



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

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## Narrative Report

### An introduction to Reading

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

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

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

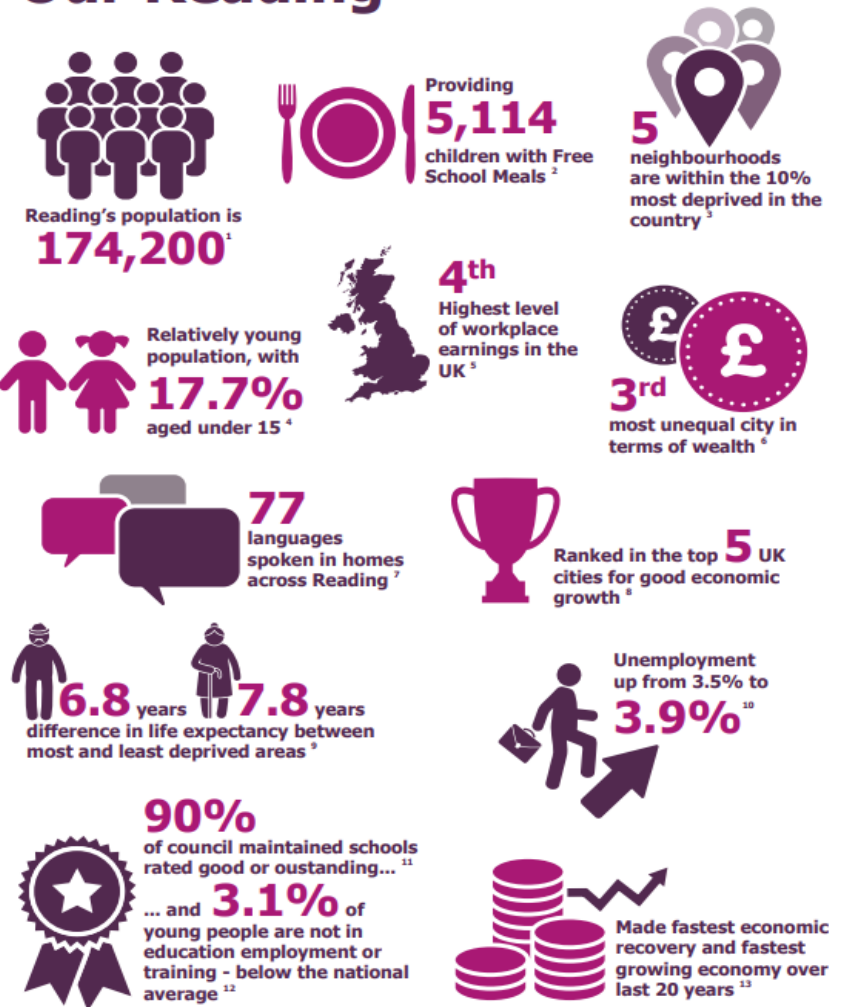
Every year it hosts the Reading Festival, one of the country's major music events, as well as the Reading Beer Festival, Reading Pride, and the Reading Half Marathon.

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

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

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



## Our Reading



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

# Our Achievements

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

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

## Residents Survey Results 2025



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

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

## Our Vision and Priorities

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

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

Promote more equal communities in Reading



Secure Reading's economic and cultural success



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



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



Ensure Reading Borough Council is fit for the future



## 2025/26 Budget

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

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

### General Fund Revenue Account

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

### Housing Revenue Account (HRA)

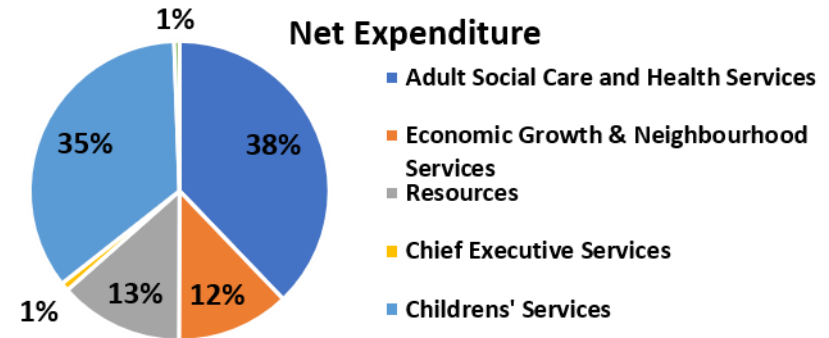
This is a ring-fenced budget for expenditure on the Council's Housing stock and is funded by council tenants' rents.

