

## Corporate Services &amp; Chief Executive's

Variance	Explanation
<b>£'000</b>	
<b>-113</b>	<p><b>Operations Unit</b></p> <p>As a result of an appeal, rebates of -£0.105m have been received for Time Square Business Rates. In addition the new postal contract with TNT has resulted in a reduction in costs and an under spend of -£0.008m.</p>
<b>-83</b>	<p><b>Industrial &amp; Commercial Properties</b></p> <p>The end of rent free periods and high occupancy levels led to the income received from Land Securities for the Peel Centre exceeding budget by -£0.146m. This under spend was reduced due to the costs of replacing hoardings blown over during storms, the demolition of Adastron House following a fire and the completion of outstanding maintenance works on various properties within the portfolio.</p>
<b>-41</b>	<p><b>Property Services</b></p> <p>No land or buildings were identified as assets of community value so The Community Right to Bid grant of -£0.008m remained unspent.</p> <p>There was a reduction in expenditure on town centre events whilst the redevelopment occurs leading to an underspend of -£0.030m.</p> <p>Finally additional income of -£0.003m was received from Bracknell Forest Homes with regards to the Right to Buy Scheme.</p>
<b>-39</b>	<p><b>Insurance</b></p> <p>Berkshire County Council was a member of the MMI (Municipal Mutual Insurance) Scheme of Arrangement and on its abolition this responsibility was transferred to the 6 Berkshire Unitaries. This Council was also a member in its own right. MMI triggered the scheme in 2013/14 which resulted in 15 percent of all claims for which members have received settlement since 1993 being clawed back. A provision of £0.167m was created for the claw back at the end of 2012/13 and following the actual payment to MMI the balance on the provision can be released back to revenue (-£0.033m).</p> <p>The under spend was further increased by -£0.006m due to a reduction in the cost for Brokers days.</p>
<b>-35</b>	<p><b>Unified Training Unit</b></p> <p>The budgets for social care training for adults and children's services underspent by -£0.035m due to the number of training courses run being less than initially planned.</p>
<b>-103</b>	<p><b>Local Tax Collection incl Cashiers</b></p> <p>Following changes to the accounting treatment for Business Rates, the budget set aside for discretionary rates relief is no longer required, resulting in an underspend of -£0.039m. The cost of discretionary rates relief will be met from the Collection Fund in future.</p> <p>The Council Tax Support New Burdens Funding grant for -£0.053m was received</p>

Variance	Explanation
<b>£'000</b>	
	<p>from DCLG, but no schemes were identified which required support from this grant resulting in an under spend.</p> <p>In addition the costs of postage have been reduced following the introduction of the TNT contract resulting in an under spend of -£0.011m.</p>
<b>-65</b>	<p><b>Democratic &amp; Registration Services</b></p> <p>The budgets for the Joint Arrangements for storage (Berkshire Records Office) and the Lord Lieutenant's Office provided by Reading Borough Council underspent by -£0.015m.</p> <p>Various supplies and services budgets across the service were under spent by a total -£0.040m. This included -£0.011m for equipment purchase/rental and -£0.016m for postage.</p> <p>Additional income of -£0.010m was also achieved from School Appeals and the Town and Parish Council contributions towards election costs.</p>

## Children, Young People &amp; Learning

Variance	Explanation
<b>£'000</b>	
<b>-305</b>	<p><b>Chief Officer: Learning &amp; Achievement</b></p> <p>The staffing budget under spent by -£0.194m from a combination of factors including difficulties in recruiting to vacant posts and the agreed transfer of costs supporting high needs pupils to the Schools.</p> <p>Overall, income earned from trading exceeded budget by -£0.073m. Of this -£0.021m was earned at the Bracknell Open Learning Centre through additional lettings and courses, and -£0.052m by the School Improvement Team where take up of courses and consultancy was higher than expected with a number of high value one-off courses also being offered.</p> <p>The other main variance relates to a -£0.031m saving on the Pyramid for Children programme that provides routine screening of the emotional health of all year 3 pupils of participating schools. The programme was delivered locally through trained staff managed by Effective Steps.</p>
<b>239</b>	<p><b>Children &amp; Families: Social Care</b></p> <p>After the in-year allocation of £0.416m from the corporate contingency, external care and accommodation costs to support Looked After Children (LAC) over spent by £0.109m. This reflects a significant increase in the number and needs of children coming into the care system and continues the trend from the last two years which followed a period of falling numbers and costs. The cost increase was minimised through extensive use of internal fostering, which is the most cost effective care provision, although this is not suitable in all cases. A further impact from increased numbers and changes to the court processes resulted in a £0.117m over spend on childcare solicitors. The 2014/15 budget includes growth to fully fund forecast costs, based on calculations made when pressures were agreed.</p> <p>Staffing difficulties have also been experienced which required higher than expected use of agency staff and resulted in an over spending of £0.174m. Six extra posts were recruited which were funded from an allocation of £0.286m from the corporate contingency.</p> <p>The remaining budget showed a net under spending of -£0.161m, of which the main variances relate to -£0.044m of additional income from the PCT for placements at Larchwood Respite Home, additional spend of £0.066m on Family Support Services, a -£0.034m reduced charge from the PCT for the Child and Adolescent Mental Health Service contract due to staff vacancies, and additional income of -£0.167m from adoption fees where other LAs places children with BFC trained adopters.</p>
<b>26</b>	<p><b>Strategy, Resources and Early Intervention</b></p> <p>Whilst there have been a number of variances across services, the most significant relate to a net under spending of £0.045m on staffing and use of agency staff, additional expenditure of £0.044m on the Youth Service review and a £0.024m increase in bad debt provision, made in accordance with the Council's standard calculation.</p>
<b>44</b>	<p><b>Education Grants</b></p> <p>Variances occurred against the Local Authority Central Spend Equivalent Grant (LACSEG) relating to Academies and the Education Services Grant. A refund of LACSEG was due in 2012/13 to correct the initial deduction DCLG had taken</p>

