

Central

Variance	Explanation
£'000	
(173)	<p>Head of Planning</p> <p>A sum equivalent to 5% of CIL monies received can be used to cover administrative costs in relation to this scheme, the income in this financial year exceeded budget by £0.212m.</p> <p>This is partially offset by and overspend of £0.0.39m for the Local Development Framework</p>
(288)	<p>Transport Strategy & Implementation</p> <p>There has been a decline in trip rates over the past few years and the anticipated increase in trip rates following the opening of the town centres has not materialised.</p>
(168)	<p>Traffic Management</p> <p>The income received for New Roads and Street Works Act (NRSWA) penalties exceeded budget by £0.104m, in addition income from the streetworks permit scheme has exceeded the budget by £0.064m.</p>
(105)	<p>Parks Open Space & Countryside</p> <p>Income received from Surrey Heath for SANGS capacity at Shepherds Meadow has exceeded budget by £0.051m.</p> <p>There has been an underspend of £0.031m in delivering the Tree Services budget, in the main this is due to a recharge of costs incurred during the year.</p> <p>Finally there was an under spend on maintenance budgets across the sites of £0.023m.</p>
(74)	<p>Finance</p> <p>The cost of the statutory audit fees for Ernst & Young was below budget resulting in an under spend of £0.029m. There was also a reduction in the cost of the contracted internal audit work and a further underspend of £0.066m was reported.</p> <p>There was no call on the Community Right To Challenge budget in this financial year, leading to an underspend of £0.005m</p> <p>Finally these underspends were partially offset by a pressure of £0.026m in relation to the externally traded services (Schools SLA's).</p>

Outturn 2018/19 – Significant Variances

Annexe A

Delivery

Variance	Explanation
£'000	
-31	<p>Member & Mayoral Services</p> <p>Underspends have been achieved on Member Allowances £0.008m and across various supplies and services (vehicle hire £0.002m, photography £0.002m, hospitality £0.002m, civic regalia £0.002m, Members training £0.002m, office stationery and print room reprographics £0.004m, conferences fees £0.002m, publicity and marketing £0.002m).</p>
-72	<p>Customer Services</p> <p>Underspends have been achieved on Licences (£0.064m CS and £0.005m Web Team) and training (£0.003m).</p>
-174	<p>Operations Unit</p> <p>Whilst the overspend on Easthampstead House came to £0.102m, there were underspends across the remaining civic accommodation cost centres of £0.088m, these were relating to Depot repairs and maintenance (£0.012m), refreshments (£0.016m) and stationery (£0.055m). There is an underspend of £0.035m to report across the Office Services relating primarily to postage charges (£0.010m) and vehicle recharges (£0.016m), there are also smaller underspend across various supplies and services.</p> <p>Home to School Transport has an overall underspend of £0.146m, this consists of £0.039m additional income and an under spend across vehicle related costs of £0.100m (including taxi/coach fares).</p>
-117	<p>The Look Out</p> <p>The Look Out achieved underspends of £0.013m on Service contracts, £0.012m on equipment rental and £0.016m on equipment repairs. The Catering function achieved underspends on equipment purchase £0.007m, and overachievement of income of £0.042m. The Car Parking function underspent by £0.011m on banking charges and £0.015m on contracted services.</p>
308	<p>Easthampstead Park Conference Centre</p> <p>Due to the sale of EPCC being delayed, the Council was responsible for additional costs in relation to staff, business rates and other supplies and services.</p>
-82	<p>Cemetery & Crematorium</p> <p>The Cemetery & Crematorium achieved income in excess of budget which created an overall underspend of £0.082m.</p>
-203	<p>Legal</p> <p>Legal services exceeded their legal income target by £0.121m and the S106 income target by £0.062m. In addition to this there was an under spend on reference books and publications bringing the overall underspend to £0.203m.</p>

