

## Corporate Services &amp; Chief Executive's

Variance	Explanation
<b>£'000</b>	
<b>-179</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 -£0.117m.</p> <p>An under spend of -£0.019m was achieved following the disposal of property on Molly Millars Lane in Wokingham, which formed part of the Berkshire joint arrangements.</p> <p>There was an under spend of -£0.055m on Business Rates due to increased occupancy of Council owned properties.</p> <p>The total underspend was reduced due to the completion of outstanding maintenance works on various properties within the portfolio.</p>
<b>-129</b>	<p><b>Operations Unit</b></p> <p>The Home To School Transport budgets were underspent by -£0.098m, due to the following:</p> <ul style="list-style-type: none"> <li>• The operators accepted a 1% increase from September 2014 (there had been no increase in the previous academic year), this was lower than budgeted for and resulted in an under spend of -£0.049m.</li> <li>• Reduction in the number of students travelling to Charters School who are entitled to "free" transport - 30 less pupils resulting in an underspend of -£0.023m.</li> <li>• More efficient use of routes into Kennel Lane School resulted in an under spend of -£0.026m. In September the number of vehicles was reduced and empty spaces filled in others.</li> </ul> <p>Also as a result of appeals, rebates of -£0.019m have been received for Easthampstead House and the Commercial Centre Business Rates. In addition the new postal contract with TNT has resulted in a reduction in costs and an under spend of -£0.012m.</p>
<b>-33</b>	<p><b>Finance</b></p> <p>Finance had various underspends including -£0.004m for payroll printing costs, -£0.007m in internal audit costs due to delays in some audits and -£0.022m following a rebate on audit fees from the Audit Commission.</p>
<b>-21</b>	<p><b>Member &amp; Mayoral Services</b></p> <p>There is an under spend of -£0.004m to report for the modern records storage facility provided by Reading Borough Council as part of the Berkshire joint arrangements.</p> <p>In addition there is an under spend of -£0.005m on Members Training, -£0.005m on Member and Mayoral Allowances, -£0.001m on Mayoral vehicle charges, and -£0.006m across various supplies and services budgets.</p>

Variance	Explanation
£'000	
53	<p data-bbox="330 315 580 344"><b>Property Services</b></p> <p data-bbox="330 383 1460 546">Whilst work is underway to identify the council wide Facilities Management framework savings they will not start to be realised until 2015/16 - 2016/17 resulting in a pressure of £0.090m. This has been partially offset by a reduction in expenditure on town centre events whilst the redevelopment occurs leading to an under spend of -£0.021m.</p> <p data-bbox="330 584 1358 651">Additional income of -£0.006m was received from Bracknell Forest Homes with regards to the valuations SLA.</p> <p data-bbox="330 689 1460 757">Finally there were underspends of -£0.010m spread across training, transportation and supplies and services budgets.</p>

## Children, Young People &amp; Learning

Variance	Explanation
<b>£'000</b>	
<b>-151</b>	<p><b>Chief Officer: Learning &amp; Achievement</b></p> <p>The main areas of under spending relate to: a £0.127m over-achievement of income, mainly through additional lettings and courses at the Bracknell Open Learning Centre; a £0.040m saving on higher education fees for former looked after children as there were no eligible young people; and a £0.030m negotiated saving on accommodation costs relating to Information, Advice and Guidance services for 13-19 year olds. These were partially offset by an over spending of £0.044m in the School Improvement Team in response to additional support needs from schools, including enhanced individual school performance data.</p>
<b>319</b>	<p><b>Children &amp; Families: Social Care</b></p> <p>The staffing budget over spent by £0.423m. This is in response to ensuring adequate safeguarding arrangements are in place for children and families. The biggest single factor to account for the over spending relates to the inability to attract suitable numbers of qualified social workers. The national shortage of social workers, coupled with more attractive remuneration packages being paid in the local area made it extremely difficult to recruit and retain permanent staff. This left no alternative other than to use high cost agency workers, which when compared to council contract rates, resulted in extra costs of £0.341m.</p> <p>The number of Special Guardianship Orders (SGO) has increased resulting in an over spend of £0.100m. 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. An SGO can enable a child to remain in his or her extended family, for example, with grand parents and are a cost effective care arrangement.</p> <p>The remaining budget showed a net under spending of -£0.204m, of which the main savings relate to; -£0.046m at Larchwood Respite Home, mainly as a result of additional income; -£0.054m adoption income from placing other LA young people with BF trained adopters; -£0.031m on fewer specialist assessments, -£0.023m on direct payments; and -£0.027m on care leavers maintenance grants.</p>
<b>-39</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 -£0.018m on staffing and use of agency staff.</p>

