

Central

Variance	Explanation
£'000	
154	<p>Head of Planning</p> <p>Development Management £0.212m Income received below budget of £0.196m and various supplies and services budgets have also overspent by £0.016m, the most significant of which were licences and subscriptions.</p> <p>Planning Policy -£0.058m Income received in excess of budget (-£0.077m), the most significant of which were government grants of -£0.060m for Neighbourhood Planning. There were however overspends totalling £0.019m across various supplies and services, the most significant of which was on consultancy (£0.014m).</p>
160	<p>Building Control The final net position for building control was a net under recovery of income of £0.160m.</p>
321	<p>Reactive Maintenance</p> <p>Contract costs were contained where possible and reserves of £0.345m were transferred to support the budget, however an overspend still occurred (£0.321m). The split was as follows:</p> <p>Sustainable drainage systems (SUDS) £0.026m Gully Cleaning £0.054m Patching & Monitor Repairs £0.054m Footway/Cycleway Patching £0.018m Drainage £0.016m Fencing, Walls, Barriers £0.039m Preliminaries £0.039m Street Lighting £0.077m Recons/Overlay/Resurfacing -£0.002m</p>
117	<p>Revenue Services</p> <p>Costs recovered for Council Tax and Business Rates are below the income budget (£0.095m). Licensing/software maintenance budgets (Northgate/NEC) are overspent (£0.022m).</p>
142	<p>Traffic</p> <p>Winter Maintenance £0.029m Contracted services costs have exceeded budget.</p> <p>NRSWA S50 £0.008m Refunds were required for income received in prior years.</p> <p>Rechargeable Street works -£0.074m Net income received in excess of the budget</p>

Variance	Explanation
£'000	
	<p>Monitoring Street works £0.064m Income received is £0.076m below budget, this has been partially offset by an underspend of -£0.012m on the computer software budget.</p> <p>Street works Permit Scheme -£0.035m Net income in excess of the budget.</p> <p>Highway Network Enforcement £0.150m Highway Network Enforcement income generated by s74 overruns and s41 fixed penalty notices are both constrained by regulation and therefore it is necessary to transfer income generated in excess of expenditure into a reserve at the end of the financial year to develop, safe, integrated, efficient and economic transport facilities and services in the future. This transfer has resulted in a one-off in year pressure.</p>
177	<p>Parks, Open Spaces & Countryside</p> <p>The Look Out has reported a net overspend of £0.126m: Discovery Centre £0.035m Catering £0.108m Car Parking -£0.017m</p> <p>Within Parks and Countryside, additional tree works have resulted in a projected overspend (£0.068m), partially offset by underspends across various supplies and services budgets (-£0.012m) and a credit for Horseshoe Lake business rates (-£0.005m).</p>

Delivery

Variance	Explanation
£'000	
792	<p>ICT</p> <p>There were 3 ICT revenue projects for which the costs exceeded the funding available by £1.003m (Cloud Hosting, Contact Care System and Teams Telephony).</p> <p>This overspend is partially offset by savings on equipment rental and repairs (-£0.113m), reduced travel (-£0.015m) and savings on various supplies and services (-£0.083m).</p>
148	<p>Operations Unit</p> <p>An overspend on the Home to School Transport function (£0.148m), due to transport provider invoices being in excess of the budget allocated.</p>
52	<p>Property</p> <p>The overspend within Property Services is due to an unachieved saving that was built into the budget. This is in relation to income from letting out the first floor (N&S wings) of Time Square to third party groups.</p>
-139	<p>Industrial & Commercial Property</p> <p>Across the portfolio of investment and commercial properties, rental income exceeded the budget (-£0.093m). Due to various refunds within the year, there was also an underspend on Business Rates (-£0.120m). These were partially offset by overspends on repairs/maintenance and works at Harmans Water Flats (£0.059m) and at Market Street (£0.014m).</p>
-92	<p>Legal</p> <p>Income in excess of the budget was achieved across Legal Services and S106 Legal Fee income (-£0.098m). This was partially offset by small overspends across various supplies and services.</p>
-85	<p>Registration of Births, Deaths & Marriages</p> <p>Income in excess of the budget was achieved on Registration of Deaths (-£0.014m), Registration of Marriages (-£0.053m), Ceremonies (-£0.004m) and Citizenship Ceremonies (-£0.010m), with the remainder being small underspends across various supplies and services.</p>
-366	<p>Waste Management</p> <p>The largest variance in this area is in relation to the Waste PFI and specifically, an underspend on the contracted services for this arrangement with Reading Borough Council (-£0.481m). Underspends were also achieved on the Brown Bin Service (-£0.074m), on Household Waste Collection (£-0.060m) and at the London Road Tip site (-£0.020m). These underspends are partially offset by an overspend on Waste Collection Recycling (£0.172m), due mainly to spend on contracted services being above budget.</p>

