



Draft Financial Statements 2025/26

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1 Introduction

The Accounts and Audit Regulations 2015 require the Council to produce a Statement of Accounts for each financial year giving certain specified information. This Narrative Report accompanies the accounts and provides a brief explanation of the financial aspects of Bracknell Forest Council's activities and draws attention to the main characteristics of the Council's financial position. To assist readers, a glossary of accounting terms is included on pages 97 to 102.

Bracknell Forest is a Unitary Council and following the transfer of its housing stock accounts for its expenditure in two distinct categories:

General Fund Revenue Account – This includes day to day spending on all services. Expenditure is financed mainly from Council Tax, government grant, a proportion of the Business Rates income collected and charges to users of services.

Capital – All improvements and additions to the Council's assets and the creation of new assets with a life or more than one year are included in this category. This expenditure is primarily financed from the sale of capital assets, government grants, contributions from developers, and borrowing from internal and external sources.

This Narrative Report is followed by:

- **The Independent Auditor's Report** which includes the auditor's opinion on the Statement of Accounts and assesses the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources.
- **The Statement of Accounts** which incorporates the following main statements and related notes:
 - **The Statement of Responsibilities** which sets out the respective responsibilities of the Council, the Governance and Audit Committee and the Executive Director: Resources as the S151 Officer (Local Government Act 1972).
 - **The Comprehensive Income & Expenditure Statement**, which 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 Council Tax. Councils raise Council Tax to cover expenditure in accordance with regulations; this may be different from the accounting cost. The Council Tax position is shown in the Movement in Reserves Statement.
 - **The Movement in Reserves Statement**, which shows the movement in the year 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 reserves.
 - **The Balance Sheet**, which shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital

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expenditure or repay debt). The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement section 'Adjustments between accounting basis and funding basis under regulations'.

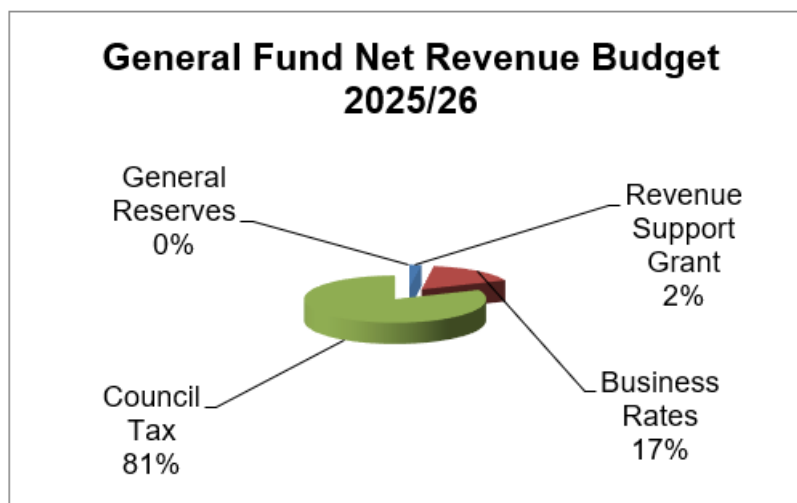
- **The Cash Flow Statement**, which shows the changes in cash and cash equivalents (investments that mature in three months or less) of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing 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 Council Tax 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.
- **The Collection Fund**, which records the Council Tax and Business Rates raised by the Council during the year and how they are subsequently distributed.

The Annual Governance Statement which accompanies the accounts has been published as a separate document.

2 Revenue Expenditure

The Council, at its meeting on 26 February 2025, set a revenue budget for the 2025/26 financial year of £105.597m. The total authorised General Fund net expenditure for the 2025/26 financial year was £110.083m (including parish precepts of £4.486m). Further increases to service budgets can be approved if they are financed from earmarked and other reserves. When these further budgets are approved an equivalent sum is transferred from the reserve to the revenue account. These transfers do not have an impact on the overall budget.

This expenditure was to be met by a proportion of the Business Rates collected, Revenue Support Grant and Council Tax, as shown in the following chart. There was no planned use of general reserves.



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The table below compares actual outturn expenditure incurred with the amended budgets for the year for the General Fund. This table reflects the Council's directorate structure during 2025/26, which is the basis for the internal management of performance against budgets, as does the Comprehensive Income & Expenditure Statement. Overall, the Council spent £2.657m less than the approved budget for the year on General Fund services.

GENERAL FUND	Original Budget £000	Latest Budget £000	Actual £000	Variance £000
Central	12,278	12,759	11,857	(902)
Communities	23,662	18,597	17,776	(821)
People	97,524	100,980	100,987	7
Net cost of General Fund services	133,464	132,336	130,620	(1,716)
Capital Charges & Revenue Expenditure Funded from Capital Under Statute	(16,597)	(20,619)	(20,619)	0
Capital Expenditure Charged to the General Fund	0	258	258	0
IAS 19 Pension Adjustment	3,817	7,600	7,600	0
Council Wide Services including Business Rates Growth	(13,254)	(13,209)	(12,452)	757
Interest Receipts	0	(557)	(1,418)	(861)
Interest Payable	3,001	5,309	6,226	917
Minimum Revenue Provision	3,247	4,129	4,008	(121)
Levying Bodies	129	179	174	(5)
S106 Contributions to Revenue	0	(337)	(337)	0
Contribution to Capital Reserves	(200)	(46)	0	46
Transfer to the Dedicated Schools Grant Adjustment Account	(8,695)	(7,755)	(7,755)	0
General Contingency	3,992	2,390	0	(2,390)
New Homes Bonus Grant	(1,091)	(1,091)	(1,091)	0
Employer National Insurance Contributions Grant	(992)	(992)	(992)	0
Net Budget Requirement	106,821	107,595	104,222	(3,373)
Parish Precepts	4,486	4,486	4,486	0
Contributions to/(from) Earmarked Reserves ¹	(1,224)	(1,998)	(1,282)	716
Amount to be met from Government Grants and Local Taxation	110,083	110,083	107,426	(2,657)
Resources to Finance Above				
Council Tax	(90,152)	(90,152)	(90,152)	0
Collection Fund Surplus	1,078	1,078	1,078	0
Revenue Support Grant	(2,360)	(2,360)	(2,360)	0
Business Rates (locally retained element)	(18,649)	(18,649)	(18,649)	0
Contribution to/(from) General Reserves	0	0	2,657	2,657
Total Resources	(110,083)	(110,083)	(107,426)	2,657

¹Earmarked reserves were released in line with their agreed purpose during the year to cover one-off spending commitments that arose after the original budget was approved.

Changes in capital charges (£2.7m) and pension adjustments (-£3.8m) account for part of the movement on service directorate budgets since the original budget was approved. These are reversed out of the accounts and therefore there is no net change to the overall budget. Other significant adjustments included transfers (to)/from reserves (£1.1m – the most significant being from the Regeneration of Bracknell Town Centre Reserve, Public Health Reserve, Revenue Grants Unapplied Reserve, Better Care Fund Reserve and School Reserves).

A transfer from the Business Rates Revaluation Reserve (£0.509m) was also used to support one-off expenditure in the original budget.

The most significant variances from budget are explained in the sections below.

3 Major Revenue Variances

The major variances between budgeted and actual expenditure occurred in the following areas, with many of the underspends being deliberately achieved to mitigate pressures being faced during the year and in anticipation of future funding reductions:

Central (Place and Resources)

- Within Planning Policy an underspend on Consultants Fees (-£0.020m), additional income from monitoring fees (-£0.015m) and a reduction in the allowance for outstanding debts (-£0.061m). This was partly offset by additional legal fees (£0.050m) and an overspend on Land Charges (£0.020m). The Cost of the Local Development Framework was also less than budgeted (-£0.106m) due to the delay in publication of secondary legislation to implement the new local plan system.
- A net overspend on Building Control (£0.230m) relating to an under recovery of income (£0.112m) and additional agency costs (£0.142m) partly offset by underspends on several supplies and services budgets (-£0.024m).
- An overspend on grounds maintenance costs (£0.121m), in particular at Lily Hill Park, partly offset by additional income (-£0.032m). The Look Out also achieved a net underspend (-£0.160m).
- There was a significant underspend within Transport Strategy (-£0.240m), primarily relating to falling numbers seeking Concessionary Fares (-£0.108m), Intelligent Transport Systems (grant replacement -£0.074m) and additional income from shared bus routes (-£0.080m) partly offset by reduced income and supplies and services overspends.
- Within Construction and Maintenance, repairs and maintenance costs for corporate landlord responsibilities were underspent (-£0.109m).
- Within Housing Benefits an underspend on rent rebates occurred due in part to a one-off refund on a previous year's subsidy claim (-£0.233m). There were reductions in write offs of historic benefit overpayments and in the allowance for non-recovery of outstanding debts (-£0.249m) as well as an underspend on the budget for overpayments (-£0.052m), which reflect the reducing level of benefits payments made by the Council following the national move to Universal Credit.
- A net underspend in Human Resources primarily relating to additional income from School Service Level Agreements for HR and Payroll services (-£0.164m).
- An overspend on Revenue Services primarily relating to an under achievement of income budgets relating to debt recovery and an increase in banking charges (£0.102m).
- Within Finance an overspend on the Devolved Staffing Budget (£0.050m) relating to additional accounting support for the People Directorate, offset by additional income from School Service Level Agreements and Public Health income (-£0.041m). Several supplies and services budgets were also overspent (£0.089m), the most significant of which related to the cost of external support required for the financial system upgrade (£0.066m) and computer software costs (£0.018m).

Communities

- An underspend within ICT services primarily relating to computer software and maintenance (-£0.223m).

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- An under recovery of income within Legal Services plus additional legal fees (£0.105m).
- Underspends within Democratic and Registration Services primarily relating to additional income (-£0.113m).
- An underspend on the Waste PFI (-£0.289m), additional income on the Brown Bin collection service (-£0.119m) and additional grant in relation to Extended Producer Responsibility for packaging (-£0.190m).
- Additional income (-£0.151m) and reduced expenditure (-£0.045m) on car parking.
- A net overspend on the Leisure contract relating to additional utility costs (£0.243m).
- Additional income at the Cemetery & Crematorium (-£0.129m) partly offset by additional expenditure on number of supplies and services (£0.045m).
- An overspend on the Devolved Staffing budget across the Directorate (£0.124m).

People

- Within Executive Director budgets an underspend on the Devolved Staffing Budget (-£0.317m) and other general expenditure budgets (-£0.034m).
- An overspend within Education and Learning (£1.025m). The most significant overspends occurred on Fleet and Transport (£0.662m), Special Educational Needs and Disability (SEND) support services (£0.099m) due to additional legal and mediation costs, and staffing costs in several teams (£0.297m).
- Children's Social Care - care and accommodation costs for Children Looked After overspent (£1.620m) primarily from Children's Home Placements (£0.810m), Independent Fostering costs (£0.333m), Semi Independent Living costs (£0.230m) and the cost of Care Leavers placements (£0.181m). These additional costs were partially offset by underspends on the Devolved Staffing Budget (-£0.074m) and support to unaccompanied asylum seekers (-£0.206m). Furthermore, there was increased funding from other agencies within Children's Services (-£0.081m). The overall variance was reduced to nil following a £1.040m allocation from the Corporate Contingency to support demand led budgets.
- Adult Social Care - a favourable variance on purchased social care packages due to higher than expected attrition rates and an increase in CHC eligibility (-£0.880m). This was partly offset by an overspend on the Devolved Staffing Budget (£0.251m), reduced income levels for the Forestcare service (£0.132m) and other expenditure pressures including an increase in the allowance for outstanding debts (£0.189m).
- Staffing costs were the most significant overspend in Commissioning (£0.067m).
- Early Help and Communities - within Early Help, Community Safety and Youth Justice there was a saving for the year (-£0.244m). This was achieved by maximising grants, reduced spending on premises and supplies and services budgets and receiving additional income. Housing received additional Homelessness Prevention Grant (-£0.084m) near the end of the financial year. There was also reduced spend on emergency accommodation, achieved by maximising grants, and savings on legal costs (-£0.057m).

Non-Departmental / Council Wide

- An overspend on interest budgets due to a reduction in cash balances and the impact of the continuing rise in the Dedicated Schools Grant deficit (£0.056m).
- Significant capital carry forwards into 2025/26 have created an under spend against the Minimum Revenue Provision which is based on capital spend in previous years (-£0.121m).
- Insufficient items were identified to meet the capitalisation of maintenance budget of £0.200m (£0.046m).
- Budgeted savings were not achieved for the Digitisation and Efficiency and the Neighbourhood Assets & Regeneration Business Change Programmes (£0.654m)

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plus additional pensions deficit employers' contributions primarily due to academisations (£0.053m).

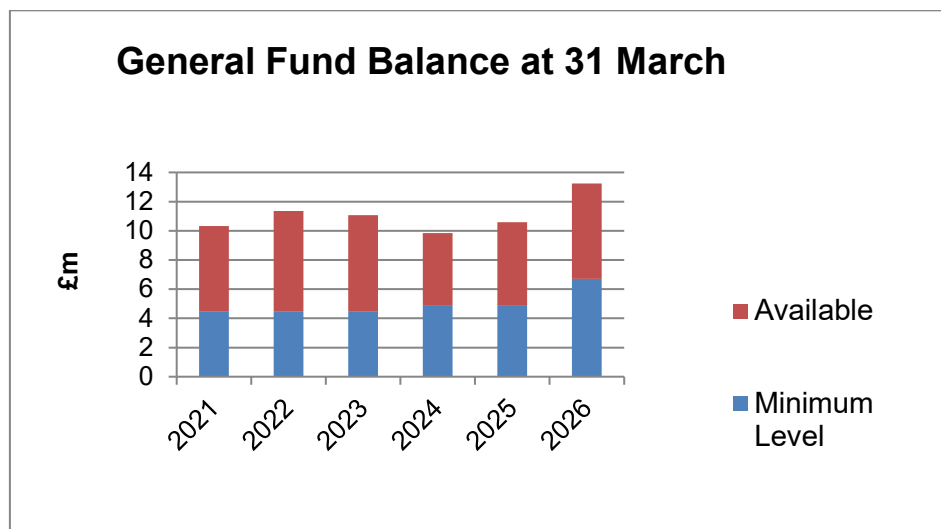
- Not all the Corporate Contingency was required, resulting in an underspend (-£2.390m).
- Within Business Rates a reduction in section 31 grant income relating to the multiplier cap and reliefs (£0.318m) partly offset by a reduction in the levy payable to central government (-£0.272m).

Earmarked Reserves

- A transfer into the Structural Changes Reserve (£1.000m), recognising the level of change that will be needed in the coming years, partly offset by a drawdown of funds from the Revenue Grants Unapplied Reserve which are no longer required (-£0.284m). £17m was also transferred from the Safety Valve Reserve to the Future Funding Reserve to reflect government decisions on the Schools Budget deficit and to support the Council's medium term financial strategy.

4 General Reserves

As the actual outturn for 2025/26 was an underspend of £2.657m, the Council returned £2.657m to General Reserves. The General Reserves balance at 31st March 2026 was £13.251m, with a contribution of £3.332m from General Reserves committed to funding the 2026/27 revenue budget. The following chart shows the movement in the level of General Fund Balances including the minimum recommended prudent balance, which has been increased to £6.7m this year to reflect the growing net revenue budget. There is therefore potentially £6.6m available before reaching this level, although careful consideration will need to be given to the required level of General Reserves in future years as the on-going impact on spending and funding becomes clearer over the months and years ahead.



5 Earmarked Reserves

The Council voluntarily earmarks resources in reserves for future spending plans. Council earmarked reserves totalled £55.5m as of 31 March 2026 with a further £0.3m representing individual school balances held in a separate Schools' Reserve. As the Schools Budget is in an overall deficit position all general school balances have now been transferred into the DSG Adjustment Account which is a separate Unusable Reserve.

The most significant Council earmarked reserves include the:

- Future Funding Reserve (£18.5m), used to smooth the impact of changes in Business Rates income and central government funding decisions, recognising that the changes over the next three years will have a significant negative impact on Bracknell Forest. £1.5m of the balance will be used to help fund the 2026/27 budget;
- Business Rates Revaluation Reserve (£2.4m), which will be used to meet the cost of any significant downward Business Rates valuations, mitigating against any immediate budgetary implications;
- Revenue Grants Unapplied Reserve (£15.8m), which reflects timing differences between the receipt and application of revenue grants and contributions;
- Safety Valve Reserve (£5.8m) - as part of its Safety Valve proposal submitted to Government in January 2024, the Council agreed to set aside a sum in earmarked reserves as part of its local contribution to funding the expected deficit on the Schools Budget. The Government confirmed that it would provide a new grant in 2026/27 to “write off” 90% of deficits that will have accrued to the end 2025/26 and the Autumn Budget 2025 that the future costs of SEND will be funded by Central Government from 2028/29. The safety valve programme has therefore been disbanded as a separate Government initiative, and £17m of this reserve has been transferred to the Future Funding Reserve to support the Council’s medium term financial strategy;
- Insurance Reserve (£2.8m), which provides cover for the excess payable on claims under the Council’s insurance policies and any potential future claims not covered by existing policies, including contractual disputes and legal claims.

6 Pension Reserve

The Council’s Balance Sheet includes a net pension liability and a Pension Reserve of £59.7m as at 31 March 2026. These reflect the Fair Value of future pension liabilities that have been incurred less the assets that have already been set aside to fund them based on the latest accounting standard.

The net pension liabilities decrease the overall level of reserves; however, this does not represent a reduction in cash reserves and does not impact on Council Tax levels. Whilst the pension liability suggests a significant shortfall between the forecast cost of future pensions and the current level of assets built up in the pension fund, these figures are a snapshot at a point in time and both pension assets and liabilities are subject to significant fluctuations in value subject to the current state of the stock and bond markets.

The Council’s contribution rate to the pension fund is formally determined by the scheme actuary every three years. The valuation on 31 March 2022 showed a 6% improvement in funding level to 85%. The employer future service funding rate was subsequently set at 17.2% of pensionable pay from 2023/24 with the variable past service deficit element paid as a lump sum in each financial year (£4.640m in 2025/26).

Based on the latest valuation on 31 March 2025 (also 85% funding level), the future service funding rate will be reduced to 15.2% in 2026/27 and the deficit lump sum increased to £5.160m.

7 Capital Expenditure

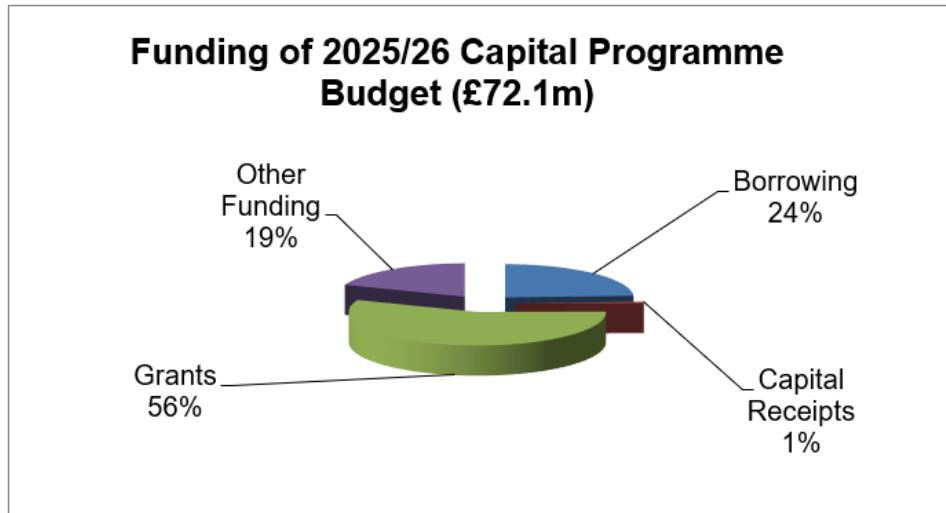
The Council has funded its capital programme from four main sources:

- Capital Receipts

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- Government Grants
- Section 106 Receipts, Community Infrastructure Levy and other contributions
- Borrowing

The Council originally approved a capital programme of £15.4m for 2025/26 (including £1m for unspecified Invest to Save Schemes), plus a further £56.7m carried forward from 2024/25. The revised capital programme (£72.1m) was to be funded as shown in the following chart.



All surplus, or potentially surplus, property is considered by the Asset Management Board who co-ordinate and manage the Council's operational and commercial property assets and its surplus asset disposal programme. This ensures that full consideration is given to options available when assets are no longer required for operational purposes.

The Council adopted a Flexible Use of Capital Receipts Strategy in November 2023, alongside approval of a new Council Plan covering the period to 2027. This enables income from capital receipts to be used to fund transformation activities, as specified in the strategy. In 2025/26, £1.3m of capital receipts were used to support the Council's business change programme.

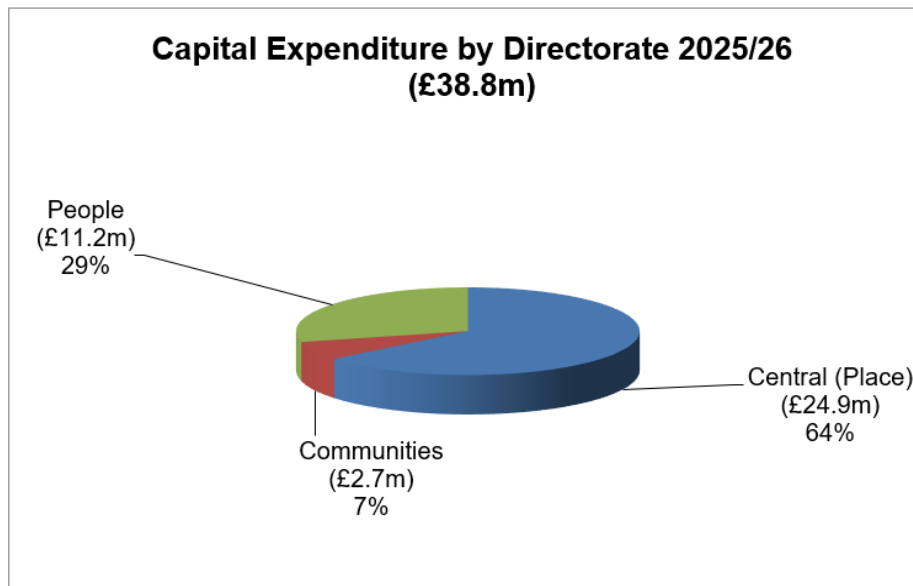
The Council established a property joint venture in 2020 (see section 10) in order to secure maximum benefit from its surplus assets in and around Bracknell town centre to support the town's regeneration. This was also expected to create future revenue income streams as individual sites were developed. The Council shares responsibility with its joint venture partner to fund site development costs, for which it receives interest attracting loan notes. The loan notes are repaid by the joint venture when individual developments are completed. The first site at Coopers Hill reached completion during 2025/26.