## Adult Social Care, Health and Housing

Variance	Explanation
£'000	
-269	<p><b>Purchased Social Care Budgets</b></p> <p>The net position on purchased social care budgets is an under spend of -£0.269m. This consists of overspends in Mental Health and Support with Memory &amp; Cognition (£0.194m and £1.230m respectively) and underspends in Learning Disability and Physical Support (£0.722m and £0.971m respectively). The primary reason for the underspend was additional grant received from the Department of Health which was used to fund Homecare costs (£0.234m), thereby ensuring recipients did not call on local NHS Accident &amp; Emergency services.</p>
-1,359	<p><b>Housing Benefit Payments</b></p> <p>There has been a large credit to the Housing Benefits Payments budget as a result of work done on Housing Benefit Overpayments. In previous years, the Council has held a bad debt provision for 100% of Housing Benefit Overpayments held on the Balance Sheet. This methodology was reviewed in the year, and it was concluded it was overly prudent. A new methodology has been developed, with bad debt provision now being approximately 40% of the debt, reflecting that a large portion of the overpayments are reclaimed from ongoing entitlement. This has resulted in a credit of £0.804m.</p> <p>The work on the provision also highlighted that the methodology for reconciling the housing benefit administration system (Northgate) to the ledger required updating. The work identified that overpayments were understated and resulted in a credit of £0.560m.</p>
242	<p><b>Internal Services</b></p> <p>The over spend on Heathlands care home was primarily due to pressure on the staffing budget caused by a reliance on agency staff.</p>
127	<p><b>Forestcare</b></p> <p>Overspend due to additional staff recruited this year to generate additional income (£0.034m). The effects of this new post have only started to impact at the end of the year, and a contract has been won for which additional income is expected next financial year. In addition, to prepare for additional work from the start of 2015/16, equipment purchases during the year have exceeded the budget by £0.101m.</p>

## Environment, Culture &amp; Communities

Variance	Explanation
<b>£'000</b>	
105	<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 £105,000 was included in the 2014/15 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 2015/16. These staff costs can be offset against future income but need to be funded at year end.
215	<b>Waste Disposal</b> - Waste tonnages have increased this year and the Council's share of the additional costs is £155,000. In respect of the ongoing dispute over income receivable by the Council's from this contract it has now been decided to go to adjudication again in respect of the recycling income, since it is thought this element of the claim can be dealt with outside of the court case. Legal costs associated with the case increased the over spend by £60,000.
200	<b>Waste Disposal</b> - Included in the waste budget this year was an estimated £200,000 income from a share of the excess profit which was included in the contract. As has been mentioned this payment is in dispute with the contractor and is likely to be referred to the high court for a decision. It was not felt prudent to accrue for this income, leading to a pressure in 2014/15.
-55	<b>Waste Income</b> - Income from the emptying of brown bins, for collecting garden refuse, for the sale of plastic sacks and textiles has been greater than anticipated.
126	<b>Concessionary Fares</b> – Costs arising from additional payments to the two new bus companies combined with a 6% increase in passenger numbers.
-65	<b>The Look Out</b> - Income from admissions to the science exhibition has exceeded the budget.
-330	<b>Public Realm</b> - New contracts have been let covering Landscape, Street Cleansing and Highway Maintenance services which came into effect on 1st October 2014. After allowing for one off costs a saving of -£330,000 was achieved.
-51	<b>Local Development Framework (LDF)</b> - Savings have been achieved by carrying out the initial stages of the Open Space and Recreation evidence base study in-house. The retail study was also deferred pending further progress on the town centre. The resultant saving of -£82,000 was partly offset by additional costs arising from the implementation of CIL (£31,000).
-80	<b>Staffing Budget</b> - There has been a significant increase in staff turnover in the current year and it has proved difficult to recruit in certain areas, which has led to a number of posts being vacant for longer than anticipated.
-65	<b>Bracknell Leisure Centre / Coral Reef</b> - The impact of the new Combined Heat & Power (CHP) plant on gas and electricity consumption was greater than anticipated resulting in a saving of -£65,000 for the year.
-70	<b>Cemetery &amp; Crematorium</b> - Income in the last quarter of the year was greater than anticipated, which resulted in the net target being exceeded by -£49,000. In addition to this, a payment was received from a national scheme set up to ensure that