Variance	Explanation
£'000	
-63	<p>Street Cleaning</p> <p>An underspend was achieved on Contracted Services within Street Cleaning (-£0.124m), with overspends on equipment purchase (£0.019m) and underachievement of income (£0.023m) in the same area. In addition, there was an overspend on Contracted Services for Street Cleaning Non-Programmed Works (£0.031m).</p>
53	<p>Environmental Services</p> <p>Overspends for Longhill Gas Monitoring (£0.008m) and Amenity Maintenance/Landscaping relating to contracted services and external ground maintenance works (£0.071m). These are partially offset by an underspend on Amenity Maintenance Non-Programmed works on external grounds maintenance and contracted services (-£0.026m).</p>
-102	<p>Leisure Contract</p> <p>Payback of Covid support provided to the contractor in 2021/22</p>
-196	<p>Cemetery & Crematorium</p> <p>Income exceeded the budget (-£0.245m) and there was also an underspend across contracted services at the site (-£0.048m). These were partially offset by overspends on equipment purchase and rental (£0.065m) and Cost of Goods Sold (£0.037m).</p>

People

Variance	Explanation
£'000	
-114	<p>Executive Director</p> <p>The Management Team has experienced vacancies, including in the support team and other specialist roles.</p>
386	<p>Education & Learning</p> <p>Staffing costs were the most significant overspend (£0.674m) which after taking account of related additional income (-£0.241m) were mainly as a result of additional support to the SEN Team. There was also additional legal and specialist support to SEN (£0.173m) and additional pupil transport costs relating to specialist providers (£0.094m). These were partially offset by a range of under spends, most notably in support to young people not in education, employment or training (NEET), where delays occurred in arranging new service deliver contracts (-£0.192m), and reduced spend on former teachers' pensions (-£0.092m).</p>
-1,971	<p>Children's Social Care</p> <p>Care and accommodation costs for Children Looked After underspent (-£2.231m) as a result of a reduced number of cases which are at historically low levels, appropriate financial contributions to costs from partners and a reduction in average costs as fewer residential placements have been made. This has been achieved partly through improved support packages before a placement is made, including fostering services (£0.438m) together with the Family safeguarding model supporting families to remain together where it is safe to do so and the work of the Permanency Team proactively providing edge of care support. Other significant budget variances include Childcare Solicitors (£0.194m) and unaccompanied asylum seekers (-£0.290m).</p>
805	<p>Adult Social Care</p> <p>Care packages overspent (£1.552m) mainly due to a 12.5% increase in numbers in Adults/Older People and increases in the cost of care due to increases in need and the economic crisis with a particularly high increase in the cost of Nursing and Residential placements. Learning Disability numbers have remained static throughout the year, but the cost of care has also risen by 20%. There were underspends at Waymead (-£0.065m) and on other staffing costs (-£0.275m) mainly due to high vacancies levels and difficulty in recruiting throughout the year. Equipment spend has reduced (-£0.045m) and there was an increase in the contribution from the Better Care fund (-£0.360m).</p>
1,271	<p>Mental Health and Out of hours</p> <p>Care Packages overspent (£1.513m) with Community Mental Health Team (CMHT) numbers increasing by 23% in year and increases in cost of care due to need and the economic crisis. Older Adult (CMHTOA) numbers remained stable throughout the year but again the cost of care has increased considerably. Staffing costs also overspent due to reliance on agency staff (£0.148m). These costs were partly offset by additional income at Forestcare (-£0.140m) and an increase in the contribution from the Better Care Fund (-£0.250m).</p>
-763	<p>Early Help and Communities</p> <p>An underspend in Early Help (£-0.182m) of which -£0.142m was staff related. The Youth Service underspent (£-0.127m) including additional income from lettings at</p>

