

Outturn 2015/16 – Significant Variances

Annexe A of the Borough Treasurer's
Revenue Expenditure Outturn 2015/16
report to the Executive on 18 July 2016

Corporate Services & Chief Executive's

Variance	Explanation
£'000	
-33	<p>Members and Mayoral Services</p> <p>An under spend of £0.004m was reported on vehicle hire charges within the Mayoral services area and a further £0.001m on hospitality.</p> <p>The following under spends are reported within Member Services: £0.003m members allowances, £0.004m approved conferences, £0.002m member training, £0.002m mileage claims, £0.004m mobile telephones, £0.006m equipment rental, £0.001m refreshments, £0.001m computer consumables and £0.003m on seminar costs.</p>
-99	<p>Industrial & Commercial Properties</p> <p>Due to an increase in income linked to business turnover, automatic stepped rents and rent reviews, income in excess of the budget (£0.035m) has been received from the Peel Centre.</p> <p>£0.019m has also been saved due to there no longer being a service charge for the Molly Millars Joint Arrangement.</p> <p>We received £0.040m from Bracknell Forest Homes in relation to prior year service charges for various flats.</p> <p>The financial year 2015/16 also saw low void periods which increased income.</p>
-26	<p>Construction and Maintenance</p> <p>There was a £0.021m under spend on consultants fees. In addition there was a £0.005m underspend reported on licence fees.</p>
-376	<p>Operations Unit</p> <p>More rigorous implementation of the SEN Transport Policy, in particular towards Parental Preference Applications has resulted in reduced costs. If a child is allocated a place in a particular school but the parents choose to send them to a different school, perhaps outside of the Borough, the parents cover the transport costs to that school.</p> <p>Personal Transport Budgets (PTB) have also been issued to some parents whereby if there is not a current route to that school, the parents are offered the option of transporting their own child and the Council reimburses them. This can create a large saving as the Council does not need to fund an extra vehicle, driver and escort. The introduction of these budgets can also change the entire dynamics in that different vehicles could be used for particular routes or children can switch to other routes thus reducing the number of vehicles/routes.</p> <p>These two areas have contributed £0.200m towards this underspend. There were also underspends on reactive maintenance at Time Square (£0.040m) and the Depot (£0.023m). The surrender of the Ocean House lease created an under spend of £0.022m and reduced business rates at Easthampstead House created an under spend of £0.025m. Vehicle requirement at Heathlands and Waymead contributed £0.015m towards the total and there was a saving at Larchwood of £0.005m.</p> <p>Savings were also identified within the Fire Alarms (£0.013m), Gas and Electricity</p>

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Variance	Explanation
£'000	
	(£0.013m) and Telephone, Postage and Stationery budgets.
-22	Community Safety This under spend has come from the CCTV section of Community Safety.

Children, Young People & Learning

Variance	Explanation
£'000	
-190	<p>Chief Officer: Learning & Achievement</p> <p>The main areas of under spending relate to: a £0.131m over-achievement of income, mainly through additional lettings and courses at the Bracknell Open Learning Centre, fee income from the School Improvement Team and fixed penalty notices in Education Welfare; a £0.041m saving on higher education fees for former looked after children as there were no eligible young people; and a £0.012m negotiated saving on contract costs relating to Information, Advice and Guidance services for 13-19 year olds.</p>
-87	<p>Children & Families: Social Care</p> <p>There were two significant over spends. Firstly, the number of Special Guardianship Orders (SGO) which has increased resulting in an over spend of £0.113m. These orders, made under the Children Act 1989 are intended for those children who cannot live with their birth parents and who would benefit from a legally secure placement with his or her extended family. Secondly, the Childcare Solicitors recharge from Reading Borough Council, including Public Law Order Assessments over spent by £0.038m, reflecting actual demand on the service.</p> <p>The remaining significant variances were all under spends and in respect of; -£0.037m on the staffing budget; -£0.056m at Larchwood Respite Home, mainly as a result of additional income; -£0.054m on direct payments to young people as fewer clients took this option; -£0.031m on the recharge for the out of hours Emergency Duty Team; -£0.020m on adoption services as a result of financing spend from unused grant; and -£0.018m on specialist support services where less assessments were completed.</p>
-39	<p>Strategy, Resources and Early Intervention</p> <p>Whilst there have been a number of variances across services, the most significant relates to a net under spend of -£0.116m on staffing which is partially offset by spend of £0.065m on agency staff covering vacant posts in specialist services.</p>