Outturn 2018/19 – Significant Variances

Annexe A

Variance	Explanation
£'000	
205	Industrial & Commercial Property Due to vacant properties from different areas of the portfolio, there is an over spend of £0.205m to report.
-52	Construction & Maintenance The consultant's fees line was underspent by £0.052m.
-352	Waste Management We received a VAT adjustment on proforma invoices resulting in a credit of £0.212m. In addition to this we received additional income at year end as part of the end of year accruals on the Waste PFI contract.
-30	Street Cleaning The under spend within Street Cleaning is attributable to contracted services.
673	On/Off Street Parking The Car Parks underachieved on income to the value of £0.357m. In addition to this, there was an overspend on electricity of £0.096m and land rents payable £0.288m with small underspends across various supplies and services bringing the overall overspend to £0.673.m.
-38	Other There are underspends to report as follows: training (£0.008m), sale of services (£0.007m), photocopying (£0.008m), print room reprographics (£0.004m), occasional hire of premises (£0.003m), Staff Transport & Lump Sum Allowances (£0.006m) and Equipment repairs (£0.003m).
-37	Environmental Services This underspend is in relation to External Grounds maintenance costs.
285	Leisure Contract The overspend on the Leisure contract is due to backdated gas bills at Coral Reef (£0.091m), disputed invoices for recharges, reactive maintenance invoices, backdated business rates invoices from 17/18 being higher than estimated and invoices from EA for loss of income.
-372	ICT Within Technical Services there are underspends of £0.029m on equipment, £0.011m on consultant's fees and £0.158m on licences. Within Communications there is an under spend of £0.073m on equipment. The mobile telephone budgets across the Council were centralised this financial year and as such there is an under spend of £0.075m. Within the Departmental ICT area there are underspends on computer maintenance (£0.017m), software maintenance (£0.079m) and additional other income (£0.032m).

Outturn 2018/19 – Significant Variances

Annexe A

Variance	Explanation
£'000	
-152	Staffing The staffing budgets across the department achieved an under spend of £0.152m. This is due to a high number of vacancies, including some senior posts which had long vacancy periods.

People

Variance	Explanation
£'000	
414	<p>Director Delays in completing the Senior Leadership Restructure resulted in anticipated savings being achieved later than expected which resulted in a £0.141m shortfall. The full savings target will be achieved in 2019/20. Additional costs have also been incurred in supporting the development of the new Directorate.</p> <p>Within the adults element of the budget there is an overspend due to the staff vacancy factor which is held centrally (£0.118m), transformation costs for which there is no budget but have been funded from the department's budget (£0.164m), offset by an underspend on staff costs due to the turnover of senior staff (£0.071m).</p>
-22	<p>Chief Officer: Learning & Achievement The main areas of variance relate to: a £0.076m under spending on employee costs in particular within Targeted Services due to staff turnover; and an under-achievement of income of £0.046m, mainly as a result of the impact of the Education Centre reducing business in preparation for the move to the Bracknell Open Learning Centre.</p>
269	<p>Children & Families: Social Care A number of over spends occurred as a consequence of an increase in the number of children being looked after, where 135 high cost care packages were required compared to 121 provided for in the budget. Whilst as intended in the budget strategy additional funding was allocated in-year from the contingency to meet new entrants, this was £0.085m below the cost of care and accommodation.</p> <p>Additional Special Guardianship Orders (SGO) were issued where an over spending of £0.086m 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. There was also a notable increase in the cost of supporting families with no recourse to public funds where there was a £0.060m over spend. In order to develop more cost effective care arrangements, initiatives in foster caring, such as partnership working with Cornerstone have been undertaken that have incurred costs of £0.076m. The staffing budget over spent by £0.072m, mainly as a result of needing to ensure that all cases are safely managed.</p> <p>The most significant under spends related to care leavers maintenance grants where relatively low numbers of requests for support were received resulting in a saving of £0.084m, with fewer young people than expected taking the direct payments option, a saving of £0.040m occurred.</p>
31	<p>Strategy, Resources and Early Intervention and Statutory Education Duties There have been a wide number of variances across the full range of services. Delays in completing the Early Help Restructure resulted in anticipated savings being achieved later than expected which resulted in a £0.063m shortfall, however, this was offset by a compensating reduction in other expenses in Early Years. The full savings target is expected to be achieved in 2019/20. The cost of managing complaints over spent by £0.056m through an increase in the number and complexity of cases. Income from maintained schools to support the cost of statutory education duties reduced by £0.024m as a result of more pupils now attending academy schools.</p>

