

FINANCE DIGEST

General Fund Revenue and Capital Financial Monitoring

Period 3

June 2010

Foreword

The monthly Finance Digest is the key tool for raising awareness of financial issues throughout the Council at both member and officer level.

If you have any comments or queries on contents and presentation, or a suggestion for an item to be included, please contact Steve Akehurst by email - steve.akehurst@watford.gov.uk, or telephone 01923 278055 (internal 8055).

The Finance Digest brings together the key indicators that describe Watford's financial health. It provides a regular update on the progress of spend against the Council's revenue and capital budgets, and performance in a number of discrete areas.

Contents

PART 1 ~ BUDGETARY CONTROL

The Council's latest forecast of its financial position for the year, assessing expected spend for the year against the agreed budget by service area. Revenue spend is forecast monthly, and capital updates are provided on a quarterly basis. It includes a review of Key Risks and Volatile budgets and provides information on action taken to mitigate their impact.

	Pages
General Fund Revenue	
Summary General Fund – Table 1	3
There are no Tables 2 & 3 within this Digest (due to there being no variations to report).	
Key Risk Analysis – Table 4	4& 5
Capital Programme – Summary	6
Capital Programme – Schemes	7 to 10

PART 2 ~ PERFORMANCE INDICATORS

This section provides the latest performance information.

Treasury Management Performance	11& 12
Council Tax & NNDR Collection rates	13 &14
Creditor Payment Monitoring	15
Debtor Monitoring	15
Key Business Indicators	16

A. General Fund ~ Revenue

- A.1 This report provides an update, in summary form, of the latest position as at 30th June 2010 on the Council's budget for the current financial year.
- A.2 The forecast out turn net expenditure for 2010/11 at the end of period 3 is predicted to be £16,186,533 and corresponds to the original budget approved by Council in January 2010 (See Table 1). The original estimate did however include £486k of expenditure for which specific grant/ earmarked reserves have been set aside and the continuance of this will need to be reviewed for 2011/12 in the light of reduced Central Government financial support.
- A.3 The forecast as at the end of June 2010 is reporting no variations to the original estimates and reflects the fact that during the early part of a financial year significant variations will not usually have materialised. It is however anticipated that commercial rent income and investment interest will not achieve originally anticipated income levels and this will be highlighted in future Digest reports.
- A.4 An analysis of variances and salaries expenditure would normally be shown as Tables 2 & 3 but as no variances have been reported then no tables have now been produced.
- A.4 Table 4 presents a summarised view, to management, of the Key Risk areas which need to be particularly monitored during the year.

Icons

Icons have been used to indicate the severity of the variation against budget.

The key is as follows :





-  Forecast net expenditure is within budget.
-  Forecast net expenditure is over budget but there is no cause for concern at this stage.
-  No change to forecast.
-  Forecast net expenditure is more than 10% or £50k over budget and is a cause for concern.

Table 1 - General Fund Summary













GENERAL FUND VARIANCE SUMMARY for PERIOD 3 2010/11						
	Current Budget	Variances previous y report	Variances This Month	Forecast Out-turn	Variance	
SERVICE AREA	£000's	£000's	£000's	£000's	%	
						<input type="checkbox"/>
CORPORATE SERVICES	728	0	0	728	0	
COMMUNITY SERVICES	8,884	0	0	8,884	0	
ENVIRONMENTAL SERVICES	6,025	0	0	6,025	0	
PLANNING	3,188	0	0	3,188	0	
CORPORATE MANAGEMENT	1,371	0	0	1,371	0	
LEGAL AND PROPERTY SERVICES	(3,392)	0	0	(3,392)	0	
SHARED SERVICES IMPLEMENTATION	459	0	0	459	0	
SHARED SERVICES	0	0	0	0	0	
STRATEGIC FINANCE	(295)	0	0	(295)	0	
NET GENERAL FUND BUDGET	16,968	0	0	16,968	0	
TRANSFER TO/(FROM) RESERVES	(436)	0	0	(436)		
TRANSFER TO/(FROM) WORKING BALANCE	(346)	0	0	(346)		
NET BUDGET REQUIREMENT	16,186	0	0	16,186		
GENERAL FUND WORKING BALANCE						
OPENING WORKING BALANCE	1,696	0	0	1,696		
TRANSFER TO/(FROM) WORKING BALANCE	(346)	0	0	(346)		
CLOSING WORKING BALANCE	1,350	0	0	1,350		