	<p>directly from Formula Grant. The final refund was confirmed in June, after the 2012/13 accounts had been closed on a provisional amount, and was £0.053m less than accrued. The difference arose as a result of different pupil counts and a revision to the amount of initial deduction from Formula Grant by DCLG. There will be an additional -£0.009m of income from the Education Services Grant following recalculations by the DfE.</p>
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**Adult Social Care, Health and Housing**

<b>Variance</b>	<b>Explanation</b>
<b>£'000</b>	
<b>503</b>	<b>Older People and Long Term Conditions</b> Pressures on budgets from the number of individuals requiring support in a residential setting increased across the year whilst at the same time there was an increase in the average cost per care package.
<b>-1,058</b>	<b>Learning Disabilities</b> During the financial year the planned in year savings were achieved for Bracknell Day Services and Waymead. Due to a combination of a reduction in the number of care packages and the cost of individual care packages there was an under spend in the cost of residential as well as supported living.
<b>605</b>	<b>Mental Health</b> Increased pressures on budgets through the number of individuals requiring support, this was more significant in a residential setting than in supported living but nonetheless there was an overall increase in the numbers receiving support.
<b>-676</b>	<b>Housing</b> A reduction in the bad debt provision for Housing Benefits (-£0.745m), partly offset by an adjustment to reflect the actual Housing Benefits claim (£0.187m) and increases in bad debt provision for Rent Deposits and Rent in Advance (£0.220m). Under spends also resulted from the low level of take up of the Welfare Provision budget (-£0.170m) and unbudgeted rental income from Council owned properties (-£0.168m).

## Environment, Culture &amp; Communities

Variance	Explanation
<b>£'000</b>	
<b>-147</b>	<b>The Look Out Car Park</b> - The Crown Estate introduced three cycling routes through the forest in March 2013, which has resulted in a significant increase in the numbers of people using the site and therefore the car park. The number of cars exceeded 80,000 which triggered payments to The Crown Estate, who receive 50% of income above this point.
<b>-150</b>	<b>Cemetery &amp; Crematorium</b> - The number of Cremations in the year were greater than last year resulting in extra income. There has been a one off purchase of 7 Exclusive rights which has resulted in extra income of -£9,000 and the number of burials/sale of memorials/Sanctum 2000 is also up on last year.
<b>-95</b>	<b>Concessionary Fares</b> - Passenger numbers using the scheme for in the year was marginally down compared to last year, and although the average fare has increased it is less than the inflation rate allowed in the budget for 2013/14.
<b>55</b>	<b>Planning Policy</b> - With the introduction of the Community Infrastructure Levy (CIL) the regulations permit the Council to spend monies on work required in advance of the contributions being received. An income budget of -£55,000 was included in the 2013/14 budget to fund staff time involved in this process. However, there has been a delay with the introduction of CIL and therefore no income has been received, it is now anticipated that it will be introduced some time in 2014/15.
<b>-47</b>	<b>Landscape Services</b> - The savings arise from the various structural, operational and efficiency changes effected over the last 12 months in preparation for market testing and additional income from works not budgeted for.
<b>-219</b>	<b>Development Control</b> - A large application was received for a development in the Warfield area, and also an application for Winchester House, which together with the higher volume of applications received in the year resulted in income significantly exceeding the budgeted sum.
<b>-40</b>	<b>Planning Policy</b> - There has been no formal arrangement set up for joint working on strategic planning across Berkshire. It is anticipated any such arrangements will come from the LEP in the near future but in the meantime, strategic planning matters as they stand now can be dealt with under existing staff resources, therefore there is a saving in costs of £40,000 this year.
<b>169</b>	<b>Waste Management</b> - Although tonnages in the first six months of the year resulted in a saving, tonnages increased significantly in the last six months of the year resulting in an overspend of £55,000 for the year. The Council, along with its re3 partners, is involved in a contractual dispute which has resulted in additional legal costs. (£114,000).
<b>-52</b>	<b>Devolved Staffing Budget (DSB)</b> - The Managed Vacancy Factor was higher than estimated which has resulted in a saving of -£52,000 compared to the budget.
<b>-71</b>	<b>Local Development Framework (LDF)</b> - It was not possible to commence work on the New Local Plan as early as had been anticipated due to delays in the adoption of the Site Allocations Local Plan. The delays in this process were mainly due to external factors, including the abolition of the regional strategy by government and the need to prepare and consult on modifications to the plan. The new programme has been formalised in the updated Local Development Scheme recently approved

