

## Central

Variance	Explanation
<b>£'000</b>	
<b>392</b>	<p><b>Head of Planning</b></p> <p>The costs of delivering the Local Development Framework exceeded the budget by £0.055m.</p> <p>Within Development Control income is significantly down on previous years, resulting in an overspend of £0.296m, there have also been additional legal costs and external consultancy costs due to appeals which were £0.104m above budget.</p> <p>Finally Planning Policy has underspends of £0.019m to report across it's supplies and services budgets, and the income in excess of budget of £0.044m.</p>
<b>(126)</b>	<p><b>Transport Strategy &amp; Implementation</b></p> <p>The cost of the bus services contracts for the delivery of the concessionary fares service within the Borough was below budget.</p>
<b>(108)</b>	<p><b>Traffic Management</b></p> <p>The income received for monitoring of street works exceeded budget by £0.108m.</p>
<b>(61)</b>	<p><b>Urban Traffic Management &amp; Control</b></p> <p>Joint Arrangement charges for the year are £0.024m lower than budget, in part due to a credit for prior years.</p> <p>In addition, there has been a reduction in the contract costs for Intelligent Transport Systems, resulting in a further underspend of £0.037m.</p>
<b>(68)</b>	<p><b>Development &amp; Adoptions</b></p> <p>Income for Street Naming &amp; Numbering exceeded budget by £0.044m, in addition income received in connection with charges for the research and supply of Highway information exceeded budget by £0.024m.</p>
<b>(298)</b>	<p><b>Parks Open Space &amp; Countryside</b></p> <p>Payment received from Surrey Heath for SANG capacity at Shepherds Meadow is £0.196m in excess of budget.</p> <p>Tree Services £0.060m additional income generated from the recharge of costs incurred.</p> <p>Income generated from hay cutting has exceeded budget by £0.046m</p> <p>This is offset partially by maintenance costs across various sites exceeding budget by £0.017m.</p> <p>The Lookout reported an underspend of £0.013m due to car parking income exceeding budget.</p>

## Outturn 2019/20 – Significant Variances

## Annexe A

Variance	Explanation
£'000	
(60)	<p data-bbox="352 309 703 342"><b>Community Engagement</b></p> <p data-bbox="352 376 1326 443">The residents survey did not take place in this financial year resulting in an underspend of £0.040m.</p> <p data-bbox="352 477 1469 544">In addition, underspends have been identified across publicity, marketing and training to the value of £0.013m</p> <p data-bbox="352 577 1366 645">Finally, Community Centre support maintenance budgets were underspent by £0.007m.</p>

## Outturn 2019/20 – Significant Variances

## Annexe A

## Delivery

Variance	Explanation
<b>£'000</b>	
<b>-180</b>	<p><b>ICT</b></p> <p>The most significant variances relate to overspends within the Schools SLA (£0.070m) and licences (£0.049m) offset by underspends on photocopying (£0.122m), equipment repairs &amp; maintenance (£0.051m) and consultants fees (£0.047m).</p>
<b>-53</b>	<p><b>Property</b></p> <p>Underspends have been reported as follows: Other fees for bought in services (£0.10m), training (£0.004m), consultants fees £0.005m) and additional income in relation to One Public Estate (£0.033m).</p>
<b>260</b>	<p><b>Industrial and Commercial Property</b></p> <p>The most significant aspect of the overspend within this area relates to Waterside Park, which can be broken down into additional costs resulting from the delay in the sale of two of the buildings (£0.154m) and the write-off of previously non collected income (£0.074m).</p>
<b>-76</b>	<p><b>Construction &amp; Maintenance</b></p> <p>Underspends have been reported in relation to consultants fees (£0.050m) and additional income of £0.030m.</p>
<b>-64</b>	<p><b>Office Accommodation</b></p> <p>The Depot underspent on its reactive maintenance budget by £0.020m and there were underspends within office stationery (£0.031m) and refreshments (£0.010m).</p>
<b>-83</b>	<p><b>Legal</b></p> <p>The legal department overachieved on their income target as follows: legal income £0.029m and S106 income £0.022m. In addition, underspends were achieved on seminar costs (£0.006m), photocopying (£0.003m), reference books (£0.015m) and court costs (£0.007m).</p>
<b>-80</b>	<p><b>Registration of Electors/Elections</b></p> <p>Additional income of £0.020m was received from the Cabinet Office to support changing processes within Individual Electoral Registration which was reported as an underspend. In addition to this, we ensured that the full and accurate costs involved with each election were recharged to the relevant parish/ town council ensuring that the borough did not carry any misallocated spend and as such an underspend was achieved (£0.060m) against budget within the elections service area.</p>
<b>-62</b>	<p><b>Customer Services</b></p> <p>Underspends were reported on consultants fees (0.013m) and licences (£0.012m) within Web Services and licences within customer services (£0.041m).</p>

