



**WATFORD  
BOROUGH  
COUNCIL**

# **BUDGET PANEL**

**Tuesday, 6th September, 2016**

**7.00 pm**

**Town Hall, Watford**

**Publication date: 26 August 2016**

**Contact**

If you require further information or you would like a copy of this agenda in another format, e.g. large print, please contact Ishbel Morren in Democracy and Governance on 01923 278375 or by email to [legalanddemocratic@watford.gov.uk](mailto:legalanddemocratic@watford.gov.uk) .

Welcome to this meeting. We hope you find these notes useful.

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# Committee Membership

Councillor Asif Khan (Chair)

Councillor M Hofman (Vice-Chair)

Councillors D Barks, N Bell, P Kent, Ahsan Khan, R Laird, R Martins and G Saffery

## Agenda

### Part A - Open to the Public

**1. Apologies for Absence/Committee Membership**

**2. Disclosure of Interests (if any)**

**3. Minutes**

The minutes of the meeting held on 28 June 2016 to be submitted and signed.

Copies of the minutes of this meeting are usually available seven working days following the meeting.

*(All minutes are available on the Council's [website](#).)*

**4. Budget Setting: 2017/18 and beyond**

The Head of Finance will provide a verbal update an overview of the budget setting process 2017/18 and beyond.

**5. Commercial opportunities for the council (Pages 5 - 8)**

This issue was discussed previously by Budget Panel on 27 October 2015. The report provides an update on commercialisation within the Council.

**6. Analysis of previous budgets and outturns 2014/15 to 2016/17 (Pages 9 - 12)**

Report of the Director of Finance

This report informs the Panel of the revenue variances for each service for the financial years 2014/15 to 2016/17.

**7. Finance Digest 2016/17 Quarter 1 (Pages 13 - 40)**

The Finance Digest for Quarter 1 of 2016/17 is attached for councillors to review.

## **8. Dates of Next Meetings**

- 29 November 2016
- 10 January 2017
- 21 February 2017

**Report to:** Budget Panel  
**Date of meeting:** 6 September 2016  
**Report of:** Head of Finance  
**Title:** Commercial opportunities for the Council  
**Nature of Report** For discussion

## 1.0 Introduction

1.1 Last October, the Director of Finance brought a report to this committee. A copy of this report is reproduced at Appendix 1. Budget panel has asked for a further update on commercialisation within the Council.

1.2 In February this year, the council received an indicative four-year settlement, which demonstrated that the Council would face increasing financial pressures which, although they may be offset temporarily by use of reserves, are not sustainable in the long-term. Therefore the Council needs to seek ways of providing its services in a more commercially nuanced way to remove its dependence on central government funding.

## 2.0 Progress to-date

2.1 During the past few months, the Council has carried out the following activities to increase its income and return on its capital resources:

- Established the Property Investment Board (PIB).The PIB was established to enable the council to rationalise its investment property portfolio and then acquire new assets to enhance their return. Since January, the PIB has agreed and actioned the disposal of many properties which required maintenance and management in excess of the value as a rental asset. This has generated substantial receipts which have been re-invested in a higher returning and better quality investment asset.
- Created a joint venture company to work in partnership with Watford Community Housing Trust in order to alleviate some of the pressures on temporary housing and homelessness and also to generate a return on our assets in the form of new affordable and market rate housing.
- The Council has invested in the Health Campus and the Watford Business Park both to regenerate and develop the economic potential of these areas, but also to increase the financial return for the council from them.
- Council will continue to investigate the level of discretionary fees and charges and whether these can be increased. There will always be a local economic and/or political considerations to be taken into account in these decisions.

- Finally, the Council continues to identify benefits from the increased use of outsourcing and shared services.

### 3.0 **Future developments**

- The Council is establishing a 'commercialisation group' drawn from various fields of expertise across the council to ensure that the concept of commercialisation is embedded in all the Council's future decision making. A briefing on this is being taken to the Council's Leadership team at the end of August.
- Council officers are attending various external seminars and briefing sessions on commercialisation and the opportunities for income improvement. This will widen the knowledge base within the council and allow development of innovation and best practice around commercialisation
- As part of the internal audit programme an advisory review has been commissioned through SIAS from BDO (a private audit firm) to look at opportunities for the Council to benchmark against other authorities to further enhance its commercial activities.

### 4.0 **Decision Required**

4.1 Not applicable. Discussion and information paper only.

**Contact Officer:**

For further information please contact: Bob Watson – Head of Finance (shared services)

telephone extension: 7188

email: bob.watson@threerivers.gov.uk

Appendix 1 – Director of Finance report for Budget Panel – 27 October 2015

**Budget Panel Report**

**27 October 2015**

**Report of:** Director of Finance

**Title:** Entrepreneurship

**Nature of Report** For Discussion

**1.0 Introduction**

1.1 Local Government continues to face a perfect storm, with a combination of reduced central government funding and rising demand, in particular from ageing local populations. As a result, councils in many areas will not have enough money to meet all of their statutory responsibilities. Therefore they are preparing strategies to help mitigate these pressures through cost savings or income generation to achieve a sustainable financial position. The most common strategies that councils have adopted to tackle this challenge are:

- Changes to council tax support.
- Reviewing how assets can be used more effectively.
- Increasing council tax.
- Sharing services with other councils.
- Maximising fees and charges.
- Outsourcing.
- Investing in Property.