Variance	Explanation
	by the Executive. A carry forward has been requested to complete the majority of the work involved; however there is a further under spend of -£71,000.
<b>-49</b>	<b>Street Lighting</b> - The energy costs for street lighting for 2013/14 have been lower than that estimated.

## Non Departmental Budgets/Earmarked Reserves

Variance	Explanation
£'000	
-175	<p><b>Interest</b></p> <p>Higher than forecast cash balances have been sustained throughout the year resulting in additional interest. Cash flow has benefitted from changes in grant profiles from central government and the local collection of Business Rates, in particular the addition to the local list of a significant rate-payer.</p>
-236	<p><b>Business Rates Income Growth</b></p> <p>This primarily relates to the Section 31 grant the Council is expected to receive from the DCLG to compensate for the loss of income resulting from the increase in Small Business Rates Relief in 2013/14.</p>
-117	<p><b>Capitalisation Provision Redistribution Grant</b></p> <p>As part of the Local Government Financial Settlement for 2013/14, £100m was held back from Revenue Support Grant to allow for potential capitalisation directions. Now that these directions have been finalised, the balance remaining (£83m) has been redistributed back to local authorities, in line with their funding assessments, as a Section 31 grant. The Council's share was received at the end of March and has been declared as an under spend.</p>
-403	<p><b>Revenue Contributions to Capital</b></p> <p>With the exception of the Time Square works, the associated capital expenditure has now been financed from internal borrowing to spread the cost impact on revenue. An element of the budget is therefore no longer required and an under spend can be declared.</p>
-511	<p><b>Contingency</b></p> <p>The contingency was not fully allocated during the year. The balance was therefore declared as an under spend.</p>
2,736	<p><b>Business Rates Levy</b></p> <p>During 2013/14 a large multi-national company was transferred on to the Council's valuation list which materially increased the level of Business Rates collected locally. This helped to create a significant surplus on the Business Rates element of the Collection Fund which can only be used to support future budgets. However the levy due to Central Government for the additional rates has to be accrued for in 2013/14. This led to an unbudgeted pressure of £2.736m on non departmental expenditure in 2013/14.</p>
-2,000	<p><b>Earmarked Reserves</b></p> <p>The Business Rates Equalisation Reserve will be used to fund £2.000m of the levy payment.</p>
727	<p><b>Earmarked Reserves</b></p> <p>Transfers into the following existing reserves:</p> <ul style="list-style-type: none"> <li>• A transfer into the Insurance Reserve to cover future uninsured losses (£0.200m).</li> <li>• A transfer into the School Masterplans and Feasibility Studies Reserve to increase the balance to £0.500m (£0.200m). Due to the number and cost of the master plans currently being commissioned around increases in pupil numbers, it is felt that a larger reserve is required to meet any additional revenue costs that may arise as a consequence.</li> </ul>



**Non Departmental Budgets/Earmarked Reserves**

	<ul style="list-style-type: none"> <li>An increase to the balances on the Economic Development Reserve to £0.550m (£0.176m) and the Transformation Reserve to £0.500m (£0.151m) to make additional funds available for future projects.</li> </ul>
<b>770</b>	<p><b>Earmarked Reserves</b> Creation of two new reserves to:</p> <ul style="list-style-type: none"> <li>to fund another round of small projects based on members' knowledge of local ward priorities or in conjunction with partners and other stakeholders (£0.63m - £0.015m per member);</li> <li>meet the cost of the residents parking trial scheme required because of the Town Centre Regeneration (£0.14m).</li> </ul>

## TREASURY MANAGEMENT ANNUAL REPORT 2013/14

### 1 INTRODUCTION

1.1 The annual treasury report is a requirement of the Council's reporting procedures and covers the treasury activity during 2013/14. 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 2013/14
- ◆ The Strategy for 2013/14
- ◆ The Economy in 2013/14
- ◆ The investment outturn for 2013/14
- ◆ Compliance with Treasury Limits

### 2 SUPPORTING INFORMATION

#### Current Treasury Position

2.1 Average investments for the year amounted to £48.5m and the investment position at the end of the year was as follows.

