7,427

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 2022 £'000	Transfers Out £'000	Transfers In £'000	Balance at 31 March 2023 £'000	Transfers Out £'000	Transfers In £'000	Balance at 31 March 2024 £'000
General Fund Reserves:							
Emergency Planning Reserve	(610)	-	(698)	(1,308)	308	-	(1,000)
Communications Reserve	(200)	-	-	(200)	74	-	(126)
Housing Benefit Subsidy Loss Reserve	(600)	-	(25)	(625)	625	-	-
Public Health Reserve	(906)	-	(161)	(1,067)	-	(452)	(1,519)
Schools Deficit Liability Reserve	(674)	-	(330)	(1,004)	-	(297)	(1,301)
Climate Change Reserve	(220)	-	(6)	(226)	4	-	(222)
Legal & Taxation Reserve	(300)	-	(1,060)	(1,360)	1,442	(308)	(226)
Commercial Property Liabilities Reserve	(1,700)	-	(1,100)	(2,800)	24	-	(2,776)
Revenue Grants Unapplied Reserve	(30,031)	21,667	(9,182)	(17,547)	8,086	(1,999)	(11,459)
Self Insurance Reserve	(2,756)	-	(442)	(3,198)	578	(562)	(3,182)
IT & Digital Reserve	(2,591)	-	-	(2,591)	-	-	(2,591)
Transformation Reserve	(7,088)	504	-	(6,584)	5,034	-	(1,551)
Capital Financing Smoothing Reserve	(15,295)	9,395	(3,460)	(9,360)	7,126	(4,488)	(6,722)
Redundancy Reserve	(345)	-	-	(345)	104	-	(241)
Demographic & Cost-Led Pressures Reserve	(2,000)	-	-	(2,000)	-	(3,000)	(5,000)
Abortive Capital Costs Reserve	(1,500)	675	-	(825)	724	-	(101)
Collection Fund Smoothing Reserve	(6,196)	3,417	-	(2,780)	14	(792)	(3,557)
Better Care Fund Reserve	(1,032)	-	(788)	(1,820)	750	(806)	(1,877)
Joint Legal Team Reserve	(126)	-	-	(126)	126	-	-
Financial Resilience Reserve	(5,588)	1,165	(5,691)	(10,114)	6,099	(4,221)	(8,236)
DEGNS Strategic Reserve	(184)	29	-	(155)	155	-	-
Archives Projects Reserve	(31)	22	-	(9)	81	(72)	-
Energy Reserve	(791)	-	(496)	(1,287)	787	-	(500)
Ministry of Justice Liability Order Reserve	(119)	-	-	(119)	-	-	(119)
Pay & Inflation Reserve	-	-	-	-	1,000	(4,000)	(3,000)
Health & Safety Reserve	-	-	(71)	(71)	-	-	(71)
Project Management Office Reserve	-	-	(210)	(210)	47	-	(163)
Hardship Fund	-	-	(500)	(500)	67	-	(433)
Pension Liabilities Reserve	(1,100)	1,100	-	-	-	-	-
Procurement Training Reserve	(50)	50	-	-	-	-	-
Schools	(3,019)	1,815	(381)	(1,585)	979	(1,174)	(1,780)
Total General Fund	(85,052)	39,839	(24,601)	(69,814)	34,234	(22,170)	(57,751)
Housing Revenue Account Reserves:							
North Whitley PFI	(10,147)	231	-	(9,916)	392	-	(9,524)
Total Housing Revenue Account	(10,147)	231	-	(9,916)	392	-	(9,524)
Total Earmarked Reserves	(95,199)	40,070	(24,601)	(79,730)	34,626	(22,170)	(67,275)

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 **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 beyond the end of the flexible capital receipts directive in 2024/25.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The **Pension Liabilities Reserve** previously 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.

Note 10 – Other Operating Expenditure

2022/23 £'000		2023/24 £'000
134	Levies	137
209	Payments to the Government Housing Capital Receipts Pool	-
(4,491)	(Gains)/Losses on the disposal of non-current assets	21,406
(4,148)	Total	21,543

Note 11 – Financing and Investment Income and Expenditure

2022/23 £'000		2023/24 £'000
17,186	Interest payable and similar charges	16,005
8,709	Net interest on the net defined benefit liability (asset)	6,934
(4,449)	Interest receivable and similar income	(3,246)
7,435	Income and expenditure in relation to investment properties and changes in their fair value	(5,080)
2,810	Other investment income and expenditure	340
31,691	Total	14,953

Note 12 – Taxation and Non-Specific Grant Income

2022/23 £'000		2023/24 £'000
(104,474)	Council Tax Income	(110,996)
(58,350)	Non-Domestic rates income	(64,698)
32,971	Non-Domestic Rates Tariff and Levy	36,371
(20,335)	Non-Ringfenced Government Grants	(20,603)
(36,235)	Capital Grants and Contributions	(28,914)
(186,423)	Total	(188,840)

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:

2023/24 Senior Officers' Remuneration

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

1* Left the role on 04/06/2023

2* Acted up in the role for 2 separate periods: both 05/06/23 to 14/09/23 and 04/03/24 to 31/03/24

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

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

2022/23 Senior Officers' Remuneration

2022-23	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 (Peter Sloman)1*	67,102			67,102		67,102
	Chief Executive/Deputy Chief Executive (Jackie Yates)2*	158,994	8,309		167,304	24,761	192,065
	Director of Finance (S151 Officer)	123,762			123,762	18,317	142,079
	Executive Director of Adult Care & Health Services 3*	108,338	77		108,416	15,783	124,199
	Interim Executive Director of Adult Care & Health Services4*	31,820			31,820	4,709	36,529
	Interim Executive Director Of Resources5*	121,926			121,926		121,926
	Executive Director Of Resources 6*	18,582			18,582	2,750	21,332
	Executive Director of Environment & Neighbourhood Services	141,901			141,901	19,124	161,025
	Director of Public Health Berkshire West	129,236			129,236	18,948	148,183
	Executive Director of Children's Services7*	14,079		6,649	20,727	984	21,711
	Executive Director of Children's Services 8*	15,130			15,130	2,239	17,369
	Executive Director of Children's Services9*	4,117			4,117	609	4,726
	Assistant Director of Legal & Democratic Services (Monitoring Officer)	92,727			92,727	13,724	106,451
		1,027,714	8,387	6,649	1,042,749	121,948	1,164,697

1* Term time only departed RBC 31/08/22

2* Acting Up from 19/07/22, Commenced 19/10/22

3* Left 31/12/2022

4* Commenced 01/01/23

5* Interim - REED Agency 11/08/22 - 10/02/23

6*Started Permanent Role Feb 2023

7* Left 30/06/2023

8* Commenced 13/02/23

9* Commenced Feb 23

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. The Senior Officers are excluded from this table but included in the more detailed table above:

			Number of Employees			
2022/23	2022/23	2022/23		2023/24	2023/24	2023/24
Schools	Non-schools	Total		Schools	Non-schools	Total
24	49	73	£50,001 to £55,000	31	64	95
10	47	57	£55,001 to £60,000	15	32	47
9	21	30	£60,001 to £65,000	9	42	51
3	16	19	£65,001 to £70,000	6	13	19
3	1	4	£70,001 to £75,000	5	12	17
4	5	9	£75,001 to £80,000	4	3	7
5	3	8	£80,001 to £85,000	4	5	9
3	2	5	£85,001 to £90,000	3	3	6
-	-	-	£90,001 to £95,000	3	2	5
-	-	-	£95,001 to £100,000	-	-	-
-	-	-	£100,001 to £105,000	2	-	2
-	-	-	£105,001 to £110,000	-	-	-
1	-	1	£110,001 to £115,000	-	-	-
-	-	-	£115,001 to £120,000	-	-	-
1	-	1	£120,000 to £125,000	-	-	-
1	-	1	£125,001 to £130,000	1	-	1
64	144	208	Total	83	176	259

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 (£)	
	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24
£0 - £20,000	-	-	5	18	5	18	43,841	95,628
£20,001 - £40,000	-	-	6	2	6	2	191,717	45,893
£40,001 - £60,000	-	-	2	-	2	-	86,092	-
£60,001 - £80,000	-	-	-	1	-	1	-	61,010
£80,001 - £100,000	-	-	-	-	-	-	-	-
£100,001 - £150,000	-	-	-	-	-	-	-	-
£150,001 - £200,000	-	-	1	-	1	-	159,442	-
£200,001 - £250,000	-	-	-	-	-	-	-	-
Total	-	-	14	21	14	21	481,092	202,531
Add: Amounts provided for in CIES not included in bandings							-	-
Total cost included in CIES							481,092	202,531

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 2023/24 was as follows:

2022/23 £'000		2023/24 £'000
425	Basic Allowances	444
179	Special Responsibility Allowance	171
-	Dependent Carer's Allowance	-
1	Travelling and Subsistence Allowance	2
4	Co-optees' Allowance	3
611		620

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 2023/24, the Council incurred costs of £655k (2022/23: £660k) 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 in 2023/24 total £2.95m (2022/23 just over £2.66m) 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 UK CIC, 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.

Note 17 – External Audit Costs

The Council's external auditors are EY. The amounts payable by the Council to EY for external audit services are as follows:

2022/23 £'000		2023/24 £'000
	Certification of grant claims and returns for the following years	
33	Financial Year 2020-21	-
14	Financial Year 2021-22	56
-	Financial Year 2022-23	92
-	Financial Year 2023-24	98
	Fees payable in regard to external audit services for the following years	
-	Financial Year 2019-20	290
-	Financial Year 2020-21	290
-	Financial Year 2021-22	42
84	Financial Year 2022-23	42
-	Financial Year 2023-24	222
131	Total	1,132

Note 18 – Trading Operations

The Council operates a trading account for the services below:

Housing Building Maintenance

The Council operates a housing building maintenance trading unit that carries out reactive and planned maintenance on the Council's housing stock, as well as for other Local Authorities.

2022/23		2023/24
£'000		£'000
Housing Building Maintenance		
(18,669)	Turnover	(8,488)
17,107	Expenditure	7,776
(1,562)	(Surplus)/Deficit	(712)

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.

2022/23		2023/24
£'000		£'000
Building Control Trading Account		
(229)	Turnover	(255)
450	Expenditure	414
221	(Surplus)/Deficit	159

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.

2022/23 £'000		2023/24 £'000
	Funding Within the Pooled Budget	
(819)	Reading Borough Council - Adult Services	(886)
(72)	Reading Borough Council - Children's Services	(126)
(3,672)	Other Berkshire Councils	(4,316)
(6,816)	Berkshire Clinical Commissioning Groups	(7,801)
(11,378)		(13,129)
	Expenditure Within the Pooled Budget	
140	Management Fund Costs	129
11,238	Nottingham Rehab Supplies Equipment	13,000
11,378		13,129
-	Net (Surplus)/Deficit within the scheme .	-

2) Better Care Fund

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

2022/23 £'000		2023/24 £'000
	Funding Provided to the Pooled Budget	
(4,160)	Reading Borough Council	(4,299)
(11,781)	Berkshire West CCG	(12,449)
(15,941)		(16,748)
	Expenditure within the Pooled Budget	
10,482	Reading Borough Council	11,228
5,052	Berkshire West CCG	4,996
15,533		16,224
(408)	(Surplus) for the pooled budget in 23/24	(524)

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

	Central Expenditure £'000	2023/24 Individual Schools Budget £'000	Total £'000
Final DSG for 2023/24 before Academy recoupment			(162,502)
Academy figure recouped for 2023/24			69,378
Total DSG after Academy recoupment for 2023/24			(93,123)
Plus: Brought forward from 2022/23			-
Less: Carry forward to 2024/25 agreed in advance			-
Agreed initial budgeted distribution in 2023/24	(28,312)	(64,811)	(93,123)
In year adjustments	-	482	482
Final budgeted distribution for 2023/24	(28,312)	(64,329)	(92,642)
Less: Actual central expenditure	33,835		33,835
Less: Actual ISB deployed to schools		64,747	64,747
Plus: Local Authority contribution for 2023/24	-	-	-
In-year Carry-forward to 2024/25	5,523	418	5,941
DSG deficit within Unusable Reserves at the end of 2022/23			3,463
Addition to DSG deficit within Unusable Reserves at the end of 2023/24			5,941
Total of DSG deficit within Unusable Reserves at the end of 2023/24			9,404
New DSG position at the end of 2023/24			9,404

Under the Local Authorities (Capital Finance and Accounting)(England)(Amendment) Regulations 2020, which came into effect on 29 November 2020, any local authority with a deficit on its school budget during the period of the regulation (1 April 2020 to 31 March 2024) must charge the amount of the deficit to an account established solely for this purpose in the Unusable Reserves section of the balance sheet.

