

**Central - Covering the Chief Executive’s Office, Place, Planning and Regeneration and Resources Directorates**

Variance	Explanation
£'000	
-145	<p><b>Devolved Staffing Budget</b></p> <p>The Devolved Staffing budget (DSB) was underspent across the Directorates, due to vacancies being held and the identification of external sources of funding to support the cost of delivering services where possible.</p>
803	<p><b>Head of Planning</b></p> <p><b>Development Management £0.728m</b> There has been a national downturn in planning activity, due to significant cost increases, economic uncertainty and generally falling house prices resulting in an underachievement of Development Control income. The final overspend position was split between income under-recovery (£0.688m) and expenditure (£0.040m appeal costs). The 2024/25 budget has been amended to recognise the income targets were not achievable.</p> <p><b>Community Infrastructure Levy (CIL) -£0.029m</b> The net administration fee received for CIL exceeded budget.</p> <p><b>Planning Policy £0.138m</b> Represented in the main by an increase in the allowance for debts of £0.143m.</p> <p><b>Local Development Framework -£0.034m</b> In prior years a request would be made to carry forward this underspend to support costs in future years, however given both the Service’s and Directorate’s overspend position this is not possible in the current financial year.</p>
113	<p><b>Parks, Open Space &amp; Countryside</b></p> <p>The Look Out has reported a net overspend of £0.021m:  Discovery Centre -£0.025m  Catering £0.075m  Car Parking -£0.029m</p> <p>There were insufficient Suitable Alternative Natural Green Space developments from Surrey Heath to allow a draw down from reserves to offset the income target for the arrangement between the two authorities this financial year, resulting in an overspend of £0.066m</p> <p>In addition, the net costs of cyclical and general tree work inspections undertaken and grounds maintenance costs across various sites have risen resulting in an overspend of £0.026m.</p>
248	<p><b>Building Control &amp; Land Charges</b></p> <p><b>Building Control £0.219m</b> The budget is set for income to offset both cash and non-cash costs, however the income generated is insufficient to cover the costs of the service.</p>

Variance	Explanation
£'000	
	<p><b>Land Charges £0.029m</b>                      Whilst the income from the chargeable element of the property services account covered the cash expenditure costs, it was insufficient to cover in full the non-cash element resulting in an overspend of £0.010m. In addition, the income generated by the non-chargeable element was under budget by £0.019m.</p>
-139	<p><b>Learning &amp; Development</b>                      In response to Directorate, and overall budget pressures, in year savings have been identified on learning and development activities by limiting non-essential training.</p>
-88	<p><b>Traffic</b>                      Net income received across the service was below budget -£0.069m:</p> <ul style="list-style-type: none"> <li>• Rechargeable Street Works -£0.107m</li> <li>• Monitoring Street Works £0.043m</li> <li>• Highway Network Enforcement -£0.005m</li> <li>• Street Works Permit Scheme -£0.010m</li> <li>• NRSWA S50Cash Bonds £0.010m</li> </ul> <p>Winter Maintenance -£0.019m                      A milder winter resulted in an underspend against the budget.</p>
-350	<p><b>Transport Strategy</b></p> <p><b>Public Transport Subsidy -£0.119m</b>                      The service received government grants which supported the delivery of the service, resulting in an underspend of the council budget.</p> <p><b>Concessionary Fares -£0.114m</b>                      Contracted costs are below budget, reflective of post-Covid levels of use.</p> <p><b>Traffic Signals -£0.010m</b>                      Planned maintenance and equipment expenditure were below budget.</p> <p><b>Road Safety Education -£0.035m</b>                      Income received to deliver service exceeded external costs.</p> <p><b>Transportation Planning -£0.050m</b>                      Review of expenditure to mitigate pressures within Directorate resulted in underspends of £0.050m across various supplies and services budgets.</p> <p><b>Intelligent Transport Systems -£0.022m</b>                      Net expenditure below budget due to the end of a joint arrangement with Reading.</p>
243	<p><b>Reactive Maintenance</b>                      Contract costs were contained where possible and reserves of £0.195m were transferred to support the budget, however the overall overspend was £0.243m:</p> <ul style="list-style-type: none"> <li>• Sustainable Drainage Systems £0.010m</li> <li>• Tree Maintenance £0.003m</li> <li>• Verge Maintenance £0.004m</li> </ul>

