

Resources & Chief Executive's

Variance	Explanation
£'000	
-295	<p>Operations Unit</p> <p>The Home-to-School transport contracts were retendered in September 2016 and a higher level of savings have been achieved than were anticipated. This coupled with a much more rigorous interpretation of the SEN Transport Policy by the SEN team resulting in transport not being offered to children under statutory school age and requests for distances to be measured to ensure that those students who are able to walk do so if they live under statutory walking distances has created the significant underspend.</p> <p>Additional income was also achieved on vehicle hire and we had an under spend on operating lease charges due to the reduction in the fleet. This also created a reduction in fuel consumption and so a further underspend was achieved.</p>
-85	<p>Legal</p> <p>Additional income in excess of the budget has been received as follows: Legal Fees income (£0.060m) and S106 Legal Fee Income (£0.014m). Of the Legal Fee additional income, £0.022m relates to Downshire Homes Ltd.</p>
-60	<p>Unified Training</p> <p>We have been unable to complete the agreed Council wide leadership development programme (coaching and mentoring as well as change management) this year due to not having the OD Manager in place to secure the provider and progress this work, as such an underspend across the section was achieved. In addition to this there are underspends on training within Adult Social Care.</p>
-82	<p>Finance</p> <p>There are various underspends across the department, with the significant ones to be reported as follows: Internal Audit (£0.040m) due to slippage in audit day, additional income received from Downshire Homes (£0.012m) and an under spend on Community Right to Challenge (£0.009m).</p>
132	<p>Industrial and Commercial Property</p> <p>An over spend on costs at Waterside Park occurred which resulted in a net overspend of £0.124m across the site. In addition to this the bad debt provision was increased at year end in relation to Commercial Property (£0.069m). Income in excess of budget was also achieved at Longshot Lane and across the Neighbourhood Shops portfolio.</p>
-62	<p>Construction & Maintenance</p> <p>There is an under spend to report on consultants fees within the energy section (£0.013m), and a further £0.053m on consultants fees and other fees for bought in services within surveyors.</p>

Children, Young People & Learning

Variance	Explanation
£'000	
-135	Director The posts of Chief Officer: Learning and Achievement and Chief Officer: Strategy, Resources and early Help have been vacant for most of the year and covered by the Director. Whilst additional back-fill arrangements have been put in place, these have been at a lower cost than the substantive posts.
-171	Chief Officer: Learning & Achievement The main areas of variance relate to: a £0.143m under spending on employee costs at the Education Centre, the Education Welfare Service, Education Psychology and Special Educational Needs due to staff turnover; and an over-achievement of income of £0.054m, mainly through additional lettings and courses at the Bracknell Open Learning Centre.
801	Children & Families: Social Care There were four significant over spends, all of which are a consequence of an increase in the number of children being looked after, where 125 high cost care packages were required compared to 89 provided for in the budget. Whilst additional funding was allocated in-year from the contingency, this was £0.530m below the cost of care and accommodation. Linked to this was the need for a greater use of the Childcare Solicitor service (operated by RBC at a Berkshire Joint Arrangement) with an increase in the number of court proceedings resulting in the service over spending by £0.4m. The increase in court cases also contributed to additional Special Guardianship Orders (SGO) where an over spending of £0.073m occurred. These orders, made under the Children Act 1989 are intended for those children who cannot live with their birth parents and who would benefit from a legally secure placement with his or her extended family. Finally, there was an over spending of £0.136m on staffing. The remaining significant variances were all under spends and in respect of; -£0.040m at Larchwood Respite Home, mainly as a result of additional income; -£0.054m on direct payments to young people as fewer clients took this option; -£0.123m on adoption services as a result of provisions set aside for anticipated costs from prior years that are not now expected to materialise, and -£0.047m on care leavers maintenance grants were relatively low numbers of requests for support have been received.
-311	Strategy, Resources and Early Intervention There have been a wide number of variances across the full range of services. Employee costs have under spent by £0.053m, which comprises over spends of £0.099m, mostly on external temporary appointments in specialist services, with £0.152m of under spends from normal staff turnover, including in the posts covered by external providers. There have also been numerous variances on other budgets, with £0.112m additional income earned from schools, academies and external organisations, an under spending of £0.118m on general revenue costs, including premises and supplies and services, a saving of £0.030m on pension recharges for former staff, a £0.023m reduction in provision for doubtful and bad debts, with £0.034m additional spend on fees to external providers..

Adult Social Care, Health and Housing

Variance £'000	Explanation
745	<p>Community Mental Health Team Older Adults On externally commissioned Adult Social Care there was an over spend on residential and nursing care (£0.635m) and community services (£0.011m). This service includes clients with dementia and the pressure on supply in the first half of the year was a significant factor. The new block contract with Astbury Manor care home has helped manage this pressure.</p> <p>Staff budgets are overspent (£0.199m) due to pressures from the use of agency staff. The use of agency is mainly due to vacant posts are not filled, but also an element of backfill for work on transformation.</p> <p>Finally, a proportion of the improved Better Care Fund grant announced in the Spring budget has been allocated here (-£0.100m).</p>
622	<p>Adult Community Team On externally commissioned Adult Social Care there was an over spend on residential and nursing care (£0.456m) and community services (£0.276m). The pressure on residential prices referred to above is also applicable here.</p> <p>There has been an under spend on care management costs (-£0.096m) mainly due to funding received from the Better Care Fund for end of life care. There has also been an under spend on the training budget (-£0.014m).</p>
-316	<p>Equipment Funding of £0.430m was secured from the Better Care Fund. Total expenditure on community equipment (which is mostly sourced from the Berkshire Equipment Store) was £0.472m so without the additional funding there would have been an over spend against budget of £0.114m.</p>
-313	<p>Housing Options Underspend on Council owned properties and those leased from a private landlord for homeless clients (-£0.257m). This is mainly due to rental income being more than budget (this has been built into the 18/19 budget as a saving) and also lower repairs and maintenance costs.</p> <p>There has also been an under spend on Bed & Breakfast costs (-£0.036m) facilitated by the supply of homeless properties from Downshire Homes Ltd. There has also been an under spend on staff costs (-£0.038m) due to vacant posts.</p>
-312	<p>Housing Benefit Payments & Administration The surplus is mainly due to the excess of the Flexible Homeless Grant over the loss in subsidy that the grant was to cover (-£0.185m). The remaining surplus is due to housing benefit overpayments caused by claimant error whereby the Council receives up to £1.4 for each £1 of overpayment identified (£0.4 in subsidy, the remaining £1 through collection of the debt).</p>
310	<p>Community Team for People with Learning Disabilities On externally commissioned Adult Social Care there was an over spend on residential and nursing care (£0.258m) and community services (£0.250m).</p> <p>There was an under spend on staff costs primarily due to vacant posts not filled</p>