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 2023/24 as follows:

2022/23 £'000		2023/24 £'000
	Credited to Taxation and Non Specific Grant Income	
	<u>Grants</u>	
(12,580)	Business Rates Reliefs	(14,674)
(2,038)	New Homes Bonus	(1,453)
(2,108)	Revenue Support Grant	(2,487)
(2,116)	Services Grant	(1,241)
(636)	Housing Infrastructure Fund (Revenue Element)	-
(932)	Other Non Specific Revenue Grants	(307)
75	Covid Grants	-
(15,187)	Capital Grants*	(4,143)
(21,048)	Capital Contributions (including CIL and S106 monies)*	(24,772)
(56,570)	Total Grants	(49,076)

2022/23 £'000		2023/24 £'000
	* Capital Grants and Contributions	
(2,588)	Bus Service Improvement Plan	(6,237)
(8,537)	Schools Standards Fund	(5,056)
-	Priority Schools Building Programme	(2,645)
(2,613)	LTP - Integrated Transport Block Grant	(2,613)
(9,210)	S106 Contributions	(2,490)
(649)	Local Authority Housing Fund	(2,427)
(5,977)	Community Infrastructure Levy - Contributions	(1,653)
(1,197)	Disabled Facilities Grant	(1,302)
368	Homes England - Dee Park	(948)
(756)	Pothole Action Fund	(789)
-	Network Rail/First Great Western - Green Park Station	(779)
-	DCLG Brownfield Land release grant for Minster Quarter Scheme	(561)
(1,075)	Active Travel	(558)
(2,288)	Affordable Housing Homes England Funding	(247)
(1,455)	Leisure Procurement Lottery Funding	(15)
492	Public Sector Decarbonisation Fund - Schools	-
(750)	Other Capital Grants	(594)
(36,235)	Total	(28,914)

2022/23 £'000		2023/24 £'000
	Revenue Grants and Contributions Receipts in Advance:	
6,483	Covid Additional Relief Fund	-
294	Other	-
6,777	Total Grants	-

2022/23 £'000		2023/24 £'000
	Credited to Services	
	<u>Grants</u>	
(86,706)	Dedicated Schools Grant (DSG)	(92,168)
(42,457)	Housing Benefit Subsidy	(42,242)
(10,316)	Public Health Grant	(10,653)
(4,452)	Social Care Grant	(7,499)
(4,815)	Bus Service Improvement Plan	(4,100)
(3,731)	Pupil Premium Grant	(4,001)
(3,997)	North Whitley PFI - Housing	(3,997)
(2,693)	Improved Better Care Fund	(2,693)
(2,261)	DWP Household Support Fund	(2,261)
(384)	Market Sustainability Fund	(2,200)
(1,716)	Unaccompanied Asylum-Seeking Children Funding	(2,149)
(1,782)	Preventing Homelessness Grant	(2,042)
(1,409)	Mainstream Schools Additional Grant	(1,698)
(1,345)	ESFA Funded Adult Education Grant	(1,376)
(362)	Rough Sleeping Accommodation Project	(1,347)
(1,096)	Universal Infants Free School Meals	(1,250)
(1,057)	PFI Central Berkshire Waste Disposal	(1,057)
-	Early Years Supplementary Grant	(971)
(1,103)	Rough Sleeping Initiative	(820)
(431)	Rough Sleeping Drug and Alcohol Treatment	(803)
(448)	Sixth Form Funding	(559)
(530)	Primary PE and Sport Premium	(529)
(529)	Recovery Premium Grant	(507)
(315)	Asylum Dispersal Grant	(497)
(509)	Housing Benefit Admin Subsidy	(494)
(405)	Supplementary Substance Misuse Treatment & Recovery Grant	(470)
(2,948)	Homes for Ukraine Tariff Grant	(368)
(638)	Supporting Families	(174)
(412)	Homes for Ukraine Education and Childcare Grant	(8)
(750)	Future Council Initiative	-
(488)	Holiday Activities and Food Programme	-
(473)	Local Data Accelerator Fund for Children and Families	-
(528)	Other Covid grants	-
(6,520)	Other Grants	(6,843)
(187,606)	Total Grants	(195,776)

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 2024	Annual
Other land and buildings	Existing Use Value	31 March 2024	Five-yearly
Surplus Assets	Fair value	31 March 2024	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 2024 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

For DRC Valuations:

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

For Valuations using MEA:

The MEA is adopted when the actual area is lower

The actual area is adopted where the MEA is larger
 MEA based on DFE guidance per pupil per m²

For Valuations based on Comparable/Capitalised rent:
 Running Yields and Net Initial Yields are based on value plus buyer's costs
 Net Initial Yields excludes acquisition costs
 Formulae as in Parry's Tables: rent annually in arrears
 Stamp Duty is progressive and derived from the set "HMRC (UK excl Scotland, 2019)"
 Cap Adj running yield is based on cumulative capital invested
 Dual rate sinking fund at 4% with correction and tax at 40%

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

	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		32,563	16,246		48,809
Valued at current value as at:					
31 March 2020		54,064			54,064
31 March 2021		33,782	916		34,698
31 March 2022		58,261			58,261
31 March 2023		53,426			53,426
31 March 2024	550,572	129,896		23,771	704,239
Total	550,572	361,992	17,161	23,772	953,497

All asset Valuations were carried out by Sanderson Weatherall LLP.

Property, Plant and Equipment 2023/24

Movements to 31 March 2024	Council Dwellings	Land and Buildings	Vehicles, Plant & Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
at 1 April 2023	569,137	357,648	29,875	9,019	27,781	81,188	1,074,648
Additions	18,442	6,618	4,913	238	-	25,989	56,201
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(34,392)	9,547	-	-	2,077	-	(22,768)
Derecognition – disposals	(916)	(2,218)	(488)	-	(2,101)	-	(5,723)
Reclassifications and transfer	12,921	19,851	3,685	-	(3,896)	(59,900)	(27,339)
Other movements in cost or valuation	(14,620)	(15,387)	-	-	(88)	-	(30,095)
at 31 March 2024	550,572	376,059	37,985	9,257	23,772	47,277	1,044,922
Accumulated Depreciation and Impairment							
at 1 April 2023	-	(21,944)	(18,583)	(2,057)	-	(708)	(43,292)
Depreciation charge	(14,644)	(10,198)	(2,628)	(37)	(53)	-	(27,560)
Impairment (losses)/reversals recognised 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	14,620	15,387	-	-	88	-	30,095
at 31 March 2024	-	(14,068)	(20,824)	(2,094)	-	(717)	(37,702)
Net Book Value							
at 31 March 2023	569,137	335,704	11,292	6,962	27,781	80,480	1,031,356
at 31 March 2024	550,572	361,991	17,161	7,163	23,772	46,560	1,007,219

Property, Plant and Equipment 2022/23

Movements to 31 March 2023	Council Dwellings	Land and Buildings	Vehicles, Plant & Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
at 1 April 2022	549,451	342,944	26,324	8,807	24,213	71,598	1,023,339
Additions	12,675	5,973	3,514	183	22	48,821	71,187
Revaluation increases/(decreases) recognised in the Revaluation Reserve	15,353	3,738	-	-	1,105	-	20,196
Derecognition – disposals	(2,208)	(509)	(893)	-	2,318	-	(1,293)
Reclassifications and transfer	7,247	17,848	930	29	430	(39,231)	(12,747)
Other movements in cost or valuation	(13,381)	(12,346)	-	-	(307)	-	(26,034)
at 31 March 2023	569,137	357,648	29,875	9,019	27,781	81,188	1,074,649
Accumulated Depreciation and Impairment							
at 1 April 2022	-	(19,976)	(16,977)	(2,029)	-	(991)	(39,973)
Depreciation charge	(13,416)	(9,406)	(2,396)	(28)	(12)	-	(25,257)
Impairment (losses)/reversals recognised in the Surplus/Deficit on the Provision of Services	-	(4,644)	-	-	(81)	-	(4,725)
Derecognition – disposals	54	1	790	-	(215)	-	630
Reclassifications and transfers	(19)	(265)	-	-	-	284	-
Other movements in depreciation and	13,381	12,346	-	-	307	-	26,034
at 31 March 2023	-	(21,944)	(18,583)	(2,057)	-	(708)	(43,292)
Net Book Value							
at 31 March 2022	549,451	322,971	9,347	6,779	24,213	70,607	983,368
at 31 March 2023	569,136	335,707	11,291	6,963	27,781	80,480	1,031,359

Note 23 – Infrastructure Assets

	2022/23	2023/24
Movements on Balances	£'000	£'000
Net Book Value at 1 April	123,335	132,986
Additions	8,261	9,636
Derecognition	-	(21,258)
Reclassifications	12,747	27,672
Depreciation	(11,356)	(11,867)
Impairment	-	-
Adjustments	-	-
Net Book Value at 31 March	132,986	137,170

	2022/23	2023/4
Property, Plant and Equipment (PPE)	£'000	£'000
Infrastructure Assets	132,986	137,170
PPE excluding Infrastructure Assets	1,031,357	1,007,220
Net Book Value at 31 March	1,164,344	1,144,390

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

2022/23	Heritage Assets	Reading Abbey	Civic Regalia	Other	Total 2023/24
£'000		£'000	£'000	£'000	£'000
2,651	Opening Balance	1,865	497	179	2,541
(110)	Depreciation	(110)	-	-	(110)
-	Acquisitions	-	-	-	-
-	Additions	19	-	-	19
-	Revaluations	-	927	-	927
-	Disposals	-	-	-	-
2,542	Closing Balance	1,774	1,424	179	3,376

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

2022/23 £'000		2023/24 £'000
(5,376)	Rental income from Investment Property	(5,294)
312	Direct operating expenses arising from Investment Property	268
-	Other Income and Expenditure	-
(5,064)	Net (Gain) / Loss	(5,027)

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.

2022/23 £'000		2023/24 £'000
75,210	Opening balance	67,775
-	Transfers Out	(1,278)
(7,435)	Net gains / (losses) from fair value adjustments	(1,107)
67,775	Closing balance	65,390

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 £2.108 million was charged to revenue in 2023/24 (£1.964 million in 2022/23).