Table 4 - Key Risk areas

	Current Budget	Variances previously report	Variances This Month	Forecast Out-turn	Variance		Current assessment of out-turn position	Mitigating action taken
	£000's	£000's	£000's	£000's	%			
Salaries							On track. Increments and outstanding appeals have been included within estimates. Should there be no wage award in April 2010 then a potential £140k saving could occur.	
Investment Interest							It is anticipated that this will not be achieved due to continued low levels of Base Rates. A £100k shortfall should be anticipated progressively in future Digest reports.	Unless the Council invests in riskier securities then no action can be taken.
Commercial Property Income							A rent free period during 2010/2011 on the former Woolworth's Building will reduce anticipated income by at least £180k.	No action can be taken but full year rent in 2011/2012 will be higher than anticipated and will compensate for current year shortfall.
Charter Place Markets Rents							An increased number of vacant units may be offset by some rent reviews. A shortfall of £50k could be anticipated during the year.	Renovation of Market Place during 2009/2010 will help to maintain occupancy levels
Planning Fees							Planning and Building Control are holding up. Land Charge income is likely to be affected by proposed legislative change to provide no charge for individual applications. This will need to be evaluated in future Digests.	An increase in volumes of activity may compensate. Building Control are likely to be used on the Colosseum capital project.
Building Control fees								
Land Charges Income								

Colosseum							Is now closed for refurbishment and the original estimate has made full provision for this.	
Trade Refuse Income							On track	
Recycling Income							On track	
Council Tax and Rent Allowance Net Expenditure							New Academy Software system should reduce risk in this area during 2010/2011.	
Repairs Expenditure							On track	
Non-CPZ Parking Income							On track	
CPZ Income							May be an increased level of income as a consequence of a change in accountancy treatment regarding reserving for parking fines	

Capital Programme

B.1 The position is summarised as follows and broken down in the following tables.

	2010/11 Budget £000's	Carry Forward of Unspent Balances £000's	2010/11 Forecast Outturn £000's	2010/11 Forecast Variance £000's
Spend				
General Fund Spend	12,953	3,350	16,303	0
Section 106 Schemes	747	1,516	2,263	0
Total Spend	13,700	4,866	18,566	0
Funding				
Grants and Contributions	(263)	0	(263)	0
Capital Receipts	(11,949)	(3,350)	(15,299)	0
Section 106 Schemes	(747)	(1,516)	(2,263)	0
New Resources				
Reserves (CPZ)	(400)	0	(400)	0
Section 106	(341)	0	(341)	0
Total Funding	(13,700)	(4,866)	(18,566)	0

The main change at this stage of the financial year is the bringing forward of slippage from the 2009/2010 financial year (£4,866k).

It is the intention to review all these projects during August/ September to determine how realistic these spending profiles now are.

Capital Investment Programme - Schemes	Original Budget 2010/11	Rephased from 2009/10	Forecast Outturn 2010/11
	£	£	£
General Fund Schemes			
ICT-Hardware Replacement Prog	70,000	42,863	112,863
ICT Schemes - Customer Relationship	50,000	0	50,000
ICT Schemes - eDemocracy	18,000	0	18,000
ICT Schemes - Env Health	45,000	0	45,000
Support Services-General Fund	200,000	200,000	400,000
Cardiff Road Health Campus	1,250,000	950,000	2,200,000
Charter Place Consultancy	140,000	0	140,000
Pay And Display To Car Parks	59,500	0	59,500
Green Spaces Strategy	210,500	69,470	279,970
Feasibility Studies	100,000	0	100,000
Town Centre CCTV	30,000	0	30,000
Woodside Fence	0	42,790	42,790
Woodside Pole Vault beds	23,000	0	23,000
Colosseum Refurbishment	5,085,000	314,755	5,399,755
Recycling Boxes	35,000	19,875	54,875
SHSRV Hardware Replace Prog	20,700	0	20,700
Cultural Quarter Ph 1	500,000	0	500,000
Replace Matchday CPZ Signage	100,000	0	100,000
CPZ in Nascot and Cassio	300,000	0	300,000
Purchase of Refuse Collection	1,600,000	0	1,600,000
Stand Alone Prop to Decent Std	156,500	0	156,500
Change Bins in Communal Props.	30,000	0	30,000
York House to Decent Std	85,000	0	85,000
Additional Green Waste Bins	18,000	0	18,000
Creating Events Market	110,000	40,000	150,000
Depot Refurb	400,000	0	400,000
Backlog Repairs To Council Bld	500,000	0	500,000