Investment position	At 31 March 2013		At 31 March 2014	
	Principal	Average Rate	Principal	Average Rate
Fixed Interest Investments	£17.50m	1.15%	£27.00m	0.61%
Variable Interest Investments	£12.27m	0.45%	£20.86m	0.37%
<b>Total Investments</b>	<b>£29.77m</b>	<b>0.86%</b>	<b>£47.86m</b>	<b>0.53%</b>
<b>Net borrowing position</b>	<b>£0.00m</b>		<b>£0.00m</b>	

### **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 etc, 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 2013/14. 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 2013/14</i>	
	<b>£'000</b>
<b>Expenditure</b>	
Capital Programme	24,027
<b>Total</b>	<b>24,027</b>
<b>Financed by</b>	
Capital Receipts	4,545
Government Grants/Contributions	11,373
S106 Contributions	2,128
Direct Revenue Contribution	1,100
Capital Financing Requirement	4,881
<b>Total</b>	<b>24,027</b>

### **The Strategy for 2013/14**

- 2.3 At the time of publication of the 2013/14 Treasury Management Strategy Statement (TMSS) growth in the UK economy was expected to be weak and whilst the risk of falling back into recession were minimal, economists were wary that that the risks were certainly to the downside. The UK Bank Rate was forecast to remain unmoved through to late 2014 with little opportunity to return to what would have been considered normal investment conditions where investment maturities could be extended beyond the current cautious limits of 3 months.

### **The Economy in 2013/14**

- 2.4 The financial year 2013/14 continued the challenging investment environment of previous years, namely low investment returns, although levels of counterparty risk had subsided somewhat. The original expectation for 2013/14 was that Bank Rate would not rise during the year and for it only to start gently rising from quarter 1 2015. This forecast rise has now been pushed back to a start in quarter 3 2015. Economic growth (GDP) in the UK was virtually flat during 2012/13 but surged strongly during the year. Consequently there was no additional quantitative easing during 2013/14 and Bank Rate ended the year unchanged at 0.5% for the fifth successive year. While CPI inflation had remained stubbornly high and substantially above the 2% target during 2012, by January 2014 it had, at last, fallen below the target rate to 1.9% and then fell further to 1.7% in February. It is also expected to remain slightly below the target rate for most of the two years ahead.
- 2.5 The UK coalition Government maintained its tight fiscal policy stance but recent strong economic growth has led to a cumulative, (in the Autumn Statement and the March Budget), reduction in the forecasts for total borrowing, of £97bn over the next five years, culminating in a £5bn surplus in 2018-19.

- 2.6 The EU sovereign debt crisis subsided during the year and confidence in the ability of the Eurozone to remain intact increased substantially. Perceptions of counterparty risk improved after the ECB statement in July 2012 that it would do “whatever it takes” to support struggling Eurozone countries; this led to a return of confidence in its banking system which has continued into 2013/14 and led to a move away from only very short term investing. However, this is not to say that the problems of the Eurozone, or its banks, have ended as the zone faces the likelihood of weak growth over the next few years at a time when the total size of government debt for some nations is likely to continue rising. Upcoming stress tests of Eurozone banks could also reveal some areas of concern.

### **Icelandic Deposits**

- 2.7 The U.K. Government, Local Government Association, administrators and other agencies have continued to work throughout 2013/14 in recovering assets and co-ordinating repayments to all UK councils with Icelandic investments.
- 2.8 In the case of Heritable Bank plc, a significant repayment was made in August 2013, bringing the total repayments to approximately 94%. This is expected to be the last payment, although the final position has yet to be confirmed.
- 2.9 The recovery of the remaining balances relating to Glitnir, which is held in an escrow account has been complicated by current Icelandic legislation covering currency transactions. Approximately 80% of the Council's deposit was paid to the Council in a basket of currencies on the 14th March 2012 leaving an outstanding balance of 116,387,685Kr (£450,000 approx) which the bank is currently holding in an escrow account. The Council continues to work alongside the LGA to facilitate the recovery of these monies as efficiently and effectively as possible. The final value of this amount is uncertain given the currency controls and the weakness of the Icelandic currency at present. As such whilst the Council expects to receive 100% of its deposit back from Glitnir, the final Sterling value is as yet unclear.