## Outturn 2019/20 – Significant Variances

## Annexe A

Variance	Explanation
£'000	
<b>327</b>	<p><b>Operations Unit</b></p> <p>Overspends were reported as follows: transport services (£0.047m) relating primarily to taxi charges and £0.0280m within home to school transport again primarily relating to taxi charges. There has been a significant increase (17.5%) in the number of SEN children requiring transport to provisions outside of the Borough which has therefore caused a considerable increase in costs.</p>
<b>-47</b>	<p><b>Easthampstead Park Conference Centre</b></p> <p>The bad debt provision for EPCC has been reduced (£-0.015m), we received a refund on Business Rates (£0.006m), we received a rebate on the food contract relating to prior years when we were running the operation (£0.017m) and we also received a refund on SSE works at the property (£0.009m).</p>
<b>-279</b>	<p><b>Waste Management</b></p> <p>An overspend was report on household collection (£0.161m), due mainly to the increase in the contract price due to additional streets being adopted. However, this was offset by underspends within the brown bin service (£0.058m) relating to customers paying when previously they hadn't due to a new software system, 'Core', waste disposal (£0.361m) relating mainly to contracted services underspend and London Road Tip (0.014m).</p>
<b>-336</b>	<p><b>Car Parking</b></p> <p>The most significant part of this underspend (£0.299m) relates to land rents payable and an accrual not being processed in the previous financial year leaving only three quarters rent within 2019/20. In addition to this income was achieved in excess of budget by £0.135m, however overspends were reported on banking charges (0.063m) and repairs and maintenance (£0.047m).</p>
<b>96</b>	<p><b>Leisure</b></p> <p>There was an underspend achieved on publicity and marketing (£0.010m), however there was an underachievement of income with BLC and Coral Reef due to gymnastics club invoices requiring payment, a credit note being issued for recharges relating to the inception of the outsourcing arrangement and an invoicing issue relating to the first year of the contract also requiring a part credit note being raised.</p>
<b>189</b>	<p><b>Cemetery &amp; Crematorium</b></p> <p>Underachievement of income of £0.198m was reported, however partially offsetting this was underspends within the landscaping section mainly in relation to vehicles repairs (£0.003m) and lease charges (£0.004m).</p>