Variance	Explanation
£'000	
	(-£0.073m). In addition, there was a underspend on the Learning Disability Development Fund (a budget used for ad hoc services and grants -£0.045m), the employment service (-£0.018m), and advocacy costs that were funded from Care Act money within the Better Care Fund (-£0.062m)
-310	Joint Commissioning Underspend on the grants and donations budget (-£0.193m) partly due to reductions in grants given to external bodies in order to move to contractual arrangements, and also funding from the Better Care Fund for carers service costs. An element of this underspend has been built into the 2018/19 budget as a saving. In addition, there has been savings on the new healthwatch contract (-£0.064m) and savings on staff costs in the Commissioning Team due to vacant posts (-£0.053m).
-204	Community Mental Health Team On externally commissioned Adult Social Care there was an under spend on residential and nursing care (-£0.027m) and community services (-£0.021m). There has been an over spend on staff costs (£0.072m) and an under spend on non-staff costs primarily due to rent budget not used (-£0.037m). This latter has been built into the 18/19 budget as a saving. In addition, the Community Network mental health service which is provided in house is proving cheaper than the previous service provided by Rethink (-£0.091m). Finally, a proportion of the improved Better Care Fund grant announced in the Spring budget has been allocated here (-£0.100m).
186	Forestcare Overspend against staff budgets mainly due to there being no budget for the registered manager who was funded from the Better Care Fund in prior years, plus additional staff recruited as a result of new contracts won (£0.114m). There was an overspend on non-staff operational costs (£0.058m) which was due to a variety of factors, including costs for Waterside Park, CQC registration and specialist HR advice. There was an over spend against equipment budgets (£0.014m).
-114	Waymead Additional client income mainly due to backdated Continuing Health Care funding from the NHS (-£61k). There was also an under spend on staff costs due to vacant posts not filled (-£39k) and non-staff costs (-£14k).
-81	Safeguarding The underspend is due to funding secured from the Better Care Fund to meet the requirements of the Care Act. Specifically, these funds have been used to meet the costs of providing Deprivation of Liberty Safeguarding costs.
-75	Housing Strategy The under spend is due to income from the Help to Buy a Home shared equity scheme (-£0.056m), savings on staff costs due to posts being held vacant during the year (-£0.022m), and non-staff energy management costs (-£0.009m). This is offset by reduced income from the Disabled Facilities Grant (£0.009m) due to a lower number of completions than anticipated, though this is expected to be made up in

Outturn 2017/18 – Significant Variances

Annexe A

Variance	Explanation
£'000	
	2018/19.
-64	Finance The under spend is mainly due to income from appointee clients for which there is no budget (-£0.044m). In addition, there is an under spend on staff costs from vacant posts.

Environment, Culture & Communities

Variance	Explanation
£'000	
389	Coral Reef The Coral Reef project meant the facility was closed during part of 2017/18. It was determined by the Borough Treasurer that no adjustments were to be made to the budget on the understanding that any resultant pressures, due to the loss of income, would be met from either contingency or Departmental underspends. It was decided by CMT that the Department would offset this against underspends.
-90	The Look Out The number of visitors to the centre has been greater than anticipated; this has resulted in net additional income of £0.090m above the budgeted sum. A large portion of this income, £0.059m, was from the catering function.
225	Bracknell Leisure Centre Following the transfer of management of the facility, the stocks held were revalued at transfer, with independent valuations concluded the amounts to transfer were lower than held within the accounts of the Council. In addition the income received by the Council which related to the 1st March onwards and was therefore due to the operator was higher than the profiled budget.
400	Highways Maintenance Electricity budgets for the year were reduced to reflect the anticipated saving from the LED capital project. However the procurement process took longer than envisaged and therefore the projected savings have not been fully realised in this financial year.
-638	Waste Management The annual cost of the waste PFI contract shows a saving for Bracknell of £0.549m. Waste volumes have been lower than anticipated at the Recycling Centres. A major factor in this outcome has been the non-resident access restrictions at the household waste recycling centre. In addition the income from Brown Bins has exceeded budget by £0.079m due to changes in fees, the budgets in 2018/19 have been amended to reflect the changes. Finally waste collection and recycling were underspent by £0.010m with regards to contracted costs.
-232	Concessionary Fares There has been a decline in trip rates over the past few years and this has continued into this financial year despite the opening of the town centre.
-41	Easthampstead Cemetery & Crematorium Income of £0.041m is anticipated in excess of budget, £0.036m of this income is due to the Manager agreeing the sale of crematorium credits which were not required by the Crematorium to another Authority.
85	Easthampstead Park Conference Centre Income from both weddings and bereavements is down, resulting in an income shortfall of £0.259m. This partially offset by a reduction in expenditure of £0.174m.