### Capital

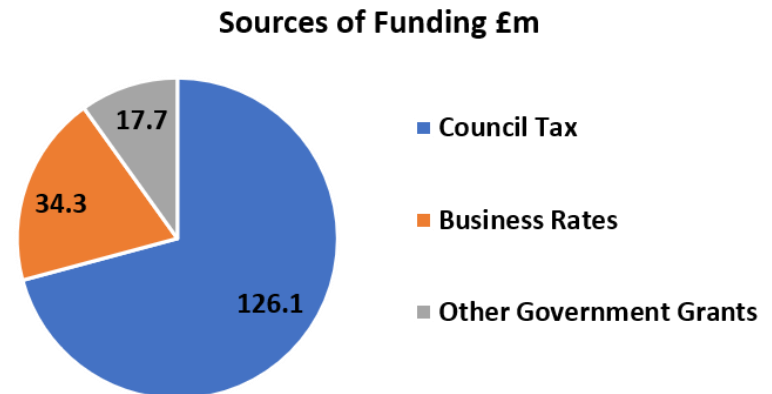
This is the expenditure incurred to make improvements to the Council's assets or for the purchase or creation of new assets. The Council has two capital programmes, one for the General Fund and one for the Housing Revenue Account. Capital is funded by grants, contributions from developers, capital receipts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

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

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



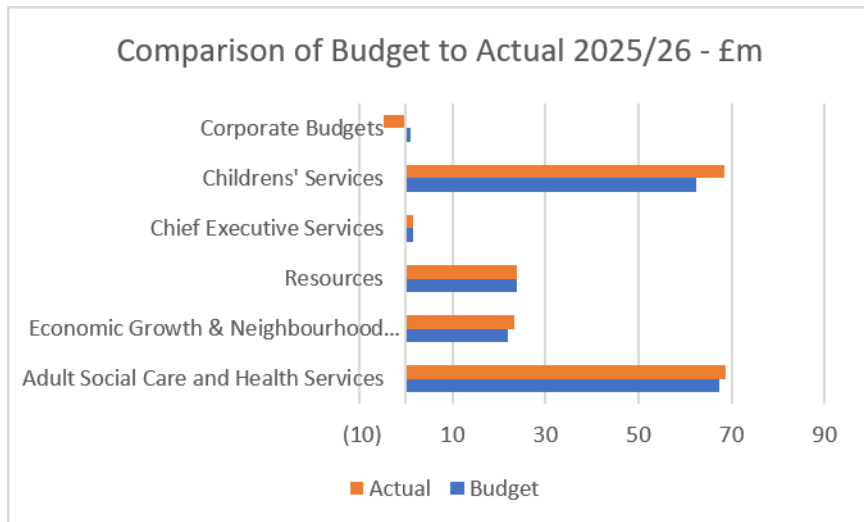
The chart below shows the net funding for the General Fund revenue budget of £178.1m



## Financial Performance 2025/26

### General Fund Revenue

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



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

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

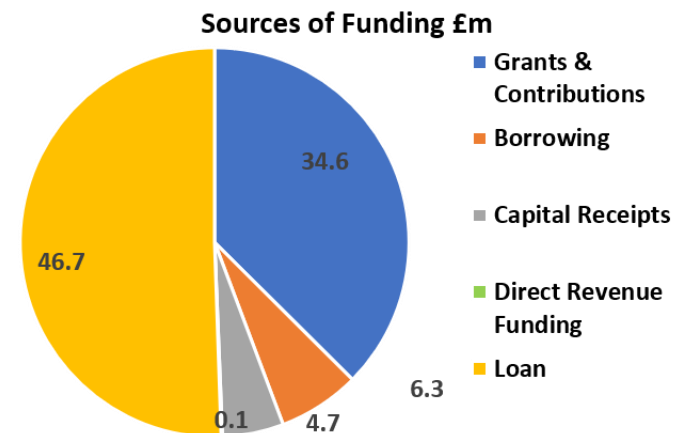
### Capital Expenditure

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

Capital expenditure for the year included:

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

### Funding of General Fund capital expenditure:



## Housing Revenue Account

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

## Performance of Council owned companies

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

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

## Commercial Investments

Reading Borough Council has a small portfolio of investment properties:

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

## Brighter Futures for Children Closure

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

## Schools and the High Needs Block

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

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

## Dedicated Schools Grant

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

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

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

## The Balance Sheet

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

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

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

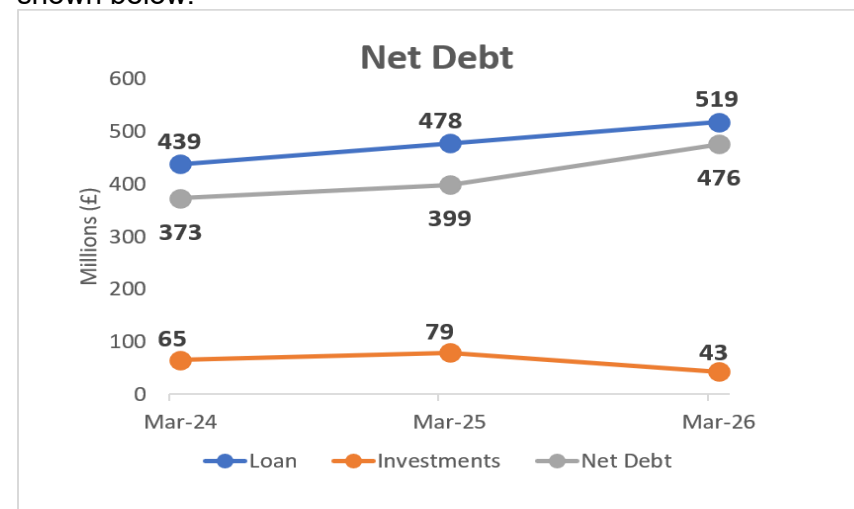
The reduction in net assets is primarily driven by an increase in borrowing of £42.0m and an increase in pensions liability of £33.1m.