Variance	Explanation
£'000	
	<ul style="list-style-type: none"> <li>• Gully Cleaning £0.057m</li> <li>• Road Markings £0.009m</li> <li>• Patching &amp; Monitor Repairs £0.091m</li> <li>• Footway/Cycleway Patching -(£0.032m)</li> <li>• Drainage £0.040m</li> <li>• Fencing, Walls, Barriers £0.025m</li> <li>• Emergency works £0.007m</li> <li>• Preliminaries £0.023m</li> <li>• Street Lighting £0.001m</li> <li>• Traffic Management/Cyclical Maintenance £0.005m</li> </ul>

Delivery

Variance	Explanation
£'000	
-170	<p><b>Digital, Customer Focus &amp; ICT</b></p> <p><b>ICT</b> (-£0.150m) - The intention for the service area was to produce an underspend in 2023/24 to give confidence that the reduced budget in 2024/25 was achievable. There were some one-off unexpected costs during the year, however, some corresponding underspends due to delays offset these. The overall underspend was -£0.150m.</p> <p><b>Libraries</b> (-£0.020m) – a refund on business rates back to 1st April 2017 was received relating to most sites (-£0.124m), however this was offset by a backdated business rates bill for the Harmans Water site (£0.026m), and overspends on equipment rental (£0.023m), utilities (£0.038m), materials/audio visual materials (£0.020m), operating lease charges (£0.007m) and various supplies and services.</p>
-131	<p><b>Property Services</b></p> <p><b>Property Services</b> (-£0.030m) Income in excess of budget was achieved (-£0.014m) and there was an underspend on consultants' fees of (-£0.016m).</p> <p><b>Industrial and Commercial Property</b> (-£0.162m) there were underspends on business rates (-£0.069m), a decrease in the bad debt allowance (-£0.023m) and income in excess of budget relating to service charge income from Silva Homes on leasehold flats totalling (-£0.064m).</p> <p><b>Office Accommodation</b> (£0.061m) – the previously included savings in relation to renting out office space/desk space in TS were not achieved (£0.125m). This was partially offset by an underspend on the print room of (-£0.047m) and within the Courier service (-£0.019m).</p>
-51	<p><b>Legal</b> underspends were achieved across various supplies and services, including reference books and publications (-£0.036m), Legal Fees (-£0.012m) and equipment purchases (-£0.002m).</p>
-113	<p><b>Democratic &amp; Registration Services</b></p> <p><b>Registration of Electors/Elections</b> - the Neighbourhood Planning Referendum held within the year was underspent (-£0.031m).</p> <p><b>Registration of Births, Deaths &amp; Marriages</b> (-£0.055m) There were underspends on publicity and marketing (-£0.004m), licences (-£0.004m), and several other budgets (-£0.006m). Income also exceeded the budget (-£0.038m).</p> <p><b>Member &amp; Mayoral Services</b> (-£0.027m) Primarily underspends on the Coronation of King Charles III (-£0.006m), Member and Mayoral Allowances (-£0.012m) and conference fees (-£0.005)m.</p>
324	<p><b>Contract Services</b></p> <p><b>Waste Management</b> (£0.307m) An overspend on the Waste PFI (£0.470m) due partly to an increase in business rates, Persistent Organic Pollutants costs not budgeted for, recycle income being lower than forecast and an increase in green</p>

Variance	Explanation
£'000	
	<p>and residual waste. The Household Waste Collection/Recycling service was (-£0.163m) as income exceeded the budget.</p> <p><b>Street Cleaning</b> (-£0.058m) Underspends on contracted services (-£0.044m) and equipment (£0.014m).</p> <p><b>On/Off Street Parking</b> (£0.114m) Across the car parking service, an overspend on expenditure (£0.126m) partly offset by additional income (-£0.012m). The majority of this expenditure overspend can be attributed to the decommissioning of High Street Car Park within the year.</p> <p><b>Regulatory Services</b> (£0.098m) the PPP arrangement was overspent in the year due to decreasing income and an increase in costs.</p> <p><b>Emergency Planning</b> (-£0.036m) Surpluses from the Shared Service in previous years have built up as a contingency for any possible big incidents that may occur. It was decided that this contingency would be released in 2023/24, and as such a one-off underspend was achieved.</p> <p><b>Other</b> (-£0.020m) an underspend on other fees for bought in services was achieved in year.</p> <p><b>Leisure</b> (-£0.134m) Additional income relating to the Coral Reef gift shop refurbishment project (-£0.035m) and car parking (-£0.015m) plus a repayment by the contractor of Covid monies (-£0.059m). There were also underspends across consultant fees (-£0.010m), lump sum/mileage (-£0.003m), publicity and marketing (-£0.004m) and other expense headings.</p> <p><b>Cemetery &amp; Crematorium</b> (£0.054m) Expansion project costs and the cost of fixing an underground water leak and backdated water bills (£0.070m) partially offset by additional income (-£0.016m).</p>
-107	<p><b>Devolved Staffing Budget</b></p> <p>The Devolved Staffing budget was underspent across the Department, due to vacancies being held throughout the year.</p>