	<p>College Hall (-£0.020m), underspends at the Youth Centre from reduced Business Rates (-£0.046m) and savings at Portman Close on building costs (-£0.021m). Underspends on Housing Options (-£0.126m) and Housing Welfare & Benefits (-£0.373m), partly relating to the receipt and usage of additional grant funding to fund costs incurred.</p>
--	---

Non-Departmental Budgets/Earmarked Reserves

Variance	Explanation
£'000	
(1,060)	<p>Interest Average cash balances have been substantially higher than expected removing the need for any new borrowing in 2022/23. This has resulted from a combination of slippage on the capital programme and positive cashflows from grants being received pending their allocation. The increase in interest rates has also resulted in a higher return on investments.</p>
(171)	<p>Minimum Revenue Provision (MRP) Higher than forecast capital receipts in 2021/22 and significant capital carry forwards into 2022/23 have created an under spend against the Minimum Revenue Provision.</p>
59	<p>Corporate Wide Items Budgeted savings were not achieved on essential user car allowances (0.020m) and the budget for employers' pension contributions relating to prior year deficits was insufficient due to two schools becoming academies during the year (£0.039m).</p>
(33)	<p>Other Underspends primarily relating to pension recharges and joint arrangements, and the provision for bad debts and write offs.</p>

TREASURY MANAGEMENT ANNUAL REPORT 2022/23

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 2022/23. 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 2022/23 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 2022)
 - a mid-year (minimum) treasury update report (Council Feb 2022)
 - an annual review following the end of the year describing the activity compared to the strategy (this report)
- 1.3 The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report is, therefore, important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by members. This Council confirms that it has complied with the requirement under the Code.

2 SUPPORTING INFORMATION

Current Treasury Position

- 2.1 At the beginning and the end of 2022/23, the Council's treasury position (excluding borrowing by PFI and finance leases) was as follows. The reduction in investments during the year was significantly affected by repayment of sums remaining from Government grants provided to support various Covid-related initiatives since 2020.

Treasury Position	At 31 March 2023		At 31 March 2022	
	Principal	Average Rate	Principal	Average Rate
Fixed Interest Borrowing				
Short Term Market Loans	£5.000m	4.65%	£0.000m	
Long-Term PWLB	£80.000m	2.30%	£80.000m	2.30%
Variable Interest Borrowing			-	
Total Borrowing			£80.000m	
Fixed Interest Investments	£3.000m	3.20%	£0.000m	
Variable Interest Investments (MMF)	£12.775m	3.82%	£43.488m	0.01%
Total Investments	£15.775m		£43.488m	
Net borrowing position	£69.225m		£36.512m	

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 2022/23. 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 2022/23 and 2021/22</i>		
	2022/23	2021/22
	£'000	£'000
Expenditure		
Capital Programme	23,701	27,221
Financed by		
Capital Receipts	262	3,710
Government Grants/Contributions	11,311	21,951
Direct Revenue Funding	3,390	0
Change in Capital Financing Requirement	8,738	1,560
Total	23,701	27,221

The Strategy for 2022/23

Investment Strategy and control of interest rate risk

- 2.3 Investment returns picked up throughout the course of 2022/23 as central banks, including the Bank of England, realised that inflationary pressures were not transitory, and that tighter monetary policy was called for. Starting April at 0.75%, Bank Rate moved up in stepped increases of either 0.25% or 0.5%, reaching 4.25% by the end of the financial year, with the potential for a further increases in 2023/24.
- 2.4 The sea-change in investment rates meant local authorities were faced with the challenge of pro-active investment of surplus cash for the first time in over a decade, and this emphasised the need for a detailed working knowledge of cashflow projections so that the appropriate balance between maintaining cash for liquidity purposes, and "laddering" deposits on a rolling basis to lock in the increase in investment rates as duration was extended, became an on-going feature of the investment landscape.
- 2.5 Meantime, through the autumn, and then in March 2023, the Bank of England maintained various monetary policy easing measures as required to ensure specific markets, the banking system and the economy had appropriate levels of liquidity at times of stress.
- 2.6 Nonetheless, 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 Great Financial Crisis of 2008/9. 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.