## Treasury Management

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

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

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



## Pensions

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

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

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

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

### Looking ahead

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



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

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

**29 June 2026**

### A guide to the Financial Statements

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

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

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

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

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

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

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

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

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

The Notes provide more detail about individual transactions and balances.

## Annual Governance Statement 2025/26

### Executive Summary

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

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

### Scope of Responsibility

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

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

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

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

## The Governance Framework

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



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

### Leader, Lead Councillors and Council

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

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

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

### Risk and Performance Management

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

## Statutory Officers

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

## Corporate Management Team

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

## Scrutiny Activity

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

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

## Audit and Governance Committee

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

## External Audit

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

## Internal Audit

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

## Review of Effectiveness

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

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

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

## Key governance developments during the year included:

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

### **Key strengths during the year included:**

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

### **Significant governance issues identified during the year included:**

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

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

## **Governance Arrangements by Principle**

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

### **Principle A: Integrity, Ethics, and Lawfulness**

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

### **Principle B: Openness and Stakeholder Engagement**

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

### **Principle C: Defining Outcomes**

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

### **Principle D: Interventions and Decision-Making**

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

### **Principle E: Capacity and Capability**

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

### **Principle F: Risk Management and Internal Control**

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

## **Principle G: Transparency and Accountability**

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

## **Governance Developments and Key Matters During 2025/26**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Forward Look

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

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

## **Conclusion**

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

**Cllr Liz Terry**

Leader of Reading Borough Council

Date:

**Jackie Yates**

Chief Executive of Reading Borough Council

Date:

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

To follow

## Statement of Responsibilities

### Responsibilities of the Council

The Council is required to:

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

### Responsibilities of the Chief Financial Officer

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

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

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

The Chief Financial Officer has also:

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

### Approval of the Accounts

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

Darren Carter  
Director of Finance (S151 Officer)  
Date:

## Financial Statements

### Comprehensive Income and Expenditure Statement

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

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

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

## Movement in Reserves Statement

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

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

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

## Balance Sheet

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

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

## Cash Flow Statement

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

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

# Notes to the Statement of Accounts

## Note 1 – Significant Accounting Policies

### i. General Principles

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

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

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

### ii. Events after the Reporting Period

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

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

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

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

### iii. Accruals of Income and Expenditure

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

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

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

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

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

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

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

iv. **Interest Income & Expense**

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

An interest expense on a qualifying asset can be capitalised.

v. **Exceptional Items**

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

vi. **Cash and Cash Equivalents**

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

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

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

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

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

### **Accounting for Council Tax and NDR**

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

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

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

## **viii. Employee Benefits**

### **Benefits Payable during employment**

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

## **Termination Benefits**

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

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

## **Post-Employment Benefits**

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

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

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

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

## **The Local Government Pension Scheme**

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

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

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

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

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

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

Service costs comprising:

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

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

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

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

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

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

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

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

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

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

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

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

#### **Financial Liabilities**

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

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

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

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

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

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

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

## **Financial Assets**

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

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

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

### *Financial Assets measured at amortised cost*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

the relevant services within the Comprehensive Income and Expenditure Statement.

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

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

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

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

**xi. Inventories**

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

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

**Companies**

The Council has interests in three subsidiary companies, which:

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

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

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

### **Schools**

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

### **xiii. Investment Property**

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

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

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

### **xiv. Leases**

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

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

## **Council as Lessee**

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

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

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

Lease payments are apportioned between:

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

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

## **Council as Lessor**

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

### ***Finance Leases***

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

Income from lessees is apportioned between:

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

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

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

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

### ***Operating Leases***

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

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

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

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

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

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

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

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

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

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

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

## xvii. Property, Plant and Equipment

### Recognition

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

### Measurement

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### **Impairment**

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

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

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

### **Depreciation**

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

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

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

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

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

## **Disposals**

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

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

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

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

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

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

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

## **Heritage Assets**

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

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

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

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

## **Componentisation**

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

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

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

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

## **xviii. Service Concessions**

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

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

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

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

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

### **xix. Provisions, Contingent Liabilities and Contingent Assets**

#### **Provisions**

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

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

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

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

#### **Contingent Liabilities**

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

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

### **Contingent Assets**

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

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

### **xx. Reserves**

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

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

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

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

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

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

## xxii. Value Added Tax (VAT)

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

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

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

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

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

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

Annual Improvements to IFRS Accounting Standards - Volume 11.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### Property, Plant and Equipment