1.2 Not all approaches will be suitable to every authority and authorities are not limited to using one approach.

**2.0 Actions taken by Watford Borough Council**

2.1 Over the course of the 2010 spending review, local government funding has reduced by 40% and further reductions are to continue over the life of the current parliament. The Council has taken the following actions to mitigate the funding gap:

- The 3 year Service Prioritisation programme has achieved efficiency savings of £3M per annum.
- Outsourcing of Waste and Parks achieving savings of £593K per annum.

- Shared Director of Finance saving approx £50K per annum.
- Shared Procurement Officer.
- Property review. From 1<sup>st</sup> April 2015 set up a Property Investment Board specifically to look at its property portfolio with the aim of maximising its returns.
- Fees and Charges are reviewed on an annual basis that takes into consideration both demand and affordability.

In addition, since April 2010, the Council has shared 4 workstreams with Three Rivers District Council which has delivered savings across both authorities of approximately £1M per annum.

2.2 As the Council has explored most of strategies shown in paragraph 1.1 above, one area that can be further explored to achieve a sustainable financial position is Entrepreneurship. The entrepreneurial spirit requires both innovation and risk-taking to achieve additional income and can be an essential part of a Council's ability to survive.

2.3 Possible ideas for consideration include:

- Council lottery.
- Sponsorship/ advertising on Council owned assets.
- Charging for replacement waste bins.
- Commercialisation of the printing service.
- Further Shared services.

2.4 The list is not exhaustive, but is a catalyst to stimulate discussion between Budget Panel members.

### 3.0 **Decision Required**

3.1 To discuss and suggest ideas in which the Council can investigate ways to generate further revenue income through Entrepreneurship.

#### **Contact Officer:**

For further information please contact: Nigel Pollard – Acting Head of Finance  
 telephone extension: 7198  
 email: [nigel.pollard@threerivers.gov.uk](mailto:nigel.pollard@threerivers.gov.uk)

**Report approved by:** Jo Wagstaffe – Director of Finance



**Report to:** Budget Panel  
**Date of meeting:** 6 September 2016  
**Report of:** Director of Finance  
**Title:** Analysis of Previous Budgets and Outturns - 2014/15 to 2016/17

## **1.0 SUMMARY**

- 1.1 Following a request at the last Budget Panel on 28 June 2016, this report informs the Panel of the revenue variances for each service for the financial years 2014/15 to 2016/17 by comparing the net revised final budget which is set at Council in January each year to the final outturn.
- 1.2 Prior to 2014/15, a revised budget was not set by the Council and therefore these figures are omitted from this report as they do not provide a meaningful comparison.
- 1.3 The current financial year (2016/17) shows the latest approved budget (including carried forwards as agreed by Cabinet on 4 July 2016) with the forecast outturn at Quarter 1 provided by Heads of Service.

## **2.0 RECOMMENDATION**

- 2.1 To note the variances for each service for the years 2014/15, 2015/16 and the latest forecast position for 2016/17 as shown at Paragraph 4.

**Contact Officer:**

For further information on this report please contact Bob Watson, Head of Finance, telephone extension 7188, email [bob.watson@threerivers.gov.uk](mailto:bob.watson@threerivers.gov.uk)

### 3.0 INTRODUCTION

3.1 A key feature of reporting the outturn for the financial year is to compare it against the revised budget which provides an indication of accuracy and robustness of financial control and the achievement of the Council’s priority to operate the Council efficiently and effectively.