Overall, the Council spent £38.8m on capital projects in 2025/26 to maintain and enhance existing assets and to create or purchase new assets.

Many schemes included in the capital programme are both technically and logistically complex to implement. Issues such as planning approvals, land transfers and inclement weather can all lead to unavoidable delays. In addition, their financial scale requires a lengthy tender process to ensure the best price is obtained prior to letting the contract. It is therefore often very difficult to complete such schemes within the financial year for which they are approved. The Council regularly reviews progress on the capital programme through its budget monitoring during the year and has established cash budget profiles to assist this.

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The following chart illustrates the expenditure by service, with details of individual schemes and financing being provided in the table on page 10.



£9.1m of capital receipts were generated during the year. Following the transfer of its housing stock to Bracknell Forest Homes (now Abri Homes) in 2007/08, the Council continues to receive a share of any Right-To-Buy (RTB) proceeds. The most significant in-year receipts were from the sale of land and buildings (£8.1m) and Right to Buy receipts (£0.8m).

The net increase (capital expenditure and capitalisation of interest, less repayments and refinancing) in the Council's Capital Financing Requirement (CFR) was £7.6m. The CFR is £239.6m as at 31 March 2026. The CFR is a measure of the capital expenditure incurred historically by the Council that has yet to be financed and represents the underlying need to borrow. The Council held £60.0m of loans on a long term basis from the Public Works Loans Board and £68.8m on a short term basis to help finance capital expenditure (see Note 34). The actual level of borrowing is therefore significantly below the CFR figure. A charge is made each year to revenue known as the Minimum Revenue Provision which writes down the balance of the CFR over time. Further details can be found in Note 19.

The value of the Council's Long Term Assets was £703.1m as at 31 March 2026. A breakdown of the different asset types is included in the Balance Sheet and associated notes. A summary of capital schemes undertaken during the year are shown in the table below.

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CAPITAL PROGRAMME EXPENDITURE 2025/26		
	£000	£000
Central (Place)		
Council Wide Improvements and Capitalised Repairs	898	
Highways	5,855	
Structures - including bridges and subways	450	
Streetlights and Columns	584	
Mobility and Access Improvement Schemes	385	
Leisure – Outdoor Recreation	537	
Traffic Signal Infrastructure	467	
Joint Venture	6,140	
Health Hub	8,646	
High Street Car Park demolition	369	
Drainage	189	
Other Schemes	383	24,903
Communities		
Building related including the Berkshire Records Office, Cemetery & Crematorium and the Depot	373	
Car Parking	489	
Warfield Community Hub	532	
Leisure Sites including Bracknell Leisure Centre Refurbishment	233	
Waste Collection Schemes & Waste Bins	122	
London Road Landfill Works	125	
ICT Schemes	590	
Other Schemes	197	2,661
People		
Primary School Projects	266	
Secondary Specialist Resource Provision – Edgbarrow	2,015	
All Saints Special School	3,403	
Forest View School - Bucklers Park	114	
Delegated Schools Capital	288	
Maintenance of Buildings	1,544	
Bridgewell Supporting Living	1,759	
Housing Schemes	1,515	
Other Schemes	355	11,259
Total Capital Expenditure		38,823
FINANCING:		
Capital Receipts		995
Capital Grants & Contributions (incl. Community Infrastructure Levy)		27,231
Direct Revenue Funding		258
Increase in Capital Financing Requirement		10,339
Total Financing		38,823

8 Changes to Accounting Policies

There have been several clarifications in the code relating to the treatment of Non-investment Assets. The main changes are:

- A revaluation expedient for property, plant and equipment, requiring valuations once every five years or on a five-year rolling basis, supported by indexation in intervening years.
- Intangible assets to be held at historical cost only.

- Transitional arrangements when applying these changes so they will be applied prospectively, with no restatement of prior year's figures.
- A clarification to ensure that undertaking a full revaluation should not be a default process to demonstrate there has not been a material impairment of an asset and to comply with IAS 36.

The Council already applies indexation and holds intangible assets at historic cost. Although two options are now available for the treatment of accumulated depreciation upon a revaluation, the Council will continue to eliminate accumulated depreciation and restate the Gross Book Value.

9 Provisions and Write-offs

The provision for Business Rates appeals is required to cover the liabilities arising from the refunding of ratepayers who successfully appeal against the rateable value of their properties on the rating list. The Council's share of the provision has increased by £0.5m to £3.7m to reflect the latest information on outstanding appeals lodged with the Valuation Office Agency. The reduction reflects the settlement of a number of appeals and the re-assessment of the provision required for appeals relating to the 2017 valuation exercise. The position on appeals remains difficult to predict following the 2023 valuation and the introduction by the Valuation Office Agency of its Check, Challenge, Appeal process.

General Fund write-offs totalling £0.252m were made in 2025/26, the majority of which related to Housing, Adult Social Care, Commercial Property and car loans.

10 Bracknell Town Centre Regeneration

The regenerated town centre, called The Lexicon Bracknell opened as planned on the 7 September 2017. The Lexicon has created a new social and cultural heart for the area, by bringing a high-quality mix of shops, restaurants and entertainment within vibrant public spaces to the town centre.

The Council established a property joint venture with Countryside Properties UK (now part of the Vistry group) in December 2020, called the Bracknell Forest Cambium Partnership. Its key objective is to help the town centre continue to thrive by providing new homes, commercial and retail space. Despite the economic challenges brought by the pandemic, war in Ukraine and associated inflationary pressures, the partnership has made good progress against its agreed objectives and priority sites.

The regeneration of Coopers Hill has officially been completed - creating 52 sustainable new homes, public open space, new paths and cycle routes on the edge of Bracknell town centre. This includes 13 affordable homes in a mix of shared ownership and affordable rent, managed by affordable housing provider Abri. The new public open spaces at Coopers Hill have also been completed, along with a purpose-built pedestrian and cycle route to improve connectivity into the town centre. Sustainable travel lies at the heart of the scheme, and so 122 dedicated cycle parking bays and electric vehicle charging points have also been installed.

Construction is currently progressing well on the partnership's second development at Market Street, where 169 mixed-tenure homes are being created. Out of these homes, 81 will be affordable, split between affordable rent and shared ownership, making up 48% of the total development. Other sites are under consideration and will come forward through the Partnership for development.

There are also other projects in train in the town centre area. Large numbers of new homes are being built, including at Bracknell Beeches, adjacent to the train station.

The long term plan for the town centre has been described in the Bracknell Town Centre 2032 Vision located at <https://www.bracknell-forest.gov.uk/sites/default/files/2021-09/bracknell-town-centre-2032-vision.pdf>. Masterplans have been developed for three strategically important development sites at the Southern Gateway, Eastern Gateway and High Street car park which were approved and adopted by the Cabinet in October 2024 (<https://www.bracknell-forest.gov.uk/planning-and-building-control/planning/planning-policy/supplementary-planning-documents/bracknell-town-centre-masterplans-supplementary-planning-document>).

11 Forward Look

Like all local authorities, the council is experiencing financial pressures that mean balancing the budget is increasingly challenging. At the same time, we are working hard to ensure we retain good and high-quality services for residents.

As always, we consulted on draft budget proposals between December 2025 and January 2026. Hearing the public's views is a very important part of the budget setting process. The council received 133 formal responses to the budget consultation, with additional informal feedback also captured at public engagement sessions run by our councillors across the borough.

There was overwhelming public support for the record level of spending proposed to maintain and enhance roads across the borough that have been affected by the adverse weather conditions we have seen over the winter. Proposed investment in our leisure facilities also received positive feedback.

Councillors agreed to invest more than £12 million through the capital budget on things like roads, play areas and leisure facilities, including:

- £6.8 million to maintain and improve highways (including roads, pavements, drainage, bridges and cycle lanes), a record level of investment;
- £95,000 in play area upgrades;
- £650,000 in local leisure facilities, including the running track at Bracknell Leisure Centre and essential maintenance at Coral Reef Waterworld and Downshire Golf Course;
- £50,000 investment in Bracknell Day Services to create extra space and support for adults with learning disabilities.

Savings of more than £3 million have been made in 2026/27 including reducing staffing, reviewing contracts and stopping some non-essential services. More than £5 million of reserves (accumulated savings) will also be used.

Funding changes introduced by the Government mean we need to fundamentally rethink how the council operates in the years ahead. Bracknell Forest has received the lowest funding settlement of any unitary council in the country from 2026/27. Our resources will increase by only 0.16% over the next three years, even with permitted increases in council tax. This is wholly insufficient to cover inflationary costs, and demand increases for statutory services.

Our councillors reluctantly accepted that there was no viable alternative to raising council tax, which will be increasing by 4.99 per cent. However, we will remain in the lowest 10 per cent of unitary councils.

Working age and pensioner households receiving council tax support will once again see a reduction in their tax bill of £50 in 2026/27. Other support will be available during the year for low-income households through the Crisis and Resilience Fund, a new consolidated grant made available by the Government.

Some of the strategic risks and challenges facing the Council in the medium term include:

- A lack of financial resources means that the council's strategic objectives and statutory duties may be unable to be fulfilled, with rising financial pressures necessitating a significant depletion of reserves;
- The impact of pressures and structural changes to the local health system on joint areas of work;
- Increasing pressures on front-line services due to changing demographics, increases in needs and associated costs;
- Regular and systemic threats to the cyber resilience of public sector organisations;
- An inability to deliver the Council's climate change strategy and delivery plan at the pace needed to achieve its ambition to be net-zero carbon by 2030 or as soon as possible thereafter;
- Attracting and retaining a suitably qualified, permanent workforce to deliver quality services to residents.

The Council's underlying financial strength and consistent track record in successful financial management means that it is better placed than many similar organisations to respond to these challenges.

Since 2019/20 the Council has experienced significant in year deficits on the Schools Budget. The Council accepted an invitation to take part in the Safety Valve Intervention Programme, with the Department of Education (DfE) at the end of the 2023/24 financial year. This required the Council to undertake targeted efforts to manage the cumulative deficit in line with a financial plan and funding assumptions agreed with the DfE. As a result, the Council set up the Safety Valve Reserve to fund its local contribution.

In the finance settlement for 2026/27 the Government confirmed that it would provide a new grant to "write off" 90% of dedicated school grant deficits that will have accrued to the end 2025/26, for all English local authorities. Authorities like Bracknell Forest who have been participating in the Safety Valve programme will have adjustments made to their deficit calculations to ensure they are no better or worse off than other authorities. This national approach means that the Safety Valve programme will be discontinued, although councils will remain under high levels of Government scrutiny for SEND services and spending.

The statutory override that is permitting the deficits to be carried forward as a "negative reserve" in councils' accounts will remain in place until the end of 2027/28. While it remains in effect, all deficits relating to the High Needs Block, including any proportion of the historic deficit up to 2025/26 not covered by the new Government grant ("the residual deficit") will remain in the associated statutory reserve ("the unusable reserve") and will not affect local authorities' wider financial positions.

The Autumn Budget 2025 confirmed that the future costs of SEND will be funded by Central Government after the Statutory Override ends which will stop further deficits building up in local authority budgets in the future.

NARRATIVE REPORT

These announcements have no impact on Bracknell Forest's published 2026/27 budget proposals. It will, however, mean that the Council will be able to use a large proportion of the earmarked reserve established to support the Safety Valve agreement for other purposes in future years. £17m has been transferred into the Future Funding Reserve which will provide some much-needed additional financial flexibility for medium-term planning.

The Council's ambition is to reach carbon net-zero as close to 2030 as possible. To deliver this challenging target, the whole council will need to work together as well as with our partners, schools, and young people. [A web page](#) has been developed to showcase achievements to date and the Council's climate change strategy can be found at <https://www.bracknell-forest.gov.uk/sites/default/files/2021-11/bracknell-forest-climate-change-strategy.pdf>.

12 Further Information

Summaries of this document can be made available in large print, Braille or audio cassette. Copies in other languages may also be obtained. Further information can be obtained from Bracknell Forest Council, by telephoning 01344 352000. Key contacts are as follows:

Stuart McKellar Executive Director: Resources
Stuart.Mckellar@bracknell-forest.gov.uk

Arthur Parker Assistant Director: Chief Accountant
Arthur.Parker@Bracknell-Forest.gov.uk

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRACKNELL FOREST COUNCIL

REPORT ON THE AUDIT OF THE AUTHORITY'S FINANCIAL STATEMENTS

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
BRACKNELL FOREST COUNCIL**

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BRACKNELL FOREST COUNCIL**

APPROVAL OF ACCOUNTS

Certification

I confirm that these accounts were approved by the Governance and Audit Committee of the Council at its meeting on ** *** 2027. The ** January 2027 is the date the accounts were authorised for issue and the date which has been used to assess any post balance sheet events.

Signed on behalf of Bracknell Forest Council:

Cllr Stephen O'Regan
Chairman of Governance and Audit Committee

** January 2027

STATEMENT OF RESPONSIBILITIES

The Council's Responsibilities

The Authority 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, that officer is the Executive Director: Resources;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the Statement of Accounts; in this Council, the approval is delegated to the Governance and Audit Committee.

The Executive Director: Resources' Responsibilities

The Executive Director: Resources is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting: in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Executive Director: Resources 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 Executive Director: Resources has also:

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

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



Stuart McKellar CPFA
Executive Director: Resources

05 June 2026

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

	2025/26			Note	2024/25		
	Gross Expenditure £000	Gross Income £000	Net £000		Gross Expenditure £000	Gross Income £000	Net £000
Central	59,090	(30,939)	28,151		41,477	(12,823)	28,654
Communities	38,161	(11,812)	26,349		37,358	(11,866)	25,492
People	231,509	(141,076)	90,433		243,816	(148,122)	95,694
Non Departmental / Council Wide	(52)	(337)	(389)		(2,951)	(1,989)	(4,940)
Cost of Services	328,708	(184,164)	144,544	5, 6	319,700	(174,800)	144,900
Other Operating Expenditure							
Levies			174				122
Parish Council Precepts			4,486				4,203
Other Income from Capital Receipts that do not arise from the Disposal of an Asset			(1,350)				(1,475)
(Gain)/Loss on the Disposal of Property, Plant & Equipment			24,667				22,954
Other Pension Administration Costs			323	11			322
Financing and Investment Income and Expenditure							
(Surplus)/Deficit on Trading Operations			92				67
Interest Receivable and Similar Income			(1,418)	34			(1,697)
Interest Payable and Similar Charges			6,226	34			5,973
Income and Expenditure in Relation to Investment Properties			(8,561)	18			(8,866)
Changes in Fair Value of Investment Properties			(1,630)	18			8,722
(Gain)/Loss on the Disposal of Investment Properties			2,659	18			2,834
Loss following the closure of Downshire Homes Limited ¹			0				0
Net Interest on the Net Defined Benefit Pension Liability			2,266	11			3,463
Impairment losses / (gains)			570	34			130
Taxation and Non-specific Grant Incomes							
Council Tax Income			(88,367)				(84,169)
General and other Non-Ringfenced Government Grants			(17,736)	10			(22,537)
Business Rates Income and Expenditure			(23,217)	10			(26,142)
Capital Grants and Contributions			(15,364)	10			(46,218)
(Surplus) or Deficit on Provision of Services			28,364	5-7			2,586
(Surplus) or Deficit on Revaluation of Non-Current Assets			8,193	29			(40,484)
Remeasurements of the Net Defined Benefit Pension Liability			18,149	11			(29,676)
Other Comprehensive Income and Expenditure			26,342				(70,160)
Total Comprehensive Income and Expenditure			54,706				(67,574)

MOVEMENT IN RESERVES STATEMENT

2025/26	General Reserves	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Council Reserves
	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2025	10,594	57,073	0	54,742	122,409	416,818	539,227
Movement in Reserves During 2025/26							
Total Comprehensive Income and Expenditure	(28,364)	0	0	0	(28,364)	(26,342)	(54,706)
Adjustments Between Accounting Basis and Funding Basis Under Regulations (Note 8)	29,739	0	6,807	(8,707)	27,839	(27,839)	0
Transfer (to)/from Earmarked Reserves	1,282	(1,282)	0	0	0	0	0
Increase / (Decrease) in Year	2,657	(1,282)	6,807	(8,707)	(525)	(54,181)	(54,706)
Balance at 31 March 2026	13,251	55,791	6,807	46,035	121,884	362,637	484,521

2024/25	General Reserves	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Council Reserves
	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2024	9,852	62,572	0	34,133	106,557	365,096	471,653
Movement in Reserves During 2024/25							
Total Comprehensive Income and Expenditure	(2,586)	0	0	0	(2,586)	70,160	67,574
Adjustments Between Accounting Basis and Funding Basis Under Regulations (Note 8)	(2,171)	0	0	20,609	18,438	(18,438)	0
Transfer (to)/from Earmarked Reserves	5,499	(5,499)	0	0	0	0	0
Increase / (Decrease) in Year	742	(5,499)	0	20,609	15,852	51,722	67,574
Balance at 31 March 2025	10,594	57,073	0	54,742	122,409	416,818	539,227

BALANCE SHEET

	Notes	31 March 2026 £000	31 March 2025 £000
Property, Plant and Equipment			
Other Land and Buildings	17	454,832	486,529
Vehicles, Plant and Equipment	17	12,827	12,660
Infrastructure Assets	17	81,615	80,430
Community Assets	17	7,836	7,669
Surplus Assets	17	3,458	1,230
Assets Under Construction	17	6,073	6,677
	17	566,641	595,195
Heritage Assets		396	396
Investment Property	18	123,025	122,626
Intangible Assets		450	678
Long Term Debtors	21	12,542	8,062
Long Term Assets		703,054	726,957
Current Assets			
Short Term Investments	34	0	0
Inventories		94	92
Short Term Debtors	22	49,682	49,776
Cash and Cash Equivalents	23	11,851	9,481
Assets Held for Sale	17	0	0
		61,627	59,349
Current Liabilities			
Short Term Borrowing	34	(68,618)	(46,010)
Short Term Creditors	24	(62,673)	(65,147)
Provisions	25	(4,448)	(3,962)
		(135,739)	(115,119)
Long Term Liabilities			
Long Term Creditors	26	(23,199)	(22,676)
Waste PFI Donated Asset Account (deferred income)	15	(376)	(464)
Long Term Borrowing	34	(60,000)	(60,000)
Capital Grants and Other Contributions	10	(1,193)	(1,285)
Net Pension Liability	11	(59,653)	(47,535)
		(144,421)	(131,960)
Net Assets		484,521	539,227
Usable Reserves			
General Reserves		13,251	10,594
Earmarked Reserves	27	55,791	57,073
Usable Capital Receipts Reserve		6,807	0
Capital Grants Unapplied Reserve	28	46,035	54,742
		121,884	122,409
Unusable Reserves			
Revaluation Reserve	29	215,561	236,168
Capital Adjustment Account	30	244,935	255,813
Collection Fund Adjustment Account	32	(400)	1,569
Deferred Capital Receipts Reserve	31	980	1,035
Pension Reserve	11	(59,653)	(47,535)
Dedicated Schools Grant Adjustment Account	9	(32,405)	(24,650)
Accumulated Absences Account	33	(6,381)	(5,582)
		362,637	416,818
Total Reserves		484,521	539,227



Stuart McKellar CPFA
Executive Director: Resources
05 June 2026

CASH FLOW STATEMENT

	Note	2025/26 £000	2024/25 £000
Cash Flows from Operating Activities			
Surplus or (Deficit) on Provision of Services		(28,364)	(2,586)
Adjust for Non-Cash Movements			
Depreciation		17,680	16,317
Impairment & Revaluation Downwards of Non-Current Assets		(1,089)	2,294
Amortisation of Intangibles		231	394
Changes in Fair Value of Investment Properties		(1,630)	8,722
Changes in Provisions		486	(4,190)
Impairment losses/(gains)		570	130
Amortisation of Long Term Creditors		(64)	(64)
Carrying amount of Non-Current Assets sold		34,892	27,112
Amounts posted from the Donated Assets Account		(89)	(89)
Changes in Inventory		(2)	(6)
Changes in Interest Debtors		62	(121)
Changes in Interest Creditors		108	597
Changes in Debtors		902	(3,281)
Changes in Creditors		(290)	(16,392)
Changes in Net Pension Liability		(6,031)	(1,734)
Adjust for Items that are Investing or Financing Activities			
		(24,749)	(49,033)
Net Cash Flow from Operating Activities		(7,377)	(21,930)
Cash Flows from Investing Activities			
Purchase of Non-Current Assets		(28,569)	(32,456)
Purchase of Short Term and Long Term Investments		0	0
Other Payments for Investing Activities		(6,507)	(602)
Proceeds from Sale of Non-Current Assets		7,625	1,774
Other Receipts from Investing Activities		0	0
Proceeds from Short Term and Long Term Investments		18,275	53,976
Net Cash Flow from Investing Activities		(9,176)	22,692
Cash Flows from Financing Activities			
Repayment of Short Term and Long Term Borrowing	35	(30,000)	(44,200)
Cash receipts of Short Term and Long Term Borrowing	35	52,500	45,000
Capital Element of PFI Contracts	35	(423)	(369)
Capital Element of Finance Leases		(395)	(342)
Council Tax and Business Rates Adjustments		(2,759)	2,469
Net Cash Flow from Financing Activities		18,923	2,558
Net (Decrease)/Increase in Cash and Cash Equivalents in the Period		2,370	3,320
Cash and Cash Equivalents as of the Beginning of the Period	23	9,481	6,161
Cash and Cash Equivalents as of the End of the Period	23	11,851	9,481

The cash flows for operating activities include the following items:

	2025/26 £000	2024/25 £000
Interest received	1,482	1,576
Interest paid	(6,122)	(5,376)
Other Lease Payments	133	251

1 ACCOUNTING POLICIES

1.1 Basis of Preparation

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

The accounting convention adopted in the Statement of Accounts is principally historical cost, as modified by the revaluation of property, plant and equipment, Investment Property and financial instruments.