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

2022/23 £'000	Intangible Asset	2023/24 £'000
12,990	Gross Book Value at 1 April	14,675
(6,742)	Accumulated Amortisation at 1 April	(8,706)
6,248	Net Book Value at 1 April	5,968
Changes in year		
1,706	Additions	2,422
(21)	Transfers Out/Impairment	-
-	Transfer In	945
(1,964)	Amortisation	(2,108)
5,968	Net Book Value at 31 March	7,228
14,675	Gross Book Value at 31 March	18,042
(8,706)	Accumulated Amortisation at 31 March	(10,814)
5,968	Closing Balance	7,228

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 2024, the Council has entered into a number of contracts for the construction or enhancement of property, plant and equipment in 2023/24 and future years at a cost of £26.9m. The major commitments are as follows:

2022/23 £'000		2023/24 £'000
-	Bus Service Improvement	10,197
10,235	Leisure Centre Procurement - GLL	9,134
-	Dee Park Regeneration - School	3,902
8,302	Housing Revenue Account-New Build	1,876
-	Levelling Up Delivery Plan - Hexagon Theatre	678
376	Green Park Station	376
-	Levelling Up Delivery Plan - New Library at the Civic Centre	375
304	Schools Capital Programme	317
4,405	Leisure Centre Procurement - Pellikan	-
1,493	Reading West Station	-
73	Finance System ERP	-
25,188	Total	26,855

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.

2022/23 £'000		2023/24 £'000
594,635	Opening Capital Finance Requirement	615,614
	Capital investment:	
79,448	Property, plant and equipment and Infrastructure	65,836
-	Investment property	-
1,706	Intangible assets	2,422
5,560	Revenue Expenditure Funded through Capital Under Statute	8,839
-	Heritage assets	19
-	Long term debtor	-
-	Long term investment	-
<u>86,714</u>		<u>77,116</u>
	Sources of finance:	
(2,474)	Capital receipts	(3,334)
(36,782)	Government grants and other contributions	(31,212)
(3,327)	Sums set aside from revenue	(6,296)
(11,841)	Major Repairs Reserve	(11,855)
(2,679)	Application of capital receipts to reduce debt	(1,744)
<u>(57,103)</u>		<u>(54,441)</u>
(8,632)	Minimum Revenue Provision	(9,774)
615,614	Closing Capital Finance Requirement	628,515
2022/23 £'000		2023/24 £'000
	Movements in year:	
32,290	Increase in underlying need to borrow (unsupported by Government financial assistance)	24,419
-	Assets acquired under finance leases	-
-	Assets acquired under PFI contracts	-
(2,679)	Capital receipts applied to reduce existing Capital Financing Requirement	(1,744)
-	Revenue reserves applied to reduce existing Capital Financing Requirement	-
(7,633)	Statutory provision for repayment of debt (Minimum Revenue Provision)	(8,585)
(999)	Statutory provision for PFI and finance lease debt (Minimum Revenue Provision)	(1,189)
20,979	Increase/(decrease) in Capital Finance Requirement	12,901

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:

2022/23			2023/24	
Non-current	Current		Non-current	Current
£'000	£'000		£'000	£'000
Financial Assets				
Fair value through profit and loss				
14,389	-	Investments	13,895	-
-	43,289	Cash and cash equivalents	-	13,585
9,125	-	Investments in subsidiaries	9,125	-
60	-	Investment in Energy Company	60	-
Amortised cost				
20,733	27,114	Debtors	19,186	29,358
	10,919	Cash and cash equivalents		10,584
44,307	81,322		42,266	53,526
Designated as fair value through other comprehensive income				
44,307	81,322	Total Financial Assets	42,266	53,526
Financial Liabilities				
Amortised cost				
(369,485)	(33,009)	Loans outstanding	(357,485)	(79,518)
(21,843)	(1,304)	PFI lease liability	(20,518)	(1,325)
-	(25,118)	Creditors	-	(34,588)
		Bank overdraft		
(391,328)	(58,738)		(378,002)	(115,431)
Designated as fair value through other comprehensive income				
(391,328)	(58,738)	Total Financial Liabilities	(378,002)	(115,431)

- 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 2019, the net worth of the company as an overall loss of £117,000. There have been no dividends declared for the 2018/19 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:

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

	2022/23				
	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				2,810	2,810
Net (Gains)/Losses on Financial Instruments in Surplus/Deficit on Provision of Services	-	-	-	2,810	2,810
Interest expense	17,186				17,186
Fee expense				105	105
Impairment Losses					-
Total expense in Surplus/Deficit on the Provision of Services	17,186	-	-	105	17,291
Interest income		(3,727)			(3,727)
Dividend income/distributions				(722)	(722)
Total Income in Surplus/Deficit on the Provision of Services	-	(3,727)	-	(722)	(4,449)
Total (Gain)/Loss in Surplus/Deficit on Provision of Services	17,186	(3,727)	-	2,193	15,652
Interest revenue					
(Gains) on Revaluation					-
Losses on Revaluation					-
(Surplus)/Deficit arising on Revaluation of Financial Assets in Other Comprehensive Income and Expenditure	-	-	-	-	-
Net (Gain)/Loss for the Year	17,186	(3,727)	-	2,193	15,652

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%

The Council has investments in wholly owned subsidiary companies with a total carrying value of £9.1m (£9.1m in 22/23). These interests have been excluded from the fair value disclosures because their fair value cannot be measured reliably as there is no market for the companies.

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 2024.

2023/24	Assessed valuation range		Value at 31 March 2024 £'000	Value on increase £'000	Value on decrease £'000
	+	-			
Investment property	5%	5%	65,390	68,660	62,121
Surplus assets	0%	5%	21,676	21,676	20,593
Total			87,066	90,336	82,714

2022/23	Assessed valuation range		Value at 31 March 2023 £'000	Value on increase £'000	Value on decrease £'000
	+	-			
Investment property	5%	5%	67,775	71,164	64,386
Surplus assets	0%	5%	27,780	27,780	26,391
Total			95,555	98,944	90,777

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

2023-24	Transfers into	Transfers out of	Purchases	Sales	Unrealised gains	Realised gains and	31 March 2024
£'000	£'000	Level 3	£'000	£'000	and losses	losses	£'000
		£'000			£'000	£'000	
67,775	Investment property			-	(1,107)		66,668
27,780	Surplus assets	(9)	(4,620)	-	626		21,676
95,555	Total	(9)	(4,620)	-	(481)	-	88,344

2022-23	Transfers into	Transfers out of	Purchases	Sales	Unrealised gains	Realised gains and	31 March 2023
£'000	£'000	Level 3	£'000	£'000	and losses	losses	£'000
		£'000			£'000	£'000	
75,210	Investment property			0	(7,435)		67,775
24,213	Surplus assets	(307)	430	22	2318	1,105	27,780
99,423	Total	(307)	430	22	2,318	(6,330)	95,555

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	Movement in	Balance at 31
	April 2023	2023/24	March 2024
	£'000	£'000	£'000
Refuse bins	111	19	130
Building Maintenance Stocks	188	(107)	81
Other	83	42	125
Total	382	(46)	336

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	2022/23		2023/24	
	Long Term £'000	Short Term £'000	Long Term £'000	Short Term £'000
Banks or Building Societies rated A- or higher		842		1,719
Unrated Local Authorities				
Public Corporations	35,721		35,721	
Total	35,721	842	35,721	1,719
Credit Risk Non applicable*				
Money Market Funds		43,154		13,500
Property Funds	15,000		15,000	
Total Investments	50,721	43,996	50,721	15,219

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

At March 2023	Total £'000	Not past due (0-30 days) £'000	2-3 months £'000	4-5 months £'000	over 5 months £'000
Debtors individually assessed	5,000	-	-	-	5,000
Expected credit loss (individually assessed)					
Debtors collectively assessed	9,528	2,698	571	394	5,865
Loss rate		24.05%	25.43%	34.62%	47.30%
Expected credit loss (collectively assessed)	(3,704)	(649)	(145)	(136)	(2,774)
Total Lifetime Expected Credit Losses	(3,704)	(649)	(145)	(136)	(2,774)

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 2024, the gross carrying amount of long-term debtors measured at amortised cost was £19.186m (£20.733m at 31 March 2023). Of the balance at 31 March 2024, £18.800m 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 2024	Actual 31 March 2023	Actual 31/03/2024 £'000	Actual 31/03/2023 £'000
Less than 1 year	0.00	20.00%	17.79%	10.46%	78,000	42,340
Between 1 and 2 years	0.00	20.00%	0.46%	0.49%	2,000	2,000
Between 2 and 5 years	0.00	20.00%	3.76%	4.20%	16,500	17,000
Between 5 and 10 years	0.00	30.00%	4.10%	4.57%	18,000	18,500
Between 10 and 20 years	0.00	40.00%	13.00%	10.62%	57,000	43,000
Between 20 and 30 years	0.00	50.00%	23.72%	24.45%	104,000	99,000
Between 30 and 40 years	0.00	60.00%	21.21%	26.68%	93,000	108,000
Over 40 years	0.00	60.00%	15.96%	18.53%	70,000	75,000
Total			100.00%	100.00%	438,500	404,840

As of 31 March 2024, the Council holds £13.585m (£43.289m as at 31 March 2023) 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:

- Maturing short-term investments can be used to pay down debt, should it become cost-effective to do; and
- 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 2024, 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	269
Impact on surplus/deficit on the provision of services	269
Decrease in fair value of fixed rate investments	-
Impact on Other comprehensive income and expenditure	-
Decrease in fair value of fixed rate borrowing liabilities (no impact on the surplus or deficit on the provision of services or other comprehensive income and expenditure)	(34,890)

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 2024.

Note 33 – Cash and Cash Equivalents

31 March 2023 £'000		31 March 2024 £'000
12,992	Bank current accounts (including unrepresented bank items)	13,347
(2,073)	Cash held by the Council	(2,764)
43,288	Short term deposits with banks and building societies	13,585
54,207	Total	24,169

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:

2023/24	Balance at 1 April 2023	New advances recognised	Advances repaid	Transfer (to)/from short term or other	Balance at 31 March 2024
	£'000	£'000	£ '000	£'000	£'000
Amounts due from Subsidiary undertakings	20,325	-	-	(1,525)	18,800
Other long term debtors	408	-	-	(22)	386
	20,733	-	-	(1,547)	19,186

Short Term Debtors

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

31 March 2023		31 March 2024
£'000		£'000
	Central Government Bodies	
5,869	HMRC	8,707
4,413	Other Central Government	5,088
22,083	Other Local Authorities	28,985
339	NHS Bodies	1,831
-	Public Corporations	15
	Other Entities and Individuals	
1,865	Business Rates payers	919
5,326	Council Tax payers	5,754
1,979	Housing Benefits Overpayments	1,630
849	Housing Rents	2,160
23,869	Other Sundry Debtors	27,324
66,591	Total Debtors	82,413

Impairment Allowances included within the above figures for doubtful debts.