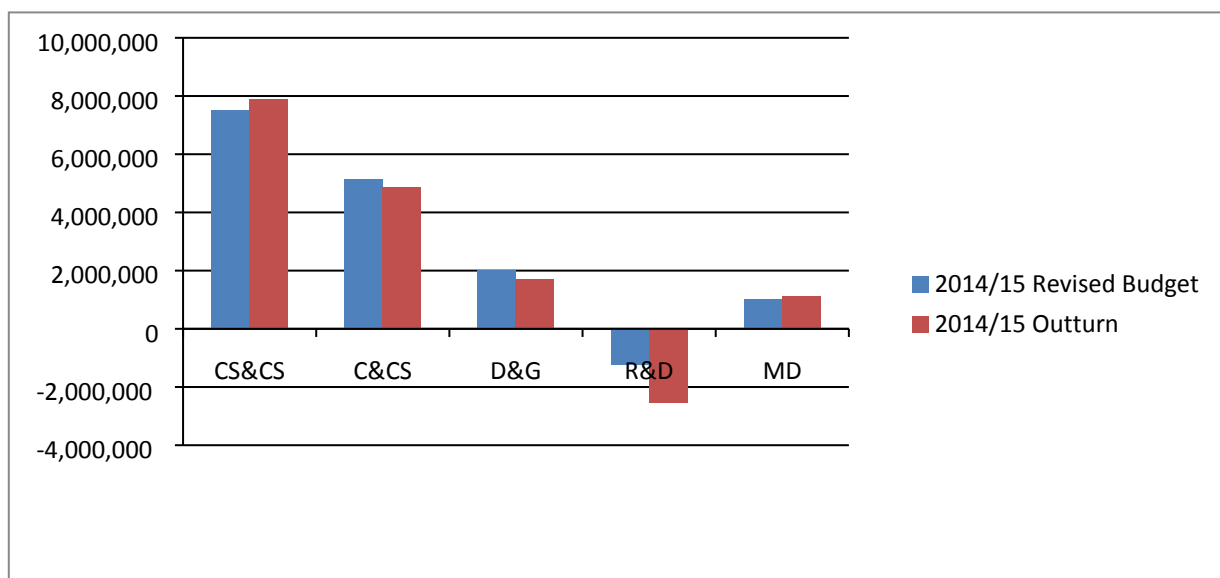
3.2 This report provides an analysis of the revenue variances for the last two years and the predicted variance for the current year (as at Quarter 1).

### 4.0 REVENUE VARIANCES

4.1 The table and chart below show the net expenditure by service area which compares the revised budget to the final outturn for 2014/15.

Service Area	Revised Budget	Outturn	Variance
	£000	£000	£000
Corporate Strategy and Client Services	7,507,940	7,902,167	394,227
Community and Customer Services	5,133,720	4,879,082	(254,638)
Democracy and Governance	2,009,955	1,714,794	(295,161)
Regeneration and Development	(1,220,160)	(2,534,181)	(1,314,021)
Managing Director	1,008,560	1,112,958	104,398

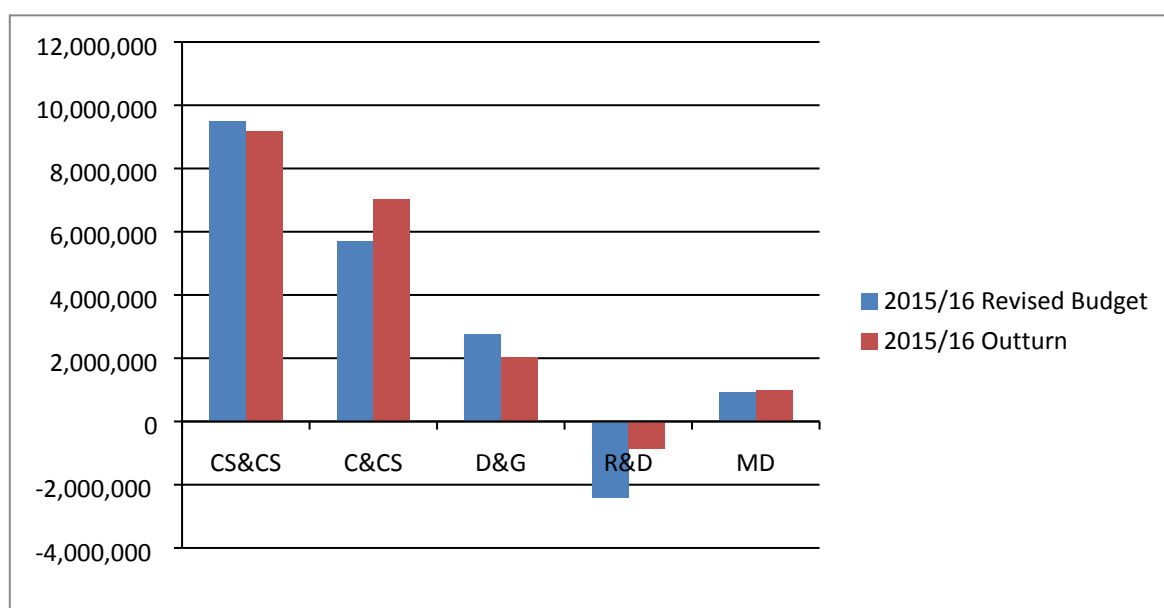
#### Comparison of revised budget to outturn 2014/15



4.2 The table and chart below show the net expenditure by service area which compares the revised budget to the final outturn for 2015/16.