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

### Valuation of HRA dwellings

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

### Pensions Liability

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

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

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

### **Arrears**

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

### **Service Concessions**

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

### **Business ratepayer appeals**

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

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

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

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

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

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

## Note 7 – Expenditure and Funding Analysis

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

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

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

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

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

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

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

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

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

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

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

## **Net Change for Salary Adjustments**

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

## **Other Differences**

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

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

## Note 7b – Segmental Analysis of Income

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Note 9 – Transfers to/from Earmarked Reserves

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

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

The Council holds these Reserves for the following purposes:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Note 10 – Other Operating Expenditure

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

## Note 11 – Financing and Investment Income and Expenditure

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

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

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

## Note 13 – Officers’ Remuneration

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

### 2025/26 Senior Officers' Remuneration

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

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

1\* Left the role on 08/04/2025

2\* Started the role on 07/07/2025

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

4\* Started the role on 01/12/2025

## 2024/25 Senior Officers' Remuneration

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

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

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

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

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

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

## 50k Banding

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

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

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

## Note 14 – Exit Packages

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

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

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

## Note 15 – Members’ Allowances

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

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

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

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

## Note 16 – Related Parties

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

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

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

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

### Central Government

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

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

### Bodies where the Council can exhibit control or significant influence

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

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

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

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

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

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

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

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

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

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

### Note 17 – External Audit Costs

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

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

## Note 18 – Trading Operations

The Council operates a trading account for the service below:

### Building Control - Trading Account

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

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

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

## Note 19 – Pooled Budgets

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

### 1) Berkshire Community Equipment Stores

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

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

## 2) Better Care Fund

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

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

### Note 20 – Dedicated Schools Grant

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

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

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

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

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

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

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

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

## Note 21 – Grant Income

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

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

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

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

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

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

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

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

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

## Note 22 – Property, Plant and Equipment

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

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

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

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

### Revaluations

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

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

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

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

For DRC Valuations:

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

For Valuations using MEA:

The MEA is adopted when the actual area is lower.

The actual area is adopted where the MEA is larger.

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

For Valuations based on Comparable/Capitalised rent:

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

Net Initial Yields excludes acquisition costs.

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

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

Cap Adj running yield is based on cumulative capital invested.

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

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

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

All asset valuations were carried out by Sanderson Weatherall LLP.

## Property, Plant and Equipment 2025/26

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

## Property, Plant and Equipment 2024/25

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

## Note 23 – Infrastructure Assets

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

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

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

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

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

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

## Note 24 – Heritage Assets

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

Heritage assets include:

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

## Note 25 – Investment Properties

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

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

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

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

## Note 26 – Intangible Assets

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

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

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

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

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

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

## Note 27 – Capital Commitments

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

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

## Note 28 – Capital Expenditure and Capital Financing

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

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

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

## Note 29 – Financial Instruments

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

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

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

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

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

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

### Income, Expense, Gains and Losses

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

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

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

## Note 30 – Fair Value

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

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

### Sensitivity of assets valued at level 3

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

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

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

### Fair value hierarchy

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

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

### Transfers between level 1 and 2

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

### Reconciliation of fair values within Level 3

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

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

### Note 31 – Inventories

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

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

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

### Overall procedures for managing risk

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

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

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

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

### Credit Risk

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

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

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

## Credit Risk - Treasury Investments

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

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

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

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

### Credit and Counterparty Risk – Trade Debtors

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

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

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

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

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

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

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

### **Credit risk - long-term debtors**

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

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

## Liquidity risk

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

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

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

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

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

## Market Risks

### Interest rate risk

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

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

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

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

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

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

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

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

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

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

### Note 33 – Cash and Cash Equivalents

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

## Note 34 – Debtors

### Long Term Debtors

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

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

### Short Term Debtors

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

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

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

### Note 35 – Creditors

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

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

## Note 36 – Provisions

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

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

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

## Note 37 – Usable Reserves

The Usable Reserves of the Council are as follows:

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

### Major Repairs Reserve (HRA)

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

### Capital Grants Unapplied

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

### Capital Receipts Reserve

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

## Note 38 – Unusable Reserves

The Unusable Reserves of the Council are as follows:

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

### Revaluation Reserve

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

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

The balance is reduced when assets with accumulated gains are:

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

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

### **Capital Adjustment Account**

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

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

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

## Pensions Reserve

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

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

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

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

## Deferred Capital Receipts Reserve

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

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

## Collection Fund Adjustment Account

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

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

## Accumulated Absences Account

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

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

## Pooled Fund Adjustment Account

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

## Financial Instruments Revaluation Reserve

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

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

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

## Dedicated Schools Grant

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

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

## Note 39 – Contingent Liabilities

### Municipal Mutual Insurance (MMI)

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

### Duty of Care Claims

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

### Business Rates Appeals

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

## Note 40 – Contingent Assets

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

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

## Note 41 – Leases

### Authority as Lessee - Finance Leases

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

### Right of Use Assets

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

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

## Transactions under Leases

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

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

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

## Maturity analysis of lease liabilities

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

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

## Authority as Lessor - Finance Leases

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

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

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

2024/25			2025/26	
Gross investment in the lease £ '000	Minimum Lease Payments £ '000		Gross investment in the lease £ '000	Minimum Lease Payments £ '000
-	-	Payments due within one year	-	-
1,323	1,323	Payments due later than one year and not later than five years	1,323	1,323
-	-	Payments due later than five years	-	-
<b>1,323</b>	<b>1,323</b>	<b>Total due</b>	<b>1,323</b>	<b>1,323</b>

## Authority as Lessor - Operating Leases

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

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

## Note 42 – Service Concession Arrangements

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

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

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

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

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

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

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

## a) North Whitley Housing PFI scheme

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

### Property, Plant and Equipment

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

### Payments

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

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

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

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

## b) Waste PFI Scheme

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

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

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

### Value of assets under the PFI contract

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

## Payments

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

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

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

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

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

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

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

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

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

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

### Note 44 – Defined Benefit Pension Scheme

#### Local Government Pension Schemes

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

The Council participates in two post-employment schemes:

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

## Transactions relating to post-employment benefits

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

### i. Impact on Comprehensive Income & Expenditure Account

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

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

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

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

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

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

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

iii. Reconciliation of the Present Value of the Scheme Liabilities

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

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

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

**Basis for estimating assets and liabilities**

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

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

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

v. **Impact of Asset Ceiling**

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

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

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

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

## Principal Assumptions

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

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

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

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

## Sensitivity Analysis

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

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

vi. **Scheme Assets**

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

**Asset and Liability Matching Strategy**

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

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

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

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

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

## Note 45 – Cash Flow from Operating Activities

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

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

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

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

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

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

## Note 46 – Cash Flow from Investing Activities

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

## Note 47 – Cash Flow from Financing Activities

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

## Housing Revenue Account

### Housing Revenue Account Income and Expenditure Statement

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

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

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

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

## Movement on the HRA Statement

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

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

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

## Note 1 – Analysis of Council Housing Stock

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

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

## Note 2 – Housing Revenue Account Capital Expenditure

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

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

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

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

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

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

### Note 4 – Depreciation and Impairment

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

NB. A positive entry indicates an impairment reversal.

## Note 5 – Transactions relating to Retirement Benefits

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

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

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

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

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

## Note 7 – Rent Arrears and Bad Debt Provision

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

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

# Collection Fund

## Introduction

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

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

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

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

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

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

## Council Tax

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

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

## Business Rates (Non-Domestic Rates)

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

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

## Notes to the Collection Fund

### Business Rates

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

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

### Council Tax

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

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

# Group Accounts

## Introduction

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

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

In addition to the above companies:

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

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

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

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

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

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

## Group Financial Statements

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

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

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

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

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

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

## Group Accounting Policies

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

### Basis of accounts production

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

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

## Prior Period Adjustments

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

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

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

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

## Critical Judgements in Applying Group Accounting Policies

Group accounts have been prepared using the following financial information:

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

## Group Comprehensive Income and Expenditure Statement

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

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

## Group Movement in Reserves Statement

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

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

## Group Balance Sheet

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

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

## Group Cash Flow Statement

2024/25 £'000	Cash Flow	Note	2025/26 £'000
41,018	Net (surplus) or deficit on the provision of services		33,702
(86,205)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	6	(66,547)
57,125	Adjustments for items included in the net surplus on the provision of services that are investing and financing activities	6	48,442
<b>11,938</b>	<b>Net cash flows from Operating Activities</b>		<b>15,597</b>
13,293	Investing Activities	6a	40,925
(35,834)	Financing Activities	6b	(36,992)
<b>(10,603)</b>	<b>Net (increase) or decrease in cash and cash equivalents</b>		<b>19,530</b>
33,831	Cash and cash equivalents at the beginning of the reporting period		44,434
10,603	Net increase or (decrease) in cash and cash equivalents		(19,530)
<b>44,434</b>	<b>Cash and cash equivalents at the end of the reporting period</b>		<b>24,904</b>