## Outturn 2014/15 – Significant Variances

Variance	Explanation
	abatement targets were achieved which had not been budgeted for (-£20,950).
-21	<b>Street Lighting</b> - The energy costs for street lighting for 2014/15 have been lower than estimated.
74	<b>Residents Street Parking</b> - This scheme was approved for a two year trial period for which a reserve was set up to fund the costs of the trial. However, the estimated costs have now increased above the level of the reserve resulting in an additional pressure in 2014/15.
-46	<b>Development Control / Building Control</b> - Income from planning applications, pre-applications, and plan deposits was greater than anticipated over the last few months of the year.

## Non Departmental Budgets/Earmarked Reserves

Variance	Explanation
<b>£'000</b>	
<b>-278</b>	<b>Interest</b> 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.
<b>-1,795</b>	<b>Business Rates Income</b> The amount of relief provided to businesses was significantly less than originally forecast which in turn has meant the Section 31 grant receivable from the Government is also significantly less than the budget (£0.293m). Due to a large increase in the provision required for business rate appeals, in particular because of appeals lodged by a major ratepayer, the Collection Fund has gone into deficit. This has meant that the levy payable by the Council, which impacts directly on the General Fund, is less than originally budgeted (-£2.088m).
<b>-391</b>	<b>Minimum Revenue Provision (MRP)</b> Refinancing of earlier capital expenditure, higher than forecast capital receipts in 2013/14 and carry forwards into 2014/15 have all helped to create an under spend against the Minimum Revenue Provision.
<b>-653</b>	<b>Revenue Contributions to Capital</b> 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.
<b>-488</b>	<b>Contingency</b> The contingency was not fully allocated during the year. The balance was therefore declared as an under spend.
<b>1,860</b>	<b>Earmarked Reserves</b> The transfer into the Business Rates Equalisation Reserve has been increased to reflect the net impact of the under spend on the levy, reductions in Section 31 Grant and other changes to rates income.
<b>-473</b>	<b>Earmarked Reserves</b> The balances on the Capital Feasibility and Icelandic Banks Reserves have been transferred to revenue as the reserves are no longer required.

**TREASURY MANAGEMENT ANNUAL REPORT 2014/15****1 INTRODUCTION**

1.1 The annual treasury report is a requirement of the Council's reporting procedures and covers the treasury activity during 2014/15. 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 2014/15
- ◆ The Strategy for 2014/15
- ◆ The Economy in 2014/15
- ◆ The investment outturn for 2014/15
- ◆ Compliance with Treasury Limits

**2 SUPPORTING INFORMATION****Current Treasury Position**

2.1 Average investments for the year amounted to £50.88m and the investment position at the end of the year was as follows.

<b>Investment position</b>	<b>At 31 March 2015</b>		<b>At 31 March 2014</b>	
	<b>Principal</b>	<b>Average Rate</b>	<b>Principal</b>	<b>Average Rate</b>
Fixed Interest Investments	£23.50m	0.60%	£27.00m	0.61%
Variable Interest Investments	£15.32m	0.46%	£20.86m	0.37%
<b>Total Investments</b>	<b>£38.82m</b>	<b>0.50%</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 2014/15. 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, and is shown below in Table 2.