Variance	Explanation
£'000	
-137	Transport Policy, Planning & Strategy The income received for NRSWA penalties exceeded budget by £0.072m, in addition income from the streetworks permit scheme has exceeded the budget by £0.050m and monitoring streetworks £0.015m.
-50	Departmental Staffing Budget There have been a number of posts which remained vacant for longer than anticipated, which has resulted in a saving on the DSB for the year of £0.050m.
-142	On/Off Street Parking The opening of the new retail quarter has certainly resulted in more car park demand but that brings with it additional maintenance and running costs. A net surplus of £0.233m was generated in this financial year. This is however reduced due to the costs of running the residents parking scheme (which is budgeted to break even) exceeding the income generated resulting in an over spend of £0.056m. Finally the fines and penalties received from decriminalised parking enforcement were a net £0.035m below the income budget.
-80	Environmental Services There is an under spend on external reactive grounds maintenance costs of £0.047m due to reduced demand. The amount reported has however been reduced by £0.005m to reflect a pressure on the income budget. In addition, a review of expenditure has resulted in an in year underspend against the non programmed amenity maintenance services budget of £0.038m.
-59	Building Control Income during the year has been greater than that budgeted for, and the need to use consultants for additional specialist advice has not been as great as estimated. The net effect of this is a surplus of £0.059m.
228	Development Control Income budgets were not achieved during the year, resulting in an over spend of £0.062m. This represents 6% of the £0.958m income budget. In addition there has been an over spend on legal and consultancy costs of £0.166m which is due in the main to the Foxley Oaks appeal.
-61	Community Infrastructure Levy A sum equivalent to 5% of CIL monies received can be used to cover administrative costs in relation to this scheme, the income budget of £0.152m has been exceeded by £0.061m in the year.
-43	Land Charges The chargeable element of the Land Charges account made a deficit of £0.042m after taking into account corporate and departmental recharges in 2017/18. The transfer from reserve created an under spend as it will also cover non-cash charges.
107	Parks, Open Spaces and Countryside The income received from Surrey Heath for SANGS capacity at Shepherds Meadow was £0.163m below the income target. In order to mitigate some of this a review of budgets identified £0.056m worth of budgets across various sites which can be saved in year and therefore reduce the overall pressure.

Non Departmental Budgets/Earmarked Reserves

Variance	Explanation
£'000	
-1,850	Interest Higher cash balances have been sustained throughout the year resulting in lower borrowing and therefore interest payable plus additional interest received from paying all 2017/18 employers and employees pension fund contributions, in full, in advance.
-686	Minimum Revenue Provision (MRP) Higher than forecast capital receipts in 2016/17 and significant capital carry forwards into 2017/18 have all helped to create an under spend against the Minimum Revenue Provision.
-277	Revenue Contributions to Capital The associated capital expenditure has now been financed from internal borrowing to spread the cost impact on revenue. The budget is therefore no longer required and an under spend can be declared.
-47	Financial Adjustments This primarily relates to a decrease in write-offs and the bad debt provision for Council Wide debts.
-364	Corporate Wide Items Primarily relating to the purchase of commercial properties which has progressed more rapidly than originally anticipated allowing additional net savings to be generated when compared to the original budget of £1m.
452	Business Rates Income The amount of relief provided to businesses was more than originally forecast which in turn has resulted in additional Section 31 grant (-£0.011m). Overall rates income was greater than forecast which has increased the levy payable by the Council (£0.463m).
-452	Future Funding Reserve The transfer to the reserve has been reduced to reflect the impact of the over spend on the Business Rates levy and additional Section 31 Grant.
3,240	Earmarked Reserves Transfers into the Transformation (£2.000m), Town Centre (£0.590m) and Structural Changes Reserves (£1.500m), primarily to fund the Council's transformation programme and any resulting staffing implications. The creation of new reserve for the London Rd Feasibility Study (£0.050m). These changes have been partly funded by withdrawals from the Demographic Pressures and Projects (-£0.083m), Members Initiatives (-£0.080m) and Revenue Grants Unapplied Reserves (-£0.737m).

TREASURY MANAGEMENT ANNUAL REPORT 2017/18

1 INTRODUCTION

1.1 The annual treasury report is a requirement of the Council's reporting procedures and covers the treasury activity during 2017/18. The report meets the requirements of both the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities. The Council is required to comply with both Codes through regulations issued under the Local Government Act 2003.

1.2 The report covers

- ◆ The current treasury position
- ◆ Capital Expenditure and Financing 2017/18
- ◆ The Strategy for 2017/18
- ◆ The Economy in 2017/18
- ◆ The investment and borrowing outturn for 2017/18
- ◆ Compliance with Treasury Limits

2 SUPPORTING INFORMATION

Current Treasury Position

2.1 At the end of the financial year net borrowing stood at £83.006m with the overall treasury position as follows

Table 1 – Treasury Position 31/03/18				
Treasury Position	At 31 March 2018		At 31 March 2017	
	Principal	Average Rate	Principal	Average Rate
Fixed Interest Borrowing	£100.000m	2.32%	£25.000m	2.10%
Variable Interest Borrowing	£0.000m	0.68%	£0.000m	0.00%
Total Borrowing	£100.000m	1.83%	£25.000m	2.10%
Fixed Interest Investments	£0.000m	0.00%	£0.000m	0.00%
Variable Interest Investments	£16.994m	0.29%	£19.867m	0.25%
Total Investments	£16.994m	0.29%	£19.867m	0.25%
Net borrowing position	£83.006m		£5.133m	

Capital Expenditure and Financing

- 2.2 The Council undertakes capital expenditure on long term assets. These activities may either be funded immediately through capital receipts or capital grants or contributions, or if insufficient financing is available financed through borrowing. The actual capital expenditure forms one of the required prudential indicators and the table below shows how this was financed in 2017/18. The Council's underlying need to borrow is called the Capital Financing Requirement (CFR). The CFR is simply the total outstanding capital expenditure which has not yet been paid for from either revenue or capital resources, and is shown below in Table 2.