The preparation of the accounts in conformity with the Code requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies.

1.2 Going Concern

The accounts are prepared on a going concern basis, i.e. on the assumption that the Council will continue to operate for the foreseeable future.

The provisions in the Code in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting. Local authorities carry out functions essential to the local community and are themselves revenue-raising bodies (with limits on their revenue-raising powers arising only at the discretion of central government). If an authority were in financial difficulty, the prospects are thus that alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year.

However, the preparation of the financial statements requires management to assess the Council's ability to continue as a going concern even if the financial reporting framework does not include an explicit requirement to do so. The aftermath of Covid-19 and Brexit plus the economic downturn and high inflation have been considered in the assessment, due to the uncertainty surrounding their impact and duration, along with the Council's cash and reserves position. The latest cashflow projection indicates that the Council is likely to borrow a further £10m to £15m during 2026/27. This still leave the Council significantly under borrowed compared to the Capital Financing Requirement of £239.6m. As at the 31 March 2026, the Council had General Reserves of £13.3m, with a contribution of £3.3m from General Reserves committed to funding the 2026/27 revenue budget. The remaining balance is still significantly above the Council's minimum recommended prudent balance of £6.7m. There are also significant earmarked reserves (£55.5m excluding individual school balances as of 31 March 2026), in particular the Future Funding (£18.5m) and Business Rates Revaluation Reserves (£2.4m), which will be used to smooth the impact of changes in Business Rates income and central government funding decisions. Despite having significant reserves, funding changes introduced by the Government from 2026/27 will mean resources will increase by only 0.16% over the next three years, even with permitted increases in council tax, which is insufficient to cover inflationary costs, and demand increases for statutory services. The Council will need to fundamentally rethink how it operates in the years ahead in order to achieve financial sustainability.

NOTES TO THE CORE FINANCIAL STATEMENTS

1.3 Accounts Payable and Accrued Expenditure

A creditor is recognised in the Balance Sheet when goods and services are received prior to the reporting date and payment occurs after the reporting date.

1.4 Income Policy

Council Tax and Business Rates are recognised as income levied in the reporting period.

Grant income is recognised when the associated conditions have been satisfied. Further details of the accounting for grants are presented below.

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.

Rents for the occupation of investment properties are recognised on a straight-line basis over the lease term.

Where Council Tax, Business Rates, fees and charges, and rents have been recognised but cash has not been received, a debtor for the relevant amount is recorded in the Balance Sheet. Where the debtor is impaired, the balance is written down to the amount expected to be collected.

1.5 Exceptional Items

Items are presented as exceptional when that degree of prominence is necessary in order to give a fair presentation of the financial statements. A description of each exceptional item is given within the notes to the Accounts.

1.6 Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

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

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

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

Material Balance Sheet restatements or errors are those equal to or greater than £2m or 1% of the relevant category or those required to avoid a material impact (£1m or greater) on the Comprehensive Income and Expenditure Statement within the current year.

NOTES TO THE CORE FINANCIAL STATEMENTS

1.7 Events after the Balance Sheet Date

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. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

1.8 Schools

The Code of Practice on Local Authority Accounting confirms that the balance of management control for council maintained schools lies with the Council. Maintained schools comprise Community and Community Special schools, Voluntary Aided and Voluntary Controlled schools. The Code also stipulates that these schools' assets, liabilities, reserves and cash flows are recognised in the Council's financial statements rather than in Group Accounts. Schools' transactions, cash flows and balances are therefore recognised in each of the financial statements of the Council as if they were the transactions, cash flows and balances of the Council. Whether the associated buildings and land are included in the Balance Sheet is determined by the accounting policy for Property, Plant and Equipment.

1.9 Property, Plant and Equipment

Expenditure on Property, Plant and Equipment is capitalised at cost when it will bring benefits to the Council for more than one reporting period, subject to a de-minimis capitalisation threshold of £2,000. Items below this limit are charged to the Comprehensive Income and Expenditure Statement. The Council does not capitalise borrowing costs incurred whilst assets are under construction.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and the cost can be measured reliably. The carrying amount of any replaced part is de-recognised. All other repairs and maintenance are charged to the Comprehensive Income and Expenditure Statement during the financial period in which they are incurred.

Operational land and buildings are subsequently measured at Current Value. Current Value is primarily based on the amount that would be paid for the asset in its existing use. Current Value is estimated using a depreciated replacement cost approach when the asset is specialised and/or rarely sold (such as a school). Surplus assets are measured at Fair Value which is based on best market value.

Valuations are principally carried out by Wilks Head & Eve LLP, an external firm of valuers in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual, known as the "Red Book". Land and buildings are subject to a comprehensive valuation on a five year rolling programme with annual indexation applied to assets during intervening years where the impact is material.

NOTES TO THE CORE FINANCIAL STATEMENTS

When an asset's carrying amount increases as a result of a revaluation, the increase is recognised in the Comprehensive Income and Expenditure Statement to the extent that it reverses a revaluation decrease of the same asset previously recognised in the Comprehensive Income and Expenditure Statement. Any remaining increase is credited directly to the Revaluation Reserve. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

When an asset's carrying amount decreases as the result of a revaluation or impairment, the decrease is debited directly to the Revaluation Reserves to the extent of any credit balance existing in respect of that asset. Any remaining decrease is recognised against the relevant service lines in the Comprehensive Income and Expenditure Statement.

Infrastructure, community assets, and assets under construction are measured at depreciated historical cost. Except for the long-life plant used within the Waste PFI contract (which is revalued), vehicles, plant and equipment are also held at depreciated historical cost which is considered to be a proxy for Current Value as the assets have short useful lives and/or low values.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any 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. 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 in the Comprehensive Income and Expenditure Statement. Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for the depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is calculated using the straight-line method to allocate an asset's carrying value to its residual value over its estimated useful life. Estimated useful lives are as follows:

Buildings	shorter of remaining life or 70 years
Infrastructure Assets	shorter of remaining life or 90 years
Vehicles, Plant and Equipment (VPE)	shorter of remaining lease period, remaining life, or 35 years

Most Buildings assets have a remaining life of between 56 and 70 years; the most common remaining useful life was 70 years, principally due to the 65 former Downshire Homes Ltd properties maintained to that level of life. Most remaining useful lives for Infrastructure Assets were in the range of 5-15 years, longer lives reflecting mostly structures. Most VPE assets have a remaining life between 1 and 10 years.

Where an asset comprises two or more major components with substantially different useful economic lives, each component is accounted for separately for depreciation purposes and depreciated over its individual useful life.

No depreciation is charged on land, community assets (as they are held in perpetuity with no determinable useful life) and assets under construction.

NOTES TO THE CORE FINANCIAL STATEMENTS

The assets' useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Each year the difference between depreciation, based on the revalued carrying amount of the asset charged to the Comprehensive Income and Expenditure Statement and depreciation based on the asset's historic cost is transferred from the Revaluation Reserve to the Capital Adjustment Account.

1.10 Heritage Assets

Heritage Assets are a distinct class of asset which are maintained principally for their contribution to knowledge and culture. Listed buildings which are used operationally do not meet the definition of Heritage Assets and are therefore included under Property Plant and Equipment.

Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on Property, Plant and Equipment. However, some of the measurement rules are relaxed and consequently Heritage Assets are carried at valuation rather than Fair Value, reflecting the fact that exchanges of Heritage Assets are uncommon. There is also no requirement for valuations to be carried out or verified by external valuers, nor is there any prescribed minimum period between valuations.

The Council has a number of sites of archaeological interest within its boundaries which it is not possible to place a value on due to their age and the lack of comparable market values. Consequently, the Council does not recognise these assets on the Balance Sheet. The remaining Heritage Assets comprising the civic regalia, a brickworks chimney and a number of sculptures are reported in the Balance Sheet at insurance valuation.

1.11 Investment Property

Investment Property comprises land and buildings held solely to earn rentals and/or for capital appreciation.

Investment Property is measured initially at cost and subsequently at Fair Value (best market value), which is based on active market prices adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. Wilks Head & Eve LLP, an external firm of valuers, carries out the valuations each year in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual, known as the "Red Book".

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.

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 sale proceeds greater than £2,000) the Capital Receipts Reserve.

Investment properties held at Fair Value are not depreciated.

1.12 Intangible Assets

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item in Property, Plant and Equipment. Expenditure on the development of websites is not capitalised

NOTES TO THE CORE FINANCIAL STATEMENTS

if the enhancement is primarily intended to promote or advertise the Council's goods or services. Intangible assets include purchased licenses. Expenditure on application software is capitalised as an intangible asset when it will bring benefits to the Council for more than one reporting period.

The intangible assets held by the Council are measured at depreciated historical cost as readily ascertainable market values are not available.

Intangible assets are amortised on a straight-line basis over the remaining useful life, most commonly six years, to the relevant service line in the Comprehensive Income and Expenditure Statement.

An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

1.13 Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction within the next twelve months rather than through its continuing use, it is reclassified as an Asset Held for Sale (this does not apply to Investment Properties). The asset is revalued immediately before reclassification (using the appropriate valuation basis for that category of asset) and then carried at the lower of this amount and Fair Value (market 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 losses recognised in the Surplus or Deficit on 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.

Amounts received for a disposal in excess of £2,000 are categorised as capital receipts. The receipts are appropriated to the Capital Receipts Reserve from the General Fund Balance in the Movement in Reserves Statement and can only be used for new capital investment or to meet disposal costs up to 4% of the capital receipt.

The written-off value of disposals is not a charge against Council Tax, as the cost of fixed 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.

1.14 Capital Receipts that do not arise from the Disposal of an Asset

Receipts that do not relate to loans or arise from the disposal of an asset primarily relate to Right-to-Buy receipts from Abri Homes. These are recorded as Other Operating Expenditure in the Comprehensive Income and Expenditure Statement. The same amount is then transferred to the Capital Receipts Reserve from the General Fund Balance in the Movement in Reserves Statement.

1.15 Charges to Revenue for Non-Current Assets

General Fund service revenue accounts (as defined in CIPFA's Service Reporting Code of Practice for Local Authorities), central support services and statutory trading accounts are charged with a depreciation charge and, where required, any related impairment or valuation loss (due to a clear consumption of economic benefits or other losses where there are no accumulated gains in the Revaluation Reserve against which they can be written off) for all assets used in the provision of services. In addition, services also receive a charge for the amortisation of intangible assets and where required any impairment loss for intangible assets used in the provision of services.

The Council is not required to raise Council Tax to cover depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual provision from revenue towards the reduction of its overall borrowing requirement (the "Minimum Revenue Provision"). Any depreciation, impairment and valuation losses or amortisations charged to the Surplus or Deficit on the Provision of Services are replaced by this revenue provision in the Movement in Reserves Statement by way of an adjusting transaction with the Capital Adjustment Account.

Financing costs (including interest payable under finance leases and PFI arrangements) are included within Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement.

1.16 Revenue Expenditure Funded from Capital under Statute

Legislation allows some expenditure to be classified as capital for funding purposes when it does not result in the expenditure being carried in the Balance Sheet under Long Term Assets. The purpose of this is to enable it to be funded from capital resources rather than be charged to the General Fund and impact on that year's council tax. These items are generally grants and expenditure on property not owned by the Council, or entries relating to the flexible use of capital receipts to support the business change programme.

Such expenditure is charged to the Surplus or Deficit on the Provision of Services. Any statutory provision that allows capital resources to meet the expenditure is accounted for by debiting the Capital Adjustment Account and crediting the General Fund. The credit is shown as a reconciling item in the Movement in Reserves Statement.

1.17 Private Finance Initiative (PFI)

PFI contracts are agreements to receive services, where the responsibility for making available the assets required to provide the services passes to the contractor. As the Council (along with Reading and Wokingham Councils) controls the services provided under the Waste PFI agreement, and as the ownership of the assets used to deliver the services pass to the three Councils at the end of the contract for no additional charge, the Council carries its share of the assets on the Balance Sheet.

NOTES TO THE CORE FINANCIAL STATEMENTS

The annual unitary payment is separated into the following component parts, using appropriate estimation techniques where necessary:

- payment for the Fair Value of services received; and
- payment for the PFI assets, including finance costs and contingent rent.

Services Received

The Fair Value of services received in the year is recorded under Cost of Services in the Comprehensive Income and Expenditure Statement.

PFI Assets

A PFI asset is recognised in Property, Plant and Equipment, as each asset comes into use. The asset is capitalised at the lower of the Current Value of the property, plant or equipment and the present value of the minimum payments. Subsequently, the asset is measured at Current Value according to the Council's accounting policy for each relevant class of asset.

PFI Liabilities

A PFI liability and a deferred creditor are recognised at the same time the PFI asset is recognised. The deferred creditor (donated asset account) reflects the proportion of the assets funded by third party revenues and is released over the life of the contract. The PFI is measured initially at the same amount as the PFI asset less the deferred creditor and is subsequently measured at amortised cost. Both liabilities are included in Short Term Creditors and Long Term Creditors. Interest is charged to the Comprehensive Income and Expenditure Statement over the arrangement period at a constant periodic rate of interest on the remaining balance of the liability for each period.

1.18 Leases

Council as Lessee

The authority classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset.

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

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

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

NOTES TO THE CORE FINANCIAL STATEMENTS

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).

Leases of low value (value when new less than £5,000) and short-term leases of 12 months or less are exempt and are expensed to the Comprehensive Income and Expenditure Statement, as are variable payments dependent on performance or usage, 'out of contract' payments and non-lease service components.

Council as Lessor - Finance Leases

Where the Council grants a finance lease (where substantially all the risks and rewards of ownership are transferred to the lessee), the leased asset is de-recognised (treated as a disposal) and a long term debtor is recognised for any leases with rental payments in excess of peppercorn rent. Peppercorn rents are recognised in the Income and Expenditure in Relation to Investment Properties line in the Comprehensive Income and Expenditure Statement. Rental payments in excess of peppercorn rent are used to reduce the long term debtor and also include finance income that will be earned by the Council whilst the debtor remains outstanding. Finance income is credited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement.

Council as Lessor - Operating Leases

All leases other than finance leases are classified as operating leases. Where the Council grants an operating lease, the leased asset remains in the Balance Sheet. The rental income is recognised over the term of the lease on a straight-line basis in the Comprehensive Income and Expenditure Statement.

Up-front payments received on the granting of a leasehold interest classified as an operating lease are recognised as a Creditor in the Balance Sheet and amortised over the lease term.

1.19 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, 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.

1.20 Financial Instruments

Recognition

Financial assets and financial liabilities which arise from contracts for the purchase and sale of non-financial items (such as goods or services), which are entered into in accordance with the Council's normal purchase, sale or usage requirement, are recognised when, and to the extent which, performance occurs. All other financial assets and liabilities are recognised when the Council becomes party to the contractual provisions to receive or make cash payments.

NOTES TO THE CORE FINANCIAL STATEMENTS

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. There are three main classes of financial assets, those measured at:

- amortised cost;
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI).

The council's business model is to hold investments to collect contractual cash flows and all payments are solely that of principal and interest. All financial assets are therefore measured at amortised cost.

Financial assets measured at amortised cost are initially recognised at Fair Value and then measured at amortised cost using the effective interest rate method. The effective interest rate is a method of calculating the amortised cost of a financial asset and of allocating the interest revenue or expense over the relevant period using the estimated future cash flows. For the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Expected Credit Loss Model for Financial Assets

The Council recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

Financial assets are recorded in the Balance Sheet net of any impairment.

Derecognition

A financial asset is considered for derecognition when the contractual rights to the cash flows from the financial asset expire, or the Council has either transferred the contractual right to receive the cash flows from the asset or has assumed an obligation to pay those cash flows to one or more recipients, subject to certain criteria. The Council de-recognises a transferred financial asset if it transfers substantially all the risks and rewards of ownership. Any gains and losses that arise on derecognition are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Financial Liabilities

All financial liabilities are recognised initially at Fair Value, net of any transaction costs incurred, and then measured at amortised cost using the effective interest rate method. 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 recognised.

NOTES TO THE CORE FINANCIAL STATEMENTS

Creditors are included in Short Term Creditors except for the amounts payable more than twelve months after the end of the reporting period, which are classified as Long Term Creditors.

Interest on financial liabilities carried at amortised cost is calculated using the effective interest rate method and is charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

1.21 Fair Value

The Council measures Surplus Assets and Investment Properties and some of its financial instruments, such as finance leases and its PFI arrangement, at Fair Value at each reporting date. Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the 31 March. The Fair Value measurement assumes that the transaction takes place in the principal or most advantageous market for the asset or liability.

When measuring the Fair Value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses appropriate valuation techniques for each circumstance, maximising the use of observable inputs where available. The Fair Value hierarchy categorises inputs as follows:

Level 1 – quoted prices in active markets for identical assets or liabilities.

Level 2 – other inputs that are observable for the asset or liability, either directly or indirectly.

Level 3 – unobservable inputs for the asset or liability.

1.22 Employee Benefits

Leave and flexitime

The accounts include an accrual for leave and flexitime earned as of the reporting date that will be utilised in the next reporting period. The accrual is measured at the amount of the benefit earned by the employees of the Council. It is charged to the Surplus or Deficit on the Provision of Services but then reversed out through the Movement in Reserves Statement so that benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date and are charged on an accruals basis to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Council can no longer withdraw the offer of those benefits.

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 the 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 pension enhancement termination benefits 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.

NOTES TO THE CORE FINANCIAL STATEMENTS

Post Employment Benefits

The Council provides retirement benefits as part of the terms and conditions of employment through the following defined benefit pension schemes:

- Teacher's Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE); and the
- Local Government Pension Scheme administered by the Royal Borough of Windsor and Maidenhead Council.

The benefits (retirement lump sums and pensions), which are based on pay and service, are earned over the term of employment.

Teacher's Pension Scheme

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by the Department for Education. The Scheme provides teachers with specified benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The Scheme is technically a defined benefit scheme. However, the Scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. It is not possible to identify the Council's share of the underlying financial 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 and no liability for future payments of benefits is recognised in the Balance Sheet. The People Directorate is charged with the employer's contributions payable to Teachers' Pensions in the year.

Local Government Pension Scheme

The Council's contributions are determined by the latest triennial actuarial valuation. Under Superannuation Regulations, the contribution rates are set to meet all the liabilities of the fund.

The Balance Sheet includes a Pension Reserve which reflects the Council's share of the schemes assets and liabilities. Employer contributions will be adjusted in future years to fund any projected deficit.

The liabilities of the pension scheme attributable to the Council are measured on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, and projections of projected earnings for current employees. The liabilities are discounted using an appropriate discount rate.

The assets of the pension fund attributable to the Council are measured at Fair Value as follows:

- quoted securities – current bid price;
- unquoted securities – professional estimate;
- unlisted securities – current bid price; and
- property – market value.

The change in the net pension liability consists of the following components:

- (i) Service cost, comprising:

NOTES TO THE CORE FINANCIAL STATEMENTS

- current service cost – the increase in liabilities as a result of years of service earned this year;
 - past service cost – the change in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years or from plan curtailments;
 - gains or losses on settlements - transactions that eliminate all further legal or constructive obligations for part or all of the benefits provided under the plan;
- (ii) Other Pension Administration Costs which are those that are directly related to the management of plan assets. These are included under Other Operating Expenditure.
- (iii) Net interest on the net defined benefit liability - the change during the period in the net defined benefit liability. It 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 at the beginning of the period adjusted for contribution and benefit payments during the year.
- (iv) Remeasurements comprising:
- differences between the return on plan assets and interest income on plan assets calculated as part of the net interest on the net defined benefit liability;
 - actuarial gains and losses which result from events not coinciding with assumptions made at the last actuarial valuation or the actuaries updating the assumptions.
- (v) Contributions paid into the Royal County of Berkshire Pension Fund, and
- (vi) Benefits paid.

Current service costs are allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked. Past service costs and any settlements are reflected in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs. Net interest expense is reflected in Financing and Investment Income and Expenditure within the Comprehensive Income and Expenditure Statement.

Remeasurements are recognised directly in Other Comprehensive Income and Expenditure and the Pensions Reserve.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits 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. 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.

1.23 Government Grants and Other Contributions

Whether paid on account, by instalments 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 grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service

NOTES TO THE CORE FINANCIAL STATEMENTS

potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor. If no asset is involved, a condition requires the grant funder or donor to have a right to the return of their monies or similar equivalent compensation.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as Creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants and contributions 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.

Community Infrastructure Levy (CIL)

The levy is charged on most new developments in the Borough with appropriate planning consent, based on a locally determined charging schedule. The levy must be spent on infrastructure (such as transport, schools and social care facilities) or used to meet administrative expenses (up to 5%). It will partly replace Section 106 developer contributions.

CIL is received without outstanding conditions and is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy set out for capital grants and contributions above.

1.24 Provisions

Provisions are recognised when:

- the Council has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. Where the effect is material, the estimated cash flows are discounted. The increase in the provision due to passage of time is recognised as interest expense.

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 payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

NOTES TO THE CORE FINANCIAL STATEMENTS

1.25 Contingent Assets & Liabilities

A contingent asset or contingent liability arises where an event has taken place that gives the Council a possible asset or 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 economic benefits will be required or the amount of the obligation cannot be measured reliably.

Contingent assets and liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

1.26 Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account 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 into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against Council Tax for the expenditure.

Certain reserves are kept to manage the accounting processes and do not represent usable resources for the Council. These are the Revaluation Reserve, Capital Adjustment Account, Deferred Capital Receipts Reserve, Collection Fund Adjustment Account, Accumulated Absences Account and Pension Reserve, which are explained in the relevant policies and Notes to the Accounts.

1.27 Inventory

Inventory, which primarily relates to shop and catering goods, is measured at the lower of cost and net realisable value using the first-in first-out method.

1.28 Value Added Tax (VAT)

VAT payable is included as an expense in the Comprehensive Income and Expenditure Statement only to the extent that it is not recoverable. VAT receivable is excluded from income.