### **Investment Outturn**

- 2.10 The financial year 2013/14 continued the challenging investment environment of previous years, namely low investment returns with the expectation for the Bank Rate remaining at 0.5% being met and investments having to be lengthened out to 6 months to earn a return close to this rate.
- 2.11 The Council's investment policy is governed by CLG guidance, which was implemented in the annual investment strategy approved by the Council on 27th February 2013. 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.). No changes were made to the counterparty criteria for 2013/14. The investment activity during the year conformed to the approved strategy.
- 2.12 The average rate on investments was 0.58% on an average balance of £48.5m, representing a 23 basis points out-performance on the 7-Day LIBID benchmark (0.35%).
- 2.13 The outturn for net investment income is £605,000 (see table 3), an increase in income of £142,000 on the original budget. Cash balances remained stronger than

anticipated throughout the year and were bolstered through additional capital grants from central government and the under-spend on the Council's overall budget. Maximum use was made of the opportunity to make a pre-payment to the Pension Fund enabling the Council to benefit from a pre-payment premium of £293,000 which is incorporated into the investment income (Other Interest) figure below.

Table 3 – Investment Income

	Budget £'000	Actual £'000
<b>Investment Income</b>		
Gross Interest	-176	-282
Other Interest	-367	-406
<b>Total Interest</b>	<b>-543</b>	<b>-688</b>
<b>Expenditure</b>		
Interest Payments - Other	10	7
Fees & Charges	70	76
<b>Total Expenditure</b>	<b>80</b>	<b>83</b>
<b>Net Interest</b>	<b>-463</b>	<b>-605</b>

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

### **Compliance with Treasury Limits**

- 2.14 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.
- 2.15 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 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.
- 2.16 As noted above the Council did not enter into any external borrowing and as such these limits are illustrative of the underlying need to borrow and do not reflect the actual position faced by the Council.

Table 5 – Capital Financing Requirement

	31 March 2014 Original Indicator (£m)	31 March 2014 Actual Indicator (£m)
<b>Opening balance</b>	<b>50,405</b>	<b>46,184</b>
Add unfinanced capital expenditure	6,620	4,881
Less PFI & finance lease repayments	-289	-289
Less MRP	-1,323	-1,283
<b>Closing balance</b>	<b>55,413</b>	<b>49,493</b>

2.17 The outturn for the remaining Prudential Indicators are as follows

### THE PRUDENTIAL CODE FOR CAPITAL FINANCE FOR LOCAL AUTHORITIES

No.	AFFORDABILITY INDICATORS	2013/14 Estimate	2013/14 Out-turn
<b>1</b>	<b>Financing Costs to Net Revenue Stream</b>	%	%
(a)	General Fund	-0.56	-0.84
<b>2</b>	<b>Impact of New Capital Investment</b>	£ p	£ p
(a)	Cumulative Increase in Council Tax (Band D, per annum)	1.53	0.77
No.	CAPITAL EXPENDITURE INDICATORS		
<b>3</b>	<b>Estimates of Gross Capital Expenditure</b>	£'000	£'000
(a)	General Fund	£23,462	£24,027
No.	EXTERNAL DEBT INDICATORS	2013/14 Estimate	2013/14 Out-turn
<b>5</b>	<b>Authorised limit for external debt -</b>	£'000	£'000
(a)	Borrowing	45,000	45,000
(b)	Other long term liabilities	16,000	16,000
(c)	TOTAL	61,000	61,000
<b>6</b>	<b>Operational boundary -</b>	£'000	£'000
(a)	Borrowing	40,000	40,000
(b)	Other long term liabilities	16,000	16,000
(c)	TOTAL	56,000	56,000

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 8<sup>th</sup> 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.