Capital Investment Programme - Schemes	Original Budget 2010/11	Rephased from 2009/10	Forecast Outturn 2010/11
	£	£	£
General Fund Schemes (Continued)			
Woodside Access Improve. Ph1	226,000	0	226,000
Woodside Stadium Toilet Refurb	40,000	0	40,000
Colosseum Roof	70,000	50,000	120,000
Handhelds To Report Nat Inds	28,000	0	28,000
Resurface Woodside Stadium Track	15,000	0	15,000
Waterfield Rec Ground Car Park	15,000	0	15,000
Council Chamber Sound System	80,000	0	80,000
Shared Services Imp New SAN	69,000	0	69,000
Shared Services Hr CPD Module	6,900	0	6,900
Mandatory Disabled Facilities Grant	500,000	13,000	513,000
Emergency Disabled Facilities Grant		50,000	50,000
Affordable Housing	250,000	0	250,000
Renovation Grants - General Decent Homes	200,000	0	200,000
Energy Grants Carbon Management	77,000	0	77,000
Empty Properties (CPOS)	240,000	0	240,000
Trade Waste Recycling Bins		60,000	60,000
Property Asset Managemetn System		37,360	37,360
Street Recycling Bins		16,000	16,000
Holywell Community Centre		450,000	450,000
High Street Building Refurbishment		963,390	963,390
Town Hall Drainage		30,000	30,000
Total General Fund Schemes	12,953,100	3,349,503	16,302,603

Capital Investment Programme - Schemes	Original Budget 2010/11	Rephased from 2009/10	Forecast Outturn 2010/11
	£	£	£
Section 106 Schemes			
Allotments Green Toilets	20,000	0	20,000
Colne Valley Improvements	20,000	17,940	37,940
Oxhey Park Bridge	130,700	-5,500	125,200
King George V Nature Reserve	0	42,493	42,493
Cow Lane Improvements	28,000	0	28,000
Victoria Passage Phase 2 And 3	12,600	0	12,600
Woodside Playing Fd Green Flag	195,000	-3,560	191,440
Multi Use Games At Meriden	120,000	0	120,000
Changing Facs Knutsfd Play Fds	200,000	260,000	460,000
St Albans Road Street Lighting	21,000	0	21,000
Horseshoe Lane		6,990	6,990
Langley Road		12,000	12,000
Hempstead Road Toucan		11,940	11,940
Cassiobury Park Phase 2 Consultation		8,000	8,000
Cassiobury Park Signange		5,860	5,860
Cassiobury Park Study Ancilliary Facilities		26,860	26,860
Town Centre Cycle Way		3,944	3,944
Town Scheme Enhancements Phase 2		37,950	37,950
Croxley Rail Link		536,000	536,000
Westfield Rec & Knutsford PG		160,000	160,000
Oxhey Park		130,000	130,000
St Johns Road Playground		25,000	25,000
Chater School Playground		25,000	25,000
Oxhey Village Green		25,000	25,000
Lea Farm Playground		25,000	25,000
Stamford Road Playground		25,000	25,000
Aspen Park Drive Playground		25,000	25,000
Norbury Avenue playground		25,000	25,000

	Original Budget 2010/11	Rephased from 2009/10	Forecast Outturn 2010/11
Capital Investment Programme - Schemes	£	£	£
Section 106 Schemes (Continued)			
Jellicoe Road Play ground		25,000	25,000
Contribution to HCC Water Lane traffic calming		65,000	65,000
Total Section 106 Schemes	747,300	1,515,917	2,263,217
Total Capital Investment Programme	13,700,400	4,865,420	18,565,820

Part 2 ~ Performance Indicators

The following analysis identifies performance on the Councils key 'financial health' and key business indicators.