- 2.7 Investment balances have been kept to a minimum 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 counterparty risk exposure, by having fewer investments placed in the financial markets.

Borrowing Strategy and control of interest rate risk

- 2.8 During 2022/23, 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 initially low and minimising counterparty risk on placing investments also needed to be considered.
- 2.9 A cost of carry generally remained in place 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. As the cost of carry dissipated, the Council sought to avoid taking on long-term borrowing at elevated levels (>4%) and has focused on a policy of internal and temporary borrowing, supplemented by short-dated borrowing (<3 years) as appropriate.
- 2.10 The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this has been 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.
- 2.11 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.
- 2.12 The table below summarises the maturity profile of the current outstanding long-term debt. It should be noted that £20m of debt will need to be re-financed during 2024/25.

Table 3 – Long Term Borrowing

Principal	Rate	Start	End
10,000,000	2.60%	09/02/2017	31/03/2062
10,000,000	2.60%	09/02/2017	31/03/2066
10,000,000	2.42%	20/06/2017	31/03/2063
10,000,000	2.41%	20/06/2017	31/03/2064
20,000,000	1.85%	21/11/2017	21/11/2024
10,000,000	2.50%	21/11/2017	21/11/2062
10,000,000	2.14%	03/12/2018	03/12/2028
80,000,000	2.30%		

Investment Outturn

- 2.13 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.).
- 2.14 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 using AAA Money Market Funds (MMF) offering immediate liquidity and the highest security whilst offering a yield equivalent to 7-day rates. The Council also invests in MMF that offers a slightly higher return with the proviso that funds are available on a +1 day basis – i.e. funds withdrawn today will be received tomorrow – this has enabled the Council to increase its investment yield without adding any security or liquidity risk.
- 2.15 The average rate on investments was 2.0% on an average balance of £34m compared to a 7-day Benchmark (SONIA) of 2.2%. The slight underperformance can be explained by the decision to focus investments in overnight AAA rated Money Market Funds ensuring the highest liquidity and security in a financial environment where rates were volatile and economic uncertainty was high.

Borrowing Outturn

- 2.16 In order to fund cash-flow at the end of the year which historically is a period of higher expenditure and lower income a short-term loan was entered into. A sum of £5m was borrowed maturing after 11 days on the 3rd April 2023. The Council's underlying borrowing of £80m at an average rate of 2.3% in PWLB loans remained constant for the year.

Net Treasury Outturn

- 2.17 The Council budget for net borrowing costs of £1.608m – reflects the borrowing costs for the Council's historical Capital Programmes in past years alongside the 2022/23 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.
- 2.18 The arrangement to allow the Council to pre-pay its annual Pension contributions in a lump sum at the beginning of the financial year was extended for a final time in 2022/23 enabling the Council to benefit from the discount offered by the Pension Authority. This generated additional savings of £353k.
- 2.19 Cash balances were higher going into the start of the year than anticipated. The Council continued to benefit from the positive net cash-flow impact (primarily one of timing) of the numerous central government grants relating to COVID and other support schemes. However more significantly the much steeper increase in interest rates during 2022/23 (with both higher than anticipated interest rates and rates moving to those levels more quickly than anticipated) has led to an over achievement on investment income. Taken together with maximising the use of grants and other internal cash flow the actual level of borrowing costs in 2022/23 was £1.1m less than anticipated.

- 2.20 With the ending of the Pension Pre-Payment scheme, the catch-up in the Capital Programme expenditure following COVID and an overall running down of surplus cash through the use of reserves this level will not be sustained in future years. Whilst the Council will benefit from the higher interest rates on its investments as the Bank of England continue to increase the Base Rate the Council will also be faced with higher borrowing costs to fund its Capital Programme in future years.

Compliance with Treasury Limits

- 2.21 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.
- 2.22 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.