31 March 2023 £'000		31 March 2024 £'000
	Other Entities and Individuals	
(4,338)	Business Rates payers	(4,374)
(15,203)	Council Tax payers	(15,185)
(3,767)	Housing Benefits Overpayments	(3,636)
(3,131)	Housing Rents	(3,467)
(8,860)	Other Sundry Debtors	(8,852)
(35,300)	Total Impairment Allowance	(35,514)

Note 35 – Creditors

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

2022/23 Restated £'000		2023/24 £'000
	Central Government Bodies	
(3,022)	HMRC – PAYE and NI	(2,925)
(25,453)	Other	(18,021)
(5,835)	Other Local Authorities	(20,475)
(3)	NHS Bodies	(1,120)
	Other Entities and Individuals	
-	Group subsidiaries	(1,170)
(8,862)	Business Rates payers	(6,656)
(3,777)	Council Tax payers	(3,928)
(1,719)	Housing rent	(1,729)
(1,922)	Accumulated Absences	(2,032)
(37,893)	Other creditors	(36,829)
(88,485)	Total	(94,888)
(7,431)	Receipts in Advance	(7,346)
(95,916)	Total	(102,234)

Note 36 – Provisions

	Balance at 1 April 2023	Amounts Used in 2023/24	Additional Provisions Made in 2023/24	Balance at 31 March 2024
	£'000	£'000	£'000	£'000
Provision for NNDR Appeals	(2,299)	-	(2,689)	(4,988)
Insurance	(1,556)	479	-	(1,077)
Ordinary Residence Disputes	(858)	858	-	-
Other	(191)	-	-	(191)
Total	(4,904)	1,337	(2,689)	(6,256)

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.

Ordinary Residence Disputes Provision - refers to cases within Adult Social Care where Ordinary Residence was in dispute with other local authorities.

Note 37 – Usable Reserves

The Usable Reserves of the Council are as follows:

31 March 2023 £'000		31 March 2024 £'000
(8,221)	General Fund (GF)	(8,394)
(35,334)	Housing Revenue Account (HRA)	(27,388)
(9,916)	HRA Earmarked Reserves	(9,524)
(70,131)	GF - Earmarked Reserves	(57,751)
(8,749)	Major Repairs Reserve	(11,786)
(61,704)	Capital Grants Unapplied	(59,406)
(31,585)	Capital Receipts Reserve	(32,670)
(225,640)	Total	(206,919)

Major Repairs Reserve (HRA)

31 March 2023 £'000		31 March 2024 £'000
(6,956)	Balance 1 April	(8,749)
(13,633)	Depreciation and amortisation	(14,892)
11,841	Application to finance capital expenditure	11,855
(8,749)	Balance 31 March	(11,785)

Capital Grants Unapplied

31 March 2023 £'000		31 March 2024 £'000
(62,746)	Balance 1 April	(61,704)
(36,235)	Capital grants recognised in year	(28,914)
36,782	Capital grants and contributions applied	31,212
496	Capital Contribution applied to Revenue via EM Reserve	-
(61,704)	Balance 31 March	(59,406)

Capital Receipts Reserve

31 March 2023 £'000		31 March 2024 £'000
(12,818)	Balance 1 April	(31,585)
(5,484)	Capital receipts in year	(4,420)
(1,744)	Deferred receipts realised	(1,744)
209	Capital receipts pooled	-
-	Advance to RTL	-
(16,900)	Capital Receipts re Loan repayment	-
2,474	Capital receipts used for financing capital expenditure	5,079
-	Equal Pay	-
2,678	Other movement	-
(31,585)	Balance 31 March	(32,670)

Note 38 – Unusable Reserves

The Unusable Reserves of the Council are as follows:

31 March 2023 £'000		31 March 2024 £'000
(256,997)	Revaluation Reserve	(228,452)
(395,856)	Capital Adjustment Account	(391,383)
160,003	Pension Reserve	128,707
(3,248)	Deferred Capital Receipts Reserve	(1,504)
(3,427)	Collection Fund Adjustment Account	2,257
1,922	Accumulated Absences Account	2,032
765	Pooled Fund Adjustment Account	1,105
64	Financial Instrument Revaluation Reserve	64
3,463	Dedicated Schools Grant	9,405
(493,310)	Total	(477,769)

Revaluation Reserve

2022/23 - Restated £'000		2023/24 £'000
(241,037)	Balance at 1 April	(256,997)
(25,153)	Upward revaluation of assets	(15,591)
4,957	Downward revaluation of assets and impairment losses	37,308
(20,196)	Surplus or deficit on revaluation of non-current assets not posted to the Comprehensive Income and Expenditure Statement (*)	21,717
4,486	Difference between fair value depreciation and historic cost depreciation	5,134
(250)	Accumulated gains on assets disposed	1,695
-	Other movements	-
4,236	Amount written off to the Capital Adjustment Account	6,829
(256,997)	Balance at 31 March	(228,452)

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.

2022/23 £'000		2023/24 £'000
(399,839)	Balance at 1 April	(395,855)
41,470	Charges for depreciation and impairment of non-current assets	37,637
(368)	Reversal of impairment of subsidiary holding	-
1,964	Amortisation of intangible assets	2,108
5,560	Revenue expenditure funded from capital under statute	8,839
993	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	25,826
49,619	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	74,410
(4,236)	Adjusting Amounts written out of the Revaluations Reserve	(6,829)
45,383	Net written out amount of the cost of non-current assets consumed in year	67,581
(2,474)	Use of Capital Receipts Reserve to finance new capital expenditure	(3,334)
(11,841)	Use of the Major repairs reserve	(11,855)
(36,782)	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement which have been applied to capital expenditure	(31,212)
(8,632)	Statutory provision for the financing of capital investment charged against the General Fund and HRA balance	(9,774)
(3,327)	Capital expenditure charged against the General Fund and HRA balances	(6,296)
(63,056)	Capital financing applied in year:	(62,472)
7,435	Movement in the fair value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	1,107
14,221	Other Movements	(1,744)
(395,855)	Balance at 31 March	(391,383)

Pension Reserve

2022/23 £'000		2023/24 £'000
464,659	Balance at 1 April	160,003
(318,084)	Actuarial gains and losses on scheme assets and liabilities	(33,258)
33,374	Reversal of charges to the Comprehensive Income and Expenditure Statement	21,888
(19,946)	Employer's pension contributions	(19,926)
160,003	Balance at 31 March	128,707

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 (£117.072m), however the Council made an up-front payment of employer's contributions payable to the scheme of £17.4m for the three years 2023/24 to 2025/26 to secure a cashflow discount. This has resulted in a difference between the value of the Pensions Reserve and the Net Pension Liability on the Balance Sheet as shown in the table below.

Pensions Reserve and Liabilities Recognised in the Balance Sheet	2023/24 Total £'000
Balance on the Pension Reserve for LGPS	128,707
2024/25 Upfront payment	(5,818)
2025/26 Upfront payment	(5,817)
Balance on the net pensions liability for LGPS	117,072

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.

2022/23 £ '000		2023/24 £'000
(4,993)	Balance 1 April	(3,248)
1,744	Transfer to the Capital Receipts Reserve upon receipt of cash	1,744
-	Other movements	-
(3,248)	Balance 31 March	(1,504)

Collection Fund Adjustment Account

2022/23 £'000		2023/24 £'000
15,517	Balance at 1 April	(3,427)
(18,944)	Amount by which Council Tax and NNDR credited to the Comprehensive Income and Expenditure Statement is different from amounts calculated for the year in accordance with statutory requirements	5,683
(3,427)	Balance at 31 March	2,256

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

Accumulated Absences Account

2022/23 £'000		2023/24 £'000
1,751	Balance at 1 April	1,922
(1,751)	Settlement or cancellation of accrual made at the end of the preceding year	(1,922)
1,922	Amounts accrued at the end of the current year	2,032
1,922	Balance at 31 March	2,032

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

2022/23 £'000		2023/24 £'000
(2,044)	Balance at 1 April	765
2,810	Unrealised gains/(losses) on adjustment in fair value of financial instruments	340
765	Balance at 31 March	1,105

Financial Instruments Revaluation Reserve

2022/23 £'000		2023/24 £'000
64	Balance at 1 April	64
-	Downward revaluation of investments	-
64	Balance at 31 March	64

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

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

Dedicated Schools Grant

2022/23 £'000		2023/24 £'000
2,164	Balance at 1 April	3,463
1,299	(Surplus)/Deficit on the DSG for the year	5,941
3,463	Balance at 31 March	9,404

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 £9.808m. A provision of £4.988m has been made within the accounts as a prudent but realistic estimate of the level of these appeals that will actually materialise. The remaining £4.820m has therefore been included as a contingent liability.

South MRT Phase 4 Scheme – Fast Track Public Transport Scheme

The South MRT Scheme provides a dedicated fast-track public transport priority route on the A33 growth corridor, between MereOak Park & Ride and Reading town centre.

It is being completed in stages. During works, the main Contractor, WILLS BROS CIVIL ENGINEERING LTD, were permitted to use an RBC freehold site under lease to Foundry Ltd for their contractor compound. The charges for use of this compound are part of the main contract cost. Thames Water own Foundry Ltd. Although Phase 4 has now completed, the costs for use of the compound have not been invoiced. The level of charges is in dispute and the liability could be higher than previously agreed although the level of charge cannot be measured at this time.

The matter is currently with our Asset Management team to resolve with Thames Water.

Note 40 – Contingent Assets

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

The Council is also investigating the liability of various third parties to indemnify it or repay monies which were expended in response to a fire incidence. The amount of loss and liability of third parties is currently under investigation.

Note 41 – Leases

Authority as Lessee - Finance Leases

At the 31 March 2024, the value of assets held under finance leases was judged to be immaterial.

Authority as Lessee - Operating Leases

At the 31 March 2024, the value of assets held under operating leases was judged to be immaterial.

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:

2022/23 £ '000		2023/24 £ '000
	Finance lease debtor	
	(net present value of minimum lease payments):	
1,744	Current	291
1,504	Non-Current	1,213
310	Unearned Finance Income	139
-	Unguaranteed Residual Value of Assets	-
3,558	Gross investment in the lease	1,643

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

2022/23			2023/24	
Gross investment in the lease £ '000	Minimum Lease Payments £ '000		Gross investment in the lease £ '000	Minimum Lease Payments £ '000
1,915	1,915	Payments due within one year	320	320
1,643	1,643	Payments due later than one year and not later than five years	1,323	1,323
-	-	Payments due later than five years	-	-
3,558	3,558	Total due	1,643	1,643

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:

2022/23 £ '000		2023/24 £ '000
6,399	Payments due within one year	6,787
15,784	Payments due later than one year and not later than five years	19,142
8,975	Payments due later than five years	13,858
31,158	Total due	39,787

The amount of contingent rent has been judged to be immaterial.

Note 42 – Service Concession Arrangements

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

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

2022/23 £'000	Balance Sheet	2023/24 £'000
(1,304)	PFI Short Term	(1,325)
(21,843)	PFI Long Term	(20,518)
(23,147)	Total	(21,843)

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

2022/23 £'000	PFI Liabilities	2023/24 £'000
(17,756)	Housing PFI - Liability Outstanding	(17,040)
(947)	Waste PFI - Annual Income Stream	(832)
(4,444)	Waste PFI - Liability Outstanding	(3,971)
(23,147)	Total	(21,843)

a) North Whitley Housing PFI scheme

2023/24 was the twentieth year of a 30-year PFI contract to manage and maintain 1,250 dwellings on the North Whitley estate to defined availability and quality standard (1,252 dwellings remained as at 31 March 2023). 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 £109.9m at 31 March 2024 (£115.1m at 31 March 2023).