<i>Table 2 Financing of Capital Programme 2014/15</i>	
	<b>£'000</b>
<b>Expenditure</b>	
Capital Programme	25,436
<b>Total</b>	<b>25,436</b>
<b>Financed by</b>	
Capital Receipts	4,142
Government Grants/Contributions	13,074
S106 Contributions	1,606
Capital Financing Requirement	6,614
<b>Total</b>	<b>25,436</b>

### **The Strategy for 2014/15**

- 2.3 At the time of publication of the 2014/15 Treasury Management Strategy Statement (TMSS) growth had rebounded in the first half of 2013 surpassing all expectations and prospects remained strong for the whole UK economy (services, manufacturing and construction). The only downside was that wage inflation remained below CPI inflation, pressuring disposable income and living standards. Whilst Eurozone concerns subsided in late 2013, debt difficulties had not gone away and as such counterparty risk remained elevated. The UK Bank Rate was forecast to remain unmoved through to late 2015 with little opportunity to return to what would have been considered normal investment conditions. For investment purposes these continued risks led the Council to continue to use the highest quality UK counterparties for shorter time periods.

### **The Economy in 2014/15**

- 2.4 After strong UK GDP growth in 2013 at an annual rate of 2.7%, and then growth in 2014 of 0.6% in Q1, 0.8% Q2, 0.7% Q3 and 0.5% Q4 (annual rate for 2014 of 2.7%), growth increased momentum during early 2015 in response to two developments; firstly, the stimulative effect of the sharp fall in oil prices in quarter 4 of 2014 and then inflation potentially falling into negative territory during 2015. Secondly, due to a rise in average wage rates due to the continuing fall in unemployment to about 5.5% by mid 2015, and the further erosion of spare capacity strengthening consumer expenditure, but without much downside to the savings ratio. Market expectations for the first increase in Bank Rate therefore moved from quarter 3 2015 after the November 2014 report, to around mid year 2016 during February 2015

- 2.5 The return to strong growth has helped lower forecasts for the increase in Government debt over the last year but monthly public sector deficit figures during 2014 were weaker than originally forecast; the autumn statement, therefore, had to revise the speed with which the deficit is forecast to be eliminated. The flight to quality in January 2015 has seen gilt yields fall to incredibly low levels, which will reduce interest costs on new and replacement government debt.

### **Icelandic Deposits**

- 2.6 The U.K. Government, Local Government Association, administrators and other agencies have continued to work throughout 2014/15 in recovering assets with Icelandic investments.
- 2.7 In the case of Heritable Bank plc a late development in March 2015 saw agreement between administrators and one of the banks largest creditors. A settlement was agreed that would relinquish competing claims between Heritable and this creditor and the administrator now estimates a return to all unsecured creditors of between 98p to 100p in the pound. A further dividend is expected in August 2015.
- 2.8 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. The Central Bank has recently announced the removal of capital controls in the very near future which should lead to the recovery of the amounts held in the escrow account. The detail of any conditions alongside this removal is yet to be announced.

### **Investment Outturn**

- 2.9 The financial year 2014/15 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.
- 2.10 The Council's investment policy is governed by CLG guidance, which was implemented in the annual investment strategy approved by the Council on 26th February 2014. 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 2014/15. The investment activity during the year conformed to the approved strategy.
- 2.11 The average rate on investments was 0.50% on an average balance of £50.8m, representing a 15 basis points out-performance on the 7-Day LIBID benchmark (0.35%).
- 2.12 The outturn for net investment income is £656,000 (see table 3), an increase in income of £278,000 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	-40	-314
Other Interest	-418	-409
<b>Total Interest</b>	<b>-458</b>	<b>-723</b>
<b>Expenditure</b>		
Interest Payments - Other	7	2
Fees & Charges	72	65
<b>Total Expenditure</b>	<b>80</b>	<b>67</b>
<b>Net Interest</b>	<b>-378</b>	<b>-656</b>