2 ACCOUNTING STANDARDS ISSUED BUT NOT YET ADOPTED

The adoption of the following amended standards by the Code of Practice will result in changes in accounting policy.

- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) issued in May 2024.
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7) issued in December 2024.
- Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage assets) issued in March 2024.
- Annual improvements to IFRS accounting standards – Volume 11 issued in July 2024.

NOTES TO THE CORE FINANCIAL STATEMENTS

Although full adoption will not be required until 1 April 2026, the Council is required to disclose the estimated effect of the changes in these financial statements. None are expected to have a material impact on the information contained in the Council's financial statements.

3 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The critical judgements made in the Statement of Accounts are as follows.

Impairment of Assets

There is a high degree of uncertainty about the way local government is financed and future levels of funding. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

PFI Schemes and Similar Contracts

In 2006/07 the Council, together with Wokingham Borough and Reading Borough Councils, entered into a PFI contract for the disposal of waste. The Councils are deemed to control the services provided and will obtain ownership of the associated assets at the end of the contract. The accounting policies for PFI schemes and similar contracts have therefore been applied to the arrangement and the Council's share of the assets (valued at £4.6m as at 31 March 2026) are recognised as Property, Plant and Equipment on the Balance Sheet.

Schools Property

The Council recognises the land and buildings used by schools in accordance with the accounting policy for Property, Plant and Equipment. These assets are recognised in the Balance Sheet if it is probable that the future economic benefits or service potential associated with them will flow to the Council or the schools within its control.

The Council has completed an assessment across the different types of schools it controls within the Borough. Judgements have been made to determine the arrangements in place and the accounting treatment of the land and building assets.

All Community schools are owned and controlled by the Council and the land and buildings used by these schools are therefore included on the Council's Balance Sheet.

There are three Voluntary Aided (VA) Schools within the Council's area excluding academies. The Council owns and controls the playing fields at one of the schools and these assets are included on the Balance Sheet. The remaining land and building assets are owned by the Oxford or Portsmouth Diocese or other trustees. There has been no reassignment of rights for these assets that would pass control of the economic benefits and service potential to the school or governing body. These assets are used under licences rather than leases which pass no interest to the schools and are terminable by the trustees at any time without causal action. In practice their continued agreement to permit the schools as entities to use the assets means that the trustees (or owners) are perpetually reasserting this control, and this has not been passed to the school. They are therefore not recognised as assets of the school or included in the Balance Sheet.

NOTES TO THE CORE FINANCIAL STATEMENTS

There are three Voluntary Controlled (VC) Schools within the Council's area. Elements of the land (including the playing fields) and buildings are owned and controlled by the Council and are therefore reflected in the Balance Sheet. The remaining assets are owned by the Oxford Diocese and another trustee under similar licence arrangements to VA schools. These assets are therefore not recognised as assets of the school or included in the Balance Sheet.

Academies are not considered to be maintained schools in the Council's control. Thus, the land and building assets are not included on the Council's Balance Sheet. There are twenty academies (five Secondary Schools, thirteen Primary Schools, one Special school and one All-through school) within the Council's area.

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 made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could differ from those estimates.

The key judgements and estimation uncertainty that have a significant risk of causing adjustment to the carrying amounts of assets and liabilities within the forthcoming financial year are as follows:

Property, Plant and Equipment

Land and buildings are shown at Current Value for operational assets and Fair Value for surplus assets, based on professional or desk top valuations. The professional valuations are carried out in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual, known as the "Red Book". The value of the Council's land and buildings fluctuates with changes in construction costs and the current market value of land and buildings. In addition to the rolling programme of professional revaluations, desktop revaluations (using a building cost index) are used to ensure that those assets not scheduled to be revalued are not materially misstated in the Balance Sheet.

Buildings 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's current spending on repairs and maintenance can be sustained, which would affect the useful lives assigned to buildings. If the useful life is reduced, depreciation increases and the carrying amount falls. It is estimated that the annual depreciation charge for buildings would increase by £0.689m if all the useful lives were reduced by one year.

Fair Value measurements

When the Fair Values of non-financial assets, financial assets and financial liabilities cannot be measured based on quoted prices in active markets it is measured using valuation techniques. Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing Fair Values.

For Investment Properties the most significant valuation assumption used is that the rental yield (rental as a percentage of property value) achievable on most Investment Properties is equivalent to that achieved on recent and comparable property purchase, although consideration is also given to rental income outlook. A 1% change in the estimated yield would result in a £9.8m change in value of the whole portfolio.

NOTES TO THE CORE FINANCIAL STATEMENTS

The impact of a 1% change in interest rates on the Fair Value of Financial Instruments is covered in Note 34.

Future Payments under the Waste PFI Scheme

The estimates of the future payments to the contractor are based on assumptions regarding inflation (assumed to average 2.5% over the remaining 6 years of the contract) and performance. Increases in inflation above 2.5% will lead to the Council having to pay over more to the contractor than set out in Note 15. If the contractor's performance is lower than has been built into the financial model, the contractor will have penalty charges levied against it, and therefore the Council's costs will be lower than set out in Note 15.

Measurement of Pension Liability

The present value of the net pension liability depends on several factors that are determined on an actuarial basis and the value of the underlying assets. The actual net liability of the Council will continue to be subject to volatility, because of changes to these factors and the underlying assumptions.

A full valuation was completed as at 31 March 2022 removing any distortions resulting from the roll forward of previous valuation data.

The effects of changes in individual assumptions can be measured. The following table sets out the impact of change in the significant actuarial assumptions on the present value of scheme liabilities (£411.2m) and projected service cost (£8.0m).

Sensitivity Analysis	Present Value of Total Obligation		Projected Service Cost	
	+0.1%	-0.1%	+0.1%	-0.1%
	£m	£m	£m	£m
Adjustment to discount rate	(5.7)	5.8	(0.3)	0.3
Adjustment to long term salary increase	0.2	(0.2)	0.0	0.0
Adjustment to pension increases and deferred revaluation	6.0	(4.7)	0.3	(0.3)
	+1 Year	-1 Year	+1 Year	-1 Year
	£m	£m	£m	£m
Adjustment to life expectancy assumptions	13.9	(13.4)	0.3	(0.3)

Impairment of Financial Instruments

As at 31 March 2026, the Council had a trade debtors' balance of £21.25m. The impairment for doubtful debts figure is based on applying a percentage to the outstanding balance which varies depending on how long the debt has been outstanding. If collection rates were to deteriorate, a doubling of the percentage used to calculate the impairment for general debts would require an additional £1.87m to be set aside as an allowance.

Additional allowances are also made for several other debts, in particular Housing Benefits, Business Rates and Council Tax. These totalled £6.05m as at 31 March 2026. Doubling the percentage used to calculate these debts were possible would require an additional £3.61m to be set aside.

The impairment allowances held are based on historic experience and success rates experienced in collection.

Accumulated Compensated Absences

Accumulating compensated absences are those that can be carried forward for use in future periods if the current period's entitlements are not used in full, for example untaken annual leave and flexi-time entitlement. The Council is required to accrue for any annual or flexi leave earned but not taken as at 31 March each year. For non-teaching staff the accrual is based on a historic sample of staff covering a range of pay grades, locations, and directorates. For teaching staff, where leave is earned and taken on a term by term basis, a formula is used to identify the number of days of untaken leave for the spring term. The impact of an increase in outstanding leave of 1 day for all staff would be to increase the accrual by £0.24m for non-teaching staff and £0.22m for teaching staff.

Provision for Business Rates Appeals

The Council has made a provision of £7.514m for outstanding Business Rates appeals. This is based on the latest list of outstanding rating proposals provided by the Valuation Office Agency and external advice from rating agents, taking into account factors such as the settled claims history for the Council, changes in comparable hereditaments, market trends and other valuation issues, including the potential for certain proposals to be withdrawn. The provision is split between the Council, Central Government and the Royal Berkshire Fire Authority with the Council's proportion of 49% equating to £3.682m. A 1% change in the estimate would result in a £0.075m increase or decrease in the provision required for appeals (£0.037m for the Council).

5 EXPENDITURE AND FUNDING ANALYSIS

Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, Council Tax and Business Rates) by local authorities in comparison with those resources consumed or earned in accordance with generally accepted accounting practices. It 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 (CIES).

NOTES TO THE CORE FINANCIAL STATEMENTS

	2025/26			2024/25		
	Net Expenditure Chargeable to the General Reserve £000	Adjustments between the Accounting & Funding Basis £000	Net Expenditure in the CIES £000	Net Expenditure Chargeable to the General Reserve £000	Adjustments between the Funding & Accounting Basis £000	Net Expenditure in the CIES £000
Central	20,490	7,661	28,151	20,084	8,570	28,654
Communities	21,606	4,743	26,349	22,515	2,977	25,492
People	83,963	6,470	90,433	80,504	15,190	95,694
Non Departmental /Council Wide	(7,636)	7,247	(389)	(7,442)	2,502	(4,940)
Net Cost of Services	118,423	26,121	144,544	115,661	29,239	144,900
Other Income and Expenditure	(119,798)	3,618	(116,180)	(110,904)	(31,410)	(142,314)
(Surplus) or Deficit on Provision of Services	(1,375)	29,739	28,364	4,757	(2,171)	2,586
Opening General Reserve balance	10,594			9,852		
Plus Surplus/(Deficit) on the General Fund	1,375			(4,757)		
Transfer (To)/From Earmarked Reserves	1,282			5,499		
Closing General Reserve balance	13,251			10,594		

Analysis of adjustments within the Expenditure and Funding Analysis

The table below analyses the adjustments column in the Expenditure and Funding Analysis between capital, pension and other adjustments.

2025/26				
Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes £000	Net Pensions Adjustments £000	Other Adjustments £000	Total Adjustments £000
Central	8,498	(1,556)	719	7,661
Communities	3,634	(1,418)	2,527	4,743
People	8,482	(4,609)	2,597	6,470
Non Departmental /Council Wide	(258)	(1,020)	8,525	7,247
Net Cost of Services	20,356	(8,603)	14,368	26,121
Other Income and Expenditure from the Expenditure and Funding Analysis	4,890	2,572	(3,844)	3,618
Difference between the General Fund Surplus / Deficit and the Surplus / Deficit on the Provision of Services in the CIES	25,246	(6,031)	10,524	29,739

NOTES TO THE CORE FINANCIAL STATEMENTS

2024/25				
Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes	Net Pensions Adjustments	Other Adjustments	Total Adjustments
	£000	£000	£000	£000
Central	8,774	(825)	621	8,570
Communities	3,770	(801)	8	2,977
People	8,155	(2,714)	9,749	15,190
Non Departmental /Council Wide	(928)	(1,168)	4,598	2,502
Net Cost of Services	19,771	(5,508)	14,976	29,239
Other Income and Expenditure from the Expenditure and Funding Analysis	(17,091)	3,774	(18,093)	(31,410)
Difference between the General Fund Surplus / Deficit and the Surplus / Deficit on the Provision of Services in the CIES	2,680	(1,734)	(3,117)	(2,171)

NOTES TO THE CORE FINANCIAL STATEMENTS

Further details of individual adjustments and where they impact in the Comprehensive Income and Expenditure Statement is included in the following table.

CIES	Capital Adjustments	Pension Adjustments	Other Adjustments
Cost Of Services	Adds in depreciation and amortisation, impairments and revaluation changes for property plant and equipment, and any revenue funded from capital under statute.	The removal of the council's pension contributions as allowed by statute and their replacement with current and past service costs and (gains)/losses from settlements.	Removes non-ringfenced grants managed by directorates. Transfers to/(from) the accumulated absences account. Removes impairment movements from directorates
Other Operating Expenditure	Adjusts for the (gain)/loss on disposal of property plant and equipment and income from capital receipts that do not arise from a disposal.	Adds in other pension administration costs.	
Financing and Investment Income and Expenditure	For investment property adjusts for any (gain)/loss on disposal and movements in fair value. Also deducts the Minimum Revenue Provision.	Adds in the net interest on the defined benefit liability.	Adds impairment movements
Taxation and Non-Specific Grant Incomes	Adds in capital grants and contributions applied to finance capital or transferred to capital reserves during the year.		Adds non-ringfenced grants managed by directorates. Adjusts for the difference between what is chargeable under statutory regulations for Council Tax and Business Rates and the income recognised under generally accepted accounting practices.

Directorate Income

Fees, charges & other service income received on a directorate basis is analysed below:

	2025/26	2024/25
Directorates	Income from Services	Income from Services
	£000	£000
Central	(7,199)	(5,933)
Communities	(10,824)	(10,538)
People	(18,288)	(17,365)
Non Departmental /Council Wide	(3)	(30)
Total	(36,314)	(33,866)

6 MATERIAL ITEMS OF INCOME AND EXPENDITURE

Within the Central Directorates, the comparative increase in expenditure and income primarily relate to the transfer of Housing Benefits and Welfare Service from the People Directorate (+£16.8m for Expenditure and -£16.7m for income). Other changes in expenditure include additional expenditure on Tree and Transport Services (£0.5m), minor road repairs (£0.2m), agency costs linked to specific projects (£0.2m) and recruitment to vacant posts (£0.5m) partly offset by a reduction in pension costs (-£0.7m). Within income other increases include receipt of income from the joint venture (-£0.6m), Public Health related grant and income (-£0.4m) and Bus Service Improvement Grant (-£0.5m).

Within the Communities Directorate, increases in Business Rates (£0.2m) and additional contract costs (Waste disposal (£0.3m), Waste Collection (£0.1m), Leisure (£0.1m) account for the change in expenditure.

Within the People Directorate there has been a comparative decrease in expenditure and income relating to the transfer of Housing Benefits and Welfare Service to the Central Directorates (-£19.5m for Expenditure and +£19.0m for income). Expenditure increased on free entitlement to Childcare and Early Education (£6.6m), Voluntary Sector SEND costs (£1.3m) and Contracted services primarily relating to Social Care Costs (£4.0m). Income increases included Social Care Grant, previously shown under Taxation and Non-specific Grant Income but now shown in Cost of Services as it is ring fenced (-£7.4m), school related grants (-£4.2m) and income for the Afghan Resettlement Programme (-0.9m).

Within Non Departmental / Council Wide services there has been a £0.8m increase in the holiday and flexi time accrual compared to a £2.0m decrease last year (+£2.8m movement). This change primarily relates to schools and term dates. Within income there has been a reduction in S106 contributions recorded as revenue income before being transferred to the revenue grants unapplied reserve (£1.6m).

Outside the Cost of Services, the largest changes in the (Surplus) / Deficit on the Provision of Services relate to:

- A significant decrease in the value of capital grants and contributions compared to 2024/25 (£30.9m) which included more significant S106 contributions (-£9.8m), a contribution from NHS England (-£15.5m) towards the Market Place Health Hub and donated asset income relating to Bucklers Park Community Hub where an asset was provided to the Council at nil cost (-£7.6m).
- An increase in the fair value of Investment Properties (-£1.6m) compared to a significant decrease last year (£8.7m). Yields worsened for several large properties in the portfolio in 2024/25 but remained relatively unchanged in 2025/26.
- Additional income from Council Tax (-£4.2m).

NOTES TO THE CORE FINANCIAL STATEMENTS

7 EXPENDITURE AND INCOME ANALYSED BY NATURE

The Council's income and expenditure is analysed below. The subjective analysis is based on the Service Reporting Code of Practice for Local Authorities.

Expenditure and Income	2025/26 £000	2024/25 £000
Employee expenses	106,361	106,340
Employee expenses – Voluntary Aided Schools	4,491	4,386
Other service expenses	197,939	189,006
Revenue impact of capital items ¹	47,291	56,055
Interest payments	6,226	5,973
Precepts & levies	4,660	4,325
Net Interest on the Net Defined Benefit Pension Liability	2,266	3,463
Other pension administration costs	323	322
Total Expenditure	369,557	369,870
Fees, charges & other service income	(46,051)	(44,118)
Interest and investment income	(1,418)	(1,697)
Other income from capital receipts that do not arise from the disposal of an asset	(1,350)	(1,475)
Income from Council Tax and Business Rates	(111,584)	(110,311)
Government grants and contributions	(180,790)	(209,683)
Total Income	(341,193)	(367,284)
(Surplus) or Deficit on the Provision of Services	28,364	2,586

¹ This includes depreciation and amortisation, impairments, Revenue Expenditure Funded from Capital under Statute, valuation changes for non-current assets and any gain or loss resulting from their disposal.

NOTES TO THE CORE FINANCIAL STATEMENTS

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 recognized 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.

2025/26	Note	General Fund £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Council Reserves £000
Adjustments Between Accounting Basis and Funding Basis Under Regulations							
Reversal of items relating to capital expenditure (transferred to the Capital Adjustment Account)	30	55,510	0	0	55,510	(55,510)	0
Changes in Fair Value of Investment Properties	30	(1,630)	0	0	(1,630)	1,630	0
Movement in Waste PFI Donated Asset Account (deferred income)	30	(89)	0	0	(89)	89	0
Capital Grants and Contributions Applied including Community Infrastructure Levy receipts	30	(9,542)	0	0	(9,542)	9,542	0
Statutory provision for the financing of capital investment	30	(4,008)	0	0	(4,008)	4,008	0
Capital expenditure charged against the General Fund balance	30	(258)	0	0	(258)	258	0
Capital grants and contributions unapplied transferred to the capital reserve	28	(5,821)	0	5,821	0	0	0
Application of grants to capital financing	28 30	0	0	(14,528)	(14,528)	14,528	0
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement		(7,567)	7,567	0	0	0	0
Use of the Capital Receipts Reserve to finance capital expenditure	30	0	(2,278)	0	(2,278)	2,278	0
Costs of non-current asset disposals met from the Capital Receipts Reserve		2	(2)	0	0	0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	31	0	55	0	55	(55)	0
Transfer of income from Capital Receipts that do not arise from the disposal of an Asset		(1,350)	1,350	0	0	0	0
Repayment of loans	30	0	115	0	115	(115)	0
Retirement benefits transferred to the Pension Reserve	11	10,078	0	0	10,078	(10,078)	0
Employer's Pension Contributions transferred from the Pension Reserve	11	(16,109)	0	0	(16,109)	16,109	0
Council Tax and Business Rates income (transfers to or (from) the Collection Fund Adjustment Account)	32	1,969	0	0	1,969	(1,969)	0
Remuneration (transfers (to) or from the Accumulated Absences Account)	33	799	0	0	799	(799)	0
Transfers (to) or from the Dedicated Schools Grant Adjustment Account	9	7,755	0	0	7,755	(7,755)	0
Total Adjustments		29,739	6,807	(8,707)	27,839	(27,839)	0

NOTES TO THE CORE FINANCIAL STATEMENTS

2024/25	Note	General Fund £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Council Reserves £000
Adjustments Between Accounting Basis and Funding Basis Under Regulations							
Reversal of items relating to capital expenditure (transferred to the Capital Adjustment Account)	30	47,817	0	0	47,817	(47,817)	0
Changes in Fair Value of Investment Properties	30	8,722	0	0	8,722	(8,722)	0
Movement in Waste PFI Donated Asset Account (deferred income)	30	(89)	0	0	(89)	89	0
Capital Grants and Contributions Applied including Community Infrastructure Levy receipts	30	(21,272)	0	0	(21,272)	21,272	0
Statutory provision for the financing of capital investment	30	(3,824)	0	0	(3,824)	3,824	0
Capital expenditure charged against the General Fund balance	30	(928)	0	0	(928)	928	0
Capital grants and contributions unapplied transferred to the capital reserve	28	(24,946)	0	24,946	0	0	0
Application of grants to capital financing	28 30	0	0	(4,337)	(4,337)	4,337	0
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement		(1,340)	1,340	0	0	0	0
Use of the Capital Receipts Reserve to finance capital expenditure	30	0	(17,153)	0	(17,153)	17,153	0
Costs of non-current asset disposals met from the Capital Receipts Reserve		16	(16)	0	0	0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	31	0	437	0	437	(437)	0
Transfer of income from Capital Receipts that do not arise from the disposal of an Asset		(1,475)	1,475	0	0	0	0
Repayment of loans	30	0	13,917	0	13,917	(13,917)	0
Retirement benefits transferred to the Pension Reserve	11	13,558	0	0	13,558	(13,558)	0
Employer's Pension Contributions transferred from the Pension Reserve	11	(15,292)	0	0	(15,292)	15,292	0
Council Tax and Business Rates income (transfers to or (from) the Collection Fund Adjustment Account)	32	(7,706)	0	0	(7,706)	7,706	0
Remuneration (transfers (to) or from the Accumulated Absences Account)	33	(2,000)	0	0	(2,000)	2,000	0
Transfers (to) or from the Dedicated Schools Grant Adjustment Account	9	6,588	0	0	6,588	(6,588)	0
Total Adjustments		(2,171)	0	20,609	18,438	(18,438)	0

NOTES TO THE CORE FINANCIAL STATEMENTS

9 SCHOOLS

Although schools are separate entities the Code stipulates that their assets, liabilities, reserves and cash flows are recognized in the Council's financial statements rather than in Group Accounts. An analysis of these schools by category and type is shown below:

2025/26	Category and Type of School					Grand Total
	Community			Voluntary Aided	Voluntary Controlled	
	Primary	Secondary	Total	Primary	Primary	
Number	10	1	11	3	3	17
	£000	£000	£000	£000	£000	£000
Net Spend	21,548	12,643	34,191	4,360	4,556	43,107
Deficits	1,020	0	1,020	0	217	1,237
Surpluses	(757)	(454)	(1,211)	(169)	(139)	(1,519)

2024/25	Category and Type of School					Grand Total
	Community			Voluntary Aided	Voluntary Controlled	
	Primary	Secondary	Total	Primary	Primary	
Number	12	1	13	3	3	19
	£000	£000	£000	£000	£000	£000
Net Spend	25,564	11,939	37,503	4,215	4,364	46,082
Deficits	480	0	480	27	305	812
Surpluses	(732)	(208)	(940)	(74)	(118)	(1,132)

Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by grant monies provided by the Education and Skills Funding Agency, the Dedicated Schools Grant (DSG). An element of DSG is recouped by the Agency to fund academy schools in the Council's area. DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance and Early Years (England) Regulations 2025. The Schools Budget includes elements for a range of educational services provided on a council-wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each maintained school. Details of the deployment of DSG receivable for 2025/26 is as follows.