	2022/23	2021/22
	£'000	£'000
Opening Capital Financing Requirement	213,725	214,602
Capital Investment		
Gross Capital Expenditure	23,701	27,221
Sources of Finance		
Capital Receipts	-262	-3,367
Government Grants and Other Contributions	-11,311	-21,962
Waste PFI Donated Asset Account	-89	-89
Direct Revenue Contributions	-3,390	
MRP	-2,302	-2,337
	<u>-17,354</u>	<u>-28,098</u>
Closing Capital Financing Requirement	<u>220,072</u>	<u>213,725</u>

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

Authorised limit	2022/23 Estimate	2022/23 Out-turn
Borrowing	£220m	£220m
Other long term liabilities	£20m	£20m
Total	£240m	£240m

Operational Boundary	2022/23 Estimate	2022/23 Out-turn
Borrowing	£225m	£225m
Other long term liabilities	£20m	£20m
Total	£245m	£245m

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.

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 and these are likely to change over time to reflect current issues and risks. The position at the closure of the 2022/23 accounting year is as set out below.

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 a sum equivalent to 5% of the net revenue budget (c.£4.5m) has been considered to be the minimum prudent level, though this needs to be kept under review as risks change.	March 19 £9.060m March 20 £7.091m March 21 £10.327m March 22 £11.346m March 23 £11.077m

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 currently has the following earmarked reserves. Some of these have been approved for use as part of the 2023/24 budget, most notably £3.6m from the Future Funding reserve:

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 19 £2.952m March 20 £3.059m March 21 £2.909m March 22 £3.096m March 23 £3.084m
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 19 £0.101m March 20 £0.054m March 21 £0.193m March 22 £1.035m March 23 £0.036m
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 19 £2.290m March 20 £3.158m March 21 £2.929m March 22 £2.128m March 23 £2.096m
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 19 £1.558m March 20 £1.015m March 21 £2.141m March 22 £2.906m March 23 £2.307m
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	As the Schools Budget is in an overall deficit position the balance on this earmarked reserve has been transferred to the Dedicated	March 19 £0.051m March 20 £0.023m March 21 £0.000m

Annexe C

Reserve	Purpose	Policy	Value
	Schools Specific Contingency as set out in the financial regulations.	Schools Grant Adjustment Account, a new unusable reserve, as required under the legislation for the financial years 2020/21 to 2025/26.	March 22 £0.000m March 23 £0.000m
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.	As the Schools Budget is in an overall deficit position the balance on this earmarked reserve has been transferred to the Dedicated Schools Grant Adjustment Account, a new unusable reserve, as required under the legislation for the financial years 2020/21 to 2025/26.	March 19 £1.577m March 20 -£0.141m March 21 £0.000m March 22 £0.000m March 23 £0.000m
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.	As the Schools Budget is in an overall deficit position the balance on this earmarked reserve has been transferred to the Dedicated Schools Grant Adjustment Account, a new unusable reserve, as required under the legislation for the financial years 2020/21 to 2025/26.	March 19 £0.459m March 20 £0.459m March 21 £0.000m March 22 £0.000m March 23 £0.000m
School Expansion Rates	An earmarked reserve set up in 2013/14 from the under spend on the Schools Budget to help finance the increase in Business Rates arising from school expansions. School budgets are normally set on a provisional figure and the reserve will absorb the differences between provisional and actual figures.	As the Schools Budget is in an overall deficit position the balance on this earmarked reserve has been transferred to the Dedicated Schools Grant Adjustment Account, a new unusable reserve, as required under the legislation for the financial years 2020/21 to 2025/26.	March 19 £1.093m March 20 £0.364m March 21 £0.000m March 22 £0.000m March 23 £0.000m
School Diseconomy Costs	An earmarked reserve set up in 2016/17 from the under spend on the Schools Budget to help finance the medium term cost pressure that will arise from new schools being built. These will generally open with relatively low pupil numbers and will therefore need additional financial support until pupil numbers reach a viable level.	As the Schools Budget is in an overall deficit position the balance on this earmarked reserve has been transferred to the Dedicated Schools Grant Adjustment Account, a new unusable reserve, as required under the legislation for the financial years 2020/21 to 2025/26.	March 19 £1.000m March 20 £0.746m March 21 £0.000m March 22 £0.000m March 23 £0.000m