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

### **Compliance with Treasury Limits**

- 2.13 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.
- 2.14 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 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.
- 2.15 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>51,687</b>	<b>49,493</b>
Net financing need for CFR purposes	7,856	6,614
Less MRP/VRP and other financing movements	-1,837	-1,446
<b>Closing balance</b>	<b>57,716</b>	<b>54,661</b>

2.16 The outturn for the remaining Prudential Indicators are as follows

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

No.	AFFORDABILITY INDICATORS	2014/15 Estimate	2014/15 Out-turn
<b>1</b>	<b>Financing Costs to Net Revenue Stream</b>	%	%
(a)	General Fund	-0.09	-0.73
<b>2</b>	<b>Impact of New Capital Investment</b>	£ p	£ p
(a)	Cumulative Increase in Council Tax (Band D, per annum)	0.37	0.72
No.	CAPITAL EXPENDITURE INDICATORS		
<b>3</b>	<b>Estimates of Gross Capital Expenditure</b>	£'000	£'000
(a)	General Fund	£21,229	£25,436
No.	EXTERNAL DEBT INDICATORS	2014/15 Estimate	2014/15 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 2015/16**

<b>Note</b>	<b>Total</b>	<b>Explanation</b>
	<b>£'000</b>	
#1	-6	<b>Member &amp; Mayoral Services</b>  Carry forward required to fund the Mentoring and Leadership Academy for two Members. The finalisation of requirements could not be completed and booked before the end of the current financial year.
#2	-6	<b>Local Tax Collection</b>  Testing by Capita for the upgrade to v9 of the cashiers system has been delayed until April.
#3	-13	<b>Registration Services</b>  The contractor has delayed the upgrade of the Stopford system a number of times, which means the supplementary work on the website to align presentation of pages with Stopford has been delayed.
	<b>-25</b>	<b>Grand Total</b>

**ENVIRONMENT, CULTURE & COMMUNITIES**  
**Carry Forwards to 2015/16**

Note	Total	Explanation
	£'000	
1	-91	<b>Street Lighting</b> - The existing contract with Balfour Beatty was extended on a 'care and maintenance' basis to cover the period until the new contract came into force on 1 October 2014. Expenditure during this 6 month period was limited to the OJEU threshold of £0.172m and as a consequence a backlog of work built up. Unfortunately due to the volume of work involved, the new contractor has been unable to complete the works by 31st March. A carry forward has therefore been requested to complete these works.
2	-86	<b>Local Development Framework (LDF)</b> - It has not been possible to spend this years budget of £85,730. This results from delays in carrying out a number of pieces of work, including a Strategic Housing Market Assessment (which is now to be carried out as a joint project with the other Berkshire Unitaries), an Open Space & Recreation study and a retail study (which has been delayed pending the finalisation of proposals for the Town Centre). A carry forward of this sum is therefore requested to enable these works to be completed.
	-177	<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 12 £10.266m March 13 £12.982m March 14 £9.813m March 15 £10.961m



**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 12 £2.188m March 13 £2.266m March 14 £2.639m March 15 £2.731m
<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 12 £0.501m March 13 £0.449m March 14 £0.719m March 15 £0.202m
<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 12 £1.500m March 13 £1.975m March 14 £1.664m March 15 £1.469m
<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 12 £4.531m March 13 £4.471m March 14 £4.371m March 15 £4.013m
<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 12 £0.096m March 13 £0.102m March 14 £0.068m March 15 £0.074m

<b>Reserve</b>	<b>Purpose</b>	<b>Policy</b>	<b>Value</b>
<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 12 £0.398m March 13 £0.517m March 14 £0.950m March 15 £0.208m
<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 Children, Young People and Learning.	March 12 £0.491m March 13 £0.490m March 14 £0.490m March 15 £0.490m
<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 Bracknell Forest Supplement.	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 12 £0.285m March 13 £0.285m March 14 £0.285m March 15 £0.117m
<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 Children, Young People and Learning.	March 14 £0.040m March 15 £0.040m
<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 Business Rates arising from school expansions. School budgets are normally set on a provisional figure and the reserve will absorb the differences between	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 14 £0.112m March 15 £0.196m