**CORPORATE SERVICES / CX OFFICE**  
**Carry Forwards to 2014/15**

Note	Total	Explanation
	£'000	
#1	-16	<b>Customer Services</b> The works to install the new Customer Services desk at Time Square have been postponed until the completion of the works on the ground floor which will be in May 2014.
#2	-10	<b>Property Services</b> Work has been commissioned for the review of the Council's commercial properties, however this work cannot commence until the next financial year resulting in a request to carry forward the budget set aside in the current financial year.
#3	-10	<b>Human Resources</b> A budget was set aside to support "Good to Great" but due to the start dates of the various workstreams the costs won't now be incurred until next financial year.
#4	-3	<b>Community Engagement</b> The Social Value Workshop originally planned for March has been delayed until the new financial year. A carry forward is requested in order to meet the cost in 2014/15.
#5	-5	<b>Unified Training</b> All Berkshire Chief Executives were due to undergo specialised training in January, however due to the difficulties in organising a date suitable for all this has been delayed until June . A carry forward has been requested in order to meet the cost in 2014/15.
#6	-6	<b>Member &amp; Mayoral Services</b> The costs of equipment and furniture for the Function Room and Minority Group Room were to be met from the supplies and services underspend previously identified. However due to other works required at Easthampstead House this has been delayed until June.
#7	-19	<b>Registration of Births, Deaths &amp; Marriages</b> The refurbishment of the Syrett Suite has been delayed by the contractor, in order for the works to progress a carry forward is requested.
#8	-5	<b>Community Engagement &amp; Equalities</b> To enable the work replacing the windows at Priestwood Community Centre to be completed a carry forward is requested.
#9	-25	<b>Operations Unit</b> Planter works at Time Square have commenced but were unable to be completed before May 2014. A carry forward is requested for the completion of these works.
#10	-6	<b>Registration of Births Deaths &amp; Marriages</b> Implementation of 2 Stopford modules (the registrars diary management system) was delayed due to ICT commitments on PSN and Stopford could not reschedule the work until June. In order to meet this commitment a budget carry forward of £0.006m is requested.
#11	-13	<b>Operations Unit</b> Work is underway to install a new power supply to Building A in the Commercial Centre, whilst much of the work has been completed the contractor was unable to complete the work before the end of the financial year. A carry forward is request to enable the work to be completed.
#12	-18	<b>Local Tax Collection incl Cashiers</b> Negotiations were underway to renew the cash receipting licence that has now expired.The supplier has provided details of a perpetual licence at a cost of £0.018m which would require a carry forward.
	<b>-136</b>	<b>Grand Total</b>



## Children, Young People and Learning Carry Forwards to 2014/15

Note	Amount	Explanation
	<b>£'000</b>	
i	-9	<b>Bracknell Open Learning Centre.</b> The vacation of staff from the Primary Professional Centre to Bracknell OLC to enable expansion of the Pines Primary School has slipped into 2014/15. Planned building works and renovations have therefore been deferred to take account of changes required for the new users.
ii	-16	<b>SEN Reform Grant.</b> To support LAs in making changes required from the Children and Families Act 2014, an in-year grant of £75k was paid to each LA, to be spent by end of March 2014. Whilst most of the grant has been spent, £16k remains outstanding and to retain the full funding, an equivalent amount of relevant BFC funded costs will be charged to the grant claim. A carry forward of the resultant under spending is requested to ensure maximum funds are available to support the substantial changes that need to be made.
iii	-10	<b>Aiming High for Disabled Children (AHDC).</b> The forecast saving is proposed to be carried forward to enable QA Research to assist in the one-off public consultation regarding the £120k savings proposed for the AHDC budget.
iv	-17	<b>Early Years.</b> From September 2014, the duty placed on the Council to ensure the most deprived 2 year olds receive 15 hours a week free childcare extends from 20% of children to 40%. In preparation for this, additional places need to be created, for which funding has been set aside in the budget although there have been unplanned delays in creating places. Carrying forward the under spend will ensure additional places are created.
v	-10	<b>Family Information Service.</b> A change in software support is planned for next year - from Tribal to iHub - to better integrate with other Council information. In the short term, 2 software licences will need to be paid and a saving has been managed to finance the extra cost, which will now fall into 2014/15 rather than 2013/14 as originally expected.
	<b>-62</b>	<b>Grand Total</b>

**ENVIRONMENT, CULTURE & COMMUNITIES**  
**Carry Forwards to 2014/15**

<b>Note</b>	<b>Total</b>	<b>Explanation</b>
	<b>£'000</b>	
<b>1</b>	<b>-54</b>	<b>Parks, Open Spaces &amp; Countryside</b> - Due to the extremely wet weather it has not been possible for contractors to carry out all the work ordered in respect of new planting, fencing works, path surfacing, installation of furniture and scrub management. A carry forward is requested to complete these works.
<b>2</b>	<b>-11</b>	<b>Coral Reef</b> - Planned maintenance work that was due to be carried out totalling £10,600 will not be completed by the end of March. A carry forward is requested to complete these works.
<b>3</b>	<b>-252</b>	<b>Local Development Framework (LDF)</b> - It was not possible to commence work on the New Local Plan as early as had been anticipated due to delays in the adoption of the Site Allocations Local Plan. The delays in this process were mainly due to external factors, including the abolition of the regional strategy by government and the need to prepare and consult on modifications to the plan. Changes in National Policy, including those brought in through the National Planning Policy Framework have required further consideration of where changes need to be made in our policy position and what the agreeing expedient way of achieving the necessary changes. The new programme has been formalised in the updated Local development Scheme recently approved by the Executive. A carry forward is requested to complete these works.
	<b>-317</b>	<b>Grand Total</b>