People

Variance	Explanation
£'000	
100	<p><b>Executive Director</b></p> <p>Additional costs to support the Assistant Director Education and Learning in respect of Special Education Needs and Disabilities (SEND) and transition to recruitment when post became vacant.</p>
538	<p><b>Education and Learning</b></p> <p>Staffing costs were the most significant overspend (£0.698m) which after taking account of related additional income (-£0.098m) were mainly because of additional support to the SEN Team. Education transport provisions over spent by £0.238m because of SEN Transport provisions. 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 (-£0.107m), unexpected covid related government grant to support loss of income (-£0.098m) and reduced spend on former teachers' pensions (-£0.050m).</p>
-137	<p><b>Children's Social Care</b></p> <p>Whilst care and accommodation costs for Children Looked After remained within budget this has been achieved partly through improved support packages before a placement is made (£0.227m), 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 (£0.177m) with under spendings in unaccompanied asylum seekers (-£0.247m) and the Devolved Staffing Budget (-£0.244m).</p>
134	<p><b>Commissioning</b></p> <p>Staffing costs were the most significant overspend (£0.095m) with further cost pressures experienced within Complaints (£0.020m) and Advocacy (£0.024m).</p>
187	<p><b>Adult Social Care</b></p> <p>Care packages for Adults, Older People and Learning Disabilities have overspent (£0.598m) mainly due to an increase in the number of people having care and a high increase in costs for residential, nursing, supported living and homecare. There are underspends on staffing costs due to vacancies within the service and difficulty in recruiting (-£0.074m) as well Learning Disability Team non DSB underspends and additional income from Health (-£0.080m).</p>
6	<p><b>Mental Health and Out of Hours</b></p> <p>An underspend in Community Networks (-£0.152m) due to in year funding received for Enhanced Community Mental Health. This offset Devolved Staffing cost pressures (£0.135m) and loss of income from contracts at Forestcare (£0.069m).</p>

<p><b>367</b></p>	<p><b>Early Help and Communities</b></p> <p>Delays were experienced in accessing Amber House and Silva Homes properties which required additional emergency accommodation arrangements to be put in place (£0.516m). Part of the additional cost was offset by additional Homelessness Prevention grant (-£0.204m). Housing Management &amp; Property overspent on Repairs and Maintenance on all properties (£0.320m) but there was additional income received due to new properties and the transfer of Downshire Homes Limited (DHL) properties (-£0.154m). Staffing pressures resulted in an overspending on the DSB (+£0.140m). Early Help underspent due to additional income and reduced spending on premises, supplies and services and activities budgets.</p>
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Non-Departmental Budgets/Earmarked Reserves

Variance	Explanation
<b>£'000</b>	
<b>-359</b>	<b>Interest</b> Average cash balances have been substantially higher than expected reducing the need to borrow in 2023/24. 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.
<b>-251</b>	<b>Minimum Revenue Provision (MRP)</b> Significant capital carry forwards into 2023/24 have created an under spend against the Minimum Revenue Provision which is based on capital spend in previous years.
<b>344</b>	<b>Corporate Wide Items</b> Budgeted savings were not achieved on essential user car allowances (£0.020m) and the closure of Downshire Homes Ltd (£0.240m). In addition, the budget for employers' pension contributions relating to prior year deficits was insufficient to cover costs due to three schools becoming academies during the year (£0.084m).
<b>-104</b>	<b>Other</b> Underspends primarily relating to pension recharges and joint arrangements, and a reduction in the provision for bad debts and write offs.
<b>-1,255</b>	<b>Business Rates Tariff</b> A one-off reduction in the Business Rates Tariff payable to the government following the updating of information used for the Business Rates revaluation exercise in 2023/24.
<b>1,255</b>	<b>Earmarked Reserves</b> Transfer of the Business Rates Tariff adjustment to the Business Rates Revaluations Reserve.