## Note 1 – Group Property, Plant and Equipment

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

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

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

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

## Group Property, Plant and Equipment 2025/26

2025/26	Council dwellings £'000	Other land and buildings £'000	Vehicles, furniture, plant and equipment £'000	Community assets £'000	Surplus assets £'000	Assets under construction £'000	Total £'000
<b>Cost or valuation 2025/26</b>							
<b>at 1 April 2025</b>	<b>567,703</b>	<b>392,412</b>	<b>104,934</b>	<b>9,380</b>	<b>22,609</b>	<b>72,364</b>	<b>1,169,403</b>
Additions	19,793	4,991	12,493	200	91	53,244	90,811
Remeasurement of IFRS 16 leases	(34)	7	-	-	-	-	(27)
Revaluation Adjustments Recognised in the Revaluation Reserve	(19,657)	6,137	189	-	370	-	(12,961)
Derecognition and Disposals	(4,542)	(139)	(56)	-	(979)	(599)	(6,315)
Reclassifications and Transfers	18,456	3,569	555	-	-	(45,300)	(22,720)
Other Movements in Cost or Valuation	(13,505)	(25,661)	-	-	(7)	-	(39,173)
<b>At 31 March 2026</b>	<b>568,214</b>	<b>381,316</b>	<b>118,115</b>	<b>9,580</b>	<b>22,084</b>	<b>79,709</b>	<b>1,179,018</b>
<b>Accumulated Depreciation and Impairment</b>							
<b>at 1 April 2025</b>	<b>-</b>	<b>(19,160)</b>	<b>(56,616)</b>	<b>(2,147)</b>	<b>-</b>	<b>(716)</b>	<b>(78,637)</b>
Depreciation Charge for Year	(13,539)	(10,587)	(8,618)	(55)	(7)	-	(32,807)
Impairments Recognised in the Provision of Services	34	(567)	207	-	-	-	(326)
Derecognition and Disposals	-	-	-	-	-	-	-
Reclassifications and Transfers	-	-	-	-	-	-	-
Other Movements in Depreciation and Impairment	13,505	25,661	-	-	7	-	39,173
<b>At 31 March 2026</b>	<b>-</b>	<b>(4,653)</b>	<b>(65,027)</b>	<b>(2,202)</b>	<b>-</b>	<b>(716)</b>	<b>(72,597)</b>
<b>Net book value 31 March 2026</b>	<b>568,214</b>	<b>376,663</b>	<b>53,088</b>	<b>7,378</b>	<b>22,084</b>	<b>78,993</b>	<b>1,106,421</b>
<b>Net book value 31 March 2025</b>	<b>567,703</b>	<b>373,253</b>	<b>48,318</b>	<b>7,233</b>	<b>22,609</b>	<b>71,649</b>	<b>1,090,766</b>

\* This table is subject to roundings

## Group Property, Plant and Equipment 2024/25

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

\* This table is subject to roundings

## Note 2 – Investment Property

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

2024/25				2025/26		
RBC £'000	HfR £'000	Total £'000		RBC £'000	HfR £'000	Total £'000
<b>57,580</b>	<b>30,325</b>	<b>87,905</b>	Opening Balance	<b>52,310</b>	<b>26,230</b>	78,540
-	-	-	Additions	148	-	148
-	(4,250)	(4,250)	Disposals	(960)	(11,125)	(12,085)
-	-	-	Reclassifications and transfers	-	-	-
(5,270)	155	(5,115)	Net gains and losses from fair value adjustments	(958)	185	(773)
<b>52,310</b>	<b>26,230</b>	<b>78,540</b>	<b>Closing Balance</b>	<b>50,540</b>	<b>15,290</b>	<b>65,830</b>

## Note 3 – Debtors

Debtors due within one year

2024/25		2025/26
£'000		£'000
13,473	Government bodies	7,504
3,112	Other local authorities	4,937
972	NHS bodies	2,905
37,957	Other entities and individuals	45,259
<b>55,514</b>	<b>Total</b>	<b>60,605</b>

## Note 4 – Creditors

Creditors due within one year

2024/25 £'000		2025/26 £'000
(19,373)	Government Bodies	(16,874)
(677)	Other Local Authorities	(923)
(248)	NHS Bodies	(193)
(68,133)	Other Entities and Individuals	(75,535)
<b>(88,431)</b>	<b>Total</b>	<b>(93,525)</b>

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

2024/25				2025/26		
RBC £'000	Subsidiaries £'000	Group Total £'000		RBC £'000	Subsidiaries £'000	Group Total £'000
(23,188)	-	(23,188)	RBC - North Whitley PFI scheme	(21,518)	-	(21,518)
(5,054)	-	(5,054)	RBC - Waste PFI scheme	(4,195)	-	(4,195)
-	(16,456)	(16,456)	RTL - Finance Lease and HP contracts	-	(24,099)	(24,099)
(972)	(4,807)	(5,779)	Accruals and Deferred Income	(1,225)	(4,807)	(6,032)
<b>(29,214)</b>	<b>(21,263)</b>	<b>(50,477)</b>	<b>Total</b>	<b>(26,938)</b>	<b>(28,906)</b>	<b>(55,844)</b>

## Note 6 – Cash Flow from Operating Activities

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

2024/25 £'000		2025/26 £'000
(5,314)	Interest received	(5,919)
26,113	Interest paid	22,926
<b>20,799</b>	<b>Total</b>	<b>17,007</b>