<i>Table 2 Financing of Capital Programme 2017/18</i>	
	£'000
Expenditure	
Capital Programme	103,807
Financed by	
Capital Receipts	7,872
Community Infrastructure Levy	8,217
Government Grants/Contributions	14,014
S106 Contributions	1,236
Capital Financing Requirement	72,468
Total	103,807

The Strategy for 2017/18

- 2.3 The expectation for interest rates within the treasury management strategy for 2017/18 anticipated low and steady rates throughout the year. The backdrop of Brexit was expected to restrain any interest rate movements to the upside. Variable, or short-term rates, were expected to be the cheaper form of borrowing over the period however given the long-term borrowing need faced by the Council due in part to the Commercial Property Investment Strategy it would be necessary to undertake long-terms loans.
- 2.4 Borrowing was to be undertaken using a mix of maturities so that a balanced portfolio of debt is achieved – borrowing at a variety of durations so as to minimise the cost to the Council. Short-term maturities was to be used to manage the immediate needs of the Council's cash positions and longer term borrowing undertaken to support the requirements of the capital programme.

The Economy in 2017/18

- 2.5 During the calendar year of 2017, there was a major shift in expectations in financial markets in terms of how soon Bank Rate would start on a rising trend. After the UK economy surprised on the upside with strong growth in the second half of 2016, growth in 2017 was disappointingly weak in the first half of the year which meant that growth was the slowest for the first half of any year since 2012. The main reason for this was the sharp increase in inflation caused by the devaluation of sterling after the EU referendum, feeding increases into the cost of imports into the economy. This caused a reduction in consumer disposable income and spending power as inflation exceeded average wage increases. Consequently, the services sector of the economy, accounting for around 75% of GDP, saw weak growth as

consumers responded by cutting back on their expenditure. However, growth did pick up modestly in the second half of 2017. Consequently, market expectations during the autumn rose significantly that the MPC would be heading in the direction of imminently raising Bank Rate. The 2 November MPC quarterly Inflation Report meeting duly delivered by raising Bank Rate from 0.25% to 0.50%.

- 2.6 PWLB borrowing rates increased correspondingly to the above developments with the shorter term rates increasing more sharply than longer term rates. In addition, UK gilts have moved in a relatively narrow band this year, (within 25 bps for much of the year), compared to US treasuries. During the second half of the year, there was a noticeable trend in treasury yields being on a rising trend with the Fed raising rates by 0.25% in June, December and March, making six increases in all from the floor. The effect of these three increases was greater in shorter terms around 5 year, rather than longer term yields.

Investment Outturn

- 2.7 Investments rates for 3 months and longer have been on a rising trend during the second half of the year in the expectation of Bank Rate increasing from its floor of 0.25%, and reached a peak at the end of March. Bank Rate was duly raised from 0.25% to 0.50% in November 2017 and remained at that level for the rest of the year. However given the net borrowing position of the Council investments are managed through the use of AAA Money Market Funds offering immediate liquidity and the highest security whilst offering a yield equivalent to 7-day rates. The average rate on investments was 0.29% on an average balance of £14.2m, representing a 8 basis points out-performance on the 7-Day LIBID benchmark (0.21%).

Borrowing Outturn

- 2.8 The following loans were entered into during the year.

<i>Table 3 – Borrowing undertaken in year</i>				
Lender	Principal	Type	Interest Rate	Maturity
PWLB	£10m	Fixed	2.42%	31/03/2063
PWLB	£10m	Fixed	2.41%	31/03/2064
PWLB	£20m	Fixed	1.85%	21/11/2024
PWLB	£10m	Fixed	2.50%	21/11/2062
Middlesbrough	£5m	Fixed	0.23%	15/06/2017
Middlesbrough	£5m	Fixed	0.30%	21/09/2017
GLA	£10m	Fixed	0.70%	19/12/2017
Derby	£5m	Fixed	0.60%	15/01/2018
Leicester	£5m	Fixed	0.75%	12/03/2018
Hereford	£5m	Fixed	0.67%	27/02/2018
Swansea	£5m	Fixed	0.67%	19/02/2018

Net Treasury Outturn

- 2.9 The Council budget for net borrowing costs of £2.2m – reflecting the borrowing costs for the Council's Commercial Property Investment Strategy and the impact of the significant Capital Programme in 2016/17 and 2017/18 (namely the Coral Reef Refurb and Binfield Learning Village). In order to minimise costs, internally

generated cash flows were used before borrowing which resulted in lower borrowing costs than envisaged. Furthermore higher than anticipated cash balances at the beginning of the year enabled the Council to pre-pay pension contributions enabling the Council to once again take benefit from the discount offered by the Pension Authority. This generated additional savings of £300k. The Council also formalised the loan with Downshire Homes Limited (DHL) – moving from the previously agreed 1-Year rate to a longer term 25-Year rate that provided DHL and the Council with greater certainty. This had not been previously built into the original budget and added another £250k of income. Finally as a result of higher than anticipated capital income (particularly CIL) and a more elongated cash-outflow on the major capital schemes, the level of borrowing is below that estimated in the budget. Taken together with maximising the use of grants and other internal cash flow the actual level of borrowing costs in 2017/18 was £1.1m less than anticipated. However this will likely be a one-off saving as the expenditure approved in the Capital Programme will be incurred and borrowing to meet this will be required in future months and years.

Table 4 – Investment Income

	Budget £'000	Actual £'000
Investment Income		
Gross Interest Received	-5	-41
Other Interest Received	-147	-777
Total Interest	-152	-818
Expenditure		
Interest Payments - Other	2,290	1,167
Fees & Charges	70	130
Total Expenditure	2,360	1,297
Net Interest	2,208	479

Fees and Charges include costs related to finance charges, software licences and professional support and advice.