Adult Social Care, Health and Housing

Variance	Explanation
£'000	
-389	<p>Director</p> <p>The primary reason for the under spend is funding from the Better Care Fund for implementation of the Care Act. It is not possible to match much of this income to specific costs. In total the Council received £0.354m of which £0.280m is accounted for here.</p> <p>A further £0.100m was received from the Better Care Fund to support carer's services. This funded the annual grant made to the Berkshire Carers Service.</p>
371	<p>Support with Memory & Cognition</p> <p>There was a £0.170m over spend on the cost of externally commissioned care packages, primarily due to the cost of residential and supported living placements. This is due to the higher cost of making placements rather than an increase in numbers.</p> <p>There was also an over spend on staff costs due to the requirement to employ agency staff until the new workforce strategy is implemented and vacant posts are filled. This included an assistant dementia advisor, social worker and assistant team manager.</p>
-938	<p>Learning Disability</p> <p>There was a £0.744m under spend on the cost of care packages. Care packages in Learning Disability are high value and so a small number of changes can have a significant impact. In particular during the year the Council was awarded a significant amount of backdated Continuing Health Care funding. The seven largest awards accounted for additional income of £0.359m. In addition, the anticipated costs from young people transferring into care were not as high as expected and there was a small surplus from the grant given to the Council in respect of Independent Living Fund recipients.</p> <p>Other amounts making up the variance include funding received from the Better Care Fund for advocacy costs (£0.070m), application of Learning Disability Development Funds being less than budget (£0.026m), and an underspend on care management costs (£0.092m).</p>
131	<p>Housing Options</p> <p>The over spend is mainly due to costs of providing Bed & Breakfast temporary accommodation to homeless families, plus an increased emphasis on homeless prevention services to address this (£0.071m).</p> <p>There has also been increased expenditure on agency staff during the year to fill vacant posts (£0.060m).</p>
133	<p>Forestcare</p> <p>The over spend is primarily due to increased purchase of Lifeline equipment (£0.100m), software costs (£0.016m) and staff costs (£0.010m).</p>
-462	<p>Housing Benefit Payments</p> <p>There was a significant increase in the value of Housing Benefit overpayments identified during the year. In general, the Council receives £1.40 for every £1 of overpayment recovered - £0.40 in subsidy and £1 from the claimant. In the financial</p>

	year the value of overpayments identified was £1.7m compared to £1.2m in 2014/15 and £0.9m in 2013/14, resulting in a significant increase in income.
145	Housing Benefit Administration The over spend is mostly due to agency staff retained to ensure staff are properly trained on the identification of Housing Benefit overpayments. This has resulted in additional income for the Council, as outlined in the variance against Housing Benefit Payments.
407	Physical Support There was a £0.150m over spend on the Berkshire joint equipment store which is administered by West Berkshire Council. The reason for this is an increased value of equipment issued, with the rates of recycling of equipment remaining broadly similar to the previous year. There was also a £0.260m overspend on care packages which is mostly to do with the rising cost of residential placements. Due to limited capacity in the local market, placing clients in residential accommodation is becoming increasingly difficult to do at a competitive rate. Whereas the Council target rate is less than £600 per week, new placements are usually higher than £850 per week.
194	Heathlands The over spend is due to the reliance on agency staff which was exacerbated with the consultation on closure of the care home and day centre towards the end of the financial year.
-174	Performance & Resources The underspend is mainly from lower staff costs in finance due to vacant posts during the year plus the income generated from appointeeship clients (£0.099m), and lower software maintenance costs (£0.029m). There were also lower staff costs in performance (£0.020m) and lower property repairs and maintenance costs (£0.019m).

Environment, Culture & Communities

Variance	Explanation
£'000	
-114	Cemetery & Crematorium Income for the year was greater than anticipated, which resulted in the net target being exceeded by £0.114m.
-145	Concessionary Fares The passenger number information received from the bus companies show a reduction in passenger numbers. This has resulted in a budget under spend of £0.145m.
90	Community Infrastructure Levy A sum equivalent to 5% of CIL monies received can be used to cover administrative costs in relation to this scheme; an income budget of £0.105m was included in 2015/16 in respect of these anticipated receipts. However, the sums received have been less than estimated; the shortfall for the year is £0.090m.
-133	The Lookout The number of visitors to the centre has been greater than anticipated; this has resulted in net additional income of £0.133m. A large portion of this income, £0.044m, was from the catering function which had been brought in-house during the year.
-116	Waste Management The recent clarification over recycle income has resulted in more income being received. Over the year the council has received £0.581m of which £0.258m had already been accrued for. Taking into account the final settlement costs of £0.207m, the net additional income is £0.116m.
-310	Waste Disposal The annual costs of the waste PFI contract shows a saving for the Council of £0.310m. The main reason for this is a reduction in the budgeted tonnage for the year and a reduction in green waste tonnages being deposited at Longshot Lane.
114	Coral Reef The net loss for the year was £0.114m, due in the main to problems with the flume tower which had to be closed from 19th June to 3rd July. During this time the flumes were obviously not accessible and therefore it was not possible to charge peak rates, leading to reduced income. It is also possible that once it was known that the flumes were not open that some customers did not visit at all, again leading to a further loss of income. It is estimated that the loss of income during this period was £0.040m. In addition the Tower had to have scaffolding erected to carry out repairs (on the advice of the structural engineer) at a cost £0.038m.