1 Treasury Management Performance

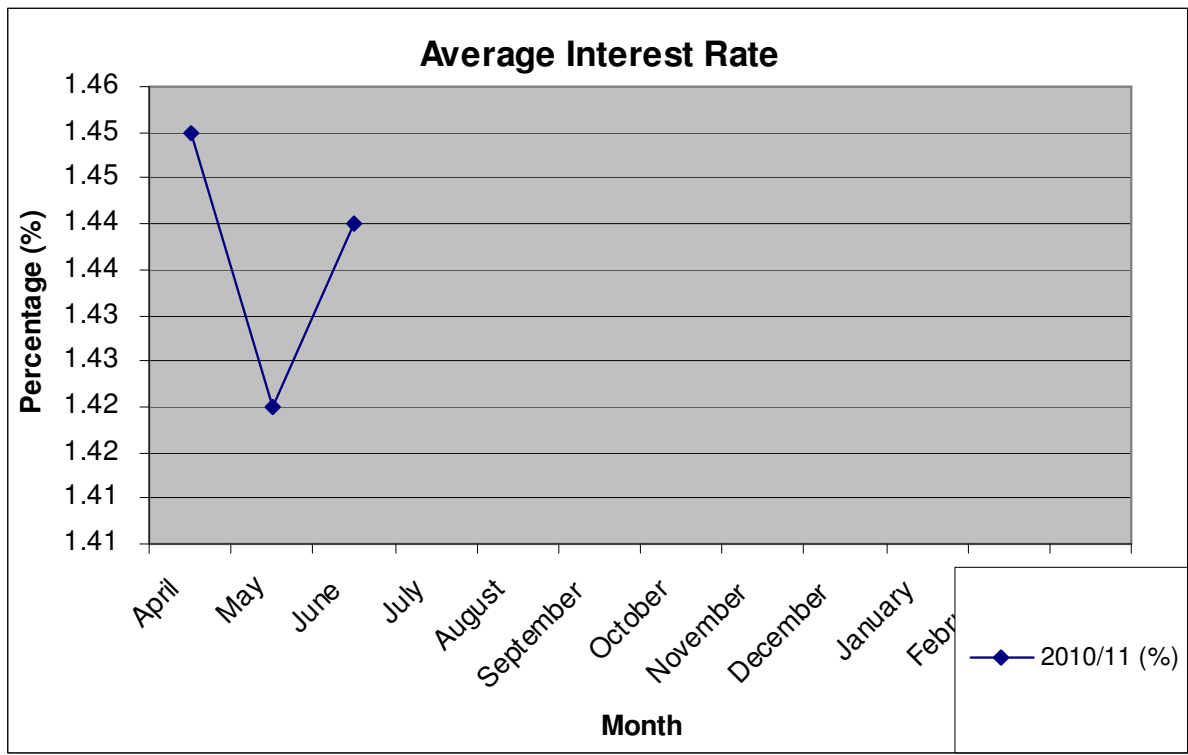
- 1.1 The graph below shows the performance of the council's treasury management function for the period ending 30th June 2010, showing an average annualised return on investments of 1.44% (compared to an estimate of 1.6%).

The current estimate of interest returns for 2010/11 is:

	2010/2011
Best Case	1.6%
Central Case	1.4%
Worst case	0.9%

Interest rates are not expected to rise until December 2010. The forecast outturn is £696k but it is anticipated there will be an ultimate shortfall by year end of £100k.

In order to mitigate any loss it is the intention to keep 50% of the portfolio in 12 month investments where the rate of return is highest.