Service Area	Revised Budget	Outturn	Variance
	£000	£000	£000
Corporate Strategy and Client Services	9,508,770	9,199,326	(309,444)
Community and Customer Services	5,705,520	7,042,282	1,336,762
Democracy and Governance	2,763,815	2,039,317	(724,498)
Regeneration and Development	(2,423,160)	(883,178)	1,539,982
Managing Director	916,020	985,013	68,993

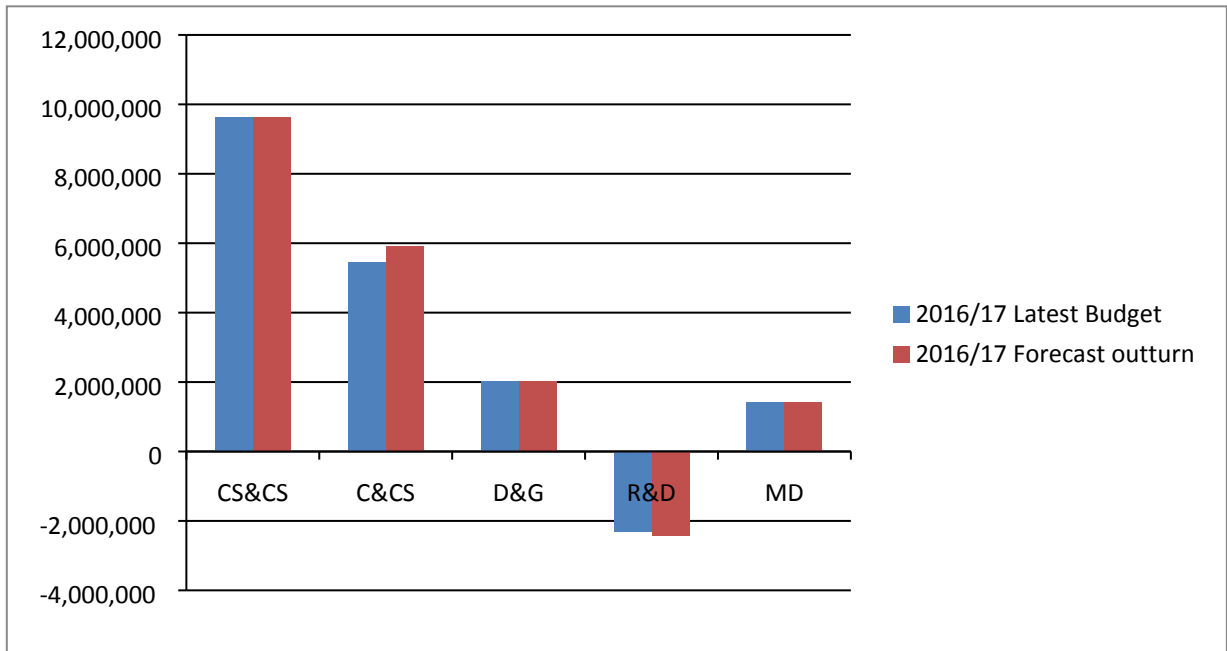
#### Comparison of revised budget to outturn 2015/16



4.3 The table and chart below show the net expenditure by service area which compares the latest budget to the forecast outturn at quarter 1 for 2016/17.

Service Area	Revised Budget	Outturn	Variance
	£000	£000	£000
Corporate Strategy and Client Services	9,628,240	9,628,240	0
Community and Customer Services	5,453,830	5,922,800	468,970
Democracy and Governance	2,028,290	2,028,290	0
Regeneration and Development	(2,318,480)	(2,420,735)	(102,255)
Managing Director	1,417,440	1,417,440	0

**Comparison of latest budget to forecast outturn 2016/17**





# **FINANCE DIGEST**

**2016/17**

## **BUDGET MONITORING**

**Quarter 1 (1 April – 30 June)**



**WATFORD  
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A table of contents is shown below together with the appropriate page number.

<b>SECTION</b>	<b>CONTENTS</b>	<b>PAGE</b>
	<b>Executive Summary</b>	<b>2</b>
<b>1</b>	<b>Revenue Budget</b>	<b>4</b>
<b>2</b>	<b>Capital Programme</b>	<b>7</b>
<b>3</b>	<b>Council Income</b>	<b>9</b>
<b>4</b>	<b>Treasury Management</b>	<b>12</b>
<b>5</b>	<b>Key Risks</b>	<b>12</b>

## Executive Summary

This Finance Digest shows the expected financial position (forecast outturn) for the current financial year based on the Council's actual financial performance at the end of Quarter 1 (April-June) 2016. It also includes trend analysis for comparisons with previous years.

The 2016/17 revenue forecast of expected outturn shows an unfavourable variance of **£0.367 million** when compared to the latest budget. The variance is mainly due to an additional pressure on housing and temporary accommodation of £0.469 million while other budgets are showing a positive variance of £0.102 million. The variance of £0.367 million will be met from the Programme Management Board reserve (£0.105 million) and the balance from earmarked Economic Impact reserve.

The table below shows a summary of the Council's Medium Term Financial Strategy (MTFS), highlighting how the variances increase the funding gap to **£2.676 million** by 2018/19. Some of the variances reported this quarter are 'one off' in 2016/17 and do not reoccur in future years.