Outturn 2015/16 – Significant Variances

Variance	Explanation
-90	<p>Building Control</p> <p>Income has been greater than that budgeted for, and the need to use consultants for additional specialist advice has been lower than estimated. There have also been savings in staffing costs due to a retirement and a reduction in hours within the section.</p>
-72	<p>Local Land Charges</p> <p>The legal costs involved in the joint claim against local authorities in respect of Personal Search companies has still not been settled, since their claim for £16 million plus interest, naturally, is still in dispute. An estimate, based on the worse case scenario has been made, which indicates that Bracknell's share will be £0.049m. A grant was received this year from the Government in respect of the claim, which was £0.072m more than is required in the provision to meet the legal costs.</p>
-101	<p>On/Off Street Parking</p> <p>Income from season tickets was higher than budgeted, mainly due to the number of tickets issued to the town centre contractors, while day to day income and income from decriminalised parking is slightly lower than budgeted. The net effect is £0.026m of additional income.</p> <p>The actual cost of the resident's street parking scheme (£0.080m) was less than the funds held in an earmarked reserve for the trial (£0.140m), resulting in an under spend this year of £0.060m. The residents are being consulted on whether or not to continue the scheme on a self funded basis.</p>
-65	<p>Public Realm Contract</p> <p>Savings are still being realised in respect of the Street Lighting, Street Cleansing & Landscape contracts due to sums allowed for un-programmed work and inventory changes which are no longer required.</p>
-60	<p>Downshire Golf Course</p> <p>The purchase of a new mower at the start of the year resulted in reduced repairs and maintenance costs of £0.015m. Net income from the catering function (including the recently opened halfway house) has exceeded budget by £0.040m. In addition the net income from the golf shop exceeded budget by £0.005m.</p>
-58	<p>Waste Income</p> <p>Income from the sale of waste services including the sale of garden sacks and textiles has been greater than that anticipated.</p>

Non Departmental Budgets/Earmarked Reserves

Variance	Explanation
£'000	
-459	Interest Higher cash balances have been sustained throughout the year resulting in additional interest.
-177	Icelandic Banks Further income was received relating to the Council's deposit with Heritable Bank (-£0.082m). The Council has now recovered 100% of its original deposit (£2m), and £0.011m in interest. An exchange rate gain also occurred on the deposit held in Iceland relating to Glitnir Bank (-£0.095m).
223	Business Rates Income The amount of relief provided to businesses was less than originally forecast which in turn will require a repayment of Section 31 grant received from the Government (£0.018m). The repayment accrued for last years Section 31 grant was an underestimate (£0.133m). Overall rates income was greater than forecast which has increased the levy payable by the Council (£0.090m).
-118	Minimum Revenue Provision (MRP) Greater use of internal financing for assets under construction and higher than forecast carry forwards into 2015/16 have created an under spend against the Minimum Revenue Provision.
-314	Revenue Contributions to Capital The associated capital expenditure has now been financed from internal borrowing to spread the cost impact on revenue. The budget is therefore no longer required and an under spend can be declared.
-150	Financial Adjustments This primarily relates to a decrease in the bad debt provision for Council Wide debts.
-886	Contingency The contingency was not fully allocated during the year. The balance was therefore declared an under spend.
2,000	Earmarked Reserves Transfers into the Structural Changes Reserve (£1m) and Transformation Reserve (£1m) to fund the Council's transformation programme and any resulting staffing implications.
-108	Earmarked Reserves The transfer out of the Business Rates Equalisation Reserve has been increased to reflect the impact of the in-year over spend on the levy and reductions in Section 31 grant income.

TREASURY MANAGEMENT ANNUAL REPORT 2015/16**1 INTRODUCTION**

1.1 The annual treasury report is a requirement of the Council's reporting procedures and covers the treasury activity during 2015/16. 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 2015/16
- ◆ The Strategy for 2015/16
- ◆ The Economy in 2015/16
- ◆ The investment outturn for 2015/16
- ◆ Compliance with Treasury Limits

2 SUPPORTING INFORMATION**Current Treasury Position**

2.1 Average investments for the year amounted to £44.56m and the investment position at the end of the year was as follows.

Investment position	At 31 March 2016		At 31 March 2015	
	Principal	Average Rate	Principal	Average Rate
Fixed Interest Investments	£7.000m	0.70%	£23.500m	0.60%
Variable Interest Investments	£18.038m	0.46%	£15.320m	0.46%
Total Investments	£25.038m	0.55%	£38.820m	0.53%
Net borrowing position	£0.00m		£0.00m	

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 2015/16. 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 2015/16</i>	
	£'000
Expenditure	
Capital Programme	45,089
Total	45,089
Financed by	
Capital Receipts	5,863
Government Grants/Contributions	29,992
Capital Financing Requirement	9,234
Total	45,089

The Strategy for 2015/16

- 2.3 At the time of publication of the 2015/16 Treasury Management Strategy Statement (TMSS) growth had rebounded in 2014 surpassing all expectations propelled by a recovery in consumer spending and the housing market. However growth in the manufacturing sector and in exports had weakened during 2014 due to poor growth in the Eurozone. The expectation for interest rates within the Treasury Management Strategy for 2015/16 anticipated low but rising Bank Rate, (starting in quarter 1 of 2016), and gradual rises in medium and longer term fixed borrowing rates during 2016/17. Continued uncertainty in the aftermath of the 2008 financial crisis promoted a cautious approach, whereby investments would continue to be dominated by low counterparty risk considerations, resulting in relatively low returns compared to borrowing rates.