Outturn 2018/19 – Significant Variances

Annexe A

374	<p>Adult Community Team – Purchased Adult Social Care The over spend mainly relates to community services (£0.349m) with a smaller overspend in residential (£0.025m). The data does not suggest an increase in the number of clients receiving services, and overall care costs have remained broadly static. Despite this, an over spend is reported due to transformation savings built into the budget which have not yet been achieved to the extent envisaged.</p>
-191	<p>Intermediate care The underspend is due to the contract with Berkshire Healthcare NHS Foundation Trust (BHFT) not being active until October 2018 so before this time there were no nurse costs. Even after this date BHFT have struggled to fill all the posts and therefore the price paid has been less than budgeted.</p>
-184	<p>Adult Community Team – Operational Costs The under spend is due to a high level of staff vacancies in the team. At the end of the financial year there were vacancies of about 9 FTE, and although some of these posts are covered by agency there is still an under spend.</p>
-178	<p>Waymead Income (£0.130m) above budget mainly from the CCG and other local authorities for placing clients at this respite facility. In addition there was an under spend against staff costs due to vacant posts (£0.048m).</p>
-139	<p>Equipment Underspend due to additional funding secured from the Better Care Fund (an additional £0.180m taking total Better Care Funding to £0.430m) and movement of surplus equipment budget in the Adult Community Team to this budget.</p>
-137	<p>Community Team for People with Learning Disabilities – Operational Costs Underspend on the Learning Disability Development Fund which provides discretionary expenditure (£0.064m), plus underspend on the Head of Service role which for most of the year has been performed by the Interim Assistant Director: Early Help & Communities (£0.042m). The remainder is due to vacant staff posts.</p>
-126	<p>Assistant Director (Adult Social Care) other budgets The under spend is mainly due to the grants and donations budget which has not been spent. This is a discretionary budget and much of it has been offered up as a saving in the 19/20 budget.</p>
-468	<p>Housing Benefit Payments The favourable variance is due to the level of overpayments identified, for which the Council generally receives subsidy of 40% as well as being able to retain any subsequent collection. Per the final subsidy claim (which is still subject to audit) overpayments of £1m were identified attracting 40% subsidy.</p> <p>In addition to the above there was an under spend against the budget for debt write offs / bad debt provision.</p>
-215	<p>Housing Benefit Admin Housing government grants received in year to fund administration costs (£0.114m), plus underspend on staff costs due to vacant posts (£0.077m), underspend on the Council Tax hardship fund (£0.011m). The remainder is small underspends on miscellaneous budgets.</p>

Outturn 2018/19 – Significant Variances

Annexe A

-170	Housing Strategy Underspend mainly due to funding of the adaptations team from the Disabled Facilities Grant (£0.114m), plus underspend on other staff costs due to vacant staff posts (£0.033m). The remainder is due to budget adjustments made in respect of income recognition for the Help to Buy scheme.
103	Forestcare Under achievement against income targets (£81k) plus overspend on operational costs (£21k).

Outturn 2018/19 – Significant Variances

Annexe A

Non Departmental Budgets/Earmarked Reserves

Variance	Explanation
£'000	
-3,369	Interest The considerable uncertainty surrounding BREXIT and the UK economy has been reflected in short-term interest rates remaining low which the Council has been able to take advantage of – saving up to 1% on market rates (-£0.5m). Additional income has been generated from the Pension Pre-payment and the loan to Downshire Homes Ltd. The remaining underspend has arisen from higher cash balances due to slippage on the Capital Programme, additional income from the Business Rates Pilot scheme and CIL, and the use of grants rather than borrowing to fund schemes.
-415	Minimum Revenue Provision (MRP) Higher than forecast capital receipts in 2017/18 and significant capital carry forwards into 2018/19 have created an under spend against the Minimum Revenue Provision.
-172	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.
-1,007	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.
-874	Business Rates Primarily due to additional income from Section 31 grants and a share of the surplus on the Central Government Levy Account.
-264	Contingency The contingency was not fully allocated during the year. The balance was therefore declared an under spend.
-2,299	VAT refund The Council has been trying to reclaim VAT on leisure income for a number of years, arguing that the sale of sporting and leisure services should be exempt from VAT. The outcome of a court case last year which ruled in favour of a London council prompted the submission of a revised claim for overpaid VAT for the period 2010 to 2018. This claim proved successful.
7,695	Earmarked Reserves Transfers into the Transformation (£2.060m), Structural Changes (£1.500m) and Town Centre (£1.150m) Reserves partly funded by the closure of the Commercial Properties Acquisition Reserve (-£0.125m). Creation of new reserves for Schools Support (£0.350m), IT Transformation (£1.000m), Feasibility Studies (£0.500m) and Community Capacity (£1.260m).