2 Council Tax and NNDR

- 2.1 For the three months ending 30th June 2010, for Council Tax and NNDR collection rates are as follows:

Council Tax Collection

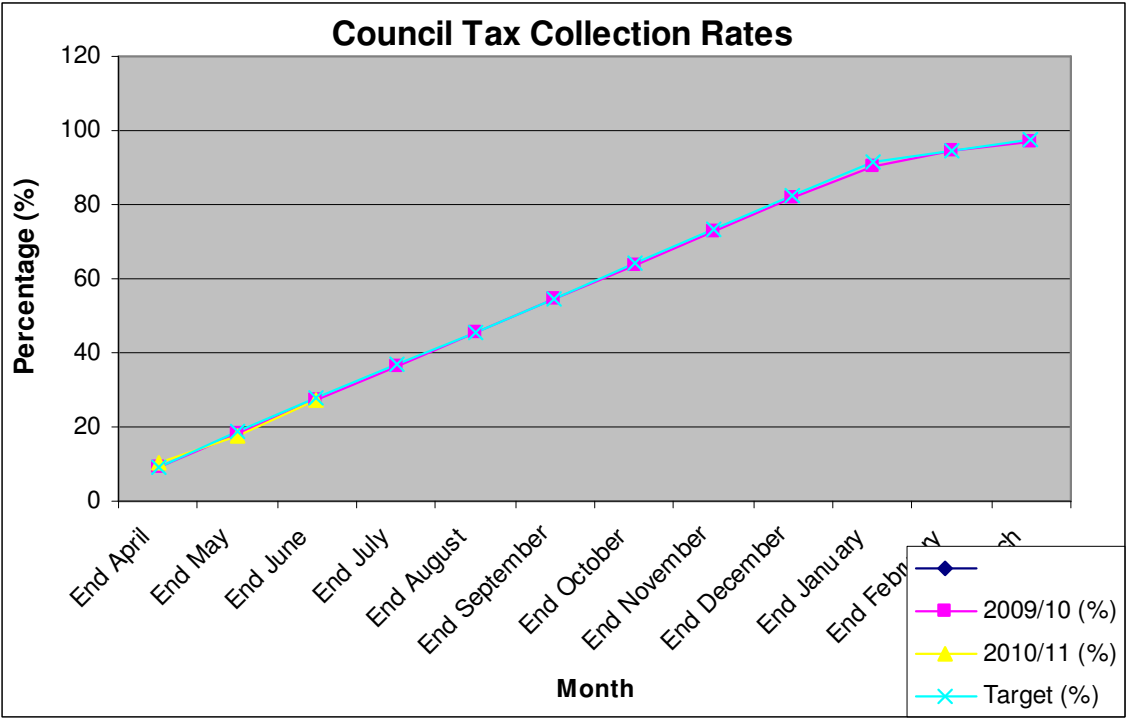
Council Tax Collection Rates	2008/09 (%)	2009/10 (%)	2010/11 (%)	Target (%)
End April	9.29	9.3	10.4	9.3
End May	18.27	18.3	17.8	18.6
End June	27.63	27.4	27.2	27.7
End July	36.66	36.5		36.7
End August	45.56	45.4		45.7
End September	54.66	54.7		54.7
End October	64.00	63.9		64.1
End November	72.95	73.0		73.4
End December	82.00	81.7		82.4
End January	91.20	90.6		91.8
End February	93.90	94.8		94.8
End March	96.50	96.7		97.3