The Economy in 2015/16

- 2.4 Market expectations for the first increase in Bank Rate moved considerably during 2015/16, starting at quarter 3 2015 but soon moving back to quarter 1 2016. However, by the end of the year, market expectations had moved back radically to quarter 2 2018 due to many fears including concerns that China's economic growth could be heading towards a hard landing; the potential destabilisation of some emerging market countries particularly exposed to the Chinese economic slowdown; and the continuation of the collapse in oil prices during 2015 together with continuing Eurozone growth uncertainties.
- 2.5 These concerns have caused sharp market volatility in equity prices during the year with corresponding impacts on bond prices and bond yields due to safe haven flows. Bank Rate, therefore, remained unchanged at 0.5% for the seventh successive year. Economic growth (GDP) in 2015/16 has been disappointing with growth falling steadily from an annual rate of 2.9% in quarter 1 2015 to 2.1% in quarter 4.

- 2.6 The ECB commenced a full blown quantitative easing programme of purchases of Eurozone government and other bonds starting in March at €60bn per month. This put downward pressure on Eurozone bond yields. There was a further increase in this programme of QE in December 2015. As for America, the economy has continued to grow healthily on the back of resilient consumer demand. The first increase in the central rate occurred in December 2015 since when there has been a return to caution as to the speed of further increases due to concerns around the risks to world growth.

Icelandic Deposits

- 2.7 The U.K. Government, Local Government Association, administrators and other agencies have continued to work throughout 2015/16 in recovering assets from Icelandic investments.
- 2.8 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 relinquished competing claims between Heritable and this creditor. As such the administrator was able to declare a further dividend on 27th August 2015 of 3.98p. This brings total recovery to £2.011m on the outstanding principal of £2m. Taking account of the interest due on the original deposit, the recovery amounts to 97.98p in the £. There may be a final payment due from the estate; however this may take some months to realise.
- 2.9 The recovery of the remaining balance relating to Glitnir, currently 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 (£600k) 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 is expected to announce some relaxation of the general currency controls in the future, however there is still considerable uncertainty regard the form this may take. A number of auctions have been held but due to their complexity and uncertainty the Council has chosen not to participate. However a further auction is planned in June and the Council is likely to participate as this may offer the best opportunity to maximise its return on these escrowed monies.

Investment Outturn

- 2.10 The financial year 2015/16 continued the challenging investment environment of previous years, namely low investment returns with the expectation for the Bank Rate remaining at 0.5% being proved correct.
- 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 25th February 2015. 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 2015/16. The investment activity during the year conformed to the approved strategy.

- 2.12 The average rate on investments was 0.55% on an average balance of £44.6m, representing a 19 basis points out-performance on the 7-Day LIBID benchmark (0.36%).
- 2.13 The outturn for net investment income is £658,000 (see table 3), an increase in income of £459,000 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. The capital programme lagged projections, particularly in relation to the major schemes included for 2015/16 (Coral Reef Roof, Binfield Learning Village and Town Centre Regeneration). The actual cash-outflow for these schemes are difficult to predict in advance and the re-phasing resulted in considerably higher cash balances in 2015/16. An additional benefit of higher than anticipated cash-balances was the ability of the Council to maximise the opportunity to make a pre-payment to the Pension Fund enabling the Council to benefit from a pre-payment premium of £322,000 (against an anticipate premium of £200,000). This is incorporated into the Other Interest figure below. Unfortunately following the impact of the Vodafone revaluation appeal, the cash balances have been significantly reduced in April 2016 and as such the benefit from this slippage in the capital programme will be largely negated in 2016/17.

Table 3 – Investment Income

	Budget £'000	Actual £'000
Investment Income		
Gross Interest	+39	-267
Other Interest	-310	-455
Total Interest	-271	-722
Expenditure		
Interest Payments - Other	2	0
Fees & Charges	70	64
Total Expenditure	72	64
Net Interest	-199	-658

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.

<i>Table 5 – Capital Financing Requirement</i>	
	31 March 2016 Actual Indicator (£m)
Opening balance	54,661
Net financing need for CFR purposes	9,234
Less MRP/VRP and other financing movements	-1,594
Closing balance	62,301

2.17 The outturn for the remaining Prudential Indicators are as follows

THE PRUDENTIAL CODE FOR CAPITAL FINANCE FOR LOCAL AUTHORITIES

No.	AFFORDABILITY INDICATORS	2015/16 Out-turn
1	Financing Costs to Net Revenue Stream	%
(a)	General Fund	-0.83
2	Impact of New Capital Investment	£ p
(a)	Cumulative Increase in Council Tax (Band D, per annum)	1.08
No.	CAPITAL EXPENDITURE INDICATORS	
3	Gross Capital Expenditure	£'000
(a)	General Fund	£45,089
No.	EXTERNAL DEBT INDICATORS	2015/16 Out-turn
5	Authorised limit for external debt -	£'000
(a)	Borrowing	65,000
(b)	Other long term liabilities	17,000
(c)	TOTAL	82,000
6	Operational boundary -	£'000
(a)	Borrowing	62,000
(b)	Other long term liabilities	17,000
(c)	TOTAL	79,000