TREASURY MANAGEMENT ANNUAL REPORT 2018/19

1 INTRODUCTION

- 1.1 This Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2018/19. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management, (the Code), and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code).
- 1.2 During 2018/19 the minimum reporting requirements were that the full Council should receive the following reports:
- an annual treasury strategy in advance of the year (Council Feb 2018)
 - a mid-year (minimum) treasury update report (Council Feb 2018)
 - an annual review following the end of the year describing the activity compared to the strategy (this report)

2 SUPPORTING INFORMATION

Current Treasury Position

- 2.1 At the beginning and the end of 2018/19 the Council's treasury position (excluding borrowing by PFI and finance leases) was as follows:

<i>Table 1 – Treasury Position 31/03/19</i>				
Treasury Position	At 31 March 2019		At 31 March 2018	
	Principal	Average Rate	Principal	Average Rate
Fixed Interest Borrowing				
Short Term Market Loans	£35.000m	0.97%	£30.000m	0.57%
Long-Term PWLB	£80.000m	2.30%	£70.000m	2.32%
Variable Interest Borrowing	-		-	
Total Borrowing	£115.000m		£100.000m	
Fixed Interest Investments	-		-	
Variable Interest Investments (MMF)	£14.850m	0.61%	£16.994m	0.29%
Total Investments	£14.850m		£16.994m	
Net borrowing position	£100.150m		£83.006m	

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	63,475
Financed by	
Capital Receipts	7,048
Community Infrastructure Levy	8,480
Government Grants/Contributions	11,908
S106 Contributions	3,328
Capital Financing Requirement	32,711
Total	63,475

The Strategy for 2018/19

- Investment Strategy and control of interest rate risk**
- 2.3 Investment returns remained low during 2018/19. The expectation for interest rates within the treasury management strategy for 2018/19 was that Bank Rate would rise from 0.50% to 0.75%. At the start of 2018-19, and after UK GDP growth had proved disappointingly weak in the first few months of 2018, the expectation for the timing of this increase was pushed back from May to August 2018. Investment interest rates were therefore on a gently rising trend in the first half of the year after April, in anticipation that the MPC would raise Bank Rate in August. This duly happened at the MPC meeting on 2 August 2018.
- 2.4 It was not expected that the MPC would raise Bank Rate again during 2018-19 after August in view of the fact that the UK was entering into a time of major uncertainty with Brexit due in March 2019. Investment rates were little changed during August to October but rose sharply after the MPC meeting of 1 November was unexpectedly hawkish about their perception of building inflationary pressures, particularly from rising wages. However, weak GDP growth data after December, plus increasing concerns generated by Brexit, resulted in investment rates falling back again.
- 2.5 This authority does not have sufficient cash balances to be able to place deposits for more than a month so as to earn higher rates from longer deposits. However, when Bank Rate went up in August, its investment returns also improved from deposits held in Money Market Funds.

Borrowing Strategy and control of interest rate risk

- 2.6 During 2018-19, the Council maintained an under-borrowed position. This meant that the capital borrowing need, (the Capital Financing Requirement), was not fully funded with loan debt, as cash supporting the Council's reserves, balances and cash flow was used as an interim measure. This strategy was prudent as investment returns were low and minimising counterparty risk on placing investments also needed to be considered. The policy of avoiding new borrowing by running down spare cash balances, has served well over the last few years. However, this was kept under review to avoid incurring higher borrowing costs in the future when the authority may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt.
- 2.7 Against this background and the risks within the economic forecast, caution was adopted with the treasury operations. The Director of Finance therefore monitored interest rates in financial markets and adopted a pragmatic strategy based upon the following principles to manage interest rate risks
- if it had been felt that there was a significant risk of a sharp fall in long and short term rates, (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings would have been postponed, and potential rescheduling from fixed rate funding into short term borrowing would have been considered.
 - if it had been felt that there was a significant risk of a much sharper rise in long- and short-term rates than initially expected, perhaps arising from an acceleration in the start date and in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position would have been re-appraised. Most likely, fixed rate funding would have been drawn whilst interest rates were lower than they were projected to be in the next few years.
- 2.8 Since PWLB rates peaked during October 2018, most PWLB rates have been on a general downward trend, though longer term rates did spike upwards again during December, and, (apart from the 1 year rate), reached lows for the year at the end of March. There was a significant level of correlation between movements in US Treasury yields and UK gilt yields, which determine PWLB rates. The Fed in America increased the Fed Rate four times in 2018, making nine increases in all in this cycle, to reach 2.25% – 2.50% in December. However, it had been giving forward guidance that rates could go up to nearly 3.50%. These rate increases and guidance caused Treasury yields to also move up. However financial markets considered by December 2018, that the Fed had gone too far, and discounted its expectations of further increases. Since then, the Fed has also come around to the view that there are probably going to be no more increases in this cycle. The issue now is how many cuts in the Fed Rate there will be and how soon, in order to support economic growth in the US. But weak growth now also looks to be the outlook for China and the EU so this will mean that world growth as a whole will be weak.