## TREASURY MANAGEMENT ANNUAL REPORT 2023/24

### 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 2023/24. 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 2023/24 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 2023)
  - a mid-year (minimum) treasury update report (Council Feb 2024)
  - 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 2023/24 the Council's treasury position (excluding borrowing by PFI and finance leases) was as follows:

Treasury Position	At 31 March 2024		At 31 March 2023	
	Principal	Average Rate	Principal	Average Rate
Fixed Interest Borrowing				
Short Term Market Loans	£24.200m	5.92%	£5.000m	4.65%
Short-Term PWLB	£20.000m	1.85%		
Long-Term PWLB	£60.000m	2.45%	£80.000m	2.30%
Variable Interest Borrowing	-		-	
<b>Total Borrowing</b>	<b>£104.2000</b>		<b>£85.000m</b>	
Fixed Interest Investments	-		£3.000m	3.20%
Variable Interest Investments (MMF)	£12.075m	4.99%	£12.775m	3.82%
<b>Total Investments</b>	<b>£12.075m</b>		<b>£15.775m</b>	
<b>Net borrowing position</b>	<b>£92.125m</b>		<b>£72.225m</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, 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 2023/24. 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
- 2.3 Part of the Council's treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury service organises the Council's cash position to ensure that sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies, (such as the Government, through the Public Works Loan Board [PWLB], or the money markets), or utilising temporary cash resources within the Council.

<i>Table 2 Financing of Capital Programme 2023/24 and 2022/23</i>		
	<b>2023/24</b>	<b>2022/23</b>
	<b>£'000</b>	<b>£'000</b>
<b>Expenditure</b>		
Capital Programme	<b>32,412</b>	<b>23,701</b>
<b>Financed by</b>		
Capital Receipts	4,947	262
Government Grants/Contributions	11,436	11,311
S106/CIL and Other contributions	4,606	5,781
Direct Revenue Funding	352	0
Change in Capital Financing Requirement	11,071	6,347
<b>Total</b>	<b>32,412</b>	<b>23,701</b>

## **The Strategy for 2023/24**

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

- 2.4 Investment returns picked up throughout the course of 2023/24 as central banks, including the Bank of England, continued to respond to inflationary pressures that were not transitory, and realised that tighter monetary policy was called for.
- 2.5 Starting April at 4.25%, Bank Rate moved up in stepped increases of either 0.25% or 0.5%, reaching 5.25% by August. By the end of the financial year, no further increases were anticipated. Indeed, the market is pricing in a first cut in Bank Rate in either July or August 2024.
- 2.6 The upward sloping yield curve that prevailed throughout 2023/24 meant that local authorities continued to be faced with the challenge of proactive investment of surplus cash, 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. The Council's level of surplus cash has been reducing over the last three years and the primary focus is on ensuring the availability of sufficient liquidity and maintaining cash balances above the prudent level rather than borrowing. In the latter part of 2023/24, the local authority to local authority market lacked any meaningful measure of depth, forcing short-term investment rates above 7% in the last week of March.

- 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 2023/24, 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 such the Council sought to avoid taking on long-term borrowing at elevated levels and has focused on a policy of internal and temporary borrowing.
- 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. Against this background and the risks within the economic forecast, caution was adopted with the treasury operations. Interest rates were monitored closely in financial markets and a pragmatic strategy was adopted.
- 2.11 The table below summarises the maturity profile of the current outstanding long dated PWLB debt.

*Table 3 – PWLB Debt*

<b>Principal</b>	<b>Rate</b>	<b>Start</b>	<b>End</b>
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
10,000,000	2.50%	21/11/2017	21/11/2062
10,000,000	2.14%	03/12/2018	03/12/2028
<b>60,000,000</b>	<b>2.45%</b>		

**Investment Outturn**

- 2.12 The Council's investment policy is governed by DLUHC 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 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.
- 2.14 The average rate on investments was 4.99% on an average balance of £20.7m compared to a 7-day Benchmark (SONIA) of 4.96%.