## People

Variance	Explanation
<b>£'000</b>	
<b>24</b>	<p><b>Education &amp; Learning</b></p> <p>The main areas of variance relate to: DSB overspend of +£0.095m, most significantly in SEN Team (+£0.106m) and the vacant Business Relationship Manager (-£0.048m), one-off income from settlement of prior year claims from Elevate project of -£0.073m, savings on general office and staff support such as recruitment of -£0.060m and under achievement of income following relocation of Education Centre to Open Learning Centre at +£0.069m.</p>
<b>788</b>	<p><b>Children's Social Care</b></p> <p>A number of overspendings occurred as a consequence of an increase in the number of children being looked after, where 129 care packages were required compared to 119 provided for in the budget. Whilst as intended in the budget strategy, additional funding was allocated in-year from the contingency to meet new entrants, this was £0.209m below the cost of care and accommodation.</p> <p>Additional Special Guardianship Orders (SGO) were issued where an overspending of £0.141m occurred. These orders made under the Children Act 1989 are intended for those children who cannot live with their birth parents and who would benefit from a legally secure placement with his or her extended family. The increase in care packages also impacted on the costs of specialist legal support, together with one extremely high cost case which overspent by £0.122m. The staffing budget over spent by £0.243m, mainly as a result of needing to ensure that all cases are safely managed.</p>
<b>985</b>	<p><b>Adult Social Care</b></p> <p>Overspend on externally provided adult social care of £1.158m which is primarily due to pressures in the learning disability service. The number of learning disability clients increased during the year, though it has reduced again in recent months. Pressures were exacerbated by the reviews completed by the CCG during the year that led to a withdrawal of Continuing Health Care funding.</p> <p>The equipment budget overspent by £0.158m. Equipment usage has increased since October, but unsurprisingly the largest increase was in March due to the focus on hospital discharge. However, it is worth noting the charge from the equipment store has risen by almost 33% from the prior year.</p> <p>The Waymead respite care service underspent by £0.152m due to staff vacancies and income, mainly from the CCG, being more than budgeted.</p> <p>Staff vacancies were the main reason for an underspend in the operational teams of £0.163m.</p>
<b>1,359</b>	<p><b>Mental Health &amp; Out of Hours</b></p> <p>Overspend on externally provided adult social care of £1.197m which is primarily due to clients requiring support with memory &amp; cognition (EMI). Total clients increased by 29 during the year from 209 to 238 (an increase of 23 in residential services, six in community services). However, there has been a similar % overspend on the Mental Health budget, whilst less in value due to it being a smaller budget, is notable. This appears to be due to the increasing cost of packages rather than change in number of overall clients</p>

## Outturn 2019/20 – Significant Variances

## Annexe A

	<p>Forestcare overspent by £0.108m, similar to last year's outturn. There has been significant work done during the year to review the profitability of contracts held by this service, but the impact of renegotiations has not yet been seen.</p> <p>On staffing, there are significant vacancies in the operational teams. However, the reliance on agency staff means there is an overspend of £0.122m.</p> <p>There has also been an underspend of £0.065m on directly provided mental health services at Glenfield and the Community Network.</p>
-240	<p><b>Early Help and Communities</b></p> <p>The most significant budget variances occurred within Early Years, Childcare and Play and mainly result from the transition to the new Early Help offer arising from the Transformation Programme with savings on staffing of £0.139m, supplies and services £0.047m and additional income of -£0.054m.</p>

## Non Departmental Budgets/Earmarked Reserves

Variance	Explanation
<b>£'000</b>	
<b>-2,530</b>	<b>Interest</b> Additional income from CIL and the Business Rates pilot has significantly reduced the level of borrowing required by the Council. The Interest base budget also did not reflect the level of interest being generated from the loan to Downshire Homes Limited or the discount offered by the Berkshire Pension fund for pre-funding the annual pension contributions.
<b>-584</b>	<b>Minimum Revenue Provision (MRP)</b> Higher than forecast capital receipts in 2018/19 and significant capital carry forwards into 2019/20 have created an under spend against the Minimum Revenue Provision.
<b>-463</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>-428</b>	<b>Corporate Wide Items</b> Primarily relating to the full year impact of purchasing commercial properties in 2018/19.
<b>-103</b>	<b>Covid-19 LA Support Grant</b> The element of the grant used to meet the additional costs of Covid-19 in 2019/20 is shown within Non departmental Budgets. The costs are reflected in the other Directorates' variance analysis.
<b>1,410</b>	<b>Business Rates Income</b> An under-recovery of Business Rates income was met from a transfer from the Future Funding Reserve.
<b>-1,410</b>	<b>Future Funding Reserve</b> An under-recovery of Business Rates income was met from a transfer from the Future Funding Reserve.
<b>1,250</b>	<b>Other Earmarked Reserves</b> Transfers into the Transformation (£0.700m), Structural Changes (£1.400m), Schools Support (£0.160m) and School Masterplans and Feasibility Studies (£0.250m) Reserves, partly funded by the closure of the Community Capacity Reserve (-£1.260m).