NOTES TO THE CORE FINANCIAL STATEMENTS

	Central Expenditure	Individual Schools Budget	Total
	£000	£000	£000
Final DSG for 2025/26 before Academy and high needs recoupment			155,895
Academy and high needs figure recouped for 2025/26			68,190
Total DSG after academy and high needs recoupment for 2025/26			87,705
Plus: Brought forward from 2024/25			0
Less: Carry forward to 2026/27 agreed in advance			0
Agreed initial budgeted distribution in 2025/26	49,052	38,653	87,705
In year adjustments	1,370	(82)	1,288
Final budget distribution of DSG (including balances) in 2025/26	50,422	38,571	88,993
Less: Actual central expenditure	58,589		58,589
Less: Actual ISB deployed to schools			38,571
Plus: Local authority contribution for 2025/26	412	0	412
In year carry forward to 2026/27	(7,755)	0	(7,755)
Plus: Carry forward to 2026/27 agreed in advance			0
Carry forward to 2026/27			(7,755)
DSG unusable reserve at end of 2024/25			(24,650)
Addition to DSG unusable reserve at the end of 2025/26			(7,755)
Total of DSG unusable reserve at the end of 2025/26			(32,405)
Net DSG position at the end of 2025/26			(32,405)

Dedicated Schools Grant Adjustment Account

This is an unusable reserve required under the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended by The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2020.

Any deficit on the Schools Budget for the financial years 2020/21 to 2027/28 are required to be charged to this account under the new legislation. This follows on from the requirement in the School and Early Years Finance (England) Regulations 2020 that a schools' budget deficit must be carried forward to be funded from future DSG income, unless permission is sought from the secretary of state for education to fund the deficit from general resources. As there is an overall deficit as at 31 March 2026, any general schools' balances previously held in earmarked reserves have now been transferred into this account. The deficit on the account is £32.405m. Individual schools' balances remain in a separate earmarked reserve.

NOTES TO THE CORE FINANCIAL STATEMENTS

As part of its Safety Valve proposal submitted to Government in January 2024, the Council was granted £16m in funding from the Department for Education as a contribution to its expected cumulative deficit on the DSG Adjustment Account and agreed to set aside a sum in earmarked reserves (£22.8m). The Government confirmed that it would provide a new grant in 2026/27 to “write off” 90% of deficits that will have accrued to the end 2025/26 and the Autumn Budget 2025 stated that the future costs of SEND will be funded by Central Government from 2028/29. The safety valve programme has therefore been disbanded, and £17m of the balance on this reserve has been transferred to the Future Funding Reserve to support the Council’s medium term financial strategy.

10 GRANT & CONTRIBUTIONS INCOME AND BUSINESS RATES

The Council credited the following grants and contributions to the Comprehensive Income and Expenditure Statement.

Credited to Taxation and Non Specific Grant Income

Capital Grants & Contributions

	2025/26	2024/25
	£000	£000
Local Transport Plan (LTP)	4,286	2,850
Other Government Grants	5,206	6,701
S106 Contributions	982	10,741
Community Infrastructure Levy (CIL)	4,490	2,477
Health Partners	0	15,479
Donated Asset Income (Bucklers Park Community Hub)	0	7,589
Other Capital Contributions	400	381
Total	15,364	46,218

Revenue Grants & Contributions

General and other non-ringfenced government grants are recognised within Taxation and Non-specific Grant Incomes in the Comprehensive Income and Expenditure Statement along with Business Rates income and expenditure.

The New Homes Bonus is designed to encourage the development of new properties. Grant is provided for each new home built or property brought back into use.

The Improved Better Care Fund can be used to meet adult social care needs, reduce pressures on the NHS including supporting more people to be discharged from hospital when ready, and to ensure that the local social care provider market is supported.

Business Rates grant covers several reliefs relating in particular to the capping or freezing of the business rates multiplier in a number of years and Retail, Hospitality and Leisure relief.

Extended Producer Responsibility (EPR) Simpler Recycling Grant to cover net efficient costs of collecting, managing, recycling and disposing of household packaging waste. This money is sourced from the fees paid by producers who supply or import packaging to the UK market under EPR for packaging regulations. The scheme is administered by PackUK on behalf of the Government.

NOTES TO THE CORE FINANCIAL STATEMENTS

	2025/26	2024/25
	£000	£000
Revenue Support Grant	2,360	2,291
New Homes Bonus Grant	1,091	495
Supporting Families Service Grant	0	462
Housing and Council Tax Benefit Subsidy Administration Grant	227	230
Building Back Audit Assurance - New Burdens Funding	98	0
Business Rates Relief Grant	6,821	8,605
Levy Account Surplus Grant	0	141
UK Prosperity Fund Grant	273	593
Extended Producer Responsibility (EPR) Simpler Recycling Grant	2,536	0
Social Care Grant ¹	0	6,419
Improved Better Care Fund	1,881	1,525
SEND Grant	120	150
Holiday Activity Fund	253	260
National Insurance Contributions Grant	992	0
Services Grant	0	118
Funding Guarantee Grant	0	268
Waste PFI Deferred Income	89	89
Disabled Facilities Grant	977	840
Other non-ringfenced revenue grants	18	51
General and Non-ringfenced Government Grants	17,736	22,537
Business Rates Income	29,330	33,215
Business Rates Tariff	(4,543)	(4,483)
Business Rates Levy	(1,570)	(2,590)
Business Rates Income and Expenditure	23,217	26,142
Total	40,953	48,679

¹ Continues but is now classified as a ring fenced grant included in grants credited to services

Grants and Contributions Credited to Services

	2025/26	2024/25
	£000	£000
Dedicated Schools Grant (including pupil premium) ¹	89,154	83,782
Sixth Form Funding	1,299	1,267
Other Schools Grants and Contributions	3,639	4,771
Housing Benefit Subsidy	15,379	17,624
Public Health Grant	5,008	4,731
Better Care Fund	8,581	8,122
Social Care Grant	7,384	0
Asylum seekers and refugees	3,580	2,608
Fostering Recruitment Support Hub	882	2,534
Other Grants and Contributions	11,662	14,254
Donations	1,123	1,236
Total	147,691	140,929

¹ Includes a £1.37m contribution (£1.37m in 2024/25) from the Department for Education towards the school budget deficit as part of the safety valve programme.

NOTES TO THE CORE FINANCIAL STATEMENTS

Grants and Contributions - Receipts in Advance

The Council has received a number of grants and other contributions that have yet to be recognised as income as they have conditions attached to them which have not been satisfied as of the Balance Sheet date.

Revenue Grants and Contributions - Receipts in Advance

	31 March 2026	31 March 2025
	£000	£000
Short Term Creditors		
Other Grants & Contributions	7,048	4,528
Total	7,048	4,528

Capital Grants and Contributions - Receipts in Advance

	31 March 2026	31 March 2025
	£000	£000
Short Term Creditors		
Devolved Formula Capital	117	261
Special Provisions Capital Fund	533	822
Traffic Signal Obsolescence Grant	64	361
Bus Service Operators Grant	100	0
Active Travel Grant	217	0
Local Electric Vehicle Infrastructure Fund	326	326
Other Government Grants and Contributions	184	138
Waste PFI deferred income	89	89
Long Term Liabilities		
Section 106 contributions ¹	1,193	1,285
Waste PFI deferred income	376	464
Total	3,199	3,746

¹Section 106 contributions arise from planning agreements, which govern the utilisation of the receipts.

NOTES TO THE CORE FINANCIAL STATEMENTS

11 EMPLOYEE BENEFITS

REMUNERATION OF EMPLOYEES

The following table shows the number of employees whose remuneration, excluding pension costs, exceeded £50,000 for the year, except for those that have been disclosed individually.

Total Remuneration ¹	2025/26			2024/25
	No of Employees		Total	No of Employees
	Non-schools	Schools		
£50,000 - £54,999	87	33	120	113
£55,000 - £59,999	49	22	71	75
£60,000 - £64,999	46	24	70	55
£65,000 - £69,999	28	9	37	25
£70,000 - £74,999	21	4	25	15
£75,000 - £79,999	11	4	15	12
£80,000 - £84,999	6	3	9	8
£85,000 - £89,999	1	2	3	7
£90,000 - £94,999	2	4	6	5
£95,000 - £99,999	5	0	5	9
£100,000 - £104,999	3	0	3	5
£105,000 - £109,999	0	3	3	0
£110,000 - £114,999	2	0	2	2
£115,000 - £119,999	0	0	0	2
£120,000 - £124,999	4	0	4	0
£125,000 - £129,999	0	0	0	0
£130,000 - £134,999	1	0	1	1
£135,000 - £139,999	1	0	1	1
£140,000 - £144,999	1	1	2	0
£145,000 - £149,999	0	0	0	1
£180,000 - £184,999	0	0	0	1
Total	268	109	377	337
2024/25 Comparatives	233	104		

¹ The total remuneration includes redundancy and settlement payments where applicable.

NOTES TO THE CORE FINANCIAL STATEMENTS

The following tables set out the remuneration disclosures for senior employees whose salary is equal to or more than £50,000 per year. Any senior employee whose salary is £150,000 or more per year has also been named. The term senior employee applies to the Chief Executive and her direct line reports, the statutory roles held by the Executive Director: Resources and Borough Solicitor, other members of the Corporate Management Team (CMT) and the Strategic Director of Public Health. Expense allowances totalled £1k during the year (£1k 2024/25).

Remuneration of Senior Employees 2025/26

Post Title (and Name if over £150,000)	Salary	Pension Contributions	Total Including Pension Contributions
	£000	£000	£000
Chief Executive - S Halliwell	202	35	237
Executive Director: People - G Siggins	185	32	217
Executive Director: Communities - K Gibbs	156	26	182
Executive Director: Resources – S McKellar	159	27	186
Executive Director: Place – A Hunter	154	27	181
Borough Solicitor	122	21	143
Director of Public Health	122	20	142
Total	1,100	188	1,288

Remuneration of Senior Employees 2024/25

Post Title (and Name if over £150,000)	Salary	Pension Contributions	Total Including Pension Contributions
	£000	£000	£000
Chief Executive - S Halliwell	201	33	234
Executive Director: People - G Siggins	179	31	210
Executive Director: Communities - K Gibbs	151	26	177
Executive Director: Resources – S McKellar	154	26	180
Executive Director: Place	147	25	172
Borough Solicitor	118	21	139
Director of Public Health (1 April – 31 July 24)	38	6	44
Director of Public Health (1 August 24 – 31 March 25)	77	13	90
Total	1,065	181	1,246

NOTES TO THE CORE FINANCIAL STATEMENTS

EXIT PACKAGES & TERMINATION BENEFITS

The number of exit packages with total cost per band and total cost of compulsory and other redundancies are set out below and include schools:

Exit Package Cost Band	No of Compulsory Redundancies		No of Other Departures		Total No		Total Cost £000	
	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25
	£0-£20,000	1	18	13	9	14	27	64
£20,001 - £40,000	3	2	0	0	3	2	75	69
£40,001 - £60,000	1	1	0	0	1	1	52	43
£60,001 - £80,000	0	1	0	0	0	1	0	77
£80,001- £100,000	0	2	0	0	0	2	0	181
£100,001- £150,000	0	0	0	0	0	0	0	0
£200,001- £250,000	0	1	0	0	0	1	0	213
Total	5	25	13	9	18	34	191	784

Other departures include agreed settlements and contract terminations arising, for example, during probationary periods.

Liabilities are charged to the Comprehensive Income and Expenditure Statement during the year in which the Council is committed to them. The liabilities of £0.191m (£0.784m in 2024/25) were comprised of redundancy, settlements, and other payments £0.070m (£0.471m), pay in lieu of notice £0.055m (£0.043m) and pension fund contributions to preserve unreduced benefits (pension strain) £0.066m (£0.270m).

PENSIONS

Teachers' Pension Scheme

Contributions to the Scheme by employers and employees are set at rates determined by the Secretary of State, taking advice from the Scheme's actuary. The Scheme's payments are partially funded by the employer and employee contributions; the balance of funding being provided by Parliament through general taxation.

The Council cannot be held directly liable for the actions of other entities within the Scheme and there is no agreed allocation of any Scheme surplus or deficit on the Council's withdrawal from the plan. The Scheme does not issue information about the level of participation of this Council in the plan compared with other participating entities.

	2025/26		2024/25	
	Employers' Contribution	Additional Benefits	Employers' Contribution	Additional Benefits
Amount Paid	£5.217m	£0.205m	£5.850m	£0.230m
As a percentage of teachers' pensionable pay	28.7%	1.1%	28.7%	1.1%

The expected Employers' Contribution for 2026/27 is £5.374m

NOTES TO THE CORE FINANCIAL STATEMENTS

The Council is also responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme, consisting of on-going annual payments as follows:

- To the Teachers' Pension Fund relating to the premature retirement of teachers on unreduced benefits,
- To five former teachers directly relating to premature retirement on unreduced benefits,
- To the Royal County of Berkshire Pension Fund who administer compensatory pension payments on behalf of former Berkshire County Council teachers.

Local Government Pension Scheme

The costs of retirement benefits are recognised in the Comprehensive Income and Expenditure Statement when earned by employees.

The Council pays employer's contributions into the Royal County of Berkshire Pension Fund. The contribution rate is determined by the Fund's Actuary based on triennial valuations, the last relevant review for 2025/26 being at 31 March 2022. Under Pension Fund Regulations contribution rates are set to meet 100% of the overall liabilities of the Fund over time. The current contribution rate is 17.2% of pensionable pay for current service plus a lump sum payment of £4.640m to cover the past service deficit element (17.2% and £4.470m in 2024/25).

The General Fund is charged with the amount payable by the Council to the pension fund in the year, not the current service costs and interest cost. The Movement in Reserves Statement includes an appropriation to and from the Pensions Reserve to adjust the pension charges within the Comprehensive Income and Expenditure Statement to the amount paid and/or payable to the pension fund in the reporting period.

NOTES TO THE CORE FINANCIAL STATEMENTS

Comprehensive Income and Expenditure Statement and Movement in Reserves

The following costs have been recognised in the Comprehensive Income and Expenditure Statement and Statement of Movement on the General Fund Balance during the year:

	2025/26 £000	2024/25 £000
Comprehensive Income and Expenditure Statement		
Cost of Services:		
Current Service Cost	8,509	10,941
Past Service Cost including curtailments	10	352
(Gain)/Loss from Settlements	(1,030)	(1,520)
Other Operating Expenditure		
Other Pension Administration Costs	323	322
Financing and Investment Income and Expenditure:		
Net Interest Expense	2,266	3,463
Total Post-Employment Benefits Charged to the Surplus or Deficit on the Provision of Services	10,078	13,558
Other Post-Employment Benefits Charged to the Comprehensive Income and Expenditure Statement – Remeasurements of the Net Defined Benefit Liability		
Return on Plan Assets (excluding the amount included in the Net Interest Expense)	12,557	9,283
Actuarial (Gains) and Losses arising on changes in financial assumptions	(14,787)	(63,107)
Actuarial (Gains) and Losses arising on changes in demographic assumptions	7,526	(1,075)
Other Actuarial (Gains)/Losses on Assets	(846)	(1,976)
Experience (Gain)/Loss on Defined Benefit Obligation	25,929	1,039
Change in impact of asset ceiling	(12,230)	26,160
Total Post-Employment Benefits Charged to the Comprehensive Income and Expenditure Statement	28,227	(16,118)
Movement in Reserves Statement		
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for Post-Employment Benefits in accordance with the Code.	(10,078)	(13,558)
Actual Amount Charged Against the General Fund for Pensions in the Year:		
Employer's Contributions Payable to Pension Scheme	16,109	15,292

Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Council's obligation in respect of its defined benefit plans is as follows:

	31 March 2026 £000	31 March 2025 £000
Present value of funded obligation	409,417	377,898
Fair Value of scheme (plan) assets	(367,042)	(357,987)
Net funded liability	42,375	19,911
Impact of Asset Ceiling	15,460	26,160
Present value of unfunded obligation	1,818	1,464
Net liability arising from the defined benefit obligation	59,653	47,535

NOTES TO THE CORE FINANCIAL STATEMENTS

The unfunded obligation relates to premature early retirement on unreduced benefits awarded in the past, mostly by the former Berkshire County Council, and annual payments must be paid by the Council when the pensioner payments are made.

The net liability has an impact on the net worth of the Council as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy. The deficit on the Local Government Scheme will be funded by improved investment returns or increased contributions over the remaining working lives of employees, as assessed by the scheme's actuary.

Reconciliation of the movements in the present value of scheme liabilities (defined benefit obligation):

	31 March 2026	31 March 2025
	£000	£000
Liabilities as of the Beginning of the Period	379,362	425,194
Current Service Cost	8,509	10,941
Interest Cost	21,662	20,483
Contributions by Scheme Participants	4,347	4,086
Remeasurements		
Actuarial (Gains) and Losses arising from changes in financial assumptions	(14,787)	(63,107)
Actuarial (Gains) and Losses arising from changes in demographic assumptions	7,526	(1,075)
Experience Loss/(Gain) on Defined Benefit Obligation	25,929	1,039
Past Service Costs including Curtailments	10	352
Benefits Paid	(18,949)	(16,133)
Unfunded Pension Payments	(284)	(270)
Liabilities assumed/(extinguished) on Settlements	(2,090)	(2,148)
Liabilities as of the end of the period	411,235	379,362

The liabilities show the underlying commitments that the Council must pay in retirement benefits. There has been an increase in the value of the defined benefit obligation.

The key financial assumptions required for determining liabilities are the discount rate, linked to corporate bond yields, and the rate of future inflation. The bond yield at 31 March 2025 is higher than that at 31 March 2024. As a result, the discount rate used is 0.25% higher resulting in a lower value being placed on the defined benefit obligation. Inflation projections remain the same as last year. Improved mortality assumptions have resulted in an increase defined benefit obligation. There has also been a significant increase in the experience losses on the defined benefit obligation, showing that actual experience has differed significantly to the assumptions based on the 31 March 2022 valuation and the roll forward approach. Overall, there has been a £31.8m or 8% increase in the gross liability at the end of the year. The financial impact of changes in assumptions is covered in more detail in Note 4.

An allowance has been made for the potential impact of the McCloud & Sargeant judgements ('transitional protection' offered to some members of the judges and fire fighters' schemes as part of the 2015 pension reforms amounted to unlawful age discrimination with a knock on effect for the Local Government Pension Scheme (LGPS) which has been remeasured at the accounting date along with the normal LGPS liabilities).

On 16 July 2020, the Government published a consultation on the proposed remedy to be applied to LGPS benefits in response to the McCloud and Sargeant cases. Principally, it was proposed that 'the statutory underpin', the mechanism through which older LGPS members closest to retirement were protected, should be extended to the scheme members who were discriminated against (i.e. those too young to receive protection under the original rules).

NOTES TO THE CORE FINANCIAL STATEMENTS

Following consideration of the responses, the government decided to proceed with the extension of underpin protection to younger qualifying members. Regulations in respect of the McCloud and Sargeant judgements came into force on 1 October 2023. A material difference is not anticipated between the approach underlying the estimated allowance already made and the proposed remedy.

Following a case involving the Teachers' Pension scheme, known as the Goodwin case, differences between survivor benefits payable to members with same-sex or opposite-sex survivors have been identified within a number of public sector pension schemes. As a result, the Government have confirmed that a remedy is required in all affected public sector pension schemes, which includes the LGPS. We do not yet have an accurate indication of the potential impact this may have on the value of employers' liabilities or the cost of the scheme. Any indication of cost at this stage will only be a rough estimate as in most cases, funds will not have this information or data to hand. It is our understanding that the Government Actuary's Department (GAD) is undertaking a review to assess the potential impact on public sector pension schemes, which we expect will be minimal for LGPS funds.

In June 2023, the High Court handed down a decision in the case of Virgin Media Limited v NTL Pension Trustees II Limited and others relating to the validity of certain historical pension changes due to the lack of actuarial confirmation required by law. In July 2024, the Court of Appeal dismissed the appeal brought by Virgin Media Ltd against aspects of the June 2023 decision. On 29 April 2026, the Pensions Scheme Bill became law which gives affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historical benefit changes met the necessary standards. The ruling is therefore not expected to give rise to any additional liabilities.

Reconciliation of the movements in the Fair Value of scheme (plan) assets:

	31 March 2026	31 March 2025
	£000	£000
Assets as of the Beginning of the Period	357,987	346,249
Interest income	20,926	17,020
Remeasurements		
Return on Plan Assets (excluding the amount included in the Net Interest Expense)	(12,557)	(9,283)
Other Actuarial Gains and (Losses)	846	1,976
Other Administration Expenses	(323)	(322)
Employer Contributions including unfunded	16,109	15,292
Contributions by Scheme Participants	4,347	4,086
Benefits Paid including unfunded net of transfers in	(19,233)	(16,403)
Settlement prices received/(paid)	(1,060)	(628)
Assets as of the end of the period	367,042	357,987

The overall return on assets was 2.3% (2.2% in 2024/25) which is lower than the previous discount rate, leading to an actuarial loss.

The total contribution expected to be made to the Royal County of Berkshire Pension Fund in 2026/27 is £14.723m.

NOTES TO THE CORE FINANCIAL STATEMENTS

Assets in the Royal County of Berkshire Pension Fund are measured at Fair Value, principally the current bid price for investments, and consist of the following categories:

	Assets Held 31 March 2026		Assets Held 31 March 2025	
	£000	%	£000	%
Cash and Cash Equivalents	10,487	3	6,520	2
Credit	61,086	17	52,297	14
Equities	236,418	64	242,211	68
Property	29,942	8	29,993	8
Infrastructure	42,735	12	41,831	12
Longevity Insurance	(13,626)	(4)	(14,865)	(4)
Total	367,042	100	357,987	100

The asset ceiling is the present value of any economic benefits 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. The Council is currently paying contributions towards a funding deficit, and this minimum funding requirement constitutes an onerous funding commitment under the 2025 funding agreement – which gives a present value of secondary contributions of £57.835m as at 31 March 2026. There is therefore a further IFRIC 14 adjustment of £15.460m to bring the final net defined benefit liability on the balance sheet for 2025/26 to £59.653m (made up of the minimum funding obligation of £57.835m for the LGPS and unfunded liabilities of £1.818m).