Annexe C

Reserve	Purpose	Policy	Value
SEN Strategy Reserve	An earmarked reserve set up in 2017/18 from the under spend on the Schools Budget to help finance the additional medium term costs arising from implementation of the SEN Strategy, assisting with the early implementation of change to improve the outcomes of children and to explore the potential for different models of alternative provision.	As the Schools Budget is in an overall deficit position the balance on this earmarked reserve has been transferred to the Dedicated Schools Grant Adjustment Account, a new unusable reserve, as required under the legislation for the financial years 2020/21 to 2025/26.	March 19 £0.439m March 20 £0.356m March 21 £0.000m March 22 £0.000m March 23 £0.000m
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 19 £0.033m March 20 £0.046m March 21 £0.046m March 22 £0.057m March 23 £0.054m
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 19 £0.000m March 20 £0.000m March 21 £0.000m March 22 £0.000m March 23 £0.000m
Commutated Maintenance of Land	Money is received and set aside for the ongoing maintenance of land transferred to the Council under Section 106 agreements.	The reserve will be used to cover the cost of maintaining land transferred to the Council under Section 106 agreements.	March 19 £1.688m March 20 £1.636m March 21 £1.636m March 22 £1.622m March 23 £1.532m
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 19 £0.145m March 20 £0.145m March 21 £0.145m March 22 £0.145m March 23 £0.146m

Annexe C

Reserve	Purpose	Policy	Value
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 19 £0.090m March 20 £0.090m March 21 £0.113m March 22 £0.143m March 23 £0.138m
Transformation	A reserve to support investment in service innovation and improvements.	The reserve will be used to meet the upfront costs of the Council's business change programme.	March 19 £3.622m March 20 £3.179m March 21 £3.370m March 22 £3.499m March 23 £3.234m
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 19 £3.509m March 20 £10.781m March 21 £14.747m March 22 £16.071m March 23 £16.681m
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 19 £0.341m March 20 £0.373m March 21 £0.330m March 22 £0.200m March 23 £0.200m
Public Health	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 19 £1.560m March 20 £1.719m March 21 £2.513m March 22 £2.642m March 23 £2.139m
Better Care Fund	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 19 £2.092m March 20 £2.322m March 21 £3.034m March 22 £5.511m March 23 £2.614m

Annexe C

Reserve	Purpose	Policy	Value
Regeneration of Bracknell Town Centre	A reserve to help meet the cost of Council funded Town Centre initiatives	The reserve will be used to fund Town Centre initiatives.	March 19 £1.792m March 20 £4.313m March 21 £6.038m March 22 £8.036m March 23 £6.931m
London Rd Feasibility	A reserve which will be used to meet professional fees regarding the London Road landfill site.	The reserve will be used to cover professional fees relating to the feasibility study. It now includes contributions from the other Berkshire Unitaries.	March 19 £0.238m March 20 £0.212m March 21 £0.212m March 22 £0.191m March 23 £0.180m
Future Funding	A reserve which will be used to smooth the impact of changes in Business Rates income and central government funding decisions.	The reserve will help to balance the revenue budget over the medium term.	March 19 £19.822m March 20 £18.146m March 21 £18.424m March 22 £18.424m March 23 £19.924m
Dilapidations	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 19 £0.045m March 20 £0.045m March 21 £0.045m March 22 £0.045m March 23 £0.045m
Schools Support	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 March 21 £0.251m March 22 £0.251m March 23 £0.251m
Waste PFI Excess Profits	A 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 March 21 £0.164m March 22 £0.302m March 23 £0.302m

Annexe C

Reserve	Purpose	Policy	Value
Feasibility Studies	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 March 21 £0.394m March 22 £0.394m March 23 £0.394m
New Schools	A 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 March 21 £0.409m March 22 £0.182m March 23 £0.000m
CIL Administrative Costs	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 March 21 £0.298m March 22 £0.426m March 23 £0.625m
Covid-19	A 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 March 21 £2.289m March 22 £2.289m March 23 £1.952m
Business Rates Revaluations	A reserve to guard against the impact of in-year Business Rates valuation adjustments	The reserve will be used to meet the cost of any significant downward Business Rates valuations.	March 21 £7.500m March 22 £7.500m March 23 £6.260m
Business Rates Reliefs	A reserve to reflect the timing difference between the receipt of S31 grant relating to new Business Rates reliefs and the funding of the resulting deficit on the Collection Fund.	The reserve will be used to meet any Collection Fund deficits relating to Business Rates reliefs agreed by the Government after the budget is set. Funding will be provided from S31 grant received in the previous year.	March 21 £13.047m March 22 £6.875m March 23 £4.480m
Street Works - Permit Scheme Reserve	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	March 22 £0.098m March 23 £0.109m