Compliance with Treasury Limits

- 2.10 During the financial year the Council operated within the treasury limits and Prudential Indicators set out in the Council's Treasury Policy Statement and annual Treasury Strategy Statement.
- 2.11 The Council's underlying need to borrow is called the Capital Financing Requirement (CFR) and is set out in Table 5. The CFR is simply the total outstanding capital expenditure which has not yet been paid for from either revenue or capital resources This includes PFI and finance lease schemes on the balance sheet, which increases the Council's borrowing need however no borrowing is actually required against these schemes as a borrowing facility is included in the contract.

<i>Table 5 – Capital Financing Requirement</i>	
	31 March 2018 Actual Indicator (£m)
Opening balance	111.708
Net financing need for CFR purposes	75.618
Less MRP/VRP and other financing movements	-1.205
Closing balance	186.121

2.12 The outturn for the remaining Prudential Indicators are as follows

THE PRUDENTIAL CODE FOR CAPITAL FINANCE FOR LOCAL AUTHORITIES

No.	AFFORDABILITY INDICATORS	2017/18 Out-turn
No.	CAPITAL EXPENDITURE INDICATORS	
3	Gross Capital Expenditure	£'000
(a)	General Fund	£103,807
No.	EXTERNAL DEBT INDICATORS	2017/18 Out-turn
5	Authorised limit for external debt -	£'000
(a)	Borrowing	180,000
(b)	Other long term liabilities	16,000
(c)	TOTAL	196,000
6	Operational boundary -	£'000
(a)	Borrowing	169,000
(b)	Other long term liabilities	16,000
(c)	TOTAL	185,000

The Council's treasury management activities are regulated by a variety of professional codes and statutes and guidance:

- The Local Government Act 2003 (the Act), which provides the powers to borrow and invest as well as providing controls and limits on this activity;
- The Act permits the Secretary of State to set limits either on the Council or nationally on all local authorities restricting the amount of borrowing which may be undertaken ;
- Statutory Instrument (SI) 3146 2003, as amended, develops the controls and powers within the Act. The SI requires the Council to undertake any

borrowing activity with regard to the CIPFA Prudential Code for Capital Finance in Local Authorities;

- The SI also requires the Council to operate the overall treasury function with regard to the CIPFA Code of Practice for Treasury Management in the Public Services;
- Under the Act the CLG has issued Investment Guidance to structure and regulate the Council's investment activities.
- Under section 238(2) of the Local Government and Public Involvement in Health Act 2007 the Secretary of State has taken powers to issue guidance on accounting practices. Guidance on Minimum Revenue Provision was issued under this section on 8th November 2007.

The Council has complied with all of the above relevant statutory and regulatory requirements which require the Council to identify and, where possible, quantify the levels of risk associated with its treasury management activities. In particular its adoption and implementation of both the Prudential Code and the Code of Practice for Treasury Management means both that its capital expenditure is prudent, affordable and sustainable, and its treasury practices demonstrate a low risk approach.

RESOURCES / CX OFFICE

Carry Forwards to 2018/19

Total	Explanation
£'000	
17	Finance Due to all the CWSS changes the maintenance of the C-Series application was not completed in this financial year and has slipped into next year (£0.010m). Insurance valuations (£0.007m) that were due to take place in March have now slipped into the new financial year and thus a carry forward is requested. Additional quotes were sought for the insurance work which resulted in a saving, however it meant that by the time the contractor was instructed they did not have the capacity to complete the work by the end of March.
5	Democratic & Registration Carry forwards are requested for Civic Regalia (£0.003m) and school appeals training (£0.002m). Repairs are required on the civic regalia but the items cannot be sent away until the end of the current mayoral year, May 2018. Schools Appeal training was due to take place on 2nd March but due to the snow this has had to be rescheduled in the new financial year.
30	Learning & Development A carry forward of £0.030m is requested within training. We have been unable to complete the agreed Council wide leadership development activity (coaching and mentoring as well as change management) this year due to not having the OD Manager in place to secure the provider and progress this work. As such this work will now need to take place in the next financial year.
2	Civic Accommodation The new Council wide Lanyards related underspend was as a result of the items not being able to be delivered within the 2017/18 financial year due to delays post ordering, as such a carry forward is requested into 2018/19.
5	Registration of Births, Deaths and Marriages / Member Services Now that the ceremony suite has moved to South Hill Park, new publicity is required, however due to the poor weather we have not been able to obtain sufficient footage/photos. As such a carry forward is requested to allow this work to be carried out in the Spring. In addition to this a plaque is required for Time Square to commemorate the new Council Chamber but due to delays this will slip into 2018/19.
59	Grand Total

CHILDREN, YOUNG PEOPLE AND LEARNING

Carry Forwards to 2018/19

Total	Explanation
£'000	
5	Governor Services – The annual governor conference had to be cancelled due to the snow. The event will be rescheduled to take place in 2018/19 and the unspent funds will be carried forward to finance the costs.
5	Grand Total

ENVIRONMENT, CULTURE & COMMUNITIES**Carry Forwards to 2018/19**

Total	Explanation
£'000	
15	Regeneration & Economic Development A delay in the delivery of the feasibility study for the Business Improvement District project has meant this will not now be completed until April / May.
5	Easthampstead Park Cemetery & Crematorium There has also been a £5,000 underspend of the maintenance budget due to a delay in maintenance works on the generator.
20	Grand Total

Reserves & Balances Policy Statement

As part of the financial planning process the Council will consider the establishment and maintenance of reserves and balances. In setting these, account is taken of the key assumptions underpinning the budget and financial strategy, together with the Council's financial management arrangements. Key factors considered include;

- Cash flow
- Assumptions on inflation and interest rates
- Level and timing of capital receipts
- Demand led pressures
- Planned economies
- Risk associated with major projects
- Availability of other funding (e.g. insurance)
- General financial climate