Investment Outturn

- 2.9 the Council's investment policy is governed by MHCLG investment guidance, which has been implemented in the annual investment strategy approved by the Council. This policy sets out the approach for choosing investment counterparties and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data, (such as rating outlooks, credit default swaps, bank share prices etc.).

- 2.10 The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties. Given the net borrowing position of the Council investments are managed through the use of AAA Money Market Funds (MMF) offering immediate liquidity and the highest security whilst offering a yield equivalent to 7-day rates. The Council also invests in MMF that offers a slightly higher return with the proviso that funds are available on a +1 day basis – i.e. funds withdrawn today will be received tomorrow – this has enabled the Council to increase its investment yield without adding any security or liquidity risk. The average rate on investments was 0.61% on an average balance of £19.8m, representing a 10 basis points out-performance on the 7-Day LIBID benchmark (0.51%).

Borrowing Outturn

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

Table 3 – Borrowing undertaken in year

Lender	Principal	Type	Interest Rate	Maturity
PWLB	£10m	Fixed	2.14%	10 Years
Derby CC	£5m	Fixed	0.60%	184 days
St Helens Council	£5m	Fixed	0.90%	273 days
Durham CC	£5m	Fixed	0.90%	245 days
Somerset CC	£3m	Fixed	0.95%	182 days
South Derbyshire	£2m	Fixed	0.90%	182 days
Somerset CC	£5m	Fixed	1.00%	181 days
Barnsley MBC	£5m	Fixed	1.00%	182 days
Greater London Authority	£4m	Fixed	1.07%	273 days
London Borough of Brent	£4m	Fixed	1.00%	270 days
Rugby Council	£2m	Fixed	1.03%	273 days

Net Treasury Outturn

- 2.12 The Council budget for net borrowing costs of £4.4m – reflects the borrowing costs for the Council's Commercial Property Investment Strategy and the impact of the significant Capital Programmes in 2016/17 and 2017/18 (namely the Coral Reef Refurb and Binfield Learning Village) alongside the 2018/19 Capital Programme and the use of reserves to balance the revenue budget. In order to minimise costs, internally generated cash flows were used before borrowing which resulted in lower borrowing costs than envisaged.
- 2.13 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 £400k of income.
- 2.14 In addition to this as a result of higher than anticipated capital income (particularly CIL) and a more delayed cash-outflow on the major capital schemes, the level of borrowing is below that estimated in the budget. In particular the Council gained

significant additional income from the inclusion in the Business Rates Pilot and the one-off settlement with HMRC with regard to VAT on leisure income. Taken together with maximising the use of grants and other internal cash flow the actual level of borrowing costs in 2018/19 was £3.3m less than anticipated.

- 2.15 Approximately £1.5m will be of an ongoing nature and was offered up as a saving as part of the 2019/20 Budget round. Further savings may accrue as interest rates continue to be held at significantly low levels and the Council benefits from a further (unexpected) year within the Business Rates Pilot and the continued housing development in the Borough generates higher than anticipated CIL and S106 contributions

Compliance with Treasury Limits

- 2.16 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.
- 2.17 The Council's underlying need to borrow is called the Capital Financing Requirement (CFR) and is set out below. 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.

	2018/19
	£'000
Opening Capital Financing Requirement	187,029
Capital Investment	
Gross Capital Expenditure	63,475
Sources of Finance	
Capital Receipts	-7,048
Government Grants and Other Contributions	
CIL	-8,480
Grants and contributions	-11,908
S106	-3,328
Waste PFI Donated Asset Account	-89
MRP	-1,798
	<u>-32,651</u>
Closing Capital Financing Requirement	<u>217,853</u>

- 1.1 The outturn for the remaining Prudential Indicators are as follows

Authorised limit	2018/19 Estimate	2018/19 Out-turn
Borrowing	£250m	£250m
Other long term liabilities	£16m	£16m
Total	£266m	£266m

Operational Boundary	2018/19 Estimate	2018/19 Out-turn
Borrowing	£235m	£235m
Other long term liabilities	£15m	£15m
Total	£250m	£250m

The Council has complied with all of the 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.