Reconciliation of change in impact of asset ceiling	31 March 2026 £000	31 March 2025 £000
Opening impact of asset ceiling	26,160	0
Interest on impact of asset ceiling	1,530	0
Actuarial losses / (gains)	(12,230)	26,160
Closing impact of asset ceiling	15,460	26,160

Basis for Estimating Asset and Liabilities

Liabilities have been estimated on an actuarial basis using the latest full valuation of the scheme as at 31 March 2025 rolled forward allowing for different financial assumptions about mortality rates, salary levels, etc. Barnett Waddingham, an independent firm of actuaries, has assessed the Royal County of Berkshire Pension Fund liabilities.

These assumptions are set with reference to market conditions as at 31 March 2026 and will vary depending on the duration of the employer's liabilities (estimated at 14 years for the Council). The (Single Equivalent) Discount Rate is based on notional cash flows relating to the annualised Merrill Lynch AA rated corporate bond yield curve.

Future pension increases are based on CPI and salary increases are assumed to be 1.0% above CPI in addition to a promotional scale (1.0% above CPI in 2024/25).

NOTES TO THE CORE FINANCIAL STATEMENTS

Demographic assumptions are consistent with those used for the Fund valuation, which was carried out as at 31 March 2025. To project future improvements in mortality, a model prepared by the Continuous Mortality Investigation Bureau (CMI) is used. The CMI update their model on an annual basis, incorporating the latest mortality data in the national population.

The main demographic and financial assumptions used in the calculations are:

	2025/26	2024/25
	%	%
Rate of increase in salaries	3.90	3.90
Rate of increase in pensions (CPI)	2.90	2.90
Discount Rate	6.10	5.85
Mortality assumptions from age 65:	Age	Age
Longevity at 65 for pensioners retiring at 31 March		
Men	22.0	20.7
Women	24.2	23.6
Longevity at 65 for pensioners retiring in 20 years		
Men	23.5	22.0
Women	25.9	25.0

Pensions Reserve

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.

A detailed analysis of movements in the Pensions Reserve is provided below:

	31 March 2026	31 March 2025
	£000	£000
Surplus /(Deficit) as of beginning of the period	(47,535)	(78,945)
Remeasurements	(18,149)	29,676
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(10,078)	(13,558)
Employer's pension contributions and direct payments to pensioners payable in the year	16,109	15,292
Surplus /(Deficit) as of end of the period	(59,653)	(47,535)

The figures include the Council's share (13.7%) of the Former Berkshire County Council Pension Fund Liability.

NOTES TO THE CORE FINANCIAL STATEMENTS

Further information can be obtained from the administrators of the Royal County of Berkshire Pension Fund:

Pension Fund Manager
Royal County of Berkshire Pension Fund
Minster Court
22-30 York Road
Maidenhead
Berkshire
SL6 1SF

Tel: 0845 6027237

12 MEMBERS' ALLOWANCES & EXPENSES

The following amounts were paid to members of the Council during the year:

	2025/26	2024/25
	£000	£000
Allowances	608	596
Expenses	1	1
Total	609	597

13 AGENCY EXPENDITURE & INCOME

Under various statutory powers the Council may agree with other councils, water companies and Government departments to do work on their behalf.

The Council acts as the lead council for Public Health - East Berkshire, the Emergency Duty Service and the London Road Landfill Site through joint operations and provides services to the five other Berkshire Unitary Councils. The Council is reimbursed for this work including a contribution towards administrative costs. Only the net income or expenditure for each service has been included in the Comprehensive Income and Expenditure Statement.

	2025/26			2024/25		
	Expenditure	Income	Net	Expenditure	Income	Net
	£000	£000	£000	£000	£000	£000
Public Health	3,687	(3,703)	(16)	3,650	(3,655)	(5)
Other	3,084	(2,666)	418	2,873	(2,455)	418
Total	6,771	(6,369)	402	6,523	(6,110)	413

NOTES TO THE CORE FINANCIAL STATEMENTS

14 LEASES

Right-of-Use (ROU) Assets

The change in the value of ROU assets held under leases by the Council is as follows:

	2025/26			2024/25		
	Land and Buildings	Equipment & Vehicles	Total	Land and Buildings	Equipment & Vehicles	Total
	£000	£000	£000	£000	£000	£000
Balance at 1 April	450	251	701	676	209	885
Additions	275	76	351	15	127	142
Revaluation	0	0	0	0	0	0
Depreciation & Amortisation	(224)	(88)	(312)	(241)	(85)	(326)
Disposals	0	0	0	0	0	0
Balance at 31 March	501	239	740	450	251	701

A further £8.492m of Investment Properties and £18.922m of Land and Buildings were previously held under finance leases which subsequently became ROU assets under IFRS16.

	2025/26			2024/25		
	Investment Property	Land and Buildings	Total	Investment Property	Land and Buildings	Total
	£000	£000	£000	£000	£000	£000
Balance at 1 April	7,676	18,977	26,653	9,425	13,102	22,527
Additions	50	405	455	3,592	992	4,584
Revaluation	766	0	766	(5,341)	5,264	(77)
Depreciation & Amortisation	0	(460)	(460)	0	(381)	(381)
Disposals	0	0	0	0	0	0
Balance at 31 March	8,492	18,922	27,414	7,676	18,977	26,653

Lessee Transactions under leases

The Council leases various land and/or buildings under non-cancellable operating lease agreements. The lease terms range from 1 to 99 years. The operating leases do not have purchase options, although some have escalation clauses and terms of renewal. Renewals are negotiated with the lessor in accordance with the provisions of the individual lease agreements.

The Council also leases various equipment and vehicles under non-cancellable operating lease agreements. The lease terms are between 1 and 5 years.

The Council leases various properties under non-cancellable finance lease agreements. The property lease terms range from 1 to 99 years. The leases do not have purchase options, although some have escalation clauses and terms of renewal. Renewals are negotiated with the lessor in accordance with the provisions of the individual lease agreements.

NOTES TO THE CORE FINANCIAL STATEMENTS

The Council is committed to making minimum payments under these leases comprising settlement of the long term liability for the interest in the property acquired by the Council and finance costs that will be payable by the Council in future years while the liability remains outstanding.

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

	2025/26 £000	2024/25 £000
Comprehensive income and expenditure statement		
Interest expense on lease liabilities	2,350	2,054
Expense relating to short-term leases	109	237
Expense relating to exempt lease of low-value items	24	14
Expense relating to variable lease payments not included in lease liability measurements	0	0
Income from subletting right-of-use assets	1,111	1,497 ¹
Cash flows statement		
Minimum lease payments	2,083	2,020

¹ Restated figure

Maturity analysis of lease liabilities

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

	31 March 2026			31 March 2025		
	Land and Buildings £000	Equipment & Vehicles £000	Total £000	Land and Buildings £000	Equipment & Vehicles £000	Total £000
Not later than one year	2,422	79	2,501	2,348	235	2,583
Later than one year but not more than five years	7,494	101	7,595	7,274	177	7,451
More than five years	74,196	0	74,196	74,307	22	74,329
Total	84,112	180	84,292	83,929	434	84,363

Council as Lessor

The Council leases various land and/or buildings to lessees under non-cancellable operating lease agreements. The lease terms range from 1 to 149 years. The leases do not have purchase options, although some have escalation clauses and terms of renewal. Renewals are negotiated with the lessee in accordance with the provisions of the individual lease agreements.

NOTES TO THE CORE FINANCIAL STATEMENTS

Under the Council's My HomeBuy Scheme, the Council has purchased, then leased out its share of the properties to participating residents over a 125 year period. There are three properties remaining; one was sold during this year and two in the previous year.

In 2014 the Council entered into a finance lease over a 999 year period with Thames Valley Housing Association for the combined Cardew House site.

Transactions under leases

The authority made the following gains and losses as a lessor during the year:

	31 March 2026	31 March 2025
	£000	£000
Finance Leases		
Selling gain or loss ¹	25,683	21,343
Finance income on the net investment in the lease	(29)	(34)
Income relating to variable lease payments not included in the measurement of the net investment in the lease	0	0
Operating Leases		
Total lease income	(8,629)	(8,341)
Income relating to variable lease payments not included in the measurement of the net investment in the lease	0	0

¹Loss due principally to the academisation of two schools in each year.

Net investment in Finance Leases

The council experienced the following changes in the carrying amount of its net investment in finance leases during the year:

	31 March 2026	31 March 2025
	£000	£000
Net investment at 1 April	659	788
New leases entered into	0	0
Payments by lessees	(55)	(129)
Lease modifications	0	0
Impact of changes in unguaranteed residual values	0	0
Movements in impairment loss allowances	0	0
Net investment at 31 March	604	659

NOTES TO THE CORE FINANCIAL STATEMENTS

Maturity analysis of lease receivables

The lease receivables are due to be collected over the following time bands (measured at the undiscounted amounts of expected cash receipts):

	Finance Leases		Operating Leases	
	31 March 26 £000	31 March 25 £000	31 March 26 £000	31 March 25 £000
Less than one year	27	30	6,696	7,909
One to two years	27	30	6,488	7,759
Two to three years	27	30	6,354	7,484
Three to four years	27	30	1,435	5,688
Four to five years	27	30	1,603	1,767
More than five years	2,958	3,257	21,646	23,239
Total undiscounted receivables	3,093	3,407	44,222	53,846

The reduction in the value of operating leases is mainly due to the sale of a commercial property during the year.

The total undiscounted receivables for finance leases reconcile to the net investment in leases as follows:

	31 March 2026 £000	31 March 2025 £000
Total undiscounted lease receivables	3,093	3,407
Unearned finance income	(2,489)	(2,748)
Discounted amount of unguaranteed residual values	0	0
Net investment in leases	604	659

15 WASTE PFI CONTRACT

In 2006/07 the Council, together with Wokingham Borough and Reading Borough Councils, entered into a PFI contract for the disposal of waste. Actual payments will depend upon the contractor's performance as well as that of the individual Councils in waste collection. As part of the contract, the contractor built a transfer station, materials recycling facility, civic amenity site and offices. The contract expires in 2031/32.

As the Councils involved control the services provided and will obtain ownership of the assets at the end of the contract, this contract has been treated as a service concession arrangement. The Council's share of assets and liabilities associated with the contract are reflected in the Balance Sheet.

The liability resulting from the contract is included in Long Term Creditors in the Balance Sheet, except for the element payable within one year which is included in Short Term Creditors. The movement in the liability is as follows:

	2025/26 £000	2024/25 £000
Value as of the beginning of the period	(2,693)	(3,062)
Payments during the year	423	369
Re-assessment	(797)	0
Value as of the end of the period	(3,067)	(2,693)

NOTES TO THE CORE FINANCIAL STATEMENTS

The contract generates an annual income stream from third party income. The income is held on the balance sheet as a deferred creditor (Donated Asset Account) and released to the Comprehensive Income and Expenditure Statement over the life of the contract as follows.

	31 March 2026	31 March 2025
	£000	£000
Within 1 year	89	89
2 to 5 years	355	355
6 to 10 years	20	109
Total	464	553

The following figures are an estimate of the payments to be made by the Council under the contract.

Obligations payable in	2026/27	As at 31 March 2026		Total payable
		2-5 yrs	6-10 yrs	
	£000	£000	£000	£000
Repayment of Liability	504	2,273	290	3,067
Interest	229	523	22	774
Payment for Services	2,210	9,500	490	12,200
Total	2,943	12,296	802	16,041

Obligations payable in	2025/26	As at 31 March 2025		Total payable
		2-5 yrs	6-10 yrs	
	£000	£000	£000	£000
Repayment of Liability	339	1,700	654	2,693
Interest	194	491	48	733
Payment for Services	2,312	9,695	3,190	15,197
Total	2,845	11,886	3,892	18,623

NOTES TO THE CORE FINANCIAL STATEMENTS

The following asset values are included in the Balance Sheet:

	Other Land & Buildings	2025/26 Vehicles, Plant, Furniture & Equipment	Total PFI Assets	Other Land & Buildings	2024/25 Vehicles, Plant, Furniture & Equipment	Total PFI Assets
	£000	£000	£000	£000	£000	£000
Cost/Valuation						
As of the beginning of the period	3,819	1,069	4,888	3,819	1,069	4,888
Additions	797	0	797	0	0	0
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	0	(194)	(194)	0	0	0
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(843)	(6)	(849)	0	0	0
As of the end of the period	3,773	869	4,642	3,819	1,069	4,888
Depreciation						
As of the beginning of the period	402	463	865	301	420	721
Depreciation for Year	101	43	144	101	43	144
Depreciation written out to the Revaluation Reserve	0	(290)	(290)	0	0	0
Depreciation written out to the Surplus/Deficit on the Provision of Services	(503)	(216)	(719)	0	0	0
As of the end of the period	0	0	0	402	463	865
Net Book Value as of the beginning of the period	3,417	606	4,023	3,518	649	4,167
Net Book Value as of the end of the period	3,773	869	4,642	3,417	606	4,023

16 AUDITOR'S REMUNERATION

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Council's external auditors.

	2025/26 £000	2024/25 £000
Fees payable to the external auditor regarding external audit services carried out by the appointed auditor for the year	430	195
Fees payable in respect of other services provided by the external auditor during the year ¹	28	62
Total	458	257

¹Relates to the teachers' pensions audit and the housing benefit assurance audit.

NOTES TO THE CORE FINANCIAL STATEMENTS

17 PROPERTY, PLANT AND EQUIPMENT

Movements on Balances

	2025/26						
	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infra- Structure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000
Cost/Valuation							
At 1 April 2025	491,708	47,254	138,927	7,669	1,230	6,677	693,465
Additions ¹	3,644	1,802	7,920	159	0	7,489	21,014
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	(15,629)	(194)	0	0	(36)	0	(15,859)
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(833)	(6)	0	0	0	0	(839)
Disposals	(23,966)	(1,698)	(2,714)	0	0	0	(28,378)
Reclassification (to)/from Assets Held for Sale	0	0	0	0	0	0	0
Other Reclassifications	5,260	235	321	8	2,269	(8,093)	0
At 31 March 2026	460,184	47,393	144,454	7,836	3,463	6,073	669,403
Accumulated Depreciation & Impairments							
At 1 April 2025	5,179	34,594	58,497	0	0	0	98,270
Depreciation charge	8,248	2,027	6,014	0	0	0	16,289
Depreciation written out to the Revaluation Reserve	(7,412)	(290)	0	0	0	0	(7,702)
Depreciation written out to the Surplus/Deficit on the Provision of Services	(1,712)	(216)	0	0	0	0	(1,928)
Impairment losses/(reversals) recognised in the Revaluation Reserve	36	0	0	0	0	0	36
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	1,391	0	0	0	0	0	1,391
Depreciation written out on disposal	(373)	(1,549)	(1,672)	0	0	0	(3,594)
Other Reclassifications	(5)	0	0	0	5	0	0
At 31 March 2026	5,352	34,566	62,839	0	5	0	102,762
Net Book Value at 31 March 2026	454,832	12,827	81,615	7,836	3,458	6,073	566,641
Net Book Value at 31 March 2025	486,529	12,660	80,430	7,669	1,230	6,677	595,195
Nature of asset holding							
Owned	431,636	11,719	81,615	7,836	3,458	6,073	542,337
Leased	19,423	239	0	0	0	0	19,662
PFI	3,773	869	0	0	0	0	4,642
Net Book Value at 31 March 2026	454,832	12,827	81,615	7,836	3,458	6,073	566,641

¹ Assets Under Construction expenditure includes the All Saints Special School (£3.4m) and the Bridgewell Supported Living Scheme (£1.8m).

NOTES TO THE CORE FINANCIAL STATEMENTS

	2024/25						
	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infra- Structure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000
Cost/Valuation							
At 1 April 2024	461,128	45,969	134,987	7,458	0	10,863	660,405
Additions ¹	13,120	1,644	6,534	208	0	6,527	28,033
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	35,006	0	0	0	783	0	35,789
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(3,139)	0	0	0	396	0	(2,743)
Disposals	(21,458)	(803)	(3,630)	0	0	0	(25,891)
Reclassification (to)/from Assets Held for Sale	(1,882)	0	0	0	0	0	(1,882)
Other Reclassifications	8,933	444	1,036	3	51	(10,713)	(246)
At 31 March 2025	491,708	47,254	138,927	7,669	1,230	6,677	693,465
Accumulated Depreciation & Impairments							
At 1 April 2024	3,378	33,028	54,517	0	0	0	90,923
Depreciation charge	8,065	2,142	6,110	0	0	0	16,317
Depreciation written out to the Revaluation Reserve	(4,697)	0	0	0	0	0	(4,697)
Depreciation written out to the Surplus/Deficit on the Provision of Services	(842)	0	0	0	0	0	(842)
Depreciation written out on disposal	(725)	(576)	(2,130)	0	0	0	(3,431)
At 31 March 2025	5,179	34,594	58,497	0	0	0	98,270
Net Book Value at 31 March 2025	486,529	12,660	80,430	7,669	1,230	6,677	595,195
Net Book Value at 31 March 2024	457,750	12,941	80,470	7,458	0	10,863	569,482
Nature of asset holding							
Owned	463,685 ²	11,803	80,430	7,669	1,230	6,677	571,494
Leased	19,427 ²	251	0	0	0	0	19,678
PFI	3,417	606	0	0	0	0	4,023
Net Book Value at 31 March 2025	486,529	12,660	80,430	7,669	1,230	6,677	595,195

¹ Other Land and Buildings additions include a donated asset for Bucklers Park Community Hub (£7.6m). Assets Under Construction expenditure includes the Bridgewell Supported Living Scheme (£3.7m) and the Depot Scheme (£1.2m).

² Restated.

An impairment of £1.4m was recognised in 2025/26 to reflect the permanent closure of the High Street Car Park and the resultant reduction in service potential of the site due to obsolescence.

NOTES TO THE CORE FINANCIAL STATEMENTS

Valuation basis

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at Current or Fair Value is professionally revalued at least every five years. The valuations were principally carried out by Wilks Head & Eve LLP, an external firm of valuers. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS). The basis for valuation is set out in Note 1. Regardless of the actual valuation date, these valuations are reviewed to ensure they are materially accurate as at 31 March.

There are no significant assumptions applied in estimating values on a Depreciated Replacement Cost basis, but general issues are:

- Disregarding any site specific abnormal characteristics that would cause its market value to differ from that needed to replace the service potential at least cost.
- Disregarding alternative potential uses that would drive the value above that needed to replace the service potential of the property; and
- The “instant build” approach has been used that excludes finance costs from the valuations as specified by the Code but that supersedes the RICS Red Book guidance.

The following statement shows the progress of the Council’s revaluations of Property, Plant and Equipment. Other Land and Buildings are revalued on a five year rolling programme; however, the Council also undertook an index based revaluation review to ensure that those assets not scheduled to be revalued in the 2025/26 rolling programme were not materially misstated in the Balance sheet. As a result, £321m of the assets listed below were revalued using the index.

	Other Land & Buildings	Vehicles, Plant Furniture & Equipment	Infra- structure Assets	Community Assets	Surplus Assets	Assets Under Construct- ion	Total Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000
Carried at historic cost	0	46,524	144,454	7,836	3,463	6,073	208,350
Valued at current or Fair Value as at:							
2025/26	81,792	869	0	0	0	0	82,661
2024/25	47,033	0	0	0	0	0	47,033
2023/24	183,117	0	0	0	0	0	183,117
2022/23	124,545	0	0	0	0	0	124,545
2021/22	23,697	0	0	0	0	0	23,697
Total Cost or Valuation	460,184	47,393	144,454	7,836	3,463	6,073	669,403

NOTES TO THE CORE FINANCIAL STATEMENTS

18 INVESTMENT PROPERTY

	2025/26	2024/25
	£000	£000
Balance at the beginning of the period	122,626	125,160
Additions:		
Purchases	0	0
Subsequent expenditure ¹	229	3,966
Assets under Construction	8,646	5,357
Disposals	(10,106)	(3,160)
Reclassifications from/(to) PPE	0	25
Net gains/(losses) from Fair Value adjustments	1,630	(8,722)
Balance at the end of the period	123,025	122,626

¹ Includes lease reassessments of £0.05m (£3.60m in 2024/25).

Of the balance as at 31 March 2026, £8.492m relates to ROU assets (£7.676m in 2024/25) and £114.533m to properties owned by the Council (£114.950m in 2024/25). At 31 March 2026, all Investment Properties were let under operating leases except for nine properties currently without tenants and three properties held for future sale. The value of the properties let under operating leases was £106.127m (£105.667m in 2024/25).

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 two contractual obligations to purchase, construct or develop Investment Property - for the Market Street site as part of a joint venture and for the Market Street Health Hub. The Council has a contractual obligation to repair and maintain its Investment Properties, except where the lease terms specify otherwise.

The following 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:

	31 March 2026	31 March 2025
	£000	£000
Income from Investment Property ¹	(9,526)	(9,981)
Operating Expenses Arising from Investment Property	965	1,115
Net Gain	(8,561)	(8,866)

¹Includes rental income of £9.107m (£9.635m in 2024/25).

Valuation basis

The Fair Value of Investment Property has been measured using a term and reversion market approach, considering existing lease terms and rentals and information gathered from managing the Council's Investment Property portfolio. This year, the valuations were principally carried out by an external firm of valuers rather than mostly being internally valued and therefore valuations have principally used published data. As a result, all Investment Properties have been recategorized from Level 3 to Level 2 in the fair value hierarchy as the measurement technique uses significant observable inputs.

NOTES TO THE CORE FINANCIAL STATEMENTS

The most significant valuation assumption used is for the rental yield (rental as a percentage of property value) achievable on most Investment Properties. This is based on the valuer's experience and wider national data as there is limited local market information.

To estimate the Fair Value of Investment Property, the highest and best use of each asset needs to be considered. Although alternative uses were assessed as part of the process, this was considered to be their current use.

Across the portfolio, many yields have remained relatively unchanged from last year resulting in an overall increase in valuations of £1.630m in total.

19 CAPITAL EXPENDITURE AND FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR). This is a measure of the capital expenditure incurred historically by the Council that has yet to be financed.