**Borrowing Outturn**

- 2.15 As noted above the Council's long-term strategy of using internal borrowing to fund capital investment has served the Council well over the last 10 years with significant investment income and lower borrowing costs. A measure of this is demonstrated by difference between the Council's CFR (£220m) and Outstanding Borrowing (£85m) at the beginning of the year. However, the Council's ability to continue with such a strategy in 2023/24 became limited as internal funds have reduced and borrowing was required to fund the Council's capital investment programme in addition to ensuring sufficient short-term liquidity.
- 2.16 The Council's long-term borrowing of £60m at an average rate of 2.45% in PWLB loans remained constant for the year. A tranche of PWLB debt matures in 2024/25 and has been reclassified as short-term debt. However, short-term borrowing was undertaken throughout the year and a total of £24.2m was outstanding at 31<sup>st</sup> March 2024. The loans outstanding at this point are shown below.

<b>Lender</b>	<b>Principal</b>	<b>Rate</b>	<b>Maturity (Days)</b>
North Kesteven DC	5,000,000	5.65%	188
Blackburn with Darwen BC	5,000,000	5.60%	152
North Yorkshire Council	5,000,000	5.50%	157
Middlesbrough Council	4,200,000	6.30%	18
Portsmouth City Council	5,000,000	6.60%	4
PWLB	20,000,000	1.85%	235

**Net Treasury Outturn**

- 2.17 The Council budget for net borrowing costs of £1.686m – reflects the borrowing costs for the Council's historical Capital Programmes in past years alongside the 2023/24 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 Council continued to benefit from the positive net cash-flow and the sustained interest rate rises 2023/24 (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, the actual level of borrowing costs in 2023/24 was £0.36m less than anticipated.

### **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. 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.
- 2.20 The Council's underlying borrowing need (CFR) is not allowed to rise indefinitely. Statutory controls are in place to ensure that capital assets are broadly charged to revenue over the life of the asset. The Council is required to make an annual revenue charge, called the Minimum Revenue Provision – MRP, to reduce the CFR. This is effectively a repayment of the Council's borrowing need. This differs from the treasury management arrangements which ensure that cash is available to meet capital commitments. External debt can also be borrowed or repaid at any time, but this does not change the CFR. The CFR 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.
- 2.21 The Council's 2023/24 MRP Policy, (as required by DLUHC Guidance), was reviewed, amended and approved as part of the Treasury Management Strategy Report for 2023/24 in February 2023.

	<b>2023/24</b>	<b>2022/23</b>
	<b>£'000</b>	<b>£'000</b>
<b>Opening Capital Financing Requirement</b>	<b>220,072</b>	<b>213,725</b>
<b>Capital Investment</b>		
Gross Capital Expenditure	32,412	23,701
Capitalisation of Interest on Downshire Homes Loan	1,198	
<b>Sources of Finance</b>		
Capital Receipts	-4,947	-262
Government Grants and Other Contributions	-16,041	-11,311
Waste PFI Donated Asset Account	-89	-89
Direct Revenue Contributions	-352	-3,390
MRP	-2,706	-2,302
	<hr/> -24,135	<hr/> -17,354
<b>Closing Capital Financing Requirement</b>	<hr/> <b>229,547</b>	<hr/> <b>220,072</b>

2.22 The outturn for the remaining Prudential Indicators are as follows

<b>Authorised limit</b>	<b>2023/24 Estimate</b>	<b>2023/24 Out-turn</b>
Borrowing	£230m	£230m
Other long term liabilities	£20m	£20m
Total	£250m	£250m

<b>Operational Boundary</b>	<b>2023/24 Estimate</b>	<b>2023/24 Out-turn</b>
Borrowing	£235m	£235m
Other long term liabilities	£20m	£20m
Total	£255m	£255m

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 2023/24 accounting year is as set out below.

### 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 a sum equivalent to 5% of the net revenue budget (c.£4.9m) has been considered to be the minimum prudent level, though this needs to be kept under review as risks change.	March 20    £7.091m March 21    £10.327m March 22    £11.346m March 23    £11.077m March 24    £9.852m

**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:

<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 20 £3.059m March 21 £2.909m March 22 £3.096m March 23 £3.084m March 24 £3.032m
<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 20 £0.054m March 21 £0.193m March 22 £1.035m March 23 £0.036m March 24 £0.000m
<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 20 £3.158m March 21 £2.929m March 22 £2.128m March 23 £2.096m March 24 £1.000m
<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 20 £1.015m March 21 £2.141m March 22 £2.906m March 23 £2.307m March 24 £1.302m
<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	As the Schools Budget is in an overall deficit position the balance on this earmarked reserve has been transferred to the Dedicated	March 20 £0.023m March 21 £0.000m March 22 £0.000m