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

- The Local Government Act 2003 (the Act), which provides the powers to borrow and invest as well as providing controls and limits on this activity;
- The Act permits the Secretary of State to set limits either on the Council or nationally on all local authorities restricting the amount of borrowing which may be undertaken ;
- Statutory Instrument (SI) 3146 2003, as amended, develops the controls and powers within the Act. The SI requires the Council to undertake any borrowing activity with regard to the CIPFA Prudential Code for Capital Finance in Local Authorities;
- The SI also requires the Council to operate the overall treasury function with regard to the CIPFA Code of Practice for Treasury Management in the Public Services;
- Under the Act the CLG has issued Investment Guidance to structure and regulate the Council's investment activities.
- Under section 238(2) of the Local Government and Public Involvement in Health Act 2007 the Secretary of State has taken powers to issue guidance on accounting practices. Guidance on Minimum Revenue Provision was issued under this section on 8th November 2007.

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

CORPORATE SERVICES / CX OFFICE
Carry Forwards to 2016/17

Total	Explanation
£'000	
4	Community Engagement and Equality Due to the work required for the Transformation Board, the production of a guide on public services for new migrants to the borough and supporting volunteering promotions in the borough was not completed. A carry forward was therefore requested.
9	Web Services The introduction of Web Chat has been put back to April/May 2016 due to a delay in the main Netcall Upgrade project upon which it relies. A carry forward was therefore requested.
8	Construction & Maintenance Three asbestos surveys that were due to take place in 15/16 at Cranbourne Primary, Owlsmoor Primary and Easthampstead Park Secondary were postponed due to conflicts with other works on site. A carry forward was therefore requested.
21	Grand Total

CHILDREN, YOUNG PEOPLE AND LEARNING

Carry Forwards to 2016/17

Amount	Explanation
£'000	
6	Education Capital and Property. Planned work to update pupil yield forecasts for future school places projections has been delayed due to work pressures around the creation of Brakenhale academy. A carry forward was requested to commission the study next year.
8	Extended Services and support to families. A delay has occurred in placing the order for iPads and mobile devices within Extended Services and Support to Families. A carry forward was requested to meet the revenue contribution to capital required next year.
14	Grand Total

ENVIRONMENT, CULTURE & COMMUNITIES

Carry Forwards to 2016/17

Total	Explanation
£'000	
65	<p>Local Development Framework (LDF) - Minerals & Waste Plan Discussions have been held with the commissioning authorities, West Berkshire and also an alternative provider (Hampshire County Council) on the timescale and cost for the project. Due to delays, a carry forward was requested to enable the work to be completed in 2016/17.</p>
100	<p>Local Development Framework (LDF) A number of other pieces of work covered by the Local Development Framework have also been delayed, including the Gypsy and Traveller Accommodation Assessment, the retail study commissioned jointly with three other Berkshire planning authorities and the open space and recreation study work (-£0.100m). Carry forwards were requested to complete the projects in 2016/17.</p>
15	<p>Departmental ICT Suppliers were engaged to deliver document management, Prism (online library solution) and leisure management reporting software, including a trial environment and data load. However, due to renegotiations around the prices, works were only partially delivered with completion now expected in April 2016. A carry forward was requested.</p>
100	<p>Highway Maintenance (including Street Lighting)</p> <p>Winter Maintenance Delays in the supply and installation of equipment at the Highways Depot (£0.004m).</p> <p>Planned Maintenance Ringway were unable to fit our contract in last summer and so commenced as soon as the new micro asphalt season started in March but were unable to complete the work until the 19th April. (£0.086m).</p> <p>Drainage Major & Minor Roads Ringway were unable to complete scheduled works within the financial year and overran into April (£0.010m).</p> <p>A carry forward was requested to cover the costs of these works.</p>
280	Grand Total

Reserves & Balances Policy Statement

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

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

Reserves and Balances can be held for a number of purposes

General Balances

Balance	Purpose	Policy	Value
General Fund	Provides general contingency for unavoidable or unforeseen expenditure and to cushion against uneven cash flows and provides stability in longer term financial planning.	Policy based on a risk assessment of budget and medium term financial plans. Historically £4m has been considered to be the minimum prudent level. Using balances to support expenditure results in a loss of investment income.	March 13 £12.982m March 14 £9.813m March 15 £10.961m March 16 £12.730m