	31 March 2026	31 March 2025
	£000	£000
Opening Capital Financing Requirement	232,004	229,547
<i>Capital Investment</i>		
Property, Plant and Equipment ¹	21,014	28,033
Heritage Assets	0	0
Investment Property	8,875	9,323
Intangible Assets	3	0
Revenue Expenditure Funded from Capital under Statute	5,457	4,774
Long Term Debtors	6,140	11,003
	41,489	53,133
<i>Sources of Finance</i>		
Capital Receipts	(2,278)	(17,153)
Disposal costs incurred in advance of the Capital Receipt	0	0
Government Grants and Other Contributions ¹	(27,231)	(28,682)
Sums Set Aside from Revenue:		
Direct Revenue Contributions	(258)	(928)
Waste PFI Donated Asset Account (deferred income)	(89)	(89)
Minimum Revenue Provision	(4,008)	(3,824)
	(33,864)	(50,676)
Closing Capital Financing Requirement	239,629	232,004
Increase/(Decrease) in underlying need to borrow (supported by government financial assistance)	(1,002)	(900)
Increase/Decrease) in underlying need to borrow (unsupported by government financial assistance)	7,244	(2,143)
Right of Use Assets acquired/re-assessed under leases	586	5,500
Assets acquired/re-assessed under PFI contracts	797	0
Increase / (Decrease) in Capital Financing Requirement	7,625	2,457

¹ In 2024/25 this includes a donated asset valued at £7.589m with the corresponding income received recorded under financing.

NOTES TO THE CORE FINANCIAL STATEMENTS

20 CAPITAL COMMITMENTS

Estimated commitments for capital expenditure for significant schemes that had started, or where legal contracts had been entered into, as of 31 March 2026 are as follows.

Capital Scheme	31 March 2026 £000
All Saints Special School	7,020
Health Hub	1,646
Simpler Recycling	1,587
Improvements & Capitalised Repairs	413
Bridgewell Supported Living	675
Warfield Community Hub	362
Updated Traffic Signal Infrastructure	325
South Hill Park - Wilde Theatre	197
Binfield Community Centre	179
Total	12,404

21 LONG TERM DEBTORS

The Council makes loans to organisations and individuals and acts as the lessor for a number of finance leases. The Council has made loans and transferred land to the Joint Venture to support the development of housing at Coopers Hill and Market Street. The Community Infrastructure Levy is a charge levied by the Council on new development in their area. For significant developments this can be payable over several years and part of the charge is therefore included in Long Term Debtors.

	31 March 2026 £000	31 March 2025 £000
Other Entities and Individuals		
Rent to Mortgage Properties	376	376
South Hill Park Loan	41	42
Mortgages	153	258
Shared Equity Property Finance Leases	308	358
Cardew House Finance Lease	444	444
Community Infrastructure Levy	1,819	1,823
Loan to Joint Venture	9,401	4,761
Total	12,542	8,062

22 SHORT TERM DEBTORS

	31 March 2026 £000	31 March 2025 £000
Central Government Bodies	3,839	6,563
Other Local Authorities	2,342	1,887
NHS Bodies	2,513	2,734
Public Corporations and Trading Funds	10	94
Other Entities and Individuals	40,978	38,498
Total	49,682	49,776

NOTES TO THE CORE FINANCIAL STATEMENTS

23 CASH AND CASH EQUIVALENTS

	31 March 2026	31 March 2025
	£000	£000
Investments With Original Maturities of 3 Months or Less	11,594	9,844
Cash held by the Council	6	6
Bank Balance / (Overdraft)	251	(369)
Total	11,851	9,481

24 SHORT TERM CREDITORS

	31 March 2026	31 March 2025
	£000	£000
Central Government Bodies	22,598	23,775
Other Local Authorities	8,119	8,347
NHS Bodies	1,660	2,179
Public Corporations and Trading Funds	141	194
Other Entities and Individuals	30,155	30,652
Total	62,673	65,147

25 PROVISIONS

2025/26	Business		Total
	Rates Appeals	Other	
	£000	£000	£000
Balance at 1 April 2025	3,196	766	3,962
Addition /(reduction) in provisions	1,225	0	1,225
Unused amounts reversed	0	0	0
Amounts used	(739)	0	(739)
Balance at 31 March 2026	3,682	766	4,448

2024/25	Business		Total
	Rates Appeals	Other	
	£000	£000	£000
Balance at 1 April 2024	8,152	0	8,152
Addition /(reduction) in provisions	0	766	766
Unused amounts reversed	(3,323)	0	(3,323)
Amounts used	(1,633)	0	(1,633)
Balance at 31 March 2025	3,196	766	3,962

The provision for Business Rates has increased which reflects the settlement of a number of appeals and the re-assessment of the provision required for appeals relating to the 2023 valuation exercise. The position remains difficult to predict following the 2017 and 2023 valuations and the Valuation Office Agency's Check, Challenge, Appeal process.

NOTES TO THE CORE FINANCIAL STATEMENTS

26 LONG TERM CREDITORS

	31 March 2026	31 March 2025
	£000	£000
Other Entities and Individuals		
PFI Obligations ¹	2,563	2,355
Longshot Lane and The Avenue Car Park Lease Obligations ¹	9,328	9,095
Other Right of Use Lease Obligations ¹	345	387
Peel Centre Prepaid Rent	9,077	9,141
Deposits	1,886	1,698
Total	23,199	22,676

¹ A number of lease obligations were re-assessed during the year as required under the leasing standard IFRS16.

27 EARMARKED RESERVES

The Council voluntarily earmarks resources for future spending plans. This note sets out the amounts set aside from the General Fund balance in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure. The most significant reserves are as follows:

- Schools' Balances held under a scheme of delegation are permitted to be retained under the Schools Standards & Framework Act 1998. These are managed by the schools rather than the Council and held in a separate earmarked reserve. The Other Schools' Balances Reserve represented the element of schools' expenditure funded by Dedicated Schools Grant that had been carried forward. As the Schools Budget is now in an overall deficit position, these balances have now been transferred into the Dedicated Schools Grant Adjustment Account, an unusable reserve (see Note 9).
- The Insurance & Uninsured Claims Reserve provides cover for the following:
 - The excess payable on claims under the Council's insurance policies; and
 - potential future claims not covered by existing policies, including contractual disputes, legal claims, breach of contract, Mental Health S117 claims and copyright claims.
- The Cost of Structural Changes Reserve is used to fund the one-off additional costs arising from restructuring where there are demonstrable future benefits.
- The Future Funding Reserve is used to smooth the impact of changes in Business Rates income and central government funding decisions. Following the ending of the safety valve programme, £17m was transferred into this reserve at the end of the year.
- The Transformation Reserve is used to meet the upfront costs of the Council's business change programme aimed at delivering high-quality, sustainable services and identifying savings that can be incorporated into future years' budgets.
- The Revenue Grants Unapplied Reserve holds resources equivalent to unspent grant income received without conditions which are released from the reserve as the associated expenditure is incurred.
- The Business Rates Revaluation Reserve will be used to meet the cost of any significant downward Business Rates valuations.
- The Safety Valve Reserve was created to fund the Council's share of the expected deficit on the Schools Budget. The Government confirmed that it would provide a new

NOTES TO THE CORE FINANCIAL STATEMENTS

grant in 2026/27 to “write off” 90% of deficits that will have accrued to the end 2025/26 and the Autumn Budget 2025 that the future costs of SEND will be funded by Central Government from 2028/29. The safety valve programme has therefore ceased, and £17m of this reserve has been transferred to the Future Funding Reserve to support the Council’s medium term financial strategy.

The following expenditure has been earmarked as of the reporting date.

2025/26	Balance at 1 April £000	Transfers Out £000	Transfers In £000	Balance at 31 March £000
Earmarked Reserves				
Schools’ Balances Held Under a Scheme of Delegation	320	(283)	245	282
Insurance & Uninsured Claims	2,950	(169)	39	2,820
Cost of Structural Change	1,500	(23)	1,000	2,477
Regeneration of Bracknell Town Centre	417	0	447	864
Future Funding	1,531	0	17,000	18,531
Transformation	681	(168)	98	611
Public Health	819	(296)	0	523
Better Care Fund	960	(406)	596	1,150
Commuted Maintenance of Land	1,838	(109)	0	1,729
Revenue Grants Unapplied	17,162	(2,433)	1,053	15,782
Business Rates Revaluations	2,908	(508)	0	2,400
Safety Value	22,761	(17,412)	412	5,761
Financial Hardship	680	(215)	86	551
Other	2,546	-767	531	2,310
Total	57,073	(22,789)	21,507	55,791
Earmarked Reserves in 2024/25	62,572	(13,064)	7,565	57,073

28 CAPITAL GRANTS UNAPPLIED RESERVE

The Capital Grants Unapplied Reserve holds the grants and contributions received towards capital projects for which the Council has met the conditions, but which have yet to be applied to meet expenditure.

	2025/26 £000	2024/25 £000
Opening Balance	54,742	34,133
Received	5,821	24,946
Applied to Capital Financing	(14,528)	(4,337)
Closing Balance	46,035	54,742

NOTES TO THE CORE FINANCIAL STATEMENTS

29 REVALUATION RESERVE

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment. 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.

	2025/26	2024/25
	£000	£000
As of the beginning of the period	236,168	210,995
Upward revaluation of assets	10,017	45,129
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(18,210)	(4,645)
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	(8,193)	40,484
Difference between Current/Fair Value depreciation and historical cost depreciation	(4,097)	(3,932)
Accumulated gains on assets sold or scrapped	(8,317)	(11,379)
Amount written off to the Capital Adjustment Account	(12,414)	(15,311)
Closing Balance	215,561	236,168

30 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 enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancements as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert Current or 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 enhancement.

The Account contains accumulated gains and losses on Investment Properties.

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.

NOTES TO THE CORE FINANCIAL STATEMENTS

	2025/26	2024/25
	£000	£000
Balance at 1 April	255,813	263,355
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
Charges for Depreciation and Impairment of Non-current Assets	(17,680)	(16,317)
Revaluation Losses on Property Plant & Equipment	1,089	(2,294)
Amortisation of Intangible Assets	(231)	(394)
Revenue Expenditure Funded from Capital under Statute	(3,796)	(1,700)
Amount of non-current assets written off as part of the gain/loss on sale	(34,892)	(27,112)
	(55,510)	(47,817)
Adjusting amounts written out of the Revaluation Reserve	12,414	15,311
Net written out amount of the cost of non-current assets consumed in the year	(43,096)	(32,506)
Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	2,278	17,153
Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	9,542	21,272
Application of Capital Grants and Contributions to capital financing from the Capital Grants Unapplied Reserve	14,528	4,337
Statutory provision for the financing of capital investment	4,008	3,824
Capital expenditure charged against the General Fund	258	928
Prior year costs of non-current asset disposals met from in-year Capital Receipts	0	0
	30,614	47,514
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	1,630	(8,722)
Movements in the Waste PFI Donated Asset Account (deferred income) credited to the Comprehensive Income and Expenditure Statement	89	89
Repayment of loans	(115)	(13,917)
Balance at 31 March	244,935	255,813

31 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.

NOTES TO THE CORE FINANCIAL STATEMENTS

	2025/26	2024/25
	£000	£000
As of the beginning of the period	1,035	1,472
Transfer to the Capital Receipts Reserve upon receipt of cash	-55	(437)
Closing Balance	980	1,035

Deferred Capital Receipts represent income of a capital nature due to be paid to the Council over a number of years from the following bodies:

	31 March 2026	31 March 2025
	£000	£000
Rent to Mortgage Properties	376	376
Shared Equity Property Finance Leases	160	215
Cardew House Finance Lease	444	444
Total	980	1,035

32 COLLECTION FUND ADJUSTMENT ACCOUNT

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax and Business Rates income in the Comprehensive Income and Expenditure Statement as it falls due from Council Taxpayers and Business Rates payers compared with the income calculated for the year in accordance with statutory requirements.

	2025/26	2024/25
	£000	£000
As of the beginning of the period	1,569	(6,137)
Net change during the year	(1,969)	7,706
Closing Balance	(400)	1,569

33 ACCUMULATED ABSENCES ACCOUNT

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 (i.e. annual leave and flexi-time 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.

	2025/26	2024/25
	£000	£000
As of the beginning of the period	(5,582)	(7,582)
Net change during the year	(799)	2,000
Closing Balance	(6,381)	(5,582)

NOTES TO THE CORE FINANCIAL STATEMENTS

34 FINANCIAL INSTRUMENTS

Categories of Financial Instruments

The following categories of financial instruments are carried in the Balance Sheet:

Financial Assets	Current	31 March 2026		Fair Value
		Long Term	Total	
	£000	£000	£000	£000
Investments - Amortised Cost	0	0	0	0
Debtors – Amortised Cost	31,465	12,542	44,007	44,007
Total Financial Assets	31,465	12,542	44,007	44,007
Non-financial Assets	18,217	0	18,217	18,217
Total	49,682	12,542	62,224	62,224
Financial Liabilities				
Borrowings – Amortised Cost	68,776	60,000	128,776	105,432
Creditors – Amortised Cost	30,646	12,612	43,258	43,258
Total Financial Liabilities	99,422	72,612	172,034	148,690
Non-financial Liabilities	31,869	0	31,869	31,869
Total	131,291	72,612	203,903	180,559

Financial Assets	Current	31 March 2025		Fair Value
		Long Term	Total	
	£000	£000	£000	£000
Investments - Amortised Cost	0	0	0	0
Debtors – Amortised Cost	30,974	8,062	39,036	39,036
Total Financial Assets	30,974	8,062	39,036	39,036
Non-financial Assets	18,802	0	18,802	18,802
Total	49,776	8,062	57,838	57,838
Financial Liabilities				
Borrowings – Amortised Cost	46,168	60,000	106,168	84,417
Creditors – Amortised Cost	31,831	12,301	44,132	44,132
Total Financial Liabilities	77,999	72,301	150,300	128,549
Non-financial Liabilities	33,158	0	33,158	33,158
Total	111,157	72,301	183,458	161,707

NOTES TO THE CORE FINANCIAL STATEMENTS

Cash and cash equivalents, which include Money Market Funds held at amortised cost, are also financial instruments and are detailed in Note 23.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Comprehensive Income and Expenditure Statement. Any gains and losses that arise on the de-recognition of a financial asset are credited/debited to the Comprehensive Income and Expenditure Statement.

The debtors and creditors figures exclude statutory debtors and creditors relating to Council Tax, Business Rates, teachers and local government superannuation, government grants, VAT and HMRC PAYE deductions. As there is no contract in place, these are not considered to be financial instruments. For completeness they are included in non-financial assets and liabilities in the tables above.

Fair Value of Assets and Liabilities carried at Amortised Cost

All the Council's financial liabilities and financial assets represented by amortised cost and long term debtors and creditors are measured in the Balance Sheet at amortised cost using the effective interest rate method. Their Fair Value is measured as the present value of the expected cash flows over the remaining life of the instruments, using the following assumptions:

- For PWLB and non-PWLB loans payable, premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures (a Level 2 valuation using discounted cash flows);
- For material loans receivable prevailing benchmark market rates have been used to provide the Fair Value;
- No early repayment or impairment is recognised;
- Where an instrument, including trade and other receivables, has a maturity of less than 12 months the Fair Value is taken to be the principal outstanding or the billed amount.

As the fair value of loans payable is based on PWLB premature repayment rates it includes a penalty charge for early redemption in addition to charging a premium for the additional interest that would be paid. The fair value of borrowing liabilities is less than the carrying amount which shows a notional future loss (based on economic conditions at 31 March 2026) arising from a commitment to pay interest to lenders below current market rates.

A supplementary measure of the additional interest that the Council will pay as a result of its borrowing commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £128.8m would be valued at £101.0m due to the high prevailing interest rates. The fair value of borrowing liabilities is less than the carrying amount which shows a notional future gain (based on economic conditions at 31 March 2026) arising from a commitment to pay interest to lenders above current market rates.

Short-term debtors and creditors are carried at cost as this is a fair approximation of their value.

NOTES TO THE CORE FINANCIAL STATEMENTS

Income, Expense, Gains and Losses

The income, expense, gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are as follows:

Income, Expense, Gains and Losses	2025/26 Surplus or Deficit on the Provision of Services £000	2024/25 Surplus or Deficit on the Provision of Services £000
Interest Revenue – financial assets measured at amortised cost	1,418	1,697
Interest expense	(6,226)	(5,973)

Key Risks

The Council's activities expose it to a variety of financial risks. The key risks are in relation to financial assets and are as follows:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council;
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments;
- Refinancing risk – the possibility that the Council might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- Market risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates movements.

Overall Procedures for Managing Risk

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services.

Risk management is carried out by a central treasury team, under policies approved by the Council in the annual treasury management strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash.

The key issues within the strategy were:

- The Authorised Limit for 2025/26 was set at £260m. This is the maximum limit of external borrowings or other long term liabilities.
- The Operational Boundary was expected to be £250m. This is the expected level of debt and other long term liabilities during the year.

NOTES TO THE CORE FINANCIAL STATEMENTS

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poor's Ratings Services. The Annual Investment Strategy also considers maximum amounts and time limits with a financial institution located in each category.

The credit criteria for the Council are as follows:

- The minimum criteria for investment counterparties are:
 - In light of the changing economic backdrop, the shift in the relative importance of credit-ratings and the sector's requirement for a more sophisticated approach to counterparty selection, the Council's Treasury Management advisers have developed a modelling approach. This utilises credit ratings from the three main credit rating agencies supplemented with overlays of credit watches and outlooks in a weighted scoring system. This is then combined with Credit Default Swap (CDS) spreads from which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. This service uses a wider array of information than just primary ratings and by using a risk weighted scoring system does not give undue preference to just one agency's ratings. The minimum credit rating that the Council will use will be a short term rating of F1 and a long term rating of A-, a viability rating of A- and a support rating of 1.
 - UK Banks or Building Societies.
 - Money Market Funds – AAA Rating Sterling Denominated.
 - UK Government (including gilts and Debt Management Account Deposit Facility (DMADF)).
 - UK Local Authorities.
- The time and money limits on the Council's counterparty lists are as follows:

Counterparty	Time Limit	Money Limit
UK Banks and Building Societies	1 year	£7m
Money Market Funds	On-Call	£10m
Debt Management Account Deposit Facility	6 months	£10m
UK Local Authorities	1 year	£7m

The full Investment Strategy for 2025/26 was approved by Full Council on 25 February 2026 and is available, along with the treasury management strategy, on the Council website at <https://www.bracknell-forest.gov.uk/sites/default/files/documents/treasury-management-report-2025-to-2026.pdf>.

The Council's maximum exposure to credit risk in relation to its deposits in financial institutions and money market funds and short term investments of £11.8m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of recoverability applies to all of the Council's deposits, but there was no evidence at the 31 March 2026 that this was likely to crystallise.

No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits.

NOTES TO THE CORE FINANCIAL STATEMENTS

Amounts Arising from Expected Credit Losses

An analysis of long term debtors is included in Note 21. Risks for each category have not increased significantly and remain low; therefore, losses have been assessed on the basis of 12-month expected losses. After considering each category of debt, no allowances have been made.

A simplified lifetime loss approach is used for trade, lease and housing related receivables based on a provision matrix. Fixed provision rates are used depending on the number of days that a receivable is past due and the type of debt. The change in loss allowance for the year on these debts is shown in the following table. The impairment loss/(gain) charged to the Comprehensive Income and Expenditure Statement is the movement in the allowance plus any write offs.

Loss Allowance	2025/26	2024/25
	£000	£000
Opening Balance as at 1 April	3,084	2,976
Movements	318	108
As at 31 March	3,402	3,084
Write offs	252	22
Impairment losses /(gains)	570	130

Loss allowances are also held for Council Tax (£2.723m) and Business Rates debts (£2.562m) using a provision matrix. These are not financial instruments and any movement in the allowance or write offs are charged to the Collection Fund.

The Council initiates a legal charge on property where, for instance, clients require the assistance of social services but cannot afford to pay immediately. The total collateral at 31 March 2026 was £0.972m (2024/25 £1.064m).

Liquidity risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when it is needed.

The Council has ready access to borrowings from the Money Markets to cover any day-to-day cash flow need, and the PWLB and money markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

Refinancing and Maturity Risk

The Council commenced borrowing in 2016/17 and therefore has a debt portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

NOTES TO THE CORE FINANCIAL STATEMENTS

The approved treasury indicator limits on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks, and the central treasury team address the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The Council has borrowings of £60m from the Public Works Loans Board on a long term basis to finance capital expenditure and has short term borrowings of £69m.

The maturity analysis of these borrowings is as follows, with the maximum and minimum limits for fixed interest rates maturing in each period:

	Lower Limit	Upper Limit	31 March 2026 £000	31 March 2025 £000
Less than one year	0%	100%	68,776	46,168
Between 1 and 2 years	0%	100%	0	0
Between 2 and 5 years	0%	100%	10,000	10,000
Between 5 and 10 years	0%	100%	0	0
Between 35 and 40 years	0%	100%	40,000	20,000
40 years and over	0%	100%	10,000	30,000
Total	0%	100%	128,776	106,168

The Council has longer term financial liabilities relating to finance leases and PFI arrangements and the maturity analyses are disclosed in Notes 14 and 15 to these accounts.

Market risk

Interest rate risk - The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed 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 borrowing will fall
- investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise; and
- investments at fixed rates – the Fair Value of the assets will fall.

NOTES TO THE CORE FINANCIAL STATEMENTS

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. 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 in the Comprehensive Income and Expenditure Statement and affect the General Fund Balance.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central 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 favorable, fixed rate investments may be taken for longer periods to secure better long-term returns, similarly the drawing of longer term fixed rate borrowings would be postponed.

According to this assessment strategy, at 31 March 2026, if all interest rates had been 1% higher (with all other variables held constant) the financial effect would be as follows.

	£000
Increase in interest receivable on variable rate investments & cash equivalents	(241)
Impact on Surplus or Deficit on the Provision of Services	(241)
Decrease in Fair Value of fixed rate investment assets	0
Impact on Other Comprehensive Income and Expenditure	0
Decrease in Fair Value of fixed rate borrowing and other liabilities (no impact on the Comprehensive Income and Expenditure Statement)	4,713

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed.

Price risk - The Council, excluding the pension fund, does not invest in equity shares or marketable bonds.