<b>Reserve</b>	<b>Purpose</b>	<b>Policy</b>	<b>Value</b>
	provisional and actual figures.		
<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.	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 12 £0.101m March 13 £0.110m March 14 £0.089m March 15 £0.063m
<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 12 £0.029m March 13 £0.046m March 14 £0.051m March 15 £0.066m
<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 12 £0.000m March 13 £0.000m March 14 £0.000m March 15 £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. The reserve has been closed.	This reserve is used to provide financial support for preparation work on capital schemes contained within future capital programmes.	March 12 £0.149m March 13 £0.086m March 14 £0.005m March 15 £0.000m
<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. The reserve is no longer required and has been closed	This reserve is used to meet any losses of the Council's investments in two Icelandic banks which have been put into receivership/administration.	March 12 £0.262m March 13 £0.346m March 14 £0.495m March 15 £0.000m
<b>Commuted 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 12 £0.142m March 13 £0.217m March 14 £0.239m

<b>Reserve</b>	<b>Purpose</b>	<b>Policy</b>	<b>Value</b>
			March 15 £0.643m
<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 12 £0.081m March 13 £0.099m March 14 £0.109m March 15 £0.120m
<b>Financial Systems Upgrade</b>	A reserve 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 12 £0.056m March 13 £0.049m March 14 £0.040m March 15 £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 March 15 £0.133m
<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. The sum set aside for the 2014/15 Collection Fund deficit accounts for £6.127m of the total.	March 12 £2.000m March 13 £2.000m March 14 £0.000m March 15 £13.700m
<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 March 15 £0.480m
<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 March 15 £0.477m

<b>Reserve</b>	<b>Purpose</b>	<b>Policy</b>	<b>Value</b>
<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 March 15 £2.083m
<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 March 15 £0.289m
<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 March 15 £0.279m
<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 March 15 £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 March 15 £0.187m
<b>Residents Parking Scheme</b>	A 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 March 15 £0.140m
<b>Members Initiatives</b>	A reserve to fund another round of small projects (£0.015m per member) based on members' knowledge of local ward priorities or in conjunction with partners and other stakeholders.	The reserve will be used for local ward priorities identified by members	March 14 £0.630m March 15 £0.207m

<b>Reserve</b>	<b>Purpose</b>	<b>Policy</b>	<b>Value</b>
<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 March 15 £0.399m
<b>Better Care Fund Reserve</b>	A new 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

### 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 12 £0.124m March 13 £0.209m March 14 £6.474m March 15 -£5.851m
<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 12 -£4.902m March 13 -£5.198m March 14 -£5.108m March 15 -£5.692m
<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.	March12 -£134.785m March13 -£145.949m March14 -£164.072m March15 -£223.895m

## Virements between Departments

Total	Explanation
<p><b>£'000</b></p> <p>90</p> <p>-24</p> <p>2</p> <p>243</p> <p>3</p> <p>105</p> <p>-347</p> <p>51</p> <p>-200</p> <p>128</p> <p>-51</p>	<p><b><u>Corporate Services / CX Office</u></b></p> <p>Allocation of Planned Maintenance budgets to match the programme of works.</p> <p>Revenue contributions for the purchase of ipads and a franking machine and towards the cost of polling station booths and the Council chamber.</p> <p><b><u>Children, Young People and Learning</u></b></p> <p>Allocation of Planned Maintenance budgets to match the programme of works.</p> <p>The revenue contribution from the general schools budget (-£264,700) is no longer required to support capital projects. However a contribution was required for works on Greenwood Road (£22,140).</p> <p><b><u>Adult Social Care, Health and Housing</u></b></p> <p>Allocation of Planned Maintenance budgets to match the programme of works.</p> <p><b><u>Environment, Culture and Communities</u></b></p> <p>Allocation of Planned Maintenance budgets to match the programme of works.</p> <p>Revenue contributions for highways work and the purchase of bins, scanning equipment and leisure equipment.</p> <p>An allocation from the Structural Changes Reserve to finance additional costs associated with redundancies.</p> <p><b><u>Non-Departmental</u></b></p> <p>Allocation of Planned Maintenance budgets to match the programme of works.</p> <p>Revenue contributions towards capital</p> <p>Structural Changes Reserve</p>
<p><b>0</b></p>	<p><b>Total Virements</b></p>