Earmarked Reserves

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

Reserve	Purpose	Policy	Value
Insurance and other Uninsured Claims	This provides cover for the excess payable on claims under the Council's insurance policies (self insurance). It also provides for any potential future claims not covered by existing policies, including contractual disputes and legal claims.	Needs to be at a level where the provision could sustain claims in excess of current claims history	March 13 £2.266m March 14 £2.639m March 15 £2.731m March 16 £2.666m
Budget Carry Forward	Used to carry forward approved unspent monies to the following year.	Budget Carry Forwards are permitted only in accordance with the scheme set out in financial regulations.	March 13 £0.449m March 14 £0.719m March 15 £0.202m March 16 £0.315m
Cost of Structural Change	The reserve gives an opportunity to fund the one-off additional costs arising from restructuring before the benefits are realised.	This reserve will be used to meet organisational wide and departmental restructures where there are demonstrable future benefits.	March 13 £1.975m March 14 £1.664m March 15 £1.469m March 16 £1.555m
Schools' Balances	These funds are used to support future expenditure within the Dedicated Schools Block and include individual school balances.	Balances are permitted to be retained by Schools under the Schools Standards & Framework Act 1998. Policies are set and the reserves are managed by schools and the LEA has no practical control over the level of balances.	March 13 £4.471m March 14 £4.371m March 15 £4.013m March 16 £3.333m
Discretionary School Carry Forwards	The statutory requirement to carry forward school balances has been extended to cover those held for Pupil Referral Units and the Schools Specific Contingency as set out in the financial regulations.	Budget Carry Forwards are permitted in accordance with the scheme set out in financial regulations.	March 13 £0.102m March 14 £0.068m March 15 £0.074m March 16 £0.074m

Reserve	Purpose	Policy	Value
Unused Schools Budget Balance	The Schools Budget is a ring fenced account, fully funded by external grants, the most significant of which is the Dedicated Schools Grant. Any under or overspending remaining at the end of the financial year must be carried forward to the next year's Schools Budget and as such has no impact on the Council's overall level of balances.	This reserve is held for specific accounting reasons. The funds in this reserve are ring fenced and cannot be used for any other purpose.	March 13 £0.517m March 14 £0.950m March 15 £0.208m March 16 £1.373m
SEN Resource Units	An earmarked reserve set up in 2012/13 from the under spend on the Schools Budget to fund building adaptations required to develop SEN (special education needs) resource units.	Part of the unused Schools Budget balance, but earmarked for a particular purpose. The funds are therefore ring fenced. The reserve has been approved by the Executive member for Children, Young People and Learning.	March 13 £0.490m March 14 £0.490m March 15 £0.490m March 16 £0.316m
Schools Job Evaluation	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 13 £0.285m March 14 £0.285m March 15 £0.117m March 16 £0.000m
School Meals Re-tender	An earmarked reserve set up in 2013/14 from the under spend on the Schools Budget to cover the costs of the re-tender exercise.	Part of the unused Schools Budget balance, but earmarked for a particular purpose. The funds are therefore ring fenced. The reserve has been approved by the Executive member for Children, Young People and Learning.	March 14 £0.040m March 15 £0.040m March 16 £0.040m
School Expansion Rates	An earmarked reserve set up in 2013/14 from the under spend on the Schools Budget to help finance the increase in Business Rates arising from school expansions. School budgets are normally set on a provisional figure and the reserve will absorb the differences between	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 March 16 £0.445m

Reserve	Purpose	Policy	Value
	provisional and actual figures.		
Education Library Service	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. The service will end next year.	March 13 £0.110m March 14 £0.089m March 15 £0.063m March 16 £0.028m
Repairs & Renewals	The Council has accumulated funding in an earmarked reserve from service charges paid by tenants at Longshot Lane, Forest Park and Liscombe.	The reserve is held in order to finance future improvement works thereby reducing pressure on maintenance budgets.	March 13 £0.046m March 14 £0.051m March 15 £0.066m March 16 £0.014m
Building Regulation Chargeable Account	A statutory ring fenced account which over time must breakeven.	This reserve is held for specific accounting reasons. The funds in this reserve are ring fenced and cannot be used for any other purpose. The account is currently in deficit and therefore there is no balance on the reserve.	March 13 £0.000m March 14 £0.000m March 15 £0.000m March 16 £0.000m
Commuted Maintenance of Land	Money is received and set aside for the ongoing maintenance of land transferred to the Council under Section 106 agreements.	The reserve will be used to cover the cost of maintaining land transferred to the Council under Section 106 agreements.	March 13 £0.217m March 14 £0.239m March 15 £0.643m March 16 £1.104m
S106 and Travel Plan Monitoring	Money is received and set aside to cover the costs of monitoring developers' compliance with Section 106 agreements, including any travel plan requirements.	The reserve will be used to cover the cost of monitoring developers' compliance with Section 106 agreements, including any travel plan requirements.	March 13 £0.099m March 14 £0.109m March 15 £0.120m March 16 £0.120m
Financial Systems Upgrade	A reserve to meet additional revenue costs arising from the upgrade of Agresso.	The reserve has been used to meet costs arising from phase two of the upgrade.	March 13 £0.049m March 14 £0.040m March 15 £0.040m