**NON DEPARTMENTAL BUDGETS**  
**Carry Forwards to 2014/15**

Note	Amount	Explanation
	£'000	
		<b><u>Budget under spendings:</u></b>
I	-204	<b>Corporate Wide Items - Members Initiative Fund</b> Investigative work was required prior to the commencement of some of the projects. This resulted in delays in some cases and therefore a carry forward is requested in order to complete the works.
	-204	<b>Grand Total</b>

## 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

<b>Balance</b>	<b>Purpose</b>	<b>Policy</b>	<b>Value</b>
<b>General Fund</b>	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. Using balances to support expenditure results in a loss of investment income.	March 11 £9.970m March 12 £10.266m March 13 £12.982m March 14 £9.621m

**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:

<b>Reserve</b>	<b>Purpose</b>	<b>Policy</b>	<b>Value</b>
<b>Insurance and other Uninsured Claims</b>	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 11 £2.119m March 12 £2.188m March 13 £2.266m March 14 £2.639m
<b>Budget Carry Forward</b>	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 11 £0.410m March 12 £0.501m March 13 £0.449m March 14 £0.719m
<b>Cost of Structural Change</b>	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 11 £1.594m March 12 £1.500m March 13 £1.975m March 14 £1.664m
<b>Schools' Balances</b>	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 11 £2.776m March 12 £4.531m March 13 £4.471m March 14 £4.371m
<b>Family Tree Nursery</b>	A reserve created following the agreement to set up of a self funding Nursery. It holds the specific grant income received in advance and is used to manage future fluctuations in fee income from ongoing trading.	The Nursery has now been closed.	March 11 £0.111m March 12 £0.091m March 13 £0.091m March 14 £0.000m

<b>Reserve</b>	<b>Purpose</b>	<b>Policy</b>	<b>Value</b>
<b>Discretionary School Carry Forwards</b>	The statutory requirement to carry forward school balances has been extended to cover those held for the Language & Literacy Unit, 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 11 £0.132m March 12 £0.096m March 13 £0.102m March 14 £0.068m
<b>Unused Schools Budget Balance</b>	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 11 £0.595m March 12 £0.398m March 13 £0.517m March 14 £0.950m
<b>SEN Resource Units</b>	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 Education.	March 12 £0.491m March 13 £0.489m March 14 £0.489m
<b>Schools Job Evaluation</b>	An earmarked reserve set up in 2012/13 from the under spend on the Schools Budget to help finance any additional costs that may arise in schools from the implementation of the current Job Evaluation 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 Education.	March 12 £0.285m March 13 £0.285m March 14 £0.285m
<b>School Meals Re-tender</b>	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 Education.	March 14 £0.040m

<b>Reserve</b>	<b>Purpose</b>	<b>Policy</b>	<b>Value</b>
<b>School Expansion Rates</b>	An earmarked reserve set up in 2013/14 from the under spend on the Schools Budget to help finance the increase in 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 Education.	March 14 £0.112m
<b>Education Library Service</b>	A joint arrangement with other Berkshire authorities for the Education Library Service. This reserve is used for the provision of future equipment such as a new mobile library.	The reserve is held in order to finance the renewal or maintenance of specific items of equipment and reduces pressure on maintenance budgets in one particular year. Use of the reserve is subject to the agreement of the Council's participating in the joint arrangement.	March 11 £0.100m March 12 £0.101m March 13 £0.110m March 14 £0.089m
<b>Repairs &amp; Renewals</b>	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 11 £0.035m March 12 £0.029m March 13 £0.046m March 14 £0.051m
<b>Building Regulation Chargeable Account</b>	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 11 £0.000m March 12 £0.000m March 13 £0.000m March 14 £0.000m
<b>Capital Feasibility Studies</b>	To facilitate the delivery of the capital programme a reserve has been created which can be used to finance expenditure on the preparation of capital schemes.	This reserve is used to provide financial support for preparation work on capital schemes contained within future capital programmes. Once the scheme has been approved then the costs charged to this reserve will be recharged against the approved capital scheme. Therefore	March 11 £0.191m March 12 £0.149m March 13 £0.086m March 14 £0.005m

Reserve	Purpose	Policy	Value
		assuming that all schemes are approved then this reserve will always eventually be reinstated to its original value.	
<b>Icelandic Banks</b>	A reserve created to cover the potential loss of an element of the Council's deposits held in two Icelandic banks.	This reserve will be used to meet any losses of the Council's investments in two Icelandic banks which have been put into receivership/administration.	March 11 £2.341m March 12 £0.262m March 13 £0.346m March 14 £0.495m
<b>Commutated Maintenance of Land</b>	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 11 £0.142m March 12 £0.142m March 13 £0.217m March 14 £0.239m
<b>S106 and Travel Plan Monitoring</b>	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 11 £0.071m March 12 £0.081m March 13 £0.099m March 14 £0.109m
<b>Financial Systems Upgrade</b>	A reserve created in 2010/11 to meet additional revenue costs arising from the upgrade of Agresso to version 5.5.	The reserve will be used to meet costs arising from phase two of the upgrade.	March 11 £0.100m March 12 £0.056m March 13 £0.049m March 14 £0.040m
<b>Property Searches Chargeable Account</b>	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 12 £0.026m March 13 £0.063m March 14 £0.117m
<b>Business Rates Equalisation</b>	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.	March 12 £2.000m March 13 £2.000m March 14 £0.000m