Reserves and Balances can be held for a number of purposes

General Balances

Balance	Purpose	Policy	Value
General Fund	Provides general contingency for unavoidable or unforeseen expenditure and to cushion against uneven cash flows and provides stability in longer term financial planning.	Policy based on a risk assessment of budget and medium term financial plans. Historically £4m has been considered to be the minimum prudent level.	March 15 £10.961m March 16 £12.730m March 17 £11.071m March 18 £9.047m

Earmarked Reserves

Earmarked Reserves are sums of money which have been set aside for specific purposes. These are excluded from general balances available to support revenue or capital expenditure. The Council has the following earmarked reserves:

Reserve	Purpose	Policy	Value
Insurance and other Uninsured Claims	This provides cover for the excess payable on claims under the Council's insurance policies (self insurance). It also provides for any potential future claims not covered by existing policies, including contractual disputes and legal claims.	Needs to be at a level where the provision could sustain claims in excess of current claims history	March 15 £2.731m March 16 £2.666m March 17 £2.750m March 18 £2.843m
Budget Carry Forward	Used to carry forward approved unspent monies to the following year.	Budget Carry Forwards are permitted only in accordance with the scheme set out in financial regulations.	March 15 £0.202m March 16 £0.315m March 17 £0.221m March 18 £0.084m
Cost of Structural Change	The reserve gives an opportunity to fund the one-off additional costs arising from restructuring before the benefits are realised.	This reserve will be used to meet organisational wide and departmental restructures where there are demonstrable future benefits.	March 15 £1.469m March 16 £1.555m March 17 £1.852m March 18 £1.990m
Schools' Balances	These funds are used to support future expenditure within the Dedicated Schools Block and include individual school balances.	Balances are permitted to be retained by Schools under the Schools Standards & Framework Act 1998. Policies are set and the reserves are managed by schools and the LEA has no practical control over the level of balances.	March 15 £4.013m March 16 £3.333m March 17 £1.695m March 18 £1.272m
Discretionary School Carry Forwards	The statutory requirement to carry forward school balances has been extended to cover those held for Pupil Referral Units and the Schools Specific Contingency as set out in the financial regulations.	Budget Carry Forwards are permitted in accordance with the scheme set out in financial regulations.	March 15 £0.074m March 16 £0.074m March 17 £0.052m March 18 £0.091m

Reserve	Purpose	Policy	Value
Unused Schools Budget Balance	The Schools Budget is a ring fenced account, fully funded by external grants, the most significant of which is the Dedicated Schools Grant. Any under or overspending remaining at the end of the financial year must be carried forward to the next year's Schools Budget and as such has no impact on the Council's overall level of balances.	This reserve is held for specific accounting reasons. The funds in this reserve are ring fenced and cannot be used for any other purpose.	March 15 £0.208m March 16 £1.373m March 17 £1.778m March 18 £1.994m
SEN Resource Units	An earmarked reserve set up in 2012/13 from the under spend on the Schools Budget to fund building adaptations required to develop SEN (special education needs) resource units.	Part of the unused Schools Budget balance, but earmarked for a particular purpose. The funds are therefore ring fenced. The reserve has been approved by the Executive member for Children, Young People and Learning.	March 15 £0.490m March 16 £0.316m March 17 £0.304m March 18 £0.337m
School Meals Re-tender	An earmarked reserve set up in 2013/14 from the under spend on the Schools Budget to cover the costs of the re-tender exercise.	Part of the unused Schools Budget balance, but earmarked for a particular purpose. The funds are therefore ring fenced. The reserve has been approved by the Executive member for Children, Young People and Learning.	March 15 £0.040m March 16 £0.040m March 17 £0.040m March 18 £0.040m
School Expansion Rates	An earmarked reserve set up in 2013/14 from the under spend on the Schools Budget to help finance the increase in Business Rates arising from school expansions. School budgets are normally set on a provisional figure and the reserve will absorb the differences between provisional and actual figures.	Part of the unused Schools Budget balance, but earmarked for a particular purpose. The funds are therefore ring fenced. The reserve has been approved by the Executive member for Children, Young People and Learning.	March 15 £0.196m March 16 £0.445m March 17 £0.595m March 18 £0.841m
School Diseconomy Costs	An earmarked reserve set up in 2016/17 from the under spend on the Schools Budget to help finance the medium term cost pressure that will arise from new schools being built. These will generally open with relatively low pupil numbers	Part of the unused Schools Budget balance, but earmarked for a particular purpose. The funds are therefore ring fenced. The reserve has been approved by the Schools Forum.	March 17 £0.300m March 18 £0.800m

Reserve	Purpose	Policy	Value
	and will therefore need additional financial support until pupil numbers reach a viable level.		
SEN Strategy Reserve	An earmarked reserve set up in 2017/18 from the under spend on the Schools Budget to help finance the additional medium term costs arising from implementation of the SEN Strategy, assisting with the early implementation of change to improve the outcomes of children and to explore the potential for different models of alternative provision.	Part of the unused Schools Budget balance, but earmarked for a particular purpose. The funds are therefore ring fenced. The reserve has been approved by the Schools Forum.	March 18 £0.439m
Repairs & Renewals	The Council has accumulated funding in an earmarked reserve from service charges paid by tenants at Longshot Lane, Forest Park and Liscombe.	The reserve is held in order to finance future improvement works thereby reducing pressure on maintenance budgets.	March 15 £0.066m March 16 £0.014m March 17 £0.009m March 18 £0.021m
Building Regulation Chargeable Account	A statutory ring fenced account which over time must breakeven.	This reserve is held for specific accounting reasons. The funds in this reserve are ring fenced and cannot be used for any other purpose. The account is currently in deficit and therefore there is no balance on the reserve.	March 15 £0.000m March 16 £0.000m March 17 £0.000m March 18 £0.000m
Commutated Maintenance of Land	Money is received and set aside for the ongoing maintenance of land transferred to the Council under Section 106 agreements.	The reserve will be used to cover the cost of maintaining land transferred to the Council under Section 106 agreements.	March 15 £0.643m March 16 £1.104m March 17 £1.375m March 18 £1.519m
S106 and Travel Plan Monitoring	Money is received and set aside to cover the costs of monitoring developers' compliance with Section 106 agreements, including any travel plan requirements.	The reserve will be used to cover the cost of monitoring developers' compliance with Section 106 agreements, including any travel plan requirements.	March 15 £0.120m March 16 £0.120m March 17 £0.128m March 18 £0.145m