<b>Medium Term Financial Strategy</b>	<b><u>2016/17</u></b>	<b><u>2017/18</u></b>	<b><u>2018/19</u></b>
Latest Budget	17,225,060	14,006,810	15,197,210
Variances this Period	366,715	331,100	328,525
<b>Forecast Outturn</b>	<b>17,591,775</b>	<b>14,337,910</b>	<b>15,525,735</b>
Funding (income from business rates, grants and council tax)	(15,293,070)	(13,171,904)	(12,860,923)
Budgeted use of reserves	(761,500)	(50,000)	11,500
Brought forward budget 2015/16	(1,190,000)		
	<b>347,205</b>	<b>1,116,006</b>	<b>2,676,312</b>
Use of/(Contribution to) reserves as per original MTFS	(19,510)	784,906	2,347,787
Additional Funding Gap	366,715	331,100	328,525
<b>Revised use of/(contribution) to reserves</b>	<b>347,205</b>	<b>1,116,006</b>	<b>2,676,312</b>

The 2016/17 capital budget shows an increase of **£0.042 million** when compared to the latest budget. The variance is due to the purchase of plant & vehicles for the waste management contract. This is funded from the vehicle replacement reserve.

In April 2015, the Council set up its internal Property Investment Board (PIB) to review the Council's property portfolio, with the remit of disposing of uneconomical assets and reinvesting in property that creates regeneration and delivers a rate of return greater than 5%. PIB have purchased an investment property costing **£4.286 million** using its ring-fenced receipts from previous disposals.

The effect of both the revenue and capital variances upon on each reserve is shown in the table below. A full list of reserve balances is shown at **Appendix 9**.

Description	Balance at 1 April	Agreed use of Reserves	Previously reported Movement	Reported Movement this time	Total	Balance at 31 March 2017
	£000	£000	£000	£000	£000	£000
Capital Financing	(6,235)	509	0	42	551	(5,684)
Earmarked Reserves	(17,547)	2,050	0	248	2,298	(15,249)
General Fund	(1,350)	0	0	0	0	(1,350)
<b>Total</b>	<b>(25,132)</b>	<b>2,559</b>	<b>0</b>	<b>290</b>	<b>2,849</b>	<b>(22,283)</b>

### The financial balanced scorecard

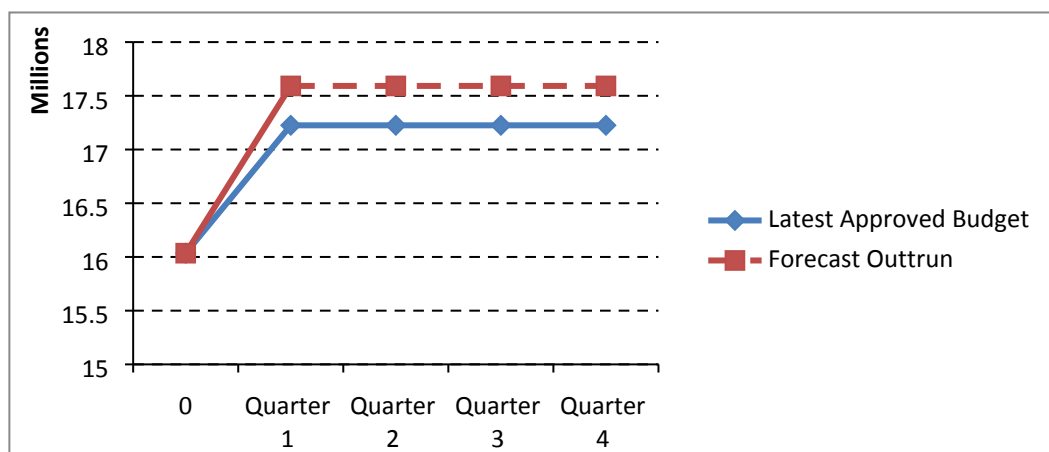
<p><b><u>REVENUE</u></b></p> <ul style="list-style-type: none"> <li>➤ Services are forecasting an outturn pressure of £0.367 million.</li> <li>➤ Additional cost of temporary accommodation placements is estimated at £0.450 million</li> </ul>	<p style="text-align: right;"><b><u>CAPITAL</u></b></p> <ul style="list-style-type: none"> <li>➤ Services are forecasting an additional spend of £41,600.</li> <li>➤ To date one-fifth of the planned budget has been spent.</li> </ul>
<ul style="list-style-type: none"> <li>➤ Increase in rental income of £265,000 from the purchase of an investment property and new lettings</li> <li>➤ Collection rates for business rates and council tax are on target</li> </ul> <p><b><u>INCOME</u></b></p>	<ul style="list-style-type: none"> <li>➤ The annual funding gap at the end of the medium term (2018/19) is forecasted to be £2.68 million</li> <li>➤ Total gap over medium-term has increased by £1 million</li> <li>➤ Use of reserves to close the gap is not sustainable in the longer term</li> </ul> <p style="text-align: right;"><b><u>FUNDING GAP</u></b></p>



## 1.0 Revenue Budget

1.1 The latest budget is **£17.225 million** which includes the budget carry forwards from 2015/16 of **£1.190 million**. The forecast outturn is now estimated to be **£17.592 million** which results in an unfavourable variance of **£0.367 million**.