<b>Reserve</b>	<b>Purpose</b>	<b>Policy</b>	<b>Value</b>
<b>Transformation</b>	A reserve to support investment in service innovation and improvements.	The reserve will be used to meet the upfront costs of transformation.	March 12 £0.500m March 13 £0.435m March 14 £0.500m
<b>Demographic Pressures and Projects</b>	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.	March 12 £0.699m March 13 £0.759m March 14 £0.709m
<b>Revenue Grants Unapplied</b>	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 12 £1.179m March 13 £1.802m March 14 £1.941m
<b>Early Intervention</b>	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.	March 12 £0.500m March 13 £0.465m March 14 £0.353m
<b>Economic Development</b>	A reserve to support economic development.	This reserve will be used to support and increase local economic prosperity.	March 12 £0.657m March 13 £0.456m March 14 £0.550m
<b>School Masterplans and Feasibility Studies</b>	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 13 £0.300m March 14 £0.500m
<b>Repairs and Maintenance</b>	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.	March 13 £0.500m March 14 £0.494m
<b>Residents Parking Scheme</b>	A new reserve to meet the cost of the trial scheme in six zones surrounding Bracknell Town Centre.	To meet the cost of the trial scheme in the first two years of operation.	March 14 £0.140m

<b>Reserve</b>	<b>Purpose</b>	<b>Policy</b>	<b>Value</b>
<b>Members Initiatives</b>	A new 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	March 14 £0.630m
<b>Public Health Reserve</b>	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 14 £0.286m

### Unusable Revenue Reserves

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

<b>Balance</b>	<b>Purpose</b>	<b>Policy</b>	<b>Value</b>
<b>Collection Fund Adjustment Account</b>	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 11 £0.249m March 12 £0.124m March 13 £0.209m March 14 £6.928m
<b>Accumulated Absences Account</b>	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 11 -£4.535m March 12 -£4.902m March 13 -£5.198m March 14 -£5.108m
<b>Pensions</b>	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.	March 11 -£73.812m March 12 -£134.785m March 13 -£145.949m March 14 -£164.072m

## Virements between Departments

Total	Explanation
<b>£'000</b>	
	<b><u>Corporate Services / CX Office</u></b>
17	Allocation from the Members Initiative Fund to match the pattern of spend
78	Re-allocation of Planned Maintenance budgets to reflect changes in the programme of works.
	<b><u>Children, Young People and Learning</u></b>
-1	Re-allocation of Planned Maintenance budgets to reflect changes in the programme of works.
43	Allocation from the Members Initiative Fund to match the pattern of spend
	<b><u>Adult Social Care, Health and Housing</u></b>
-19	Re-allocation of Planned Maintenance budgets to reflect changes in the programme of works.
22	Allocation from the Members Initiative Fund to match the pattern of spend
	<b><u>Environment, Culture and Communities</u></b>
-58	Re-allocation of Planned Maintenance budgets to reflect changes in the programme of works.
68	Allocation from the Members Initiative Fund to match the pattern of spend
	<b><u>Non-Departmental</u></b>
-150	Allocation from the Members Initiative Fund to match the pattern of spend
<b>0</b>	<b>Total Virements</b>

### Departmental Virements over £50,000

Debit	Credit	Explanation
£'000	£'000	
		<b><u>Schools Budget</u></b>
		under which school budgets will be adjusted to take account of changing circumstances. These can be in respect of local policy decisions in order to comply with relevant legislation. The Borough Treasurer and Director of Children, Young People and Learning have agreed the following changes that affect transfers between divisions of service:
1,673		Delegated School Budgets
	-993	SEN Provisions and Support Services
54		Education out of School
	-601	School Staff Absence and Other Items
	-133	Support to Schools in Financial Difficulties
		<b><u>Non-Departmental</u></b>
		The Members Initiative Fund has been used to support capital and revenue schemes. As this is a revenue fund, capital schemes require a transfer of resources to the Revenue Contributions to Capital budget.
66		Revenue Contributions to Capital
	-66	Members Initiative Fund
<b>1,793</b>	<b>-1,793</b>	<b>Total</b>