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

2024/25 £'000	Adjustments for non-cash movements	2025/26 £'000
(32,622)	Depreciation	(44,934)
(8,039)	Impairment and downward valuations	(326)
(2,620)	Amortisation	(2,799)
8,828	(Increase) / decrease in creditors	(16,342)
(13,559)	Increase / (decrease) in debtors	4,299
272	Increase / (decrease) in inventories	7,141
(13,094)	Movement in pension liability	(2,938)
(10,275)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(7,181)
(15,096)	Other non-cash movements charged to the surplus or deficit on provision of services	(3,467)
<b>(86,205)</b>	<b>Total</b>	<b>(66,547)</b>

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

2024/25 £'000	Adjustments relating to Investing and Financing Activities	2025/26 £'000
8,446	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	11,603
48,679	Any other items for which the cash effects are investing or financing cash flows	36,839
<b>57,125</b>	<b>Total</b>	<b>48,442</b>

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

2024/25 £'000	Net cash flows from investing activities	2025/26 £'000
70,988	Purchase of property, plant and equipment, investment property and intangible assets	99,603
(9,016)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(11,603)
(48,679)	Other receipts from investing activities	(47,075)
<b>13,293</b>	<b>Total</b>	<b>40,925</b>

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

2024/25 £'000	Net cash flows from financing activities	2025/26 £'000
(257,040)	Cash receipts of short-term and long-term borrowing	(246,502)
5,270	Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance-Sheet PFI contracts	2,370
214,000	Repayments of short-term and long-term borrowing	204,500
1,936	Council Tax and NNDR share	2,640
<b>(35,834)</b>	<b>Total</b>	<b>(36,992)</b>

## Glossary Of Terms

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

### **ACCOUNTING PERIOD**

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

### **ACCOUNTING POLICIES**

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

### **ACCRUALS**

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

### **ACTUARIAL GAINS AND LOSSES**

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

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

### **ASSET**

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

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

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

### **ASSETS UNDER CONSTRUCTION**

Capital expenditure on assets where the work is incomplete.

### **AUDIT OF ACCOUNTS**

An independent examination of the Council's financial affairs.

### **BALANCE SHEET**

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

### **BORROWING**

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

### **BUDGET**

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

### **CAPITAL EXPENDITURE**

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

### **CAPITAL FINANCING**

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

### **CAPITAL PROGRAMME**

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

### **CAPITAL RECEIPT**

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

### **CLAW-BACK**

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

### **CIPFA**

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

### **COLLECTION FUND**

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

### **COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT**

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

### **CONSISTENCY**

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

### **CONTINGENT ASSET**

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

### **CONTINGENT LIABILITY**

A contingent liability is either:

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

### **CORPORATE AND DEMOCRATIC CORE**

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

### **CREDITORS**

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

### **CURRENT SERVICE COST (PENSIONS)**

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

### **DEBTORS**

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

### **DEDICATED SCHOOLS GRANT (DSG)**

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

### **DEFINED BENEFIT PENSION SCHEME**

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

### **DEPRECIATION**

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

### **DISCRETIONARY BENEFITS (PENSIONS)**

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

### **EVENTS AFTER THE BALANCE SHEET DATE**

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

### **EXCEPTIONAL ITEMS**

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

### **EXPECTED RETURN ON PENSION ASSETS**

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

### **FAIR VALUE**

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

### **GENERAL FUND**

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

### **GOING CONCERN**

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

### **GOVERNMENT GRANTS**

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

### **HOUSING BENEFITS**

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

### **HOUSING REVENUE ACCOUNT (HRA)**

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

### **IMPAIRMENT**

A reduction in the value of a fixed asset to below its recoverable amount, the higher of the asset's fair value less costs to sell and its value in use.

### **INDEXATION**

Indexation valuation is the technique of adjusting an asset's value using a standardised price index (such as the Retail Prices Index) to account for changes in value over time. The Council's Assets are included in the Balance Sheet at current value, revalued on a five-year rolling basis and supported by indexation in the intervening years. (See Note 1, xvii. For further detail)

### **INFRASTRUCTURE ASSETS**

Fixed assets belonging to the Council that cannot be transferred or sold on which expenditure is only recoverable by the continued use of the asset created. Examples are highways, footpaths and bridges.

### **INTANGIBLE ASSETS**

An intangible (non-physical) item may be defined as an asset when access to the future economic benefits it represents is controlled by the reporting entity. This Council's intangible assets comprise computer software licences.

### **INTEREST COST (PENSIONS)**

For a defined benefit scheme, the expected increase during the period of the present value of the scheme liabilities because the benefits are one period closer to settlement.

## **INTERNATIONAL FINANCIAL REPORTING STANDARDS**

Accounting Standards applicable to local authorities from 2010/11 onwards.

## **INVESTMENTS (PENSION FUND)**

The investments of the Pension Fund will be accounted for in the statements of that fund. However, authorities are also required to disclose, as part of the disclosure requirements relating to retirement benefits, the attributable share of the pension scheme assets associated with their underlying obligations.