## TREASURY MANAGEMENT ANNUAL REPORT 2019/20

### 1 INTRODUCTION

1.1 This Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2019/20. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management, (the Code), and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code).

1.2 During 2019/20 the minimum reporting requirements were that the full Council should receive the following reports:

- an annual treasury strategy in advance of the year (Council Feb 2019)
- a mid-year (minimum) treasury update report (Council Feb 2019)
- an annual review following the end of the year describing the activity compared to the strategy (this report)

### 2 SUPPORTING INFORMATION

#### Current Treasury Position

2.1 At the beginning and the end of 2019/20 the Council's treasury position (excluding borrowing by PFI and finance leases) was as follows:

<i>Table 1 – Treasury Position 31/03/19</i>				
Treasury Position	At 31 March 2020		At 31 March 2019	
	Principal	Average Rate	Principal	Average Rate
Fixed Interest Borrowing				
Short Term Market Loans	£15.000m	1.07%	£35.000m	0.97%
Long-Term PWLB	£80.000m	2.30%	£80.000m	2.30%
Variable Interest Borrowing	-		-	
<b>Total Borrowing</b>	<b>£95.000m</b>		<b>£115.000m</b>	
Fixed Interest Investments	-		-	
Variable Interest Investments (MMF)	£16.794m	0.75%	£14.850m	0.61%
<b>Total Investments</b>	<b>£16.794m</b>		<b>£14.850m</b>	
<b>Net borrowing position</b>	<b>£78.206m</b>		<b>£100.150m</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 or contributions, or if insufficient financing is available financed through borrowing. The actual capital expenditure forms one of the required prudential indicators and the table below shows how this was financed in 2019/20. 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. The 2019/20 Capital Programme was able to be funded from capital receipts, government grants and other contributions, as such there was no increase in the Council CFR in 2019/20.

<i>Table 2 Financing of Capital Programme 2018/19 and 19/20</i>		
	<b>2019/20</b>	<b>2018/19</b>
	<b>£'000</b>	<b>£'000</b>
<b>Expenditure</b>		
Capital Programme	<b>21,250</b>	<b>63,475</b>
<b>Financed by</b>		
Capital Receipts	5,249	7,048
Government Grants/Contributions	16,271	23,716
Change in Capital Financing Requirement	0	32,711
<b>Total</b>	<b>21,250</b>	<b>63,475</b>

## **The Strategy for 2019/20**

### **Investment Strategy and control of interest rate risk**

- 2.3 The expectation for interest rates within the treasury management strategy for 2019/20 was that Bank Rate would stay at 0.75% during 2019/20 as it was not expected that the MPC would be able to deliver on an increase in Bank Rate until the Brexit issue was finally settled. However, there was an expectation that Bank Rate would rise after that issue was settled, but would only rise to 1.0% during 2020. Shorter term investment interest rates were fairly flat during most of the year until the two cuts in Bank Rate in March 2020 caused investment rates to fall sharply.
- 2.4 Rising concerns over the possibility that the UK could leave the EU at the end of October 2019 caused longer term investment rates to be on a falling trend for most of April to September. They then rose after the end of October deadline was rejected by the Commons but fell back again in January before recovering again after the 31 January departure of the UK from the EU. When the coronavirus outbreak hit the UK in February/March, rates initially plunged but then rose sharply back up again due to a shortage of liquidity in financial markets.
- 2.5 While the Council has taken a cautious approach to investing, it is also fully appreciative of changes to regulatory requirements for financial institutions in terms of additional capital and liquidity that came about in the aftermath of the financial crisis. These requirements have provided a far stronger basis for financial institutions, with annual stress tests by regulators evidencing how institutions are now far more able to cope with extreme stressed market and economic conditions.