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 2024 are as follows:

2023/24				
Service cost	Reimbursement of capital expenditure	Interest	Total	
£'000	£'000	£'000	£'000	£'000
4,705	771	2,456	7,932	within 1 year
20,691	4,227	9,966	34,884	within 2-5 years
30,642	11,735	9,283	51,660	within 6-10 years
571	307	85	963	within 11-15 years
-	-	-	-	within 16-20 years
56,609	17,040	21,790	95,438	

2022/23				
Service cost	Reimbursement of capital expenditure	Interest	Total	
£'000	£'000	£'000	£'000	£'000
4,532	716	2,392	7,640	within 1 year
19,928	3,430	10,239	33,597	within 2-5 years
29,512	10,364	9,880	49,756	within 6-10 years
7,168	3,246	1,671	12,085	within 11-15 years
-	-	-	-	within 16-20 years
61,140	17,756	24,182	103,078	

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:

2022/23 £'000		2023/24 £'000
(18,540)	Opening balance	(17,756)
784	Repayment of liability	716
(17,756)	Closing Balance	(17,040)

b) Waste PFI Scheme

This is the seventeenth 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

2022/23				2023/24		
Land & Buildings £'000	Plant & Equipment £'000	Total £'000		Land & Buildings £'000	Plant & Equipment £'000	Total £'000
11,977	1,066	13,043	Opening Balance	11,847	991	12,838
-	-	-	Revaluations	-	-	-
(130)	(75)	(206)	Depreciation	(130)	(75)	(206)
-	-	-	Impairment	-	-	-
-	-	-	Additions	-	-	-
11,847	991	12,838	Closing balance	11,717	916	12,632

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 2024 are set out below:

2022/23				2023/24				
Service cost	Reimbursement of capital expenditure	Interest	Total		Service cost	Reimbursement of capital expenditure	Interest	Total
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
2,355	323	473	3,150	within 1 year	2,440	287	478	3,206
10,285	938	1,939	13,163	within 2-5 years	10,555	791	2,047	13,393
9,245	118	2,031	11,394	within 6-10 years	6,353	159	1,446	7,958
-	-	-	-	within 11-15 years	-	-	-	-
21,886	1,378	4,443	27,707		19,348	1,238	3,971	24,557

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

2022/23		2023/24
£'000		£'000
(115)	Within one year	(115)
(460)	2 to 5 years	(460)
(372)	6 to 10 years	(257)
-	11 to 15 years	-
(947)	Total	(832)

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

2022/23 £'000		2023/24 £'000
(4,659)	Opening balance	(4,444)
215	Repayment	473
(4,444)	Closing balance	(3,971)

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 2023/24, the Council paid £5.953m to the Teachers Pensions Agency in respect of teachers' retirement benefits, representing 23.7% of pensionable pay (in 2022/23 £5.628m 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 2023/24 are £7.648m (representing 28.7% of pensionable pay).

Note 44 – Defined Benefit Pension Scheme

i. 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

2022/23			2023/24	
Funded £'000	Unfunded £'000		Funded £'000	Unfunded £'000
Comprehensive Income and Expenditure Statement				
Cost of Services				
Service cost comprising:				
23,757	-	Current service cost	14,381	-
433	-	Past service cost	50	-
-	-	(Gain) / loss from settlements and / or transfers	-	-
475	-	Administration expenses	523	-
Other Operating Expenditure:				
Financing and Investment Income and Expenditure				
8,709	-	Net interest expense	6,934	-
33,374	-	Total charged to Surplus and Deficit on Provision of Services	21,888	-

2022/23			2023/24	
Funded £'000	Unfunded £'000		Funded £'000	Unfunded £'000
Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement				
Remeasurement of the net defined benefit liability comprising:				
10,406	-	Return on plan assets, excluding the amount included in the net interest expense	(21,098)	-
-	-	Other Actuarial (gains)/losses on assets	-	-
-	-	Actuarial (gains)/losses arising from changes in demographic assumptions	(8,685)	-
(397,363)	(5,706)	Actuarial (gains)/losses arising from changes in financial assumptions	(6,164)	351
74,579	-	Other movements in the liability/(asset)	2,338	-
(312,378)	(5,706)	Total charged to Other Comprehensive Income and Expenditure Statement	(33,609)	351
(279,004)	(5,706)	Total charged to Comprehensive Income and Expenditure Statement	(11,721)	351

2022/23			2023/24	
Funded £'000	Unfunded £'000		Funded £'000	Unfunded £'000
Movement in Reserves Statement				
(33,374)		- 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	(21,888)	-
Actual amount charged against the General Fund balance for pensions in the year:				
18,758	-	Employer contributions payable to the scheme	30,296	-
-	1,188	Benefits paid direct to beneficiaries	-	1,265
(14,616)	1,188		8,408	1,265

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

Pensions Assets and Liabilities Recognised in the Balance Sheet						
2022/23				2023/24		
Funded £'000	Unfunded £'000	Total £'000		Funded £'000	Unfunded £'000	Total £'000
(636,650)	(12,431)	(649,081)	Present value of the defined obligation	(648,954)	(11,517)	(660,471)
489,078	-	489,078	Fair value of plan assets	543,399	-	543,399
(147,572)	(12,431)	(160,003)	Net (liability) / asset arising from the defined benefit obligation	(105,555)	(11,517)	(117,072)

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 reduce in 2024/25 and 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)						
2022/23				2023/24		
Funded £'000	Unfunded £'000	Total £'000		Funded £'000	Unfunded £'000	Total £'000
(930,880)	(19,325)	(950,205)	Opening present value of liabilities	(636,650)	(12,431)	(649,081)
(23,757)	-	(23,757)	Current service cost	(14,381)	-	(14,381)
(24,590)	-	(24,590)	Interest cost	(30,648)	-	(30,648)
(5,137)	-	(5,137)	Contributions from scheme participants	(5,190)	-	(5,190)
			Remeasurement gain/(loss):			
-	-	-	Actuarial gains/(losses) arising from changes in demographic assumptions	8,685	-	8,685
397,363	5,706	403,069	Actuarial gains/(losses) arising from changes in financial assumptions	6,164	(351)	5,813
(74,579)	-	(74,579)	Other	(2,338)	-	(2,338)
(433)	-	(433)	Past service cost	(50)	-	(50)
-	-	-	Loss on curtailments/settlements	-	-	-
-	-	-	Liabilities assumed on entity combinations	-	-	-
25,363	1,188	26,551	Benefits paid	25,454	1,265	26,719
-	-	-	Liabilities extinguished on settlements	-	-	-
(636,650)	(12,431)	(649,081)	Closing present value of liabilities	(648,954)	(11,517)	(660,471)

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

Movements in the Fair Value of Scheme Assets						
2022/23				2023/24		
Funded £'000	Unfunded £'000	Total £'000		Funded £'000	Unfunded £'000	Total £'000
485,546	-	485,546	Opening fair value of asset	489,078	-	489,078
15,881	-	15,881	Interest income	23,714	-	23,714
-	-	-	Remeasurement gain/(loss)	-	-	-
(10,406)	-	(10,406)	Return on plan assets, excluding the amount included in the net interest expense	21,098	-	21,098
18,758	1,188	19,946	Contributions from employer	30,296	1,265	31,561
5,137	-	5,137	Contributions by employees into the scheme	5,190	-	5,190
(25,363)	(1,188)	(26,551)	Net benefits paid out	(25,454)	(1,265)	(26,719)
-	-	-	Gains on settlements	-	-	-
(475)	-	(475)	Administration expense	(523)	-	(523)
-	-	-	Other (if applicable)	-	-	-
489,078	-	489,078	Closing fair value of assets	543,399	-	543,399

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.

v. Principal Assumptions

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

2022/23 Years	Life expectancy assumptions	2023/24 Years
	Longevity at 65 for current pensioners	
21.0	Men	20.8
23.9	Women	23.6
	Longevity at 65 for future pensioners	
22.3	Men	22.0
25.3	Women	25.0

%	Financial assumptions	%
4.8	Discount rate	4.9
2.9	Pension increases (CPI)	2.9
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.

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

vi. **Scheme Assets**

2022/23 £'000		2023/24 £'000
306,773	Equities	373,803
71,081	Other Bonds and Target Return Portfolio	71,376
61,826	Property	49,466
7,396	Cash	5,004
67,433	Infrastructure	68,080
(25,431)	Longevity insurance	(24,330)
489,078	Total	543,399

vii. **Sensitivity Analysis**

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

Impact on the defined benefit obligation	Increase in assumption £'000	Decrease in assumption £'000
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(10,353)	11,524
Rate of increase in salaries (increase or decrease by 0.1%)	676	(670)
Rate of inflation (increase or decrease by 0.1%)	10,147	(9,892)
Longevity (increase or decrease by 1 year)	25,164	(24,164)

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.

viii. Estimate of contributions for 2024/25

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2025 are £12.923m.

Note 45 – Cash Flow from Operating Activities

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

2022/23 £'000		2023/24 £'000
(4,434)	Interest received	(3,246)
17,186	Interest paid	16,005
12,752	Total	12,759

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

2022/23 £'000		2023/24 £'000
(41,470)	Depreciation	(39,536)
-	Impairment and downward valuations	792
(1,964)	Amortisation	(2,108)
41,791	(Increase)/decrease in creditors	(15,442)
(12,024)	Increase/(decrease) in debtors	17,522
28	Increase/(decrease) in inventories	(47)
(13,428)	Movement in pension liability	21,309
(993)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(25,826)
(7,549)	Other non-cash movements charged to the surplus or deficit on provision of services	(1,439)
(35,608)	Total	(44,775)

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

2022/23 £'000		2023/24 £'000
5,484	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	4,420
36,235	Any other items for which the cash effects are investing or financing cash flows	28,914
-	Proceeds from short-term (not considered to be cash equivalents) and long-term investments	-
41,719	Total	33,334

Note 46 – Cash Flow from Investing Activities

2022/23 £'000		2023/24 £'000
78,465	Purchase of property, plant and equipment, investment property and intangible assets	68,278
-	Purchase of short-term and long-term investments	-
-	Other payments for investing activities	-
(5,477)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(4,420)
-	Proceeds from short-term and long-term investments	-
(36,235)	Other receipts from investing activities	(28,493)
36,753	Net Cash Flows from Investing Activities	35,365

Note 47 – Cash Flow from Financing Activities

2022/23 £'000		2023/24 £'000
(30,090)	Cash receipts of short-term and long-term borrowing	(101,340)
-	Other receipts from financing activities	-
1,114	Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance-Sheet PFI contracts	1,074
12,475	Repayments of short-term and long-term borrowing	67,340
(20,591)	Council Tax and NNDR share	4,872
(37,092)	Net Cash Flows from Financing Activities	(28,054)

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.