Reserve	Purpose	Policy	Value
Property Searches Chargeable Account	A reserve created for a statutory ring fenced account which over time must breakeven.	This reserve is held for specific accounting reasons. The funds in this reserve are ring fenced and cannot be used for any other purpose.	March 15 £0.133m March 16 £0.154m March 17 £0.135m March 18 £0.092m
Business Rates Equalisation	A reserve to manage the volatility in business rates income expected to result from the localisation of business rates in April 2013.	The reserve will be used to smooth the impact of changes in business rate income on the annual budget including levy payments and further appeals. Replaced by the Future Funding Reserve at the end of 2017/18.	March 15 £13.700m March 16 £11.798m March 17 £0.000m March 18 £0.000m
Transformation	A reserve to support investment in service innovation and improvements.	The reserve will be used to meet the upfront costs of transformation.	March 15 £0.480m March 16 £1.399m March 17 £1.960m March 18 £2.882m
Demographic Pressures and Projects	A reserve to fund future demographic pressures and projects within Adult Social Care.	The reserve will be used to smooth the impact of demographic changes and to meet the upfront cost of projects designed to create efficiencies and service improvements. The reserve is no longer required.	March 15 £0.477m March 16 £0.477m March 17 £0.194m March 18 £0.000m
Revenue Grants Unapplied	A reserve to hold unspent revenue grants and contributions where there are no outstanding conditions.	The reserve will be used to match the grant income to the associated expenditure.	March 15 £2.083m March 16 £2.333m March 17 £3.653m March 18 £2.899m
Early Intervention	A reserve to support initiatives that focus on early intervention and preventative work.	The reserve will be used to meet the upfront cost of initiatives focusing on early intervention and preventative work. The reserve is no longer required.	March 15 £0.289m March 16 £0.259m March 17 £0.029m March 18 £0.000m

Reserve	Purpose	Policy	Value
School Masterplans and Feasibility Studies	A reserve to meet the cost of masterplans and feasibility studies for schools expansion.	Any upfront costs incurred prior to a decision being taken to construct an asset may need to be met from revenue.	March 15 £0.500m March 16 £0.500m March 17 £0.350m March 18 £0.341m
Repairs and Maintenance	A reserve to address 1D priorities (urgent works required to assets which are life expired and/or in serious risk of imminent failure) which are revenue rather than capital in nature.	The reserve will be used for high priority revenue repairs and maintenance. The reserve is no longer required.	March 15 £0.187m March 16 £0.039m March 17 £0.039m March 18 £0.030m
Members Initiatives	A reserve to fund another round of small projects (£0.015m per member) based on members' knowledge of local ward priorities or in conjunction with partners and other stakeholders.	The reserve will be used for local ward priorities identified by members The reserve is no longer required.	March 15 £0.207m March 16 £0.089m March 17 £0.082m March 18 £0.000m
Public Health Reserve	Under the conditions of the Public Health grant, any under spend of the ring fenced grant can be carried over via a reserve into the next financial year.	The reserve will be used to fund Public Health priorities and projects.	March 15 £0.399m March 16 £0.380m March 17 £0.539m March 18 £1.007m
Better Care Fund Reserve	A reserve to help meet the cost of Better Care Fund priorities and projects.	The reserve will be used to fund Better Care Fund priorities and projects.	March 15 £0.945m March 16 £1.328m March 17 £0.617m March 18 £1.420m
Regeneration of Bracknell Town Centre	A new reserve to help meet the cost of Council funded Town Centre initiatives	The reserve will be used to fund Town Centre initiatives.	March 17 £0.250m March 18 £0.752m
Commercial Properties Acquisition	A new reserve to meet any revenue costs arising from the Council's Commercial Property Investment Strategy.	Any upfront costs incurred prior to a decision being taken to purchase a commercial property will need to be met from revenue if the purchase does not proceed.	March 17 £0.150m March 18 £0.125m

Reserve	Purpose	Policy	Value
London Rd Feasibility	A new reserve which will be used to meet professional fees regarding the London Road landfill site.	The reserve will be used to cover professional fees relating to the feasibility study.	March 18 £0.125m
Future Funding	A new reserve which will be used to smooth the impact of changes in Business Rates income and central government funding decisions.	The reserve will help to balance the revenue budget over the medium term. It has a wider remit than just Business Rates but also replaces the Business Rates Equalisation Reserve.	March 18 £8.608m
Dilapidations Reserve	A new reserve to hold funds from tenants for end-of-lease property repairs and reinstatements.	The reserve will be used to carry out repairs and reinstatements to commercial properties required before they can be re-let.	March 18 £0.045m

Unusable Revenue Reserves

Certain reserves are kept to manage the accounting processes and do not represent usable resources for the Council.