- 2.6 Investment balances have been kept to a prudent level through the agreed strategy of using reserves and balances to support internal borrowing, rather than borrowing externally from the financial markets. External borrowing would have incurred an additional cost, due to the differential between borrowing and investment rates as illustrated in the charts shown above and below. Such an approach has also provided benefits in terms of reducing the counterparty risk exposure, by having fewer investments placed in the financial markets.

### **Borrowing Strategy and control of interest rate risk**

- 2.7 During 2019-20, the Council maintained an under-borrowed position. This meant that the capital borrowing need, (the Capital Financing Requirement), was not fully funded with loan debt, as cash supporting the Council's reserves, balances and cash flow was used as an interim measure. This strategy was prudent as investment returns were low and minimising counterparty risk on placing investments also needed to be considered.
- 2.8 A cost of carry remained during the year on any new long-term borrowing that was not immediately used to finance capital expenditure, as it would have caused a temporary increase in cash balances; this would have incurred a revenue cost – the difference between (higher) borrowing costs and (lower) investment returns.
- 2.9 The policy of avoiding new borrowing by running down spare cash balances, has served well over the last few years. However, this was kept under review to avoid incurring higher borrowing costs in the future when this authority may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt.
- 2.10 Against this background and the risks within the economic forecast, caution was adopted with the treasury operations. The Director of Finance therefore monitored interest rates in financial markets and adopted a pragmatic strategy.
- 2.11 Interest rate forecasts expected only gradual rises in medium and longer term fixed borrowing rates during 2019/20 and the two subsequent financial years. Variable, or short-term rates, were expected to be the cheaper form of borrowing over the period.

### **Investment Outturn**

- 2.12 The Council's investment policy is governed by MHCLG investment guidance, which has been implemented in the annual investment strategy approved by the Council. This policy sets out the approach for choosing investment counterparties and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data, (such as rating outlooks, credit default swaps, bank share prices etc.).
- 2.13 The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties. Given the net borrowing position of the Council investments are managed through the use of AAA Money Market Funds (MMF) offering immediate liquidity and the highest security whilst offering a yield equivalent to 7-day rates. The Council also invests in in MMF that offers a slightly higher return with the proviso that funds are available on a +1 day basis – i.e. funds withdrawn today will be received tomorrow – this has enabled the Council to increase its investment yield without adding any security or liquidity risk. The average rate on investments was 0.75% on an average balance of £25.9m, representing a 10 basis points out-performance on the 7-Day LIBID benchmark (0.64%).

**Borrowing Outturn**

2.14 The following loans were entered into during the year.

<b>Lender</b>	<b>Principal</b>	<b>Type</b>	<b>Interest Rate</b>	<b>Maturity</b>
Cambridge CC	£5m	Fixed	0.98%	276 days
Kensington LBC	£5m	Fixed	0.98%	337 days
Renfrewshire	£5m	Fixed	0.95%	275 days
Kensington LBC	£5m	Fixed	0.90%	275 days
Newport CC	£5m	Fixed	1.10%	28 days
Somerset CC	£5m	Fixed	1.22%	365 days
Vale of Glamorgan	£3m	Fixed	1.20%	295 days
East Sussex CC	£2m	Fixed	1.20%	185 days

**Net Treasury Outturn**

- 2.15 The Council budget for net borrowing costs of £3.3m – reflects the borrowing costs for the Council's Commercial Property Investment Strategy and the impact of the significant Capital Programmes in past years alongside the 2019/20 Capital Programme and the use of reserves to balance the revenue budget. In order to minimise costs, internally generated cash flows were used before borrowing which resulted in lower borrowing costs than envisaged.
- 2.16 Furthermore higher than anticipated cash balances at the beginning of the year enabled the Council to pre-pay pension contributions enabling the Council to once again take benefit from the discount offered by the Pension Authority. This generated additional savings of £300k.
- 2.17 In addition to this as a result of higher than anticipated capital income (particularly CIL) and a more delayed cash-outflow on the major capital schemes, the level of borrowing is below that estimated in the budget. In particular the Council gained significant additional income from the inclusion in the Business Rates Pilot and the significant tail of in capital expenditure in the last few months of the financial year. Taken together with maximising the use of grants and other internal cash flow the actual level of borrowing costs in 2018/19 was £2.5m less than anticipated.
- 2.18 Approximately £1.3m will be of an ongoing nature and was offered up as a saving as part of the 2020/21 Budget round. Further savings may accrue as interest rates continue to be held at significantly low levels however there is significant uncertainty regarding cash flows in the current economic conditions, with the pandemic affecting capital income and revenue expenditure. The key aim for the Council will to ensure it has sufficient liquidity to manage services and as such additional short-term borrowing may be required over and above that anticipated when the Council set its budget in February 2020