Annexe C

Reserve	Purpose	Policy	Value
		fenced and cannot be used for any other purpose.	
Inflation Reserve	A reserve that recognises the budget was set using the much lower inflation rates applicable in September 2021.	The reserve will be used to meet the additional inflationary pressures that arise in 2022/23 and beyond.	March 22 £1.500m March 23 £1.500m
Homebuyer Scheme Reserve	A new reserve to recognise that households on the scheme are under more pressure from the costs of rising interest rates and high inflation and may be unable to comply with current and historic payment arrangements.	The reserve will be used to help fund outstanding payments.	March 23 £0.048m
Street Works - Penalties Reserve	A new reserve created from Highways Network Enforcement income to help develop transport facilities and services in the future.	It is a regulatory requirement that any excess income from Highway Network Enforcement is used to develop, safe, integrated, efficient and economic transport facilities and services.	March 23 £0.194m
Carbon Reduction Initiatives Reserve	A new revolving invest to save reserve to support climate change / carbon reduction initiatives	The reserve will be used to help meet the cost of new initiatives.	March 23 £0.145m

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 19 £4.140m March 20 £8.250m March 21 -£11.378m March 22 -£6.247m March 23 -£6.542m
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 19 -£4.520m March 20 -£5.177m March 21 -£6.182m March 22 -£6.009m March 23 -£6.855m
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.	March 19 -£269.419m March 20 -£245.019m March 21 -£354.422m March 22 -£314.696m March 23 -£97.622m
Dedicated Schools Grant Adjustment Account	This is a new unusable reserve required under the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended by The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2020.	If the Schools Budget is in a deficit position for the financial years 2020/21 to 2025/26 the balance is held against this account per the new legislation	March 21 -£2.626m March 22 -£9.340m March 23 -£15.477m

Virements between Directorates

Total	Explanation
<p>£'000</p> <p>780</p> <p>-815</p> <p>-128</p> <p>-783</p> <p>25</p> <p>1,726</p> <p>-780</p> <p>-25</p>	<p><u>Central</u></p> <p>An allocation from the Town Centre Regeneration Reserve to meet the costs of the Joint Venture.</p> <p>Revenue contributions towards capital expenditure.</p> <p><u>Delivery</u></p> <p>Revenue contributions towards capital expenditure.</p> <p><u>People</u></p> <p>Revenue contributions towards capital expenditure.</p> <p>S106 Suitable Alternative Natural Green Space (SANGS) contribution for Housing</p> <p><u>Non-Departmental / Council Wide</u></p> <p>Revenue contributions from directorates for capital expenditure.</p> <p>Funding the Joint Venture from the Town Centre Regeneration Reserve.</p> <p>Funding a Housing post from S106 in the Revenue Grants and Contributions Unapplied Reserve.</p>
<p>0</p>	<p>Total Virements</p>

Directorate 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 or in order to comply with relevant legislation.
5,537		Funds Delegated to Schools
78		School Grant Income
	-676	De-delegated Budgets
	-52	Other School Services
1		Funds Delegated to Special Schools
	-3,155	Maintained Schools & Academies
	-49	Education out of School
	-1,684	EY Free Entitlement
		Re-categorisation of budget to support pupil inclusion
171	-171	Maintained Schools & Academies
		Other SEN Services
		The Education and Skills Funding Agency (EFSA) has confirmed changes to Dedicated School Grant funding in respect of deducting grant to be paid direct to the maintained schools that converted in-year to academy status and other minor adjustments.
15	-3,077	Funds Delegated to Schools
3,062		Non-Maintained Special Schools & Colleges
		Dedicated Schools Grant
8,864	-8,864	Total
		<u>Delivery</u>
		The responsibility for the post room has moved between Assistant Directors within Delivery.
437		Property Services - Office Accommodation
	-437	Customer Experience & ICT - Operations Unit
437	-437	Total