2022/23 £'000	Expenditure	2023/24 £'000
8,837	Repairs and Maintenance	10,833
16,930	Supervision and Management	18,805
281	Rents, Rates, Taxes and other charges	359
13,777	Depreciation, impairment and revaluation losses of non-current assets	14,892
76	HRA share of Non-Distributed Costs (IAS past service costs)	-
19	Debt Management Costs	21
39,919	Total Expenditure	44,910

2022/23 £'000	Income	2023/24 £'000
(37,350)	Dwelling Rents	(40,693)
(48)	Non-Dwelling rents	(49)
(3,997)	PFI Credit	(3,997)
(1,344)	Charges for services and facilities	(1,599)
(96)	Other	(81)
(42,835)	Total Income	(46,419)

2022/23 £'000		2023/24 £'000
39,919	Total Expenditure	44,910
(42,835)	Total Income	(46,419)
(2,915)	Net Expenditure of HRA Services	(1,509)
324	HRA share of costs of Corporate and Democratic core	342
(2,591)	Net Expenditure of HRA Services as reported in CIES	(1,167)
(2,079)	(Gains)/loss on sale of HRA Fixed Assets	(847)
8,077	Interest Payable and Similar Charges	8,981
(1,112)	HRA Interest and Investment Income	(2,416)
724	Net Interest on the defined benefit liability/asset	624
3,019	(Surplus) or deficit for Year on HRA Services	5,175

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:

2022/23 £'000	Movement on the HRA Statement	2023/24 £'000
(40,264)	Balance on the HRA at the end of the previous year	35,334
3,019	(Surplus) or deficit on the HRA Income and Expenditure Statement	5,175
2,141	Adjustments between accounting basis and funding basis under statute	3,163
5,161	Net (increase) or decrease before transfers to or from other reserves	8,338
(231)	Transfers to other reserves - PFI Smoothing Reserve	(392)
4,930	(Increase) or decrease on the HRA for the year	7,946
(35,334)	Balance on the HRA at the end of the current year	(27,388)
(9,916)	Earmarked reserves - PFI Smoothing Reserve	(9,524)
(45,250)	Total HRA Reserves	(36,912)

2022/23 £'000	Adjustments between accounting basis	2023/24 £'000
(12,897)	Transfers to/(from) the Capital Adjustment Account	(14,125)
2,079	Gain or (loss) on sale of non-current assets	847
(1,215)	Contributions to or (from) the Pension Reserve	800
551	Capital Expenditure funded from the HRA	750
(10)	Transfers to/(from) the Accumulated Absences Account	(2)
13,633	Transfers to/(from) Major Repairs Reserve	14,892
2,141	Net additional amount required by statute to be debited or (credited) to the HRA Balance for the year	3,163

Note 1 – Analysis of Council Housing Stock

At 31 March 2024, the Council was responsible for managing a housing stock of 6,852 dwellings, including 1,250 within the North Whitley PFI scheme (31 March 2023: 6,784 dwellings, 1,252 in the PFI scheme). These dwellings are of the following types:

31 March 2023				31 March 2024		
<u>Flats</u>	<u>Houses</u>	<u>Total</u>		<u>Flats</u>	<u>Houses</u>	<u>Total</u>
2,930	3,854	6,784	Total number and type of dwellings	2,985	3,867	6,852

Note 2 – Housing Revenue Account Capital Expenditure

During 2023/24, the Council incurred £31.6m capital expenditure on land, houses and other properties within the HRA (2022/23: £28.6m). The detail of expenditure and the methods of financing are detailed below:

31 March 2023 £'000		31 March 2024 £'000
	Capital Investment	
12,678	Operational Assets	18,581
15,911	Assets Under Construction	13,057
-	REFCUS	-
28,588	Total Capital Expenditure within the HRA	31,638
	Sources of Funding	
(6,343)	Borrowing	(11,810)
(1,206)	Capital Receipts	(101)
(11,841)	Major Repairs Reserve	(11,855)
(551)	Revenue Contributions	(750)
(8,647)	Government Grants and other Contributions	(7,123)
(28,588)	Total Funding	(31,638)

Note 3 – Balance Sheet Value of HRA Operational Assets

31 March 2023 £'000		31 March 2024 £'000
	Operational Assets	
569,136	Dwellings	550,571
5,636	Other Land and Buildings	5,447
	Non Operational Assets	
30,433	Assets Under Construction	34,497
5,154	Surplus Assets	1,277
610,360	Total	591,792

The value of the HRA dwellings was restated to reflect a revision to the estimated split of land and building components within the overall asset valuation.

Dwellings are initially valued at open market value assuming vacant possession. The vacant possession value of the HRA tenanted dwellings was £1,668m at 31 March 2024 (£1,725m at 31 March 2023). 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 2022/23).

Note 4 – Depreciation and Impairment

31 March 2023				31 March 2024		
Depreciation £'000	Impairment £'000	Total £'000		Depreciation £'000	Impairment £'000	Total £'000
(13,416)	-	(13,416)	Council Dwellings	(14,644)	-	(14,644)
(212)	(125)	(337)	Other Land and Buildings' Properties	(233)	-	(233)
(5)	(19)	(24)	Surplus Assets	(15)	4	(11)
(13,633)	(144)	(13,777)	Total	(14,892)	4	(14,888)

NB. A positive entry indicates an impairment reversal.

Note 5 – Transactions relating to Retirement Benefits

31 March 2023 £'000		31 March 2024 £'000
416	Current Service Cost	(1,476)
-	Past Service Costs	5
36	(Gain)/loss from settlements	-
39	Administration expenses	47
724	Net interest expense	624
1,215	Total	(800)
1,215	Movement on Pension Reserve	(800)

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 2023 £'000		31 March 2024 £'000
(4,234)	Council Houses	(1,739)
-	Other Property	-
(4,234)	Total	(1,739)

During the year, the Council disposed of 10 dwellings to tenants under the Right to Buy scheme. These disposals, along with non-Right to buy sales (1), generated total capital receipts of £1.7m. No funds were due to Central Government as the Council's contribution to the Central Housing Pool. £11.5m of HRA capital receipts was held by the Council as at 31 March 2024 available to be used on replacement housing.

Note 7 – Rent Arrears and Bad Debt Provision

	2022/23	2023/24
	£'000	£'000
Arrears by Tenant		
Current Tenants	1,485	1,598
Former Tenants	885	1,027
Total Arrears	2,370	2,625

The specific provision for the possible non-collection of all rent related charges at 31 March is £1.780m, 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	2022/23 £'000	2023/24 £'000
Income		
Council Tax Receivable	(123,780)	(131,303)
Transfer for Transitional Relief, S13A Reliefs and discount for prompt payment	(49)	(576)
	(123,829)	(131,879)
Contributions to previous year estimated deficit		
Reading Borough Council	(1,473)	-
Royal Berkshire Fire Authority	(58)	-
Thames Valley Police	(190)	-
	(1,721)	-
Total Income	(125,550)	(131,879)
Expenditure		
Precepts, Demands and Shares		
Reading Borough Council	104,403	111,086
Royal Berkshire Fire Authority	4,220	4,565
Thames Valley Police	13,767	14,820
	122,390	130,471
Distribution of previous year estimated surplus		
Reading Borough Council	-	1,723
Royal Berkshire Fire Authority	-	70
Thames Valley Police	-	230
	-	2,023
Change in allowance for impairments	1,355	1,515
Total Expenditure	123,745	134,009
(Surplus)/Deficit for the year	(1,805)	2,130
Opening Balance (Surplus)/Deficit at 1 April	436	(1,369)
Closing Balance (Surplus)/Deficit at 31 March	(1,369)	761

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	2022/23 £'000	2023/24 £'000
Income		
Business Rates receivable (net of discretionary and mandatory relief)	(119,406)	(130,808)
Transitional Protection Payments	-	(7,439)
	(119,406)	(138,247)
Contributions to previous year estimated deficit		
Central Government	(19,548)	-
Reading Borough Council	(19,158)	-
Royal Berkshire Fire Authority	(391)	-
	(39,097)	-
Total Income	(158,503)	(138,247)
Expenditure		
Precepts, Demands and Shares		
Central Government	61,321	67,440
Reading Borough Council	60,094	66,091
Royal Berkshire Fire Authority	1,226	1,349
	122,641	134,880
Distribution of previous year estimated surplus		
Central Government	-	2,543
Reading Borough Council	-	2,492
Royal Berkshire Fire Authority	-	51
	-	5,086
Change in allowance for impairments	1,269	373
Interest	-	58
Provision for appeals	(2,224)	5,489
Cost of collection allowance	283	289
Transitional protection payment	997	-
	325	6,209
Total Expenditure	122,966	146,175
(Surplus)/Deficit for the year	(35,537)	7,928
Opening Balance (Surplus)/Deficit at 1 April	30,574	(4,963)
Closing Balance (Surplus)/Deficit at 31 March	(4,963)	2,965

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	2022/23	2023/24
Non-domestic rateable value at 31 March	£310,700,368	£341,140,036
Business rate multiplier - standard rate	51.2p	51.2p
Business rate multiplier - small businesses	49.9p	49.9p

Council Tax

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

Band	2023/24 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	4,788	6/9	3,192
B	40,001 - 52,000	11,120	7/9	8,649
C	52,001 - 68,000	25,068	8/9	22,283
D	68,001 - 88,000	10,006	9/9	10,006
E	88,001 - 120,000	5,323	11/9	6,506
F	120,001 - 160,000	3,078	13/9	4,446
G	160,001 - 320,000	1,780	15/9	2,966
H	More than - 320,001	71	18/9	141
		61,237		58,191
Adjustments for estimates of new build and non-collection				(364)
		Council Tax Base		57,827

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.

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.

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, BfC 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 2023/24, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

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

Critical Judgements in Applying Group Accounting Policies

Group accounts have been prepared using the following financial information:

Reading Borough Council.	Unaudited financial statements for 2023/24 and prior years.
BFFC	Unaudited financial statements for 2023/24 and prior years.
HfR	Trial Balance for 2023/24 and Unaudited financial statements for prior years.
RTL	Trial Balance for 2023/24 and Unaudited financial statements for prior years.

Group Comprehensive Income and Expenditure Statement

2022/23 Restated			Service Area	2023/24		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
83,854	(38,770)	45,084	Communities and Adult Social Care	107,358	(55,592)	51,766
92,467	(74,395)	18,072	Resources	41,683	(23,220)	18,463
			Chief Executive Services	8,109	(6,606)	1,503
			Corporate Support Services	50,575	(50,585)	(10)
216,188	(113,566)	102,622	Children, Education and Early Help Services	233,811	(162,817)	70,994
107,835	(65,578)	42,257	Economic Growth and Neighbourhood Services	90,098	(39,818)	50,280
53,774	(44,332)	9,442	Reading Transport Limited (RTL)	58,619	(55,766)	2,853
65	(1,364)	(1,299)	Homes for Reading (HFR)	102	(2,535)	(2,433)
40,237	(42,835)	(2,598)	Housing Revenue Account	46,360	(46,112)	248
594,420	(380,840)	213,580	Group Cost of Services	636,715	(443,051)	193,664
		(9,442)	Other Operating (Income)/Expenditure			13,482
		33,651	Financing and Investing Income and Expenditure			14,388
		(188,487)	Taxation and Non-Specific Grant Income			(188,840)
		1,229	Corporation Tax payable			1,997
		50,531	Group (Surplus)/Deficit on Provision of Services			34,691
		-	(Surplus)/Deficit on Revaluation of Investments			-
		(11,387)	(Surplus)/Deficit on Revaluation of Non-Current Assets			22,321
		(358,481)	Remeasurement of Pension Fund Liabilities			(31,222)
		(2,021)	Deferred Tax on Pension Liability and Corporation Tax Adjustment			-
		(371,889)	Other Group Comprehensive Income and Expenditure			(8,901)
		(321,358)	Total Group Comprehensive Income and Expenditure			25,790

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 2023/2024 reporting structure (primarily a change of reporting of Resources, Chief Executive Services & Corporate)