Central

Total	Explanation
£'000	
41	<p>Community Engagement</p> <p>Due to the Residents Survey not taking place within this financial year, there is an underspend of £0.008m to report for publicity and marketing and £0.032m for the external consultancy costs associated with the survey.</p> <p>A carry forward of these budgets is requested to enable the survey to be undertaken in 2019/20.</p>
41	Grand Total

Delivery

Total	Explanation
£'000	
10	<p>Registration of Births/Deaths/Marriages</p> <p>The development work to the Stopford software to enable online bookings and integrated payments that was due to take place this financial year has not been progressed due to some unexpected long term sickness of the key person in IT and changes in support/contact at Stopford. As such a carry forward is requested.</p>
10	Grand Total

People

Total	Explanation
£'000	
6	<p>Bracknell Family Centre: In response to a health and safety audit, a number of urgent changes are required to the play area and security arrangements which were not completed by year end.</p>
30	<p>To upgrade facilities at the Willows Family Hub to allow for the new ways of working envisaged through the Children's Transformation Programme. Due to slippage in the Transformation Programme a carry forward of unspent resource budget is requested. An additional £0.050m has been allocated to the capital programme from S106 income making a total of £0.080m available for the project.</p>
14	<p>The anticipated programme of professional development of managers has been delayed as a consequence of delays in finalising the Senior Leadership Restructure workstream in Children's Transformation. The programme is essential for a development of the Directorate and many new managers.</p>
50	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 March 19 £9.060m

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 March 19 £2.952m
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 March 19 £0.101m
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 March 19 £2.290m
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 March 19 £1.558m
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	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

Reserve	Purpose	Policy	Value
	Schools Specific Contingency as set out in the financial regulations.		March 18 £0.091m March 19 £0.051m
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 March 19 £1.577m
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 March 19 £0.459m
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 March 19 £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 March 19 £1.093m

Reserve	Purpose	Policy	Value
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 and will therefore need additional financial support until pupil numbers reach a viable level.	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 March 19 £1.000m
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 March 19 £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 March 19 £0.033m
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 March 19 £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 March 19 £1.688m

Reserve	Purpose	Policy	Value
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 March 19 £0.145m
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 March 19 £0.090m
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 March 19 £3.622m
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 March 19 £3.509m
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 March 19 £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 March 19 £0.030m

Reserve	Purpose	Policy	Value
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 March 19 £1.560m
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 March 19 £2.092m
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 March 19 £1.792m
Commercial Properties Acquisition	A 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. As no further properties will be purchased, this reserve is no longer required.	March 17 £0.150m March 18 £0.125m March 19 £0.000m
London Rd Feasibility	A 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. It now includes contributions from the other Berkshire Unitaries.	March 18 £0.125m March 19 £0.238m
Future Funding	A 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.	March 18 £8.608m March 19 £19.822m
Dilapidations Reserve	A 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 March 19 £0.045m

Reserve	Purpose	Policy	Value
Schools Support Reserve	A new reserve to recognise the reduced scope within the dedicated schools grant to provide temporary loans to schools in financial difficulties	To ensure that government policy changes do not impact on the ability to provide temporary loans to schools	March 19 £0.350m
Waste PFI Excess Profits Reserve	A new reserve to hold excess profits payments by the contractor under the Waste PFI scheme.	Excess profits payments are potentially repayable, depending on future performance, and have therefore been placed in a reserve.	March 19 £0.087m
Feasibility Studies Reserve	A new reserve to provide revenue funding in the event that proposed capital schemes do not proceed beyond initial feasibility stage.	Any upfront costs incurred prior to a decision being taken to construct an asset may need to be met from revenue.	March 19 £0.500m
Community Capacity Reserve	A new reserve to fund local projects in support of delivering the 2019/23 Council Plan.	The reserve will be used to support local initiatives in conjunction with partners and stakeholders. Detailed arrangements will be published alongside the new Corporate Plan.	March 19 £1.260m
ICT Transformation Reserve	A new reserve to support investment in ICT innovation and improvements.	The reserve will be used to meet the upfront costs of ICT transformation.	March 19 £1.000m