Foreign exchange risk – The Council has no financial assets or liabilities denominated in foreign currencies.

35 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	1 April 2025 £000	Financing Cash Flows £000	Other Non- cash Changes £000	31 March 2026 £000
Long Term Borrowings	60,000	0	0	60,000
Short Term Borrowings	46,010	22,500	108	68,618
Lease Liabilities	9,780	(395)	586	9,971
PFI Liabilities	2,693	(423)	797	3,067
Total Liabilities from Financing Activities	118,483	21,682	1,491	141,656

NOTES TO THE CORE FINANCIAL STATEMENTS

	1 April 2024 £000	Financing Cash Flows £000	Other Non- cash Changes £000	31 March 2025 £000
Long Term Borrowings	60,000	0	0	60,000
Short Term Borrowings	44,597	800	613	46,010
Lease Liabilities	4,623	(342)	5,499	9,780
PFI Liabilities	3,062	(369)	0	2,693
Total Liabilities from Financing Activities	112,282	89	6,112	118,483

36 CONTINGENCIES

Contingent Liabilities

The Council gave a number of warranties to Silva Homes in connection with the transfer of the housing stock in February 2008. The most significant warranties related to:

- Uninsured asbestos claims for 35 years; and
- Environmental claims for which the Council has taken out insurance to limit its exposure.

The maximum exposure to these potential liabilities is estimated to be £2.2m.

37 POOLED BUDGETS

The following pooled budget arrangements and material investments in companies were in place during the financial year.

Pooled Budget: Better Care Fund

The Better Care Fund pooled budget was established on 1 April 2015 and incorporates the intermediate care pooled budget that existed in prior years. This new pooled budget aims to improve person-centred co-ordinated care through integration of Council and NHS services. The agreement is between Bracknell Forest Council and Frimley Integrated Care Board.

The Better Care Fund consists of a number of schemes, some of which are managed by the Council and some by the Integrated Care Board. The schemes include:

- Multi-disciplinary care teams, bringing together health and social care professionals to help individuals manage long term conditions.
- Integrated care teams to assist people transferring from hospital to home.
- A falls prevention advisory service, providing falls risk assessments and support in the community.

NOTES TO THE CORE FINANCIAL STATEMENTS

A summary of gross income and gross expenditure is provided below.

	Gross Expenditure	Gross Income	Bracknell Forest Council Contribution
	£000	£000	£000
Financial Year 2025/26	14,964¹	14,994	5,098
Financial Year 2024/25	15,458 ²	14,743	4,935

¹ The Council £12.399m and the Integrated Care Board £2.565m

² The Council £12.052m and the Integrated Care Board £3.406m

Pooled Budget: Community Equipment Services

A revised pooled budget for Community Equipment was established on 1 April 2012 under Section 75 of the NHS Act 2006. The arrangement exists between the six unitary authorities in Berkshire and the Integrated Care Boards covering the same geographical area. The pooled budget is administered by the lead authority West Berkshire Council.

The aim of the partnership is to improve the integration of health and social care community equipment services to meet the needs of users. A summary of income and expenditure is provided below.

	Gross Expenditure	Gross Income	Bracknell Forest Council Contribution
	£000	£000	£000
Financial year 2025/26	11,402	11,402	548
Financial year 2024/25	12,337	12,337	621

38 RELATED PARTY TRANSACTIONS

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

Central Government

Central government has effective control over the general operations of the Council – it is responsible for providing the statutory framework, within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grant receipts from government departments are included in the subjective analysis in Note 7 and the grant analysis in Note 10.

Joint Venture

The Council established a property joint venture with Countryside Properties UK (now part of the Vistry group), called the Bracknell Forest Cambium Partnership, in 2020. Its key objective is to help the town centre continue to thrive by providing new homes, commercial and retail

NOTES TO THE CORE FINANCIAL STATEMENTS

space. The Partnership is currently working on the redevelopment of the Coopers Hill site adjacent to Bracknell train station and land next to The Point on Market Street. Construction has completed at Coopers Hill with all but one of the homes for private sale having been purchased. The Council has made several loans to the partnership, details of which are included under Long Term Debtors in Note 21. Net Profits of the JV will be apportioned equally between the two members. As at the 31 March 2026 there is a net loss of which the Council's share is £0.141m.

Frimley Integrated Care Board

The Better Care Fund is a pooled budget based on an agreement between Bracknell Forest Council and Frimley Integrated Care Board. It consists of several schemes, some of which are managed by the Council and some by the Integrated Care Board. Further details of the arrangement are included under Note 37.

Members of the Council

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances and expenses paid is shown in Note 12. All Members were asked to complete a disclosure statement in respect of themselves and their family members/close relatives, detailing any material transactions with related parties. The declarations returned confirmed that no material related party transactions exist.

Officers of the Council

Officers of the Council have an ability to influence the Council's financial and operating policies. The Council's Employee Code of Practice requires employees to declare to their managers any interests that could potentially bring about conflict with the interests of the Council. These include financial or non-financial interests with Council contractors or outside commitments. A declaration was obtained from all first and second tier officers and particular officers whose responsibilities could be relevant. The declarations confirmed that no material related party transactions exist.

39 THIRD PARTY FUNDS

The Council administers a number of bank accounts on behalf of clients by acting as the appointee or deputy. The clients concerned can no longer manage their own affairs, usually because of mental incapacity or severe physical disability. As at 31st March 2026, the Council administered £2.00m within 86 bank accounts (£2.05m as at 31st March 2025). Additionally, as part of these responsibilities, two residential properties were under the Council's management. The assets are not owned by the Council and have not therefore been included in the financial statements.

40 PRIOR PERIOD ADJUSTMENTS

No prior period adjustments were required in 2025/26.

41 NON-ADJUSTING POST BALANCE SHEET EVENTS

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. The Statement of Accounts were authorised for issue by Stuart McKellar, the Executive Director: Resources, on 05 June 2026. There were no post balance sheet events.

THE COLLECTION FUND

Business Rates £000	2025/26 Council		Notes	2024/25 Council			
	Tax £000	Total £000		Business Rates £000	Tax £000	Total £000	
			Income				
	107,699	107,699	Council Tax Receivable	3	101,721	101,721	
61,978		61,978	Business Rates Receivable	2	58,786	58,786	
0		0	Transitional Protection Payments Receivable		515	515	
61,978	107,699	169,677	Total Income		59,301	161,022	
			Apportionment of Previous Year's Estimated (Surplus) / Deficit				
519		519	Central Government		3,797	3,797	
509	569	1,078	Bracknell Forest Council		3,721	(74)	3,647
10	27	37	Royal Berkshire Fire Authority		76	(4)	72
	90	90	Police and Crime Commissioner			(12)	(12)
1,038	686	1,724	Apportionment Total		7,594	(90)	7,504
			Expenditure				
			Precepts, Demands and Shares				
(31,216)		(31,216)	Central Government		(29,397)		(29,397)
(30,591)	(90,152)	(120,743)	Bracknell Forest Council		(28,809)	(84,515)	(113,324)
(624)	(4,358)	(4,982)	Royal Berkshire Fire Authority		(588)	(4,041)	(4,629)
	(14,302)	(14,302)	Police and Crime Commissioner			(13,382)	(13,382)
			Charges to Collection Fund				
(1)		(1)	Transitional Protection Payments Payable		0		0
0		0	Less: write offs / Add: write ons		(247)		(247)
(859)	(1,212)	(2,071)	Less: (Increase)/ Decrease in Allowance for Impairments		(1,128)	(466)	(1,594)
(991)		(991)	Less: (Increase)/ Decrease in Provision for Appeals		10,115		10,115
	170	170	Less: S13A Discretionary Reliefs			265	265
(131)		(131)	Less: Cost of Collection		(131)		(131)
(141)		(141)	Less: Interest charged to Collection Fund		(124)		(124)
(64,554)	(109,854)	(174,408)	Total Expenditure		(50,309)	(102,139)	(152,448)
(1,538)	(1,469)	(3,007)	Movement on the fund balance	4	16,586	(508)	16,078
4,330	(666)	3,664	Surplus/(Deficit) brought forward		(12,256)	(158)	(12,414)
2,792	(2,135)	657	Surplus/(Deficit) as at 31 March	4	4,330	(666)	3,664

NOTES TO THE COLLECTION FUND

1 Accounting Policy

These accounts reflect the statutory requirements for billing authorities to maintain a separate Collection Fund, which shows the transactions of the billing authority in relation to Business Rates (Non-Domestic Rates) and Council Tax and illustrates the way in which these have been distributed to preceptors, Central Government and the General Fund.

Accountancy guidance requires that the agency basis underlying the Collection Fund be reflected in the consolidation of the Collection Fund into the Statement of Accounts. The Council collects Council Tax precepts on behalf of Thames Valley Police and Crime Commissioner and the Royal Berkshire Fire Authority as well as itself and consequently not all transactions and balances relate wholly to the Council. Similarly, the Council also collects Business Rates on behalf of Central Government and the Royal Berkshire Fire Authority.

The practical effect is that in the Statement of Accounts the surplus/deficit on the Collection Fund is shared out in its entirety between the Council, its preceptors, and Central Government. The preceptors' and Central Government's shares will be carried as creditors/debtors, but the Council's share will be charged to its Comprehensive Income and Expenditure Statement. The difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by statute to be credited to the General Fund is taken to a reserve in the balance sheet called the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

For Council Tax, the amount credited to the General Fund under statute equals the Council's precept or demand for the year plus/less the Council's share of the surplus/deficit on the Council Tax element of the Collection Fund (as estimated at 15 January) for the previous year. For Business Rates it equals the Council's proportionate share of income (as estimated before the start of the year) plus/less the Council's share of the surplus/deficit on the Business Rates element of the Collection Fund (as estimated at 31 January) for the previous year plus the tariff and levy payments due for the year.

2 Income from Business Rates

The Council collects Business Rates for its area which is based on local rateable values multiplied by a Uniform Rate.

Total Business Rateable Value 31 March 2026	£136,457,060
	(£138,435,677 31 March 2025)

Rateable Values are externally assessed on a five yearly national basis by the Valuation Office.

Business Rate Multiplier - Standard	55.5p (54.6p 2024/25)
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Business Rate Multiplier - Small Business	51.9p (49.9p 2024/25)
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(A property with a rateable value which does not exceed £50,999)

3 Council Tax

The Council's tax base for 2025/26 was 50,488. This is the number of chargeable dwellings in each valuation band (adjusted for dwellings where discounts apply) converted to an equivalent number of band D dwellings.

NOTES TO THE COLLECTION FUND

This was calculated as follows:-

Band	Actual Number of Properties	Estimated Number of Taxable Properties after effect of discounts & exemptions	Ratio	Band D Equivalent Dwellings
A (Disabled)	0	2	5/9 ^{ths}	1
A	1,549	1,380	6/9 ^{ths}	920
B	5,462	4,756	7/9 ^{ths}	3,699
C	19,320	17,573	8/9 ^{ths}	15,620
D	10,313	9,651	9/9 ^{ths}	9,651
E	8,547	8,114	11/9 ^{ths}	9,917
F	5,385	5,196	13/9 ^{ths}	7,505
G	2,657	2,591	15/9 ^{ths}	4,318
H	295	280	18/9 ^{ths}	560
	53,528			52,191
			Less allowance for losses on collection	(235)
			Less allowance for Council Tax Reduction Scheme	(2,431)
			Add contributions in lieu from the Ministry of Defence	268
			Add allowance for new properties	695
			Council Tax Base	50,488

4 Collection Fund Surplus / Deficit

A deficit of £3.007m has been achieved on the Collection Fund, broken down into a £1.469m deficit on Council Tax (a £0.508m deficit in 2024/25) and a £1.538m deficit on Business Rates (a £16.586m surplus in 2024/25). The balance of the Fund carried forward is a £0.657m surplus.

Share of Surplus / (Deficit)	Opening Balance £000	Council Tax £000	Business Rates £000	Closing Balance £000
Bracknell Forest Council	1,570	(1,216)	(753)	(399)
Central Government	2,165	0	(769)	1,396
Police & Crime Commissioner	(88)	(194)	0	(282)
Royal Berkshire Fire Authority	17	(59)	(16)	(58)
Total	3,664	(1,469)	(1,538)	657

GLOSSARY

ACCRUALS

The concept that income and expenditure are recognised when goods or services are provided, and not when cash is transferred.

ACTUARIAL GAINS AND LOSSES

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

- a) events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses) or
- b) the actuarial assumptions have changed.

AMORTISATION

A charge to revenue to reflect the consumption or use of an intangible asset over its useful economic life. There is a corresponding reduction in the value of the asset.

ASSET

An item having value in monetary terms. Assets are defined as current or non-current.

- A current asset will be consumed or cease to have value within the next financial year, e.g. stock and debtors.
- A non-current asset provides benefits to the Council and to the services that it provides for a period of greater than one year.

BUDGET

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

BUSINESS RATES TARIFF

Central government calculates a funding level for every council each financial year. Should a council expect to receive more in non-domestic rates than its funding level then a tariff payment is made to Central Government.

BUSINESS RATES LEVY

Levies are charges on councils that experience "growth" and pay a tariff. "Growth" for levy purposes occurs when a council's Business Rates revenue increases faster than its funding level (which will increase with RPI). The levy limits the percentage increase in funding for a council so that it is no more than the percentage increase in Business Rates.

CAPITAL CHARGE

A notional charge to service revenue accounts to reflect the cost of non-current assets used in the provision of services. The main elements are depreciation, amortisation and the revenue impact of downward revaluations.

CAPITAL EXPENDITURE

Expenditure on the acquisition, creation or enhancement of a non-current asset which will be used beyond the current accounting period.

CAPITAL FINANCING REQUIREMENT

This represents the Council's underlying need to borrow for capital purposes. The capital financing requirement will increase whenever capital expenditure is incurred and not resourced immediately from usable capital receipts, capital grants/contributions or revenue funding.

CAPITAL RECEIPTS

The proceeds from the disposal of non-current assets.

GLOSSARY

COMMUNITY ASSETS

Assets that the Council intends to hold in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal. Parks are examples of community assets.

COMMUNITY INFRASTRUCTURE LEVY

A levy charged on most new developments in the Borough with appropriate planning consent, which will be spent on infrastructure (such as transport, schools and social care facilities).

CONSISTENCY

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

CONSUMER PRICE INDEX (CPI)

A measure of inflation published monthly by the Office for National Statistics that measures the change in the cost of a basket of retail goods and services. Unlike the Retail Price Index (RPI), the CPI takes the geometric mean of prices to aggregate items at the lowest levels, instead of the arithmetic mean and excludes mortgage interest payments.

CONTINGENT RENT

Contingent rent is the difference between the original rent and the revised rent following a rent review.

CONTINGENCY

A condition which exists at the balance sheet date, where the outcome will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events. There can be Contingent Liabilities for uncertain items of expenditure and Contingent Assets for uncertain items of income.

CREDITOR

Amounts owed by the Council to an individual or company at the end of the accounting period.

CURRENT SERVICE COST (PENSIONS)

The increase in the present value of defined benefit pension scheme liabilities expected to arise from employee service in the current period.

CURRENT VALUE

The Current Value of Property, Plant and Equipment used to support service delivery will be based on existing use where there is an active market or Depreciated Replacement Cost where assets are specialised or rarely sold (for example a school).

CURTAILMENT

A curtailment happens when a council significantly reduces the number of employees covered by a defined benefit pension plan and may arise as a result of an isolated event such as the closing of a part of a council, discontinuance of an operation or termination or suspension of a plan.

DEBTOR

Amounts owed to the Council by an individual or company at the end of the accounting period.

DEFINED BENEFIT SCHEME

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

GLOSSARY

DEFINED CONTRIBUTION SCHEME

A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

DEPRECIATION

A charge to revenue to reflect the consumption of a property, plant or equipment asset over its useful economic life. There is a corresponding reduction in the value of the asset.

DEPRECIATED REPLACEMENT COST

The current cost of replacing an asset, based on a modern equivalent asset less deductions for physical deterioration.

DISCRETIONARY BENEFITS

Retirement benefits which the employer has no legal, contractual or constructive obligation to award and which are awarded under the Council's discretionary powers, such as The Local Government (Discretionary Payments) Regulations 1996, the Local Government (Discretionary Payments and Injury Benefits)(Scotland) Regulations 1998, or The Local Government (Discretionary Payments) Regulations (Northern Ireland) 2001.

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.

FAIR VALUE

The Fair Value of an asset is the amount for which it could be exchanged between knowledgeable, willing parties in an arms length transaction.

FINANCIAL INSTRUMENTS

Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term financial instrument covers both financial assets and financial liabilities.

FINANCE LEASE

A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

GOVERNMENT GRANTS

Assistance by Government and inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to a Council in return for past or future compliance with certain conditions relating to the activities of the Council.

HERITAGE ASSETS

Heritage Assets are assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations.

IMPAIRMENT OF ASSETS

Impairment is caused by the consumption of economic benefits e.g. physical damage to an asset, a fall in prices specific to an asset or bad debt and requires the value of an asset to be adjusted downwards.

INFRASTRUCTURE ASSETS

Assets that are recoverable only by continued use of the asset created. Examples of infrastructure assets are highways and footpaths.

GLOSSARY

INTANGIBLE FIXED ASSETS

Intangible fixed assets are defined as non-financial assets that do not have physical substance but are identifiable and controlled by the entity through custody or legal right. Examples are: scientific or technical knowledge in order to produce new or improved materials, copyright, intellectual property rights and computer software licences.

INVENTORIES

The amount of unused or unconsumed materials and supplies held in expectation of future use. When use will not arise until a later period, it is appropriate to carry forward the amount to be matched to the use or consumption when it arises. Inventories comprise the following categories:

- goods or other assets purchased for resale;
- consumable stores;
- raw materials and components purchased for incorporation into products for sale; and
- finished goods.

INVESTMENT PROPERTY

Investment Property comprises land and buildings held solely to earn rentals and/or for capital appreciation.

INVESTMENTS (NON-PENSIONS FUND)

A long term investment is an investment that is intended to be held for use on a continuing basis in the activities of the Council. Investments should be so classified only where an intention to hold the investment for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment.

Investments, other than those in relation to the pensions fund, that do not meet the above criteria should be classified as current assets.

INVESTMENTS (PENSIONS FUND)

The investments of the Pensions Fund will be accounted for in the statements of that Fund. However authorities are also required to disclose the attributable share of pension scheme assets associated with their underlying obligations.

LARGE SCALE VOLUNTARY TRANSFER (LSVT)

The voluntary transfer of public sector housing to other bodies, usually to a Registered Social Landlord.

MARKET VALUE

The estimated amount for which a property should exchange on the date of valuation between knowledgeable willing parties in an arm's-length transaction based on its highest and best use.

MINIMUM REVENUE PROVISION (MRP)

The statutory minimum amount which is charged to revenue to provide for the repayment of debt.

NET BOOK VALUE

The amount at which fixed assets are included in the balance sheet, i.e. their historical cost or Current Value less the cumulative amounts provided for depreciation and any impairments.

GLOSSARY

NET INTEREST COST ON THE NET DEFINED BENEFIT PENSION LIABILITY

For a defined benefit scheme, the change in the net liability during the period because the benefits are one period closer to settlement.

NON DISTRIBUTED COSTS

These are overheads for which no user benefits and should not be apportioned to services.

OPERATING LEASES

A lease where the risks and rewards of ownership of the asset remains with the lessor.

PAST SERVICE COST

For a defined benefit scheme, the change 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 changes to, retirement benefits or a curtailment.

PENSIONS / IAS 19

The requirements of International Accounting Standard 19 “Employee Benefits” is based on a simple principle – that an organisation should account for retirement benefits when it is committed to give them, even if the actual giving will be many years into the future. The important accounting distinction for pension schemes is whether they are “defined contribution” or “defined benefit”.

PRIVATE FINANCE INITIATIVE (PFI)

A Central Government initiative which aims to increase the level of funding available for public services by attracting private sources of finance.

POST BALANCE SHEET EVENTS

Events that occur between the balance sheet date and the date when the Statement of Accounts is authorised for issue.

PRIOR PERIOD ADJUSTMENT

A prior period adjustment is the material adjustment applicable to prior year figures arising from changes in accounting policies or from the correction of material errors. They do not include normal recurring correction or adjustments to accounting estimates made in prior years.

PROJECTED UNIT METHOD

An assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, and projections of projected earnings for current employees.

PRUDENCE

The concept that revenue is not anticipated but is recognised only when realised in the form either of cash or of other assets the ultimate cash realisation of which can be assessed with reasonable certainty.

RELATED PARTIES

Two or more parties are related parties when at any time during the financial period:

- one party has direct or indirect control of the other party; or
- the parties are subject to common control from the same sources; or
- one party has influence over the financial and operational policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interest; or

GLOSSARY

- the parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interests.

REMEASUREMENTS OF THE NET DEFINED BENEFIT PENSION LIABILITY

Comprised of actuarial gains and losses and any return on plan assets not already included in the net interest calculation.

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. Retirement benefits do not include termination benefits payable as a result of either (i) an employer's decision to terminate an employee's employment before the normal retirement date or (ii) an employee's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees.

REVALUATION DECREASE

A downward movement in the current or Fair Value of an asset resulting from a general fall in prices at the time of valuation.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

Expenditure which may properly be deferred, but which does not result in, or remain matched with a long term asset and is written out to revenue in the year it is incurred, e.g. home improvement grants.

SCHEME LIABILITIES

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

SECTION 106

Monies received from developers under section 106 of the Town & Country Planning Act 1990, as a contribution towards the cost of providing facilities and infrastructure which may be required as a result of their development.

SERVICE REPORTING CODE OF PRACTICE FOR LOCAL AUTHORITIES (SeRCOP)

The code contains a standard definition of services and total cost to ensure consistency between local authorities for reporting and comparison purposes.

SUBSIDIARY

An entity controlled by the Council.

USEFUL LIFE

The period over which the Council will derive benefits from the use of a non-current asset.

VESTED RIGHTS

In relation to a defined benefit pension scheme, these are:

- a) for active members, benefits to which they would unconditionally be entitled on leaving the scheme;
- b) for deferred pensioners, their preserved benefits;
- c) for pensioners, pensions to which they are entitled.

Vested rights include where appropriate the related benefits for spouses or other dependants.

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