NNDR Collection

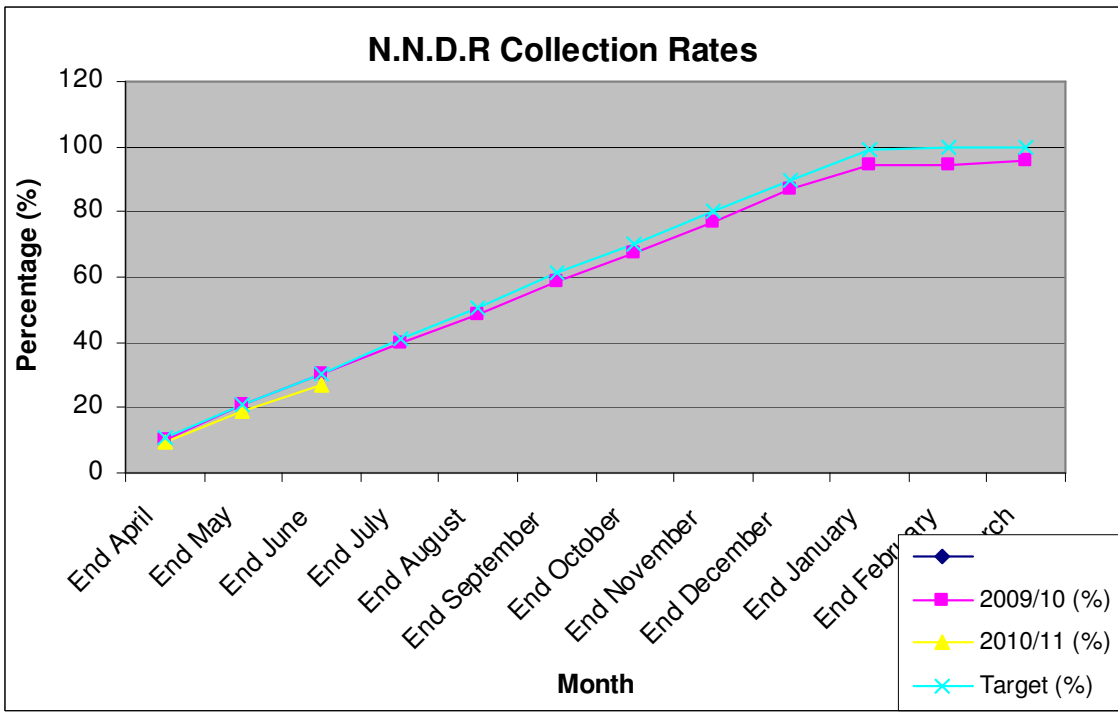
N.N.D.R Collection Rates	2008/09 (%)	2009/10 (%)	2010/11 (%)	Target (%)
End April	10.98	10.3	9.6	10.9
End May	19.25	20.7	18.6	21.0
End June	30.55	30.2	27.2	30.5
End July	39.81	39.7		41.0
End August	49.03	48.3		50.5
End September	58.22	58.5		61.5
End October	68.09	67.7		70.0
End November	77.31	77.0		80.0
End December	85.20	87.2		89.5
End January	93.50	94.2		99.4
End February	94.20	94.5		99.6
End March	97.80	95.9		99.8

- 2.2 We have implemented new software systems for Council Tax and NNDR collection as part of the Shared Services programme.

We have experienced a backlog of work in both areas whilst staff get up to speed with the new systems and as a result we have not been able to start the recovery programme yet which will boost the collection figures. The recovery programme is scheduled to start week commencing 12th July 2010.



67% of council tax is paid by direct debit- which is the cheapest and most reliable form of collection.



Creditor Payment Monitoring

3.1 For 2010/11, up to 30th June 2010, the Council paid 69.79% of undisputed invoices within 30 days (against an Audit Commission Target of 100%). The corresponding figure for 2009/2010 at this stage was 96.59%. This underperformance is receiving high priority.

3.2 The payments made by BACS is currently 71.82% against a target of 75%.

	2007/08	2008/09	2009/10	2010/11
May	98.12	96.17	98.15	63.77
June	98.12	92.14	96.59	69.79
July	97.10	92.30	96.07	
August	95.49	93.43	95.35	
September	95.13	96.38	94.06	
October	96.16	95.38	93.58	
November	98.14	95.09	93.60	
December	65.18	96.65	93.23	
January	88.76	87.10	92.40	
February	96.56	98.51	92.03	
March	96.58	94.79	92.22	

Debtors

4.1 Awaiting debt and collection reports to be incorporated into the new Finance System. At present there are no reports being produced which can be presented in the Finance Digest.

KEY BUSINESS INDICATORS (a full set is not available at Month 3)

Monthly Indicators at Period 3:

Occupancy rates at Market

Occupancy rates-Commercial

Repair & Maintenance Programme

Procurement Efficiencies

Internal Audit Plan

Average time to process housing benefits

Average time for change of circumstances

Quarterly Indicators at Period 3:

Residual Household Waste

Household Waste recycled

Number of Affordable Homes

Number in Temporary Accommodation

Sickness Levels

Staff Appraisals completed on time

CSC-all calls answered

Complaints resolved at Stage 1