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 March 19 £4.140m
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 March 19 -£4.520m
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 March19 -£269.419m

Virements between Departments

Total	Explanation
£'000	
	<u>Central</u>
-190	A final review of the DSB budgets has taken place between the Delivery and Central directorates to align budgets to the correct directorate following the restructure. As such, a virement of £0.190m is to be made into Delivery from Central to reflect the current staffing structures in place.
-31	Revenue contribution for the purchase of software relating to the Agresso financial system.
	<u>Delivery</u>
190	A final review of the DSB budgets has taken place between the Delivery and Central directorates to align budgets to the correct directorate following the restructure. As such, a virement of £0.190m is to be made into Delivery from Central to reflect the current staffing structures in place.
-322	Following the purchase of a commercial properties in Southampton, a budget for associated rental income has been transferred into Resources from Council Wide Items.
454	Centralisation of the Business Intelligence Team into Delivery
20	Funding for Home to School Transport provisions agreed under exceptional circumstances will be transferred to the Delivery Directorate where transportation is arranged, in order to increase efficiency by removing the need for expenditure transfers between Directorates.
	<u>People</u>
-454	Centralisation of the Business Intelligence Team into Delivery
-20	Funding for Home to School Transport provisions agreed under exceptional circumstances will be transferred to the Delivery Directorate where transportation is arranged, in order to increase efficiency by removing the need for expenditure transfers between Directorates.
	<u>Non-Departmental / Council Wide</u>
322	Following the purchase of a commercial property in Northampton, a budget for associated rental income has been transferred into Delivery from Council Wide Items.
31	Revenue contribution for the purchase of software relating to the Agresso financial system.
0	Total Virements

Departmental Virements over £50,000

Debit	Credit	Explanation
£'000	£'000	
		<u>Central</u>
		The Devolved Staffing Budgets (DSB) have then been realigned to reflect in year staff turnover and amendments to staffing structures
	-13	Director: Finance
2		Chief Executive
		Director: Organisational Development, Transformation & HR
12		Human Resources
23		Organisational Development
	-12	Performance & Partnerships
	-16	Communications
		Director: Place, Planning & Regeneration
	-36	Town Centre Regeneration
67		Parks Open Space & Countryside
129		Director (MVF)
	-155	Head of Planning
	-56	Building Control & Land Charges
	-24	Monitoring Streetworks
	-7	Transport Engineering
86		Development & Adoptions
319	-319	Total
		<u>Delivery</u>
		The Devolved Staffing Budgets (DSB) have then been realigned to reflect in-year staff turnover and amendments to staffing structures.
82		Executive Director: Delivery
	-29	Business Intelligence
	-91	Democratic & Registration
70		Property
	-180	Contract Services
44		Customer Experience
	-8	ICT
112		Legal
308	-308	Total

Departmental Virements over £50,000

Debit	Credit	Explanation
£'000	£'000	
		<u>People</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.
55	-55	Office Services Early Years, Childcare and Play
		Transformation Programme savings have been held in holding accounts pending the development of workstreams and the realisation of savings. As part of the year end process, Transformation related savings achieved in individual services are transferred to the central holding codes.
35		Departmental Management Team
	-1	School Improvement, Music and Governor Services
	-6	Education Welfare and Support
	-54	Education Psychology
	-4	Advice for 13-19 year olds
60		Early Years, Childcare and Play
30		Performance and Governance
	-57	Extended services and support to families
	-3	Youth Service
		<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 comply with relevant legislation.
3,734		Funds Delegated to Schools
	-8	School Grant Income
	-134	De-delegated Budgets
	-212	Other School Services
4		Funds Delegated to Special Schools
	-4	Post 16 SEN and other grants
	-1,537	Maintained Schools & Academies
19		Education out of School
	-1,460	EY Free Entitlement
	-402	DSG
		The transfer of schools to an academy status results in the Education and Skills Funding Agency (ESFA) directly funding relevant schools, rather than the council. There have also been changes to funding allocations to the council to support high needs pupils. The ESFA recoup and adjust relevant income from the council requiring resultant budget adjustments.
	-20,469	Funds Delegated to Schools
	-345	De-delegated Budgets
18		Other School Services
328		NMSS & Colleaes
20,468		DSG
24,751	-24,751	Total
25,378	-25,378	Grand Total