1.2 The latest budget and forecast outturn for the current financial year (2016/17) at Quarter 1 are plotted on the graph below;



1.3 The table below compares the latest budget to the forecast outturn and shows the variance against each service. The figures in the table relate to direct costs and incomes for each service. The 'Adjustment under Statute' figure in the table represents the accounting treatment of indirect service costs such as internal recharges and capital financing charges that do not impact on service provision.

Revenue Account 2016/17			
Service Area	Latest Budget £000	Forecast Outturn £000	Variance £000
Corporate Strategy & Client Services	7,511	7,511	0
Community & Customer Services	4,516	4,985	469
Democracy & Governance	3,414	3,414	0
Regeneration & Development	(4,742)	(4,844)	(102)
Managing Director	660	660	0
Human Resources	576	576	0
Strategic Finance	5,667	5,667	0
Adjustment Under Statute	(377)	(377)	0
<b>Net Expenditure</b>	<b>17,225</b>	<b>17,592</b>	<b>367</b>

1.4 The detail of comparing the forecast outturn to the latest budget, together with an explanation for the variance by service is shown at **Appendix 1**. Services with significant variances have provided the narratives below:

### **Community & Customer Services**

- 1.4.1 To meet the Council's statutory duties relating to the provision of temporary accommodation a further £450,000 has been identified. In addition, further expenditure of £25,000 is required to complete the temporary accommodation project; this will be met from allocating funds from the Programme Management Board (PMB) reserve.

### **Regeneration & Development**

- 1.4.2 There is an increase in rental income of £197,000 from the purchase of an investment property. It should be noted that £129,000 of investment income was removed from the original 2016/17 budget due to the disposal of piecemeal properties as part of the Property Investment Board's agreed rationalisation of the Council's property portfolio. The increased revenue stream from the new purchase more than offsets this reduction.
- 1.4.3 A net additional cost of £39,340 has been identified for the Watford Business Park project as a result of the outsourcing of the property management services (£92,000) offset by increased rental income of £52,660.
- 1.4.4 Further expenditure of £80,000 is required to complete the project relating to the review of the Council's property services. This will be met from allocating funds from Programme Management Board (PMB) reserve.

### **Spend to Date and Profiles**

- 1.5 The table below compares the profiled budget to date to the actual net expenditure to date and the variance between the two for each service for Quarter 1.

<b>Service Area</b>	<b>Profiled Budget £000</b>	<b>Actual £000</b>	<b>Variance £000</b>
Corporate Strategy & Client Services	1,235	1,531	296
Community & Customer Services	1,055	1,067	12
Democracy & Governance	1,021	801	(220)
Regeneration & Development	(1,306)	(1,121)	185
Managing Director	61	59	(2)
Human Resources	208	221	13
Strategic Finance	3,500	3,591	91
<b>Net Expenditure</b>	<b>5,774</b>	<b>6,149</b>	<b>375</b>

- 1.6 As the table above shows, the Council overspent against its profiled budget by **£0.375 million** at Quarter 1. The significant reasons for the variance are shown below.

### **Corporate Strategy & Client Services**

- 1.6.1 Outstanding invoice to be raised for £236,000 to the leisure facilities contractor.  
Lower fees and charges received than expected for time of year £43,000; however this is expected to be on budget at year end.

**Community & Customer Services**

- 1.6.2 Additional cost of £125,000 for temporary accommodation.  
Grant monies of £67,000 received from Herts County Council in advance of spending on public health.  
Underspend on salaries of £30,000 due to vacancies; this is likely to be offset by recruiting additional agency staff to cover the workload in the short term.

**Democracy & Governance**

- 1.6.3 Government grant of £102,000 received for EU referendum awaiting supplier's invoices to spend against this income.  
Underspend of £67,000 on property maintenance. This is expected to be spent later in the year.