**Compliance with Treasury Limits**

- 2.19 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.

2.20 The Council's underlying need to borrow is called the Capital Financing Requirement (CFR) and is set out below. The CFR is simply the total outstanding capital expenditure which has not yet been paid for from either revenue or capital resources This includes PFI and finance lease schemes on the balance sheet, which increases the Council's borrowing need however no borrowing is actually required against these schemes as a borrowing facility is included in the contract.

	<b>2019/20</b>
	£'000
<b>Opening Capital Financing Requirement</b>	<b>217,853</b>
<b>Capital Investment</b>	
Gross Capital Expenditure	21,520
<b>Sources of Finance</b>	
Capital Receipts	-5,251
Government Grants and Other Contributions	-20,222
Waste PFI Donated Asset Account	-89
MRP	-2,222
	<u>-27,784</u>
<b>Closing Capital Financing Requirement</b>	<b><u>211,589</u></b>

2.21 The outturn for the remaining Prudential Indicators are as follows

<b>Authorised limit</b>	<b>2019/20 Estimate</b>	<b>2019/20 Out-turn</b>
Borrowing	£270m	£270m
Other long term liabilities	£20m	£20m
Total	£290m	£290m

<b>Operational Boundary</b>	<b>2019/20 Estimate</b>	<b>2019/20 Out-turn</b>
Borrowing	£265m	£265m
Other long term liabilities	£20m	£20m
Total	£285m	£280m

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

**Central**

<b>Total</b>	<b>Explanation</b>
<b>£'000</b>	
54	<p><b>The Lookout</b></p> <p>Due to the outbreak of COVID 19 and the subsequent closure of The Look Out, various works and deliveries could not be completed:</p> <p>Repairs to car parking signage £0.029m  Installation of replacement kitchen equipment £0.014m  Repairs and decoration of main site £0.011m</p>
<b>54</b>	<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

Balance	Purpose	Policy	Value
<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, though this needs to be kept under review as risks change.	March 16 £12.730m March 17 £11.071m March 18 £9.047m March 19 £9.060m March 20 £7.091m

**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 16 £2.666m March 17 £2.750m March 18 £2.843m March 19 £2.952m March 20 £3.059m
<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 16 £0.315m March 17 £0.221m March 18 £0.084m March 19 £0.101m March 20 £0.054m
<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 16 £1.555m March 17 £1.852m March 18 £1.990m March 19 £2.290m March 20 £3.158m
<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 16 £3.333m March 17 £1.695m March 18 £1.272m March 19 £1.558m March 20 £1.015m
<b>Discretionary School Carry Forwards</b>	The statutory requirement to carry forward school balances has been extended to cover those held for Pupil Referral Units and the Schools Specific	Budget Carry Forwards are permitted in accordance with the scheme set out in financial regulations.	March 16 £0.074m March 17 £0.052m March 18 £0.091m March 19 £0.051m

Reserve	Purpose	Policy	Value
	Contingency as set out in the financial regulations.		March 20 £0.023m
<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 16 £1.373m March 17 £1.778m March 18 £1.994m March 19 £1.577m March 20 -£0.141m
<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 16 £0.316m March 17 £0.304m March 18 £0.337m March 19 £0.459m March 20 £0.459m
<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 16 £0.040m March 17 £0.040m March 18 £0.040m March 19 £0.040m March 20 £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 provisional and actual figures.	Part of the unused Schools Budget balance, but earmarked for a particular purpose. The funds are therefore ring fenced. The reserve has been approved by the Executive member for Children, Young People and Learning.	March 16 £0.445m March 17 £0.595m March 18 £0.841m March 19 £1.093m March 20 £0.364m