Group Movement in Reserves Statement 2023/24

2023/24	REVENUE RESERVES						CAPITAL RESERVES			Total Council Usable Reserves	Total Council Unusable Reserves	Total Council Reserves	Council's share of subsidiaries' Reserves	Total Group Reserves
	General Fund	General Fund Earmarked Reserves	Total General Fund Balances	Housing Revenue Account (HRA)	HRA Earmarked Reserves	Total HRA Balances	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied					
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000					
Balance 1 April 2023	(8,221)	(70,132)	(78,352)	(35,336)	(9,916)	(45,252)	(31,584)	(8,749)	(61,704)	(225,641)	(493,310)	(718,952)	(10,639)	(729,590)
Movements in 2023/24:														
Surplus/Deficit on the Provision of Services	(25,413)	-	(25,413)	5,175	-	5,175	-	-	-	(20,238)	-	(20,238)	54,929	34,691
Other Comprehensive Income/Expenditure	-	-	-	-	-	-	-	-	-	-	94	94	(8,994)	(8,900)
Total Income/Expenditure	(25,413)	-	(25,413)	5,175	-	5,175	-	-	-	(20,238)	94	(20,144)	45,935	25,791
Consolidation adjustments between Group and Council Accounts	54,407	-	54,407	-	-	-	-	-	-	54,407	-	54,407	(54,407)	-
Net Increase/Decrease	28,994	-	28,994	5,175	-	5,175	-	-	-	34,169	94	34,263	(8,472)	25,791
Adjustments between Funding and Accounting	(10,843)	-	(10,843)	3,163	-	3,163	(1,086)	(3,037)	2,298	(9,505)	9,505	-	-	-
Net Increase/Decrease before Transfers to/from Reserves	18,151	-	18,151	8,338	-	8,338	(1,086)	(3,037)	2,298	24,664	9,599	34,263	(8,472)	25,791
Transfers to/from Reserves	(18,323)	12,381	(5,942)	(392)	392	-	-	-	-	(5,942)	5,942	-	-	-
Net Increase/Decrease for year	(172)	12,381	12,209	7,946	392	8,338	(1,086)	(3,037)	2,298	18,722	15,541	34,263	(8,472)	25,791
Balance 31 March 2024	(8,394)	(57,751)	(66,145)	(27,389)	(9,524)	(36,913)	(32,670)	(11,786)	(59,406)	(206,920)	(477,769)	(684,689)	(19,111)	(703,800)

Group Movement in Reserves Statement 2022/23 – Restated

2022/23 Restated	REVENUE RESERVES						CAPITAL RESERVES			Total Council Usable Reserves	Total Council Unusable Reserves	Total Council Reserves	Council's share of subsidiaries' Reserves	Total Group Reserves
	General Fund	General Fund Earmarked Reserves	Total General Fund Balances	Housing Revenue Account (HRA)	HRA Earmarked Reserves	Total HRA Balances	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied					
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000					
Balance 1 April 2022	(7,501)	(85,052)	(92,552)	(40,265)	(10,147)	(50,412)	(12,818)	(6,957)	(62,746)	(225,485)	(163,759)	(389,243)	(20,153)	(409,398)
Movements in 2022/23:														
Surplus/Deficit on the Provision of Services	(65,981)	-	(65,981)	3,019	-	3,019	-	-	-	(62,962)	-	(62,962)	114,659	51,697
Other Comprehensive Income/Expenditure	-	-	-	-	-	-	-	-	-	-	(338,280)	(338,280)	(33,609)	(371,889)
Total Income/Expenditure	(65,981)	-	(65,981)	3,019	-	3,019	-	-	-	(62,962)	(338,280)	(401,242)	81,050	(320,192)
Consolidation adjustments between Group and Council Accounts	71,533	-	71,533	-	-	-	-	-	-	71,533	-	71,533	(71,533)	-
Net Increase/Decrease	5,552	-	5,552	3,019	-	3,019	-	-	-	8,571	(338,280)	(329,709)	9,517	(320,192)
Adjustments between Funding and Accounting	10,443	-	10,443	2,141	-	2,141	(18,766)	(1,792)	546	(7,428)	7,428	-	-	-
Net Increase/Decrease before	15,995	-	15,995	5,160	-	5,160	(18,766)	(1,792)	546	1,143	(330,852)	(329,709)	9,517	(320,192)
Transfers to/from Reserves	(16,715)	14,920	(1,795)	(231)	231	-	-	-	496	(1,299)	1,298	-	-	-
Net Increase/Decrease for year	(720)	14,920	14,200	4,929	231	5,160	(18,766)	(1,792)	1,042	(156)	(329,551)	(329,709)	9,514	(320,192)
Balance 31 March 2023	(8,221)	(70,132)	(78,352)	(35,336)	(9,916)	(45,252)	(31,584)	(8,749)	(61,704)	(225,641)	(493,310)	(718,952)	(10,639)	(729,590)

Group Balance Sheet

2022/23 Restated £'000	Balance Sheet	Note	2023/24 £'000
1,057,189	Property, Plant and Equipment	1	1,035,367
132,986	Infrastructure		137,170
2,541	Heritage Assets		3,376
98,675	Investment Property	2	95,715
7,943	Intangible Assets		8,027
-	Pension Assets		8,234
14,450	Long-Term Investments		20,194
408	Long-Term Debtors		386
1,314,192	Group Non-Current Assets		1,308,469
-	Assets Held for Sale		329
906	Inventories		940
55,715	Short-Term Debtors	3	70,632
67,087	Cash and Cash Equivalents		34,034
123,708	Group Current Assets		105,935
(33,009)	Short-Term Borrowing		(79,518)
(109,872)	Short-Term Creditors	4	(97,515)
(4,904)	Short-Term Provisions		(6,256)
(1,304)	PFI Short-Term Liabilities and Deferred Income		(1,325)
(28)	Deferred Income		(288)
-	Grants Received in Advance - Capital		-
(149,117)	Group Current Liabilities		(184,902)
(142)	Long-Term Provisions		-
(369,485)	Long-Term Borrowing		(357,485)
(151,940)	Pensions Liabilities		(117,072)
(32,116)	Other Long-Term Liabilities	5	(45,980)
(5,510)	Deferred Tax re Pension Scheme		(5,165)
(559,193)	Group Long-Term Liabilities		(525,702)
729,590	Net Group Assets		703,800
(236,278)	Usable Reserves		(226,029)
(493,312)	Unusable Reserves		(477,771)
(729,590)	Total Group Reserves		(703,800)

Group Cash Flow Statement

2022/23 £'000	Cash Flow	Note	2023/24 £'000
50,530	Net (surplus) or deficit on the provision of services		34,691
(83,508)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	6	(46,096)
41,721	Adjustments for items included in the net surplus on the provision of services that are investing and financing activities	6	33,334
8,743	Net cash flows from Operating Activities		21,929
41,421	Investing Activities	6a	35,365
(36,903)	Financing Activities	6b	(24,241)
13,260	Net (increase) or decrease in cash and cash equivalents		33,053
80,347	Cash and cash equivalents at the beginning of the reporting period		67,087
(13,260)	Net increase or (decrease) in cash and cash equivalents		(33,053)
67,087	Cash and cash equivalents at the end of the reporting period		34,034

Note 1 – Group Property, Plant and Equipment

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

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

Other land and buildings and surplus asset valuations were undertaken by the external Valuer Sanderson Weatherall LLP, under the direction of Ian Vivian, MRICS. The valuation date is the 31 March 2024 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 2023/2024

2023/24	Council dwellings £'000	Other land and buildings £'000	Vehicles, furniture, plant and equipment £'000	Community assets £'000	Surplus assets £'000	Assets under construction £'000	Total £'000
Cost or valuation 2023/24							
at 1 April 2023	569,137	364,237	86,331	9,019	27,780	81,195	1,137,700
Opening Balance Adjustment	-	-	-	(1)	-	-	(1)
Additions	18,442	6,618	7,230	238	-	25,989	58,518
Revaluation Adjustments Recognised in the Revaluation Reserve	(34,392)	9,547	-	-	2,077	-	(22,768)
Derecognition and Disposals	(916)	(2,218)	(488)	-	(2,101)	-	(5,723)
Reclassifications and Transfers	12,921	19,851	3,685	-	(3,896)	(59,900)	(27,339)
Other Movements in Cost or Valuation*	(14,620)	(15,387)	-	-	(88)	-	(30,095)
At 31 March 2024	550,572	382,648	96,758	9,257	23,771	47,284	1,110,290
Accumulated Depreciation and Impairment							
at 1 April 2023	-	(25,032)	(52,716)	(2,057)	-	(707)	(80,512)
Opening Balance Adjustment	-	-	-	-	-	-	-
Depreciation Charge for Year	(14,644)	(10,198)	(2,628)	(37)	(53)	-	(27,560)
Impairments Recognised in the Provision of Services	-	1,952	-	-	(53)	-	1,899
Derecognition and Disposals	24	710	388	-	34	-	1,155
Reclassifications and Transfers	-	25	-	-	(16)	(9)	-
Other Movements in Depreciation and Impairment	14,620	15,387	-	-	88	-	30,095
At 31 March 2024	-	(17,156)	(54,956)	(2,094)	-	(717)	(74,923)
Net book value 31 March 2024	550,572	365,492	41,802	7,162	23,771	46,567	1,035,367
Net book value 31 March 2023	569,137	339,205	33,615	6,962	27,780	80,487	1,057,187

Group Property, Plant and Equipment 2022/2023

2022/23	Council dwellings £'000	Other land and buildings £'000	Vehicles, furniture, plant and equipment £'000	Community assets £'000	Surplus assets £'000	Assets under construction £'000	Total £'000
Cost or valuation 2022/23							
at 1 April 2022	549,451	349,534	83,520	8,807	24,213	71,828	1,087,353
Opening Balance Adjustment	-	-	-	-	-	-	-
Additions	12,675	6,009	6,426	183	22	48,821	74,136
Revaluation Adjustments Recognised in the Revaluation Reserve	15,353	3,738	-	-	1,105	-	20,196
Derecognition and Disposals	(2,208)	(546)	(4,545)	-	2,318	(223)	(5,204)
Reclassifications and Transfers	7,247	17,848	930	29	430	(39,231)	(12,747)
Other Movements in Cost or Valuation*	(13,381)	(12,346)	-	-	(307)	-	(26,034)
At 31 March 2023	569,137	364,237	86,331	9,019	27,781	81,195	1,137,700
Accumulated Depreciation and Impairment							
at 1 April 2022	-	(22,650)	(49,569)	(2,029)	-	(1,007)	(75,255)
Opening Balance Adjustment	-	-	-	-	-	-	-
Depreciation Charge for Year	(13,416)	(9,857)	(6,480)	(28)	(12)	16	(29,777)
Impairments Recognised in the Provision of Services	-	(4,644)	-	-	(81)	-	(4,725)
Derecognition and Disposals	54	38	3,333	-	(215)	-	3,210
Reclassifications and Transfers	(19)	(265)	-	-	-	284	-
Other Movements in Depreciation and Impairment	13,381	12,346	-	-	307	-	26,034
At 31 March 2023	-	(25,032)	(52,716)	(2,057)	-	(707)	(80,513)
Net book value 31 March 2023	569,137	339,205	33,615	6,962	27,781	80,488	1,057,187
Net book value 31 March 2022	549,451	326,884	33,951	6,778	24,213	70,821	1,012,098

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.