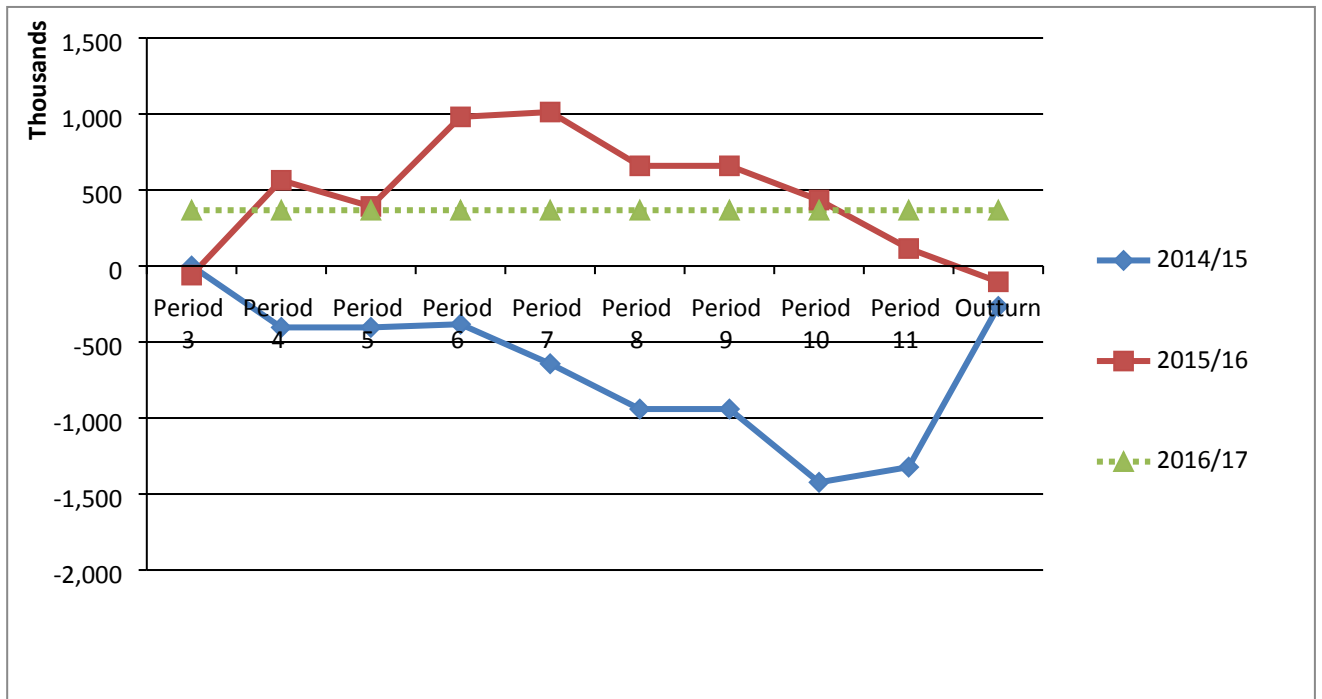
**Regeneration & Development**

- 1.6.4 Lower planning application fees of £115,000 received for the first quarter; at this point in time it is expected that the budget will be achieved at the year end, however this will be monitored closely throughout the financial year.  
Increase in building control fees of £36,000.  
Increase rent of £65,000 primarily from new lettings at Watford Business Park and a receipt of back rent.  
Invoice of £112,000 to be raised to the Business Improvement District Company.

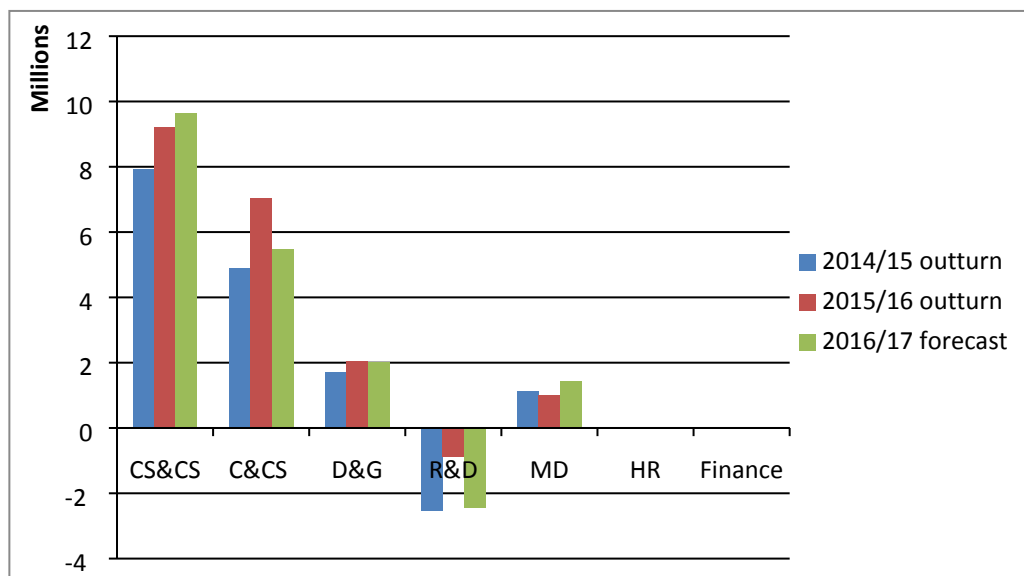
**Strategic Finance**

- 1.6.5 Higher ICT costs incurred earlier in the year.

1.7 The graph below shows a trend analysis of the forecast outturn variance by period including approved carry forwards for the last two years and the current financial year.