<b>Reserve</b>	<b>Purpose</b>	<b>Policy</b>	<b>Value</b>
<b>School Diseconomy Costs</b>	An earmarked reserve set up in 2016/17 from the under spend on the Schools Budget to help finance the medium term cost pressure that will arise from new schools being built. These will generally open with relatively low pupil numbers and will therefore need additional financial support until pupil numbers reach a viable level.	Part of the unused Schools Budget balance, but earmarked for a particular purpose. The funds are therefore ring fenced. The reserve has been approved by the Schools Forum.	March 17 £0.300m March 18 £0.800m March 19 £1.000m March 20 £0.746m
<b>SEN Strategy Reserve</b>	An earmarked reserve set up in 2017/18 from the under spend on the Schools Budget to help finance the additional medium term costs arising from implementation of the SEN Strategy, assisting with the early implementation of change to improve the outcomes of children and to explore the potential for different models of alternative provision.	Part of the unused Schools Budget balance, but earmarked for a particular purpose. The funds are therefore ring fenced. The reserve has been approved by the Schools Forum.	March 18 £0.439m March 19 £0.439m March 20 £0.356m
<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 16 £0.014m March 17 £0.009m March 18 £0.021m March 19 £0.033m March 20 £0.046m
<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 16 £0.000m March 17 £0.000m March 18 £0.000m March 19 £0.000m March 20 £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 16 £1.104m March 17 £1.375m March 18 £1.519m March 19 £1.688m March 20 £1.636m

<b>Reserve</b>	<b>Purpose</b>	<b>Policy</b>	<b>Value</b>
<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 16 £0.120m March 17 £0.128m March 18 £0.145m March 19 £0.145m March 20 £0.145m
<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 16 £0.154m March 17 £0.135m March 18 £0.092m March 19 £0.090m March 20 £0.090m
<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 16 £1.399m March 17 £1.960m March 18 £2.882m March 19 £3.622m March 20 £3.179m
<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 16 £2.333m March 17 £3.653m March 18 £2.899m March 19 £3.509m March 20 £10.781m
<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 16 £0.500m March 17 £0.350m March 18 £0.341m March 19 £0.341m March 20 £0.373m
<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. The reserve is no longer required.	March 16 £0.039m March 17 £0.039m March 18 £0.030m March 19 £0.030m March 20 £0.030m

<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 16 £0.380m March 17 £0.539m March 18 £1.007m March 19 £1.560m March 20 £1.719m
<b>Better Care Fund Reserve</b>	A reserve to help meet the cost of Better Care Fund priorities and projects.	The reserve will be used to fund Better Care Fund priorities and projects.	March 16 £1.328m March 17 £0.617m March 18 £1.420m March 19 £2.092m March 20 £2.322m
<b>Regeneration of Bracknell Town Centre</b>	A reserve to help meet the cost of Council funded Town Centre initiatives	The reserve will be used to fund Town Centre initiatives.	March 17 £0.250m March 18 £0.752m March 19 £1.792m March 20 £4.313m
<b>London Rd Feasibility</b>	A reserve which will be used to meet professional fees regarding the London Road landfill site.	The reserve will be used to cover professional fees relating to the feasibility study. It now includes contributions from the other Berkshire Unitaries.	March 18 £0.125m March 19 £0.238m March 20 £0.212m
<b>Future Funding</b>	A reserve which will be used to smooth the impact of changes in Business Rates income and central government funding decisions.	The reserve will help to balance the revenue budget over the medium term.	March 18 £8.608m March 19 £19.822m March 20 £18.146m
<b>Dilapidations Reserve</b>	A reserve to hold funds from tenants for end-of-lease property repairs and reinstatements.	The reserve will be used to carry out repairs and reinstatements to commercial properties required before they can be re-let.	March 18 £0.045m March 19 £0.045m March 20 £0.045m
<b>Schools Support Reserve</b>	A reserve to recognise the reduced scope within the dedicated schools grant to provide temporary loans to schools in financial difficulties	To ensure that government policy changes do not impact on the ability to provide temporary loans to schools	March 19 £0.350m March 20 £0.251m