Balance	Purpose	Policy	Value
Collection Fund Adjustment Account	A reserve required to reflect Collection Fund changes included in the SORP 2009. The balance represents the difference between the Council Tax income included in the Income and Expenditure Account and the amount required by regulation to be credited to the General Fund.	This balance is held for specific accounting reasons.	March 15 -£5.851m March 16 -£5.611m March 17 £5.761m March 18 -£2.351m
Accumulated Absences Account	A reserve which absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year (e.g. annual leave 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.	This balance is held for specific accounting reasons.	March 15 -£5.692m March 16 -£5.598m March 17 -£5.328m March 18 -£5.685m
Pensions	Reflects the Council's share of the Royal County of Berkshire Pension Fund's assets and liabilities. Contributions will be adjusted to ensure any projected deficit is funded.	This balance is held for specific accounting reasons.	March15 -£223.895m March16 -£214.650m March17 -£282.216m March18 -£276.125m

Virements between Departments

Total	Explanation
£'000	
	<u>Resources / CX Office</u>
-563	Following the purchase of a commercial properties in Southampton, a budget for associated rental income has been transferred into Resources from Council Wide Items.
74	Allocation of Planned Maintenance budgets to match the programme of works.
42	Centralisation of the Web Team into Resources
44	Allocation of central budget to cover the Apprenticeship Levy
	<u>Children, Young People and Learning</u>
5	Allocation of Planned Maintenance budgets to match the programme of works.
-12	Centralisation of the Web Team into Resources
47	Allocation of central budget to cover the Apprenticeship Levy
	<u>Adult Social Care, Health and Housing</u>
2	Allocation of Planned Maintenance budgets to match the programme of works.
51	Allocation of central budget to cover the Apprenticeship Levy
	<u>Environment, Culture and Communities</u>
128	Allocation of Planned Maintenance budgets to match the programme of works.
-30	Centralisation of the Web Team into Resources
-277	Revenue contributions for equipment purchases and works at Coral Reef, and for the purchase of refuse bins.
-1	A sum of £97,480 was vired from the Section 106 SPA Mitigation monies received to fund 2.65 FTE posts to enable the production of, co-ordination and monitoring of the Suitable Alternative Non Green Spaces (SANGS) plans together with the co-ordination of access management measures. The full transfer was not required so £1,495 is to be returned to S106 for future years.
54	Allocation of central budget to cover the Apprenticeship Levy
	<u>Non-Departmental / Council Wide</u>
563	Following the purchase of a commercial properties in Southampton, a budget for associated rental income has been transferred into Resources from Council Wide Items.
-209	Allocation of Planned Maintenance budgets to match the programme of works.
277	Revenue contributions for equipment purchases and works at Coral Reef, and for the purchase of refuse bins.
-196	Allocation of central budget to cover the Apprenticeship Levy
1	S106 Transfers
0	Total Virements

Departmental Virements over £50,000

Debit	Credit	Explanation
£'000	£'000	
		<u>Resources / CX Office</u>
		The Devolved Staffing Budgets (DSB) have then been realigned to reflect in year staff turnover and amendments to staffing structures. The breakdown of this is as follows:
	-44	Chief Executive
68		Chief Executive's Office (Support)
	-59	Committee Services
	-53	Community Engagement
	-20	Community Safety
	-28	Customer Services
30		Director of CSR
	-93	Finance
65		HR
34		ICT
82		Legal
	-18	Local Tax Collection
35		Member and Mayoral Services
87		Office Accommodation
	-1	Operations Unit
	-71	Overview and Scrutiny
	-5	Property Services
	-14	Registration of Births, Deaths and Marriages
8		Registration of Electors/Elections
	-33	Surveyors
30		Unified Training Unit
439	-439	Total

Departmental Virements over £50,000

Debit	Credit	Explanation
£'000	£'000	
		<u>Children, Young People and Learning</u>
		The devolved staffing budgets have been reviewed and reset to reflect requirements for the year. A small number of virements are required that balance to a net nil effect.
54	-54	Office Services Performance and Governance
		<u>Schools Budget</u>
		The approved Scheme for Local Management of Schools sets out criteria under which school budgets will be adjusted to take account of changing circumstances. These can be in respect of local policy decisions or in order to
2,957		Funds Delegated to Schools
447		School Grant Income
	-65	De-delegated Budgets
	-33	Other School Services
7		Funds Delegated to Special Schools
	-7	Post 16 SEN and other grants
	-1,647	Maintained Schools & Academies
	-2	Non Maintained Special Schools (NMSS) and Colleges
9		Education out of School
	-1,666	EY Free Entitlement
		The transfer of schools to an academy status resulted in the Education and Skills Funding Agency (ESFA) directly funding relevant school, rather than the council. The ESFA recouped relevant income from the council requiring resultant budget adjustments.
	-1,155	Funds Delegated to Schools
	-215	De-delegated Budgets
37		Other School Services
	-27	Statutory / Regulatory Duties
18		NMSS & Colleges
1,342		Dedicated Schools Grant
4,871	-4,871	Total

Departmental Virements over £50,000

Debit	Credit	Explanation
£'000	£'000	
		<u>Adult Social Care, Health and Housing</u>
		Additional grant in respect of the improved Better Care Fund announced in the Spring 2017 budget. This was not in the base budget and the grant was only confirmed following completion of the CQC review of Adult Social Care in the second half of the financial year.
	-929	Government Grants
368		Adult Social Care - employees
561		Adult Social Care - purchased social care
		Additional funding drawn down from the Better Care Fund in respect of the new community based model for the intermediate care service and for end of life care.
	-340	NHS funding
90		Adult Community Team - Third Party Payments
250		Adult Community Team - Employees
		Additional staff costs that have been funded from savings in the supporting people contract.
	-69	Housing - Transfer Payments
69		Housing - Employees
1,338	-1,338	Total

Departmental Virements over £50,000

Debit	Credit	Explanation
£'000	£'000	
		<u>Environment, Culture and Communities</u>
		The Devolved Staffing Budgets (DSB) have then been realigned to reflect in year staff turnover and amendments to staffing structures
177	-22	Leisure & Culture
		Planning Transport & Countryside
	-74	Environment & Public Protection
	-81	Performance & Resources
177	-177	Total
6,825	-6,825	Grand Total