Reserve	Purpose	Policy	Value
			March 16 £0.000m
Property Searches Chargeable Account	A reserve created for a statutory ring fenced account which over time must breakeven.	This reserve is held for specific accounting reasons. The funds in this reserve are ring fenced and cannot be used for any other purpose.	March 13 £0.063m March 14 £0.117m March 15 £0.133m March 16 £0.154m
Business Rates Equalisation	A reserve to manage the volatility in business rates income expected to result from the localisation of business rates in April 2013.	The reserve will be used to smooth the impact of changes in business rate income on the annual budget including levy payments and further appeals. The sum set aside for the 2015/16 Collection Fund deficit accounts for £6.084m of the total.	March 13 £2.000m March 14 £0.000m March 15 £13.700m March 16 £11.798m
Transformation	A reserve to support investment in service innovation and improvements.	The reserve will be used to meet the upfront costs of transformation.	March 13 £0.435m March 14 £0.500m March 15 £0.480m March 16 £1.399m
Demographic Pressures and Projects	A reserve to fund future demographic pressures and projects within Adult Social Care.	The reserve will be used to smooth the impact of demographic changes and to meet the upfront cost of projects designed to create efficiencies and service improvements.	March 13 £0.759m March 14 £0.709m March 15 £0.477m March 16 £0.477m
Revenue Grants Unapplied	A reserve to hold unspent revenue grants and contributions where there are no outstanding conditions.	The reserve will be used to match the grant income to the associated expenditure.	March 13 £1.802m March 14 £1.941m March 15 £2.083m March 16 £2.333m
Early Intervention	A reserve to support initiatives that focus on early intervention and preventative work.	The reserve will be used to meet the upfront cost of initiatives focusing on early intervention and preventative work.	March 13 £0.465m March 14 £0.353m March 15 £0.289m March 16 £0.259m

Reserve	Purpose	Policy	Value
Economic Development	A reserve to support economic development.	This reserve will be used to support and increase local economic prosperity. This reserve is no longer required as provision for ongoing costs has been made within the Council's revenue budget.	March 13 £0.456m March 14 £0.550m March 15 £0.279m March 16 £0.000m
School Masterplans and Feasibility Studies	A reserve to meet the cost of masterplans and feasibility studies for schools expansion.	Any upfront costs incurred prior to a decision being taken to construct an asset may need to be met from revenue.	March 13 £0.300m March 14 £0.500m March 15 £0.500m March 16 £0.500m
Repairs and Maintenance	A reserve to address 1D priorities (urgent works required to assets which are life expired and/or in serious risk of imminent failure) which are revenue rather than capital in nature.	The reserve will be used for high priority revenue repairs and maintenance. The reserve is no longer required.	March 13 £0.500m March 14 £0.494m March 15 £0.187m March 16 £0.000m
Residents Parking Scheme	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. The reserve is no longer required.	March 14 £0.140m March 15 £0.140m March 16 £0.000m
Members Initiatives	A reserve to fund another round of small projects (£0.015m per member) based on members' knowledge of local ward priorities or in conjunction with partners and other stakeholders.	The reserve will be used for local ward priorities identified by members	March 14 £0.630m March 15 £0.207m March 16 £0.089m
Public Health Reserve	Under the conditions of the Public Health grant, any under spend of the ring fenced grant can be carried over via a reserve into the next financial year.	The reserve will be used to fund Public Health priorities and projects.	March 14 £0.286m March 15 £0.399m March 16 £0.380m
Better Care Fund Reserve	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 March 16 £1.328m

Unusable Revenue Reserves

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

Balance	Purpose	Policy	Value
Collection Fund Adjustment Account	A reserve required to reflect Collection Fund changes included in the SORP 2009. The balance represents the difference between the Council Tax income included in the Income and Expenditure Account and the amount required by regulation to be credited to the General Fund.	This balance is held for specific accounting reasons.	March 13 £0.209m March 14 £6.474m March 15 -£5.851m March 16 -£5.611m
Accumulated Absences Account	A reserve which absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year (e.g. annual leave and flexi-time entitlement carried forward at 31 March). Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.	This balance is held for specific accounting reasons.	March 13 -£5.198m March 14 -£5.108m March 15 -£5.692m March 16 -£5.598m
Pensions	Reflects the Council's share of the Royal County of Berkshire Pension Fund's assets and liabilities. Contributions will be adjusted to ensure any projected deficit is funded.	This balance is held for specific accounting reasons.	March13 -£145.949m March14 -£164.072m March15 -£223.895m March16 -£214.650m