<b>Reserve</b>	<b>Purpose</b>	<b>Policy</b>	<b>Value</b>
<b>Waste PFI Excess Profits Reserve</b>	A new reserve to hold excess profits payments by the contractor under the Waste PFI scheme.	Excess profits payments are potentially repayable, depending on future performance, and have therefore been placed in a reserve.	March 19 £0.087m March 20 £0.124m
<b>Feasibility Studies Reserve</b>	A reserve to provide revenue funding in the event that proposed capital schemes do not proceed beyond initial feasibility stage.	Any upfront costs incurred prior to a decision being taken to construct an asset may need to be met from revenue.	March 19 £0.500m March 20 £0.394m
<b>Community Capacity Reserve</b>	A reserve to fund local projects in support of delivering the 2019/23 Council Plan.	The reserve is no longer required, any initiatives will be funded from existing budgets.	March 19 £1.260m March 20 £0.000m
<b>ICT Transformation</b>	A reserve to support investment in ICT innovation and improvements.	The reserve will be used to meet the upfront costs of ICT transformation.	March 19 £1.000m March 20 £1.000m
<b>New Schools</b>	A new reserve to help support the additional cost arising from new schools over the next four years	The reserve will be used to help meet the cost of new schools in the short term whilst they become established.	March 20 £0.662m
<b>CIL Administrative Costs</b>	Up to 5% of CIL income can be used to meet administrative costs. Income in excess of the budgeted administrative costs will be transferred into this reserve at year end to meet future costs of administering the scheme.	The reserve will be used to meet administrative costs of the scheme where insufficient CIL is received in year.	March 20 £0.298m
<b>Covid-19</b>	A new reserve to hold revenue funding provided by Central Government to support the Covid-19 Pandemic.	The reserve will be used to match the grant income to the associated expenditure.	March 20 £2.289m

**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 16 -£5.611m March 17 £5.761m March 18 -£2.351m March 19 £4.140m March 20 £8.250m
<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 16 -£5.598m March 17 -£5.328m March 18 -£5.685m March 19 -£4.520m March 20 -£5.177m
<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.	March16 -£214.650m March17 -£282.216m March18 -£276.125m March19 -£269.419m March20 -£245.019m

## Virements between Departments

Total	Explanation
<b>£'000</b>	
	<b><u>Central</u></b>
9	Public Health Decentralisation
-52	Revenue contribution for Wykery Copse works.
	<b><u>Delivery</u></b>
-66	Public Health Decentralisation
-100	Revenue contributions for the purchase of blue and green bins.
	<b><u>People</u></b>
57	Public Health Decentralisation
9	Adjustment for additonal Teachers Pensions costs
-286	Revenue contributions for schools building works.
	<b><u>Non-Departmental / Council Wide</u></b>
-9	Adjustment for additonal Teachers Pensions costs
438	Revenue contributions from Central, Delivery and People for Wykery Copse, the purchase of blue and green bins and schools building works.
<b>0</b>	<b>Total Virements</b>

## Departmental Virements over £50,000

Debit	Credit	Explanation
£'000	£'000	
		<b><u>People</u></b>
		<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 or in order to comply with relevant legislation.
3,880		Funds Delegated to Schools
	-138	De-delegated Budgets
	-136	Other School Services
	-1,803	Maintained Schools & Academies
	-1,803	EY Free Entitlement
		The transfer of schools to an academy status results in the Education and Skills Funding Agency (ESFA) directly funding relevant schools, rather than the council. The ESFA recoups the relevant amount of money from the LA gross funding allocation.
	-21,814	Funds Delegated to Schools
	-330	De-delegated Budgets
22,144		Dedicated Schools Grant
<b>26,024</b>	<b>-26,024</b>	<b>Total</b>