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<b>Reserve</b>	<b>Purpose</b>	<b>Policy</b>	<b>Value</b>
	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 23 £0.000m March 24 £0.000m
<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.	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 20 £0.141m March 21 £0.000m March 22 £0.000m March 23 £0.000m March 24 £0.000m
<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.	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 20 £0.459m March 21 £0.000m March 22 £0.000m March 23 £0.000m March 24 £0.000m
<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.	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 20 £0.364m March 21 £0.000m March 22 £0.000m March 23 £0.000m March 24 £0.000m
<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.	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 20 £0.746m March 21 £0.000m March 22 £0.000m March 23 £0.000m March 24 £0.000m

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Reserve	Purpose	Policy	Value
<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.	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 20 £0.356m March 21 £0.000m March 22 £0.000m March 23 £0.000m March 24 £0.000m
<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, and for a sinking fund at the Binfield Hub.	The reserve is held in order to finance future improvement works thereby reducing pressure on maintenance budgets.	March 20 £0.046m March 21 £0.046m March 22 £0.057m March 23 £0.054m March 24 £0.071m
<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 20 £0.000m March 21 £0.000m March 22 £0.000m March 23 £0.000m March 24 £0.000m
<b>Commutated Maintenance of Land</b>	Money is received and set aside for the ongoing maintenance of land transferred to the Council under Section 106 agreements.	The reserve will be used to cover the cost of maintaining land transferred to the Council under Section 106 agreements.	March 20 £1.636m March 21 £1.636m March 22 £1.622m March 23 £1.532m March 24 £1.400m
<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 20 £0.145m March 21 £0.145m March 22 £0.145m March 23 £0.146m March 24 £0.146m

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<b>Reserve</b>	<b>Purpose</b>	<b>Policy</b>	<b>Value</b>
<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 20 £0.090m March 21 £0.113m March 22 £0.143m March 23 £0.138m March 24 £0.124m
<b>Transformation</b>	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 20 £3.179m March 21 £3.370m March 22 £3.499m March 23 £3.234m March 24 £0.750m
<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 20 £10.781m March 21 £14.747m March 22 £16.071m March 23 £16.681m March 24 £17.225m
<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 20 £0.373m March 21 £0.330m March 22 £0.200m March 23 £0.200m March 24 £0.200m
<b>Public Health</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 20 £1.719m March 21 £2.513m March 22 £2.642m March 23 £2.139m March 24 £1.296m
<b>Better Care Fund</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 20 £2.322m March 21 £3.034m March 22 £5.511m March 23 £2.614m March 24 £1.528m

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<b>Reserve</b>	<b>Purpose</b>	<b>Policy</b>	<b>Value</b>
<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 20 £4.313m March 21 £6.038m March 22 £8.036m March 23 £6.931m March 24 £0.500m
<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 Unitary Authorities.	March 20 £0.212m March 21 £0.212m March 22 £0.191m March 23 £0.180m March 24 £0.180m
<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 20 £18.146m March 21 £18.424m March 22 £18.424m March 23 £19.924m March 24 £2.000m
<b>Dilapidations</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 20 £0.045m March 21 £0.045m March 22 £0.045m March 23 £0.045m March 24 £0.045m
<b>Schools Support</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 20 £0.251m March 21 £0.251m March 22 £0.251m March 23 £0.251m March 24 £0.000m
<b>Waste PFI Excess Profits</b>	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

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Reserve	Purpose	Policy	Value
			March 24 £0.118m
<b>Feasibility Studies</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 March 21 £0.394m March 22 £0.394m March 23 £0.394m March 24 £0.394m
<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 March 21 £0.298m March 22 £0.426m March 23 £0.625m March 24 £0.625m
<b>Covid-19</b>	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.  No longer required.	March 20 £2.289m March 21 £2.289m March 22 £2.289m March 23 £1.952m March 24 £0.000m
<b>Business Rates Revaluations</b>	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 March 24 £6.361m
<b>Business Rates Reliefs</b>	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. Fully utilised in 2023/24.	March 21 £13.047m March 22 £6.875m March 23 £4.480m March 24 £0.000m
<b>Street Works - Permit Scheme Reserve</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	March 22 £0.098m March 23 £0.109m March 24 £0.040m