## Departmental Virements over £50,000

Debit	Credit	Explanation
£'000	£'000	
		<b><u>Corporate Services / CX Office</u></b>
		The Devolved Staffing Budgets (DSB) have then been realigned to reflect in year staff turnover and amendments to staffing structures. In order to balance the DSB it has been necessary to identify underspends within non-DSB budgets to vire to DSB budgets.
72		Director of Corporate Services
	-18	Democratic & Registration Services
	-65	Customer Services
	-25	Human Resources
	-31	Finance
	-8	Property Services
183		ICT
	-28	Chief Executive's Office
	-30	Local Tax Collection including Cashiers - Non DSB budgets
	-50	Legal Services - Non DSB budgets
		Virements to Community Engagements and Equalities to support various projects, including the residents and staff surveys £0.034m, the Parks Community Centre management costs £0.005m and the Consultation Institute training and compliance assessment £0.008m.
54		Community Engagement & Equalities
	-19	Democratic & Registration Services
	-15	Human Resources
	-20	Operations Unit
		A consultant was engaged to maximise the income received for Council Tax and Business Rates. This has resulted in an increase in income to the collection fund which is outside of Corporate Services budgets. The costs of the consultancy were £0.151m, £0.096m of which was met from Local Tax Collection budgets.
55		Local Tax Collection
	-28	Legal Services
	-27	Operations Unit
		A virement of £0.055m from Insurance to Finance to support consultancy budgets
55		Finance
	-55	Insurance
<b>419</b>	<b>-419</b>	<b>Total</b>



## Departmental Virements over £50,000

Debit	Credit	Explanation
£'000	£'000	
		<b><u>Adult Social Care, Health and Housing</u></b>
		To reflect funding of services by the NHS via the Better Care Fund in 2014/15.
36		Community, Response & Reablement - Employees
11		Joint Commissioning - Supplies and Services
67		Joint Commissioning - Employees
26		Directorate - Employees
	-140	Directorate - Government Grants
		Adjustment to reflect services across the Council that were funded from Public Health Grant. This adjustment to the budget is required to ensure the department does not overspend on the DSB as these services were made up of DSB costs.
119		Public Health - Employees
	-119	Public Health - Supplies and Services
		Adjustment to reflect the amount of housing benefit subsidy expected based on caseload.
119		Housing Benefit Payments - Transfer Payments
	-119	Housing Benefit Payments - Government Grants
<b>378</b>	<b>-378</b>	<b>Total</b>
		<b><u>Children, Young People and Learning</u></b>
		There have been two internal re-organisations, both of which result in a net nil overall effect but result in changes in management responsibility that require resultant budget virements. They relate to Parenting and Family Support Services and the Leaving Care Service.
100		School Improvement, Music and Governor Services
	-144	Education Welfare and Support
	-63	Family Support Services
	-35	Performance and Governance
142		Extended services and support to families
297		Youth Justice
	-297	Other Children's and Family Services
<b>539</b>	<b>-539</b>	<b>Total</b>

## Departmental Virements over £50,000

Debit	Credit	Explanation
£'000	£'000	
		<b><u>Schools Budget</u></b>
		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 in order to comply with relevant legislation.
1,279		Delegated School Budgets.
	-942	SEN provisions and support services
	-209	School Staff Absence and Other Items
	-128	Support to Schools in Financial Difficulties
		There have also been changes to the level of Sixth Form Grant after initial budget decisions were taken. These relate to updated calculations made by the Education Funding Agency.
59		Delegated School Budgets
	-59	Other School Grants
<b>1,338</b>	<b>-1,338</b>	<b>Total</b>
		<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.
154		Revenue Contributions to Capital
	-154	Members Initiative Fund
<b>154</b>	<b>-154</b>	<b>Total</b>
<b>2,828</b>	<b>-2,828</b>	<b>Grand Total</b>