Virements between Departments

Total	Explanation
£'000	
	<u>Corporate Services / CX Office</u>
101	Allocation of Planned Maintenance budgets to match the programme of works.
-7	Revenue contributions to meet HR & Payroll System staff capital costs.
47	An allocation from the Structural Changes Reserve to finance additional costs associated with redundancies.
	<u>Children, Young People and Learning</u>
7	Allocation of Planned Maintenance budgets to match the programme of works.
39	An allocation from the Structural Changes Reserve to finance additional costs associated with redundancies.
28	Revenue contributions to school capital projects (-£0.027m) less a reversal of the previous contribution to Garth Hill College for solar panels which is no longer required this year (£0.055m).
	<u>Adult Social Care, Health and Housing</u>
7	Allocation of Planned Maintenance budgets to match the programme of works.
552	An allocation from the Structural Changes Reserve to finance additional costs associated with redundancies.
-2	Revenue contribution towards the refurbishment of flats at Waymead.
	<u>Environment, Culture and Communities</u>
234	Allocation of Planned Maintenance budgets to match the programme of works.
257	An allocation from the Structural Changes Reserve to finance additional costs associated with redundancies.
-133	Revenue contributions for capital equipment purchases at Bracknell Leisure Centre, Coral Reef, EHPCC, Downshire Golf Complex and the Lookout café.
	<u>Non-Departmental</u>
-349	Allocation of Planned Maintenance budgets to match the programme of works.
114	Revenue contributions towards capital
-895	Structural Changes Reserve
0	Total Virements

Departmental Virements over £50,000

Debit	Credit	Explanation
£'000	£'000	
		<u>Corporate Services / CX Office</u>
		<u>Single Person Discount /RV Review</u>
		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 cost was met from Finance budgets.
52		Local Tax Collection
	-52	Finance
52	-52	Total

Departmental Virements over £50,000

Debit	Credit	Explanation
£'000	£'000	
		<u>Adult Social Care, Health and Housing</u>
		Movement of staff budget from Housing Options to Housing Benefits Administration to reflect the new ways of working for Housing staff.
79	-79	Housing Options - Employees Housing Benefits Administration - Employees
		Budget adjustments to align the Council budget with the Better Care Fund. This virement reflects one project that is no longer required, and a second that will be managed by the CCG rather than the Council.
3	-62	Director - Third Party Payments Director - Other Income Physical Support - Third Party Payment
59		
		Changes to the Departmental Staffing Budget to reflect additional external income and funding received during the year that is being used to fund staff costs. This includes Winter Pressure funding from the NHS, increased usage by other authorities of the Berkshire-wide out-of-hours service, and additional income for Forestcare.
92	-92	Community Response & Reablement - Other Grants, Reimbursements and Contributions Community Response & Reablement - Employees
210	-210	EDS - Other Grants, Reimbursements and Contributions EDS - Employees
63	-201	Physical Support - Other Grants, Reimbursements and Contributions Physical Support - Employees
138		Physical Support - Third Party Payments
		Virement to reflect both the additional Public Health grant received in respect of children's 0-5 services, which became the responsibility of the Council from 1 October 2015, and also the in-year cut to Public Health grant made by NHS England.
537	-537	Public Health - Government Grants Public Health - Third Party Payments
		To align the Council budgets with the final Better Care Fund position.
157	-647	Director - Third Party Payments Director - Other Grants, Reimbursements and Contributions Director - Other Income
107		
106	-106	Joint Commissioning - Third Party Payments Joint Commissioning - Other Grants, Reimbursements and Contributions
55	-68	Community, Response & Reablement - Employees Community, Response & Reablement - Third Party Payment
113		Community, Response & Reablement - Other Grants, Reimbursements and Contributions
		Community, Response & Reablement - Other Income
225	-101	Physical Support - Supplies and Services Physical Support - Third Party Payments
160	-1	Physical Support - Other Grants, Reimbursements and Contributions

Departmental Virements over £50,000

Debit	Credit	Explanation
£'000	£'000	
121	-106 -3 -12	<p>Costs from other departments that have a clear health benefit, and are therefore coded to Public Health, include staff costs. This virement is therefore required to ensure the Departmental Staffing Budget is not overspent.</p> <p>Public Health - Employees Public Health - Supplies & Services Public Health - Third Party Payment Public Health - Other Income</p>
190	-190	<p>Virement to amend the staffing budget for one-off pressures. This is made up of pressures from having an interim Director, statutory responsibilities in respect of Deprivation of Liberty Safeguarding, and agency staff retained to train Housing Benefit officers on the identification of overpayments, which has yielded additional subsidy.</p> <p>Director - Employees Director - Third Party Payment</p>
2,415	-2,415	Total

Departmental Virements over £50,000

Debit	Credit	Explanation
£'000	£'000	
		<u>Schools Budget</u>
		The approved Scheme for Local Management of Schools sets out criteria under which school budgets will be adjusted to take account of changing circumstances. These can be in respect of local policy decisions in order to comply with relevant legislation.
1,981		Delegated School Budgets.
	-1,523	SEN provisions and support services
79		Education out of School
	-341	School Staff Absence and Other Items
10		Early Years provisions and support services
	-206	Support to Schools in Financial Difficulties
		St Margaret Clitherow converted to an academy on 1 September. The Education Funding Agency will now finance the school direct by way of a reduction to the level of Dedicated Schools Grant.
	-326	Delegated School Budgets
	-11	Other budgets
337		Dedicated Schools Grant
2,407	-2,407	Total

Departmental Virements over £50,000

Debit	Credit	Explanation
£'000	£'000	
		<u>Non-Departmental</u>
		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.
50	-50	Revenue Contributions to Capital Members Initiative Fund
50	-50	Total
4,924	-4,924	Grand Total