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<b>Reserve</b>	<b>Purpose</b>	<b>Policy</b>	<b>Value</b>
		fenced and cannot be used for any other purpose.	
<b>Inflation Reserve</b>	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. The reserve has now been fully utilised.	March 22 £1.500m March 23 £1.500m March 24 £0.000m
<b>Homebuyer Scheme Reserve</b>	A 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.  Fully utilised in 2023/24.	March 23 £0.048m March 24 £0.000m
<b>Street Works - Penalties Reserve</b>	A 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 £0.194 March 24 £0.122
<b>Carbon Reduction Initiatives Reserve</b>	A 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 March 24 £0.145m
<b>Joint Venture Cashflow Reserve</b>	A new reserve to hold the interest accrued through the loan note agreement with Countryside Properties Limited.	The reserve will be released and used to meet costs or other initiatives once each redevelopment scheme is successfully completed.	March 24 £0.261m
<b>Safety Valve Reserve</b>	A new reserve to fund the Council's share of the expected deficit on the Schools Budget.	This will be drawn down over the six year period of the Safety Valve agreement between the Council and the Department for Education, with the most significant contribution to be made in the final year.	March 24 £22.761m

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<b>Reserve</b>	<b>Purpose</b>	<b>Policy</b>	<b>Value</b>
<b>Financial Hardship Reserve</b>	A new reserve to support the most vulnerable low-income households in times of financial crisis	The reserve will be used to fund initiatives for low income households such as providing additional Council Tax support.	March 24 £0.700m

**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 20 £8.250m March 21 -£11.378m March 22 -£6.247m March 23 -£6.542m March 24 -£6.137m
<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 20 -£5.177m March 21 -£6.182m March 22 -£6.009m March 23 -£6.855m March 24 -£7.581m
<b>Pensions</b>	Reflects the Council's share of the Royal County of Berkshire Pension Fund's assets and liabilities. Contributions will be adjusted to ensure any projected deficit is funded.	This balance is held for specific accounting reasons.	March 20 -£245.019m March 21 -£354.422m March 22 -£314.696m March 23 -£97.622m March 24 -£70.396m
<b>Dedicated Schools Grant Adjustment Account</b>	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 March 24 -£18.062m

## Virements between Directorates

Total	Explanation
<p>£'000</p>	<p><b><u>Central</u></b></p> <p>30 A virement to support the costs of a member of the Legal team who is working on People related contracts and procurement.</p> <p>-62 Revenue items which were capital in nature - identification of £0.2m was assumed in the budget.</p> <p><b><u>Delivery</u></b></p> <p>-161 Revenue contributions towards capital expenditure.</p> <p>-139 Revenue items which were capital in nature - identification of £0.2m was assumed in the budget.</p> <p><b><u>People</u></b></p> <p>-30 A virement to support the costs of a member of the Legal team who is working on People related contracts and procurement.</p> <p>-191 Revenue contributions towards capital expenditure.</p> <p><b><u>Non-Departmental / Council Wide</u></b></p> <p>352 Revenue contributions from directorates for capital expenditure.</p> <p>201 Revenue items which were capital in nature - identification of £0.2m was assumed in the budget.</p>
0	<b>Total Virements</b>

## Directorate Virements over £50,000

Debit	Credit	Explanation
£'000	£'000	
		<b><u>People</u></b>
		A number of self balancing staffing budgets have been agreed
	-218	Departmental Management Team
28		AD Education and Learning
47		AD Children's Social Care
33		AD Adult Social Care
110		AD Commissioning
<b>218</b>	<b>-218</b>	<b>Total</b>
		<b><u>Schools Budget</u></b>
		Dedicated Schools Grant (DSG) funding to the council has been recalculated to reflect payments made directly by the Education Skills and Funding Agency to academies and other adjustments in accordance with updated recalculations.
5,755		Funds Delegated to Schools
109		School Grant Income
	-44	De-delegated Budgets
	-97	Other School Services
1		Funds Delegated to Special Schools
	-3,942	Maintained Schools & Academies
	-55	Education out of School
	-1,727	EY Free Entitlements
		The Education and Skills Funding Agency (EFSA) has confirmed changes to DSG 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.
	-1,006	Funds Delegated to Schools
41		Other School Services
	-165	Funds Delegated to Special Schools
	-20	Maintained Schools & Academies
89		NMSS & Colleges
1,061		DSG
<b>7,056</b>	<b>-7,056</b>	<b>Total</b>