2022/23			2023/24			
RBC £'000	HfR £'000	Total £'000		RBC £'000	HfR £'000	Total £'000
75,210	30,605	105,815	Opening Balance	67,775	30,900	98,675
-	-	-	Additions	-	-	-
-	-	-	Disposals	-	-	-
-	-	-	Reclassifications and transfers	(1,278)	-	(1,278)
(7,435)	295	(7,140)	Net gains and losses from fair value adjustments	(1,107)	(575)	(1,682)
67,775	30,900	98,675	Closing Balance	65,390	30,325	95,715

Note 3 – Debtors

Debtors due within one year

2022/23		2023/24	
£'000		£'000	
6,254	Central Government bodies	15,505	
1,549	Other local authorities	4,520	
339	NHS bodies	1,831	
47,616	Other entities and individuals	48,774	
55,758	Total	70,630	

Note 6 – Cash Flow from Operating Activities

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

2022/23 £'000		2023/24 £'000
(4,434)	Interest received	(3,997)
17,186	Interest paid	16,191
12,752	Total	12,194

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

2022/23 £'000		2023/24 £'000
(45,989)	Depreciation	(39,599)
-	Impairment and downward valuations	792
(1,964)	Amortisation	(2,108)
34,595	(Increase)/decrease in creditors	(15,517)
(8,462)	Increase/(decrease) in debtors	16,615
(98)	Increase/(decrease) in inventories	34
(53,380)	Movement in pension liability	21,309
(2,325)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(25,826)
(7,050)	Other non-cash movements charged to the surplus or deficit on provision of services	(1,796)
(84,673)	Total	(46,096)

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

2022/23 £'000		2023/24 £'000
5,484	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	4,420
36,235	Any other items for which the cash effects are investing or financing cash flows	28,914
-	Proceeds from short-term (not considered to be cash equivalents) and long-term investments	-
41,719	Total	33,334

Note 6a – Cash Flow from Investing Activities

2022/23 £'000		2023/24 £'000
85,514	Purchase of property, plant and equipment, investment property and intangible assets	68,278
-	Purchase of short-term and long-term investments	-
-	Other payments for investing activities	-
(7,858)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(4,420)
-	Proceeds from short-term and long-term investments	-
(36,235)	Other receipts from investing activities	(28,493)
41,421	Net cash flows from investing activities	35,365

Note 6b – Cash Flow from Financing Activities

2022/23 £'000		2023/24 £'000
(17,615)	Cash receipts of short-term and long-term borrowing	(68,970)
-	Other receipts from financing activities	-
1,301	Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance-Sheet PFI contracts	4,887
-	Repayments of short-term and long-term borrowing	34,970
(20,591)	Council Tax and NNDR share	4,872
(36,905)	Net cash flows from financing activities	(24,241)

Glossary Of Terms

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

ACCOUNTING PERIOD

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

ACCOUNTING POLICIES

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

ACCRUALS

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

ACTUARIAL GAINS AND LOSSES

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

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

ASSET

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

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

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

ASSETS UNDER CONSTRUCTION

Capital expenditure on assets where the work is incomplete.

AUDIT OF ACCOUNTS

An independent examination of the Council's financial affairs.

BALANCE SHEET

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

BORROWING

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

BUDGET

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

CAPITAL EXPENDITURE

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

CAPITAL FINANCING

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

CAPITAL PROGRAMME

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

CAPITAL RECEIPT

The proceeds from the disposal of land or other fixed assets. Proportions of capital receipts can be used to finance new capital expenditure, within rules set down by the government but they cannot be used to finance revenue expenditure.

CLAW-BACK

Where average council house rents are set higher than the Government's prescribed average limit rent, used in the calculation of rent rebates, the percentage difference reduces the amount of rent rebate subsidy due to the a Council, i.e., it is "clawed-back" by the Government.

CIPFA

The Chartered Institute of Public Finance and Accountancy is the professional body that sets accounting codes of practice that the Council follows.

COLLECTION FUND

A separate fund that records the income and expenditure relating to Council Tax and non-domestic rates.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

The account of the Council that reports the net cost for the year of the functions for which it is responsible and demonstrates how that cost has been financed from local taxation, grants and other income.

CONSISTENCY

The concept that the accounting treatment of like items within an accounting period and from one period to the next are the same.

CONTINGENT ASSET

A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's accounts.

CONTINGENT LIABILITY

A contingent liability is either:

- A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control; or
- A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount of the obligation cannot be measured with sufficient reliability.

CORPORATE AND DEMOCRATIC CORE

The corporate and democratic core comprises all activities that local authorities engage in specifically because they are elected, multi-purpose authorities. The cost of these activities is thus over and above those which would be incurred by a series of independent single purpose, nominated bodies managing the same services.

CREDITORS

Amounts owed by the Council for work done, goods received, or services provided but for which payment has not been made by the end of that accounting period.

CURRENT SERVICE COST (PENSIONS)

Officers employed during the year will have earned one or more years of pensionable service. The current service cost is the increase in the value of the pension scheme's liabilities arising from the employee service during the period.

DEBTORS

Amounts due to the Council for works done, goods received, or services provided but which remain unpaid by the end of that accounting period.

DEDICATED SCHOOLS GRANT (DSG)

A Central Government grant paid to the County Council for use for expenditure on schools.

DEFINED BENEFIT PENSION SCHEME

Pension schemes in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.

DEPRECIATION

The measure of the cost of wearing out, consumption or other reduction in the useful economic life of the Council's fixed assets during the accounting period, whether from use, the passage of time or obsolescence through technical or other changes.

DISCRETIONARY BENEFITS (PENSIONS)

Retirement benefits, which the employer has no legal, contractual or constructive obligation to award and are awarded under the Council's discretionary powers such as the Local Government (Discretionary Payments) Regulations 1996.

EVENTS AFTER THE BALANCE SHEET DATE

Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.

EXCEPTIONAL ITEMS

Material items which derive from events or transactions that fall within the ordinary activities of the Council and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

EXPECTED RETURN ON PENSION ASSETS

For a funded defined benefit scheme, this is the average rate of return, including both income and changes in fair value but net of scheme expenses, which is expected over the remaining life of the related obligation on the actual assets held by the scheme.

FAIR VALUE

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction, or a liability settled.

GENERAL FUND

The Main revenue account of the Council covering all services but excluding Housing landlord functions.

GOING CONCERN

The concept that the Statement of Accounts is prepared on the assumption that the Council will continue in operational existence for the foreseeable future in particular that the revenue accounts and Balance Sheet assume no intention to curtail significant the scale of operations.

GOVERNMENT GRANTS

Grants made by the Government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the Council. These grants may be specific to a particular scheme or may support the revenue spend of the Council in general.

HOUSING BENEFITS

A system of financial assistance to individuals towards certain housing costs administered by authorities and subsidised by Central Government.

HOUSING REVENUE ACCOUNT (HRA)

A separate account to the General Fund, which includes the income and expenditure arising from the provision of housing accommodation by the Council.

IMPAIRMENT

A reduction in the value of a fixed asset to below its recoverable amount, the higher of the asset's fair value less costs to sell and its value in use.

INFRASTRUCTURE ASSETS

Fixed assets belonging to the Council that cannot be transferred or sold on which expenditure is only recoverable by the continued use of the asset created. Examples are highways, footpaths and bridges.

INTANGIBLE ASSETS

An intangible (non-physical) item may be defined as an asset when access to the future economic benefits it represents is controlled by the reporting entity. This Council's intangible assets comprise computer software licences.

INTEREST COST (PENSIONS)

For a defined benefit scheme, the expected increase during the period of the present value of the scheme liabilities because the benefits are one period closer to settlement.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

Accounting Standards applicable to local authorities from 2010/11 onwards.

INVESTMENTS (PENSION FUND)

The investments of the Pension Fund will be accounted for in the statements of that fund. However, authorities are also required to disclose, as part of the disclosure requirements relating to retirement benefits, the attributable share of the pension scheme assets associated with their underlying obligations.

LIABILITY

A liability is where the Council owes payment to an individual or another organisation.

- A current liability is an amount which will become payable or could be called in within the next accounting period, e.g., creditors or cash overdrawn.
- A deferred liability is an amount which by arrangement is payable beyond the next year at some point in the future or to be paid off by an annual sum over a period of time.

LIQUID RESOURCES

Current asset investments that are readily disposable by the Council without disrupting its business and are either:

- Readily convertible to known amounts of cash at or close to the carrying amount; or
- Traded in an active market.

LONG-TERM CONTRACT

A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or a combination of assets or services which together constitute a single project), where the time taken to substantially complete the contract is such that the contract activity falls into more than one accounting period.

MATERIALITY

The concept that the Statement of Accounts should include all amounts which, if omitted, or mis-stated, could mean the use of the accounts might come to a difference opinion on the matters contained in the accounts. An item could be material in nature or in value.

MINIMUM REVENUE PROVISION (MRP)

The minimum amount which must be charged to the revenue account each year in order to provide for the repayment of loans and other amounts borrowed by the Council.

NET CURRENT PLACEMENT COSTS

The cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e., the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

NET BOOK VALUE

The amount at which fixed assets are included in the Balance Sheet, i.e., their historical costs or current value less the cumulative amounts provided for depreciation.

NET DEBT

The Council's borrowings less cash and liquid resources.

NON-DISTRIBUTED COSTS

These are overheads for which no user directly benefits and as such are not apportioned to services.

NON-DOMESTIC RATES (NDR)

The Non-Domestic Rate is a levy on businesses, based on a national rate in the pound set by Central Government and multiplied by the assessed rateable value of the premises they occupy. In England it is collected by the Council on behalf of itself, Central Government and major preceptors. In Scotland it is collected by the Council on behalf of Central Government and then redistributed back to support the cost of services.

NON-OPERATIONAL ASSETS

Fixed assets held by the Council but not directly occupied, used or consumed in the delivery of services. Examples are investment properties, assets under construction or assets surplus to requirements pending sale or redevelopment.

OPERATIONAL ASSETS

Fixed assets held and occupied, used or consumed by the Council in the pursuit of its strategy and in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

PAST SERVICE COST (PENSIONS)

For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

PENSION SCHEME LIABILITIES

The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities measured during the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

PRECEPT

The levy made by precepting authorities by billing authorities, requiring the latter to collect income from Council Tax on their behalf.

PRIOR YEAR ADJUSTMENT

Material adjustments applicable to previous years arising from changes in accounting policies or from the correction of fundamental errors. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.

PROVISION

An amount set aside in the accounts for future liabilities or losses which are certain or very likely to occur but the amounts or dates of when they will arise are uncertain.

PUBLIC WORKS LOAN BOARD (PWLB)

A Central Government Agency, which provides loans for one year and above to authorities at interest rates similar to those at which the government can borrow itself.

RATEABLE VALUE

The annual assumed rental of a hereditament, which is used for NNDR purposes.

RELATED PARTIES

The definition of related parties in IPSAS 20. For the Council's purposes related parties are deemed to include the Council's Members, the Chief Executive, its Directors and their close family and household members.

RELATED PARTY TRANSACTIONS

The CIPFA Code of Practice requires the disclosure of any material transactions between the Council and related parties to ensure that stakeholders are aware when these transactions occur and the amount and implications of such.

REMUNERATION

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by the employer are excluded.

RESERVES

Money set aside to meet the cost of specific future expenditure. These can be either:

- Usable – those which can be used to provide services
- Unusable – those which cannot be used to provide services

RESIDUAL VALUE

The net realisable value of an asset at the end of its useful life.

RETIREMENT BENEFITS

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

REVENUE EXPENDITURE

The day-to-day expenses of providing services.

REVENUE EXPENDITURE FUNDED BY CAPITAL UNDER STATUTE (REFCUS)

Expenditure which ordinarily would be revenue but is statutorily defined as capital. Examples of REFCUS include grants of a capital nature to voluntary organisations and back pay expenditure capitalised under Secretary of State Direction.

REVENUE SUPPORT GRANT

A grant paid by Central Government to authorities, contributing towards the general cost of their services.

STOCKS

Items of raw materials and stores a Council has procured and holds in expectation of future use. Examples are consumable stores, raw materials and products and services in intermediate stages of completion.

TEMPORARY BORROWING

Money borrowed for a period of less than one year.

TRUST FUNDS

Funds administered by the Council for such purposes as prizes, charities, specific projects and on behalf of minors.

USEFUL ECONOMIC LIFE (UEL)

The period over which the Council will derive benefits from the use of a fixed asset.