## **LIABILITY**

A liability is where the Council owes payment to an individual or another organisation.

- A current liability is an amount which will become payable or could be called in within the next accounting period, e.g., creditors or cash overdrawn.
- A deferred liability is an amount which by arrangement is payable beyond the next year at some point in the future or to be paid off by an annual sum over a period of time.

## **LIQUID RESOURCES**

Current asset investments that are readily disposable by the Council without disrupting its business and are either:

- Readily convertible to known amounts of cash at or close to the carrying amount; or
- Traded in an active market.

## **LONG-TERM CONTRACT**

A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or a combination of assets or services which together constitute a single project), where the time taken to substantially complete the contract is such that the contract activity falls into more than one accounting period.

## **MATERIALITY**

The concept that the Statement of Accounts should include all amounts which, if omitted, or mis-stated, could mean the use of the accounts might come to a difference opinion on the matters contained in the accounts. An item could be material in nature or in value.

## **MINIMUM REVENUE PROVISION (MRP)**

The minimum amount which must be charged to the revenue account each year in order to provide for the repayment of loans and other amounts borrowed by the Council.

## **NET CURRENT PLACEMENT COSTS**

The cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e., the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

**NET BOOK VALUE**

The amount at which fixed assets are included in the Balance Sheet, i.e., their historical costs or current value less the cumulative amounts provided for depreciation.

**NET DEBT**

The Council's borrowings less cash and liquid resources.

**NON-DISTRIBUTED COSTS**

These are overheads for which no user directly benefits and as such are not apportioned to services.

**NON-DOMESTIC RATES (NDR)**

The Non-Domestic Rate is a levy on businesses, based on a national rate in the pound set by Central Government and multiplied by the assessed rateable value of the premises they occupy. In England it is collected by the Council on behalf of itself, Central Government and major preceptors. In Scotland it is collected by the Council on behalf of Central Government and then redistributed back to support the cost of services.

**NON-OPERATIONAL ASSETS**

Fixed assets held by the Council but not directly occupied, used or consumed in the delivery of services. Examples are investment properties, assets under construction or assets surplus to requirements pending sale or redevelopment.

**OPERATIONAL ASSETS**

Fixed assets held and occupied, used or consumed by the Council in the pursuit of its strategy and in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

**PAST SERVICE COST (PENSIONS)**

For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

**PENSION SCHEME LIABILITIES**

The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities measured during the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

**PRECEPT**

The levy made by precepting authorities by billing authorities, requiring the latter to collect income from Council Tax on their behalf.

### **PRIOR YEAR ADJUSTMENT**

Material adjustments applicable to previous years arising from changes in accounting policies or from the correction of fundamental errors. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.

### **PROVISION**

An amount set aside in the accounts for future liabilities or losses which are certain or very likely to occur but the amounts or dates of when they will arise are uncertain.

### **PUBLIC WORKS LOAN BOARD (PWLB)**

A Central Government Agency, which provides loans for one year and above to authorities at interest rates similar to those at which the government can borrow itself.

### **RATEABLE VALUE**

The annual assumed rental of a hereditament, which is used for NNDR purposes.

### **RELATED PARTIES**

The definition of related parties in IPSAS 20. For the Council's purposes related parties are deemed to include the Council's Members, the Chief Executive, its Directors and their close family and household members.

### **RELATED PARTY TRANSACTIONS**

The CIPFA Code of Practice requires the disclosure of any material transactions between the Council and related parties to ensure that stakeholders are aware when these transactions occur and the amount and implications of such.

### **REMUNERATION**

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by the employer are excluded.

### **RESERVES**

Money set aside to meet the cost of specific future expenditure. These can be either:

- Usable – those which can be used to provide services.
- Unusable – those which cannot be used to provide services.

### **RESIDUAL VALUE**

The net realisable value of an asset at the end of its useful life.

**RETIREMENT BENEFITS**

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

**REVENUE EXPENDITURE**

The day-to-day expenses of providing services.

**REVENUE EXPENDITURE FUNDED BY CAPITAL UNDER STATUTE (REFCUS)**

Expenditure which ordinarily would be revenue but is statutorily defined as capital. Examples of REFCUS include grants of a capital nature to voluntary organisations and back pay expenditure capitalised under Secretary of State Direction.

**REVENUE SUPPORT GRANT**

A grant paid by Central Government to authorities, contributing towards the general cost of their services.

**STOCKS**

Items of raw materials and stores a Council has procured and holds in expectation of future use. Examples are consumable stores, raw materials and products and services in intermediate stages of completion.

**TEMPORARY BORROWING**

Money borrowed for a period of less than one year.

**TRUST FUNDS**

Funds administered by the Council for such purposes as prizes, charities, specific projects and on behalf of minors.

**USEFUL ECONOMIC LIFE (UEL)**

The period over which the Council will derive benefits from the use of a fixed asset.