- 1.8 The chart below compares the actual outturn position by service area for 2014/15 and 2015/16 and the current forecast outturn.



## 2.0 Capital Investment Programme

2.1 The Council has an approved capital investment programme that is designed to support the core services. The original investment programme for 2016/17 (as approved by Council in January 2016) was **£13.280 million**. The latest budget is **£22.900 million** which includes re-phasing of **£9.125 million** from the 2015/16 programme and portfolio approval for an increase of **£0.495 million** to complete the refurbishment of the Gaelic football club facility.

2.2 The forecast outturn is estimated to be **£22.942 million** which is **£0.042 million** greater than the latest budget. There are no forecast changes to the later years' budgets.

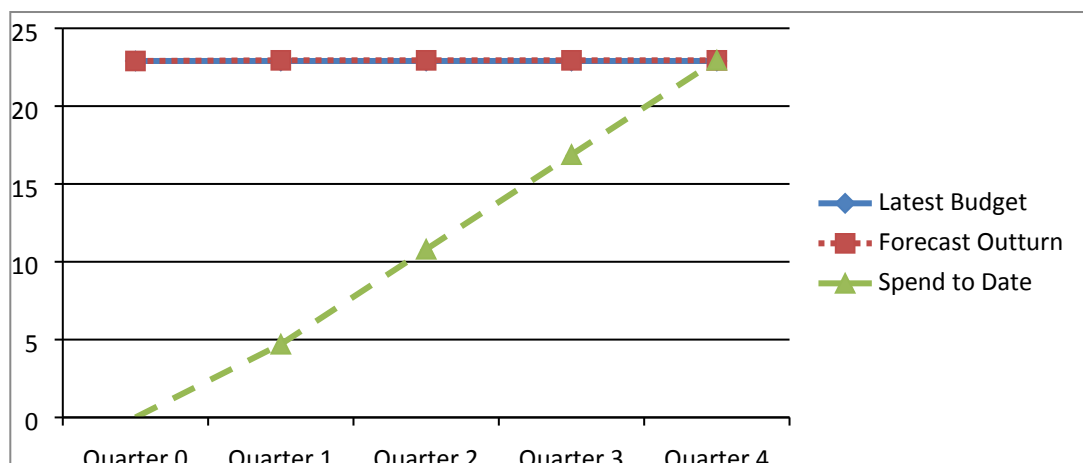
2.3 The table below summarises the change to the Council's approved capital programme over the medium term.

Approved Capital Programme	2016/17 £000	2017/18 £000	2018/19 £000
Latest Budget	22,900	6,661	5,155
Variances this period	42	0	0
<b>Forecast Outturn</b>	<b>22,942</b>	<b>6,661</b>	<b>5,155</b>

2.4 The Council's medium term capital investment programme for 2016-2019 is shown at summary level in **Appendix 2** and by each scheme at **Appendix 3**, together with an update on each scheme.

2.5 As at end of quarter 1 (30 June) services have spent **£4.691 million** against the latest budget of £22.900 million, which represents **20.5%** of the annual budget. Of the total spend to date, £3.100 million relates to the Health Campus project.

- 2.6 The graph below shows the Council's latest budget, forecast outturn and the actual spend to date for the current financial year (2016/17). The expenditure to date has been extrapolated (dashed line) to show it meeting the forecast position.



### ***Funding the Approved Capital Programme***

- 2.7 The approved capital programme is mainly supported by three income streams; capital receipts (derived from the sales of assets), grants and contributions, and the use of reserves. Services can also make a contribution to capital from surplus revenue funds if needed.
- 2.8 The largest source of funding is from the capital receipts reserve which has accumulated over the years by the disposal of the Council's surplus assets including the receipt received from the sale of ex-council dwellings to Watford Community Housing Trust under the stock transfer agreement.
- 2.9 The table below shows the forecasted position of the capital receipts reserve over the medium term as it supports the capital spending plans, details of each funding stream shown at **Appendix 4**.

<b>Capital Receipts Reserve</b>	<b>2016/17 £000</b>	<b>2017/18 £000</b>	<b>2018/19 £000</b>
Balance at 1 April 2016	(13,444)	(6)	(453)
In Year Receipts	(2,834)	(2,800)	(12,450)
Used to Finance Capital Spend	16,272	2,353	4,811
<b>Balance at 31 March 2017</b>	<b>(6)</b>	<b>(453)</b>	<b>(8,092)</b>

- 2.10 It should be noted that the large receipt in 2018/19 is primarily due to the estimated return on the sale of the Council's interest in Watford Business Park.

### ***Property Investment Board (PIB)***

- 2.11 In June, under its delegated authority the PIB approved the purchase of an investment property for a total of £4.286 million (including tax and costs). This acquisition was funded from receipts already achieved from the rationalisation of the investment portfolio and represents a net increase in rental income of £33,000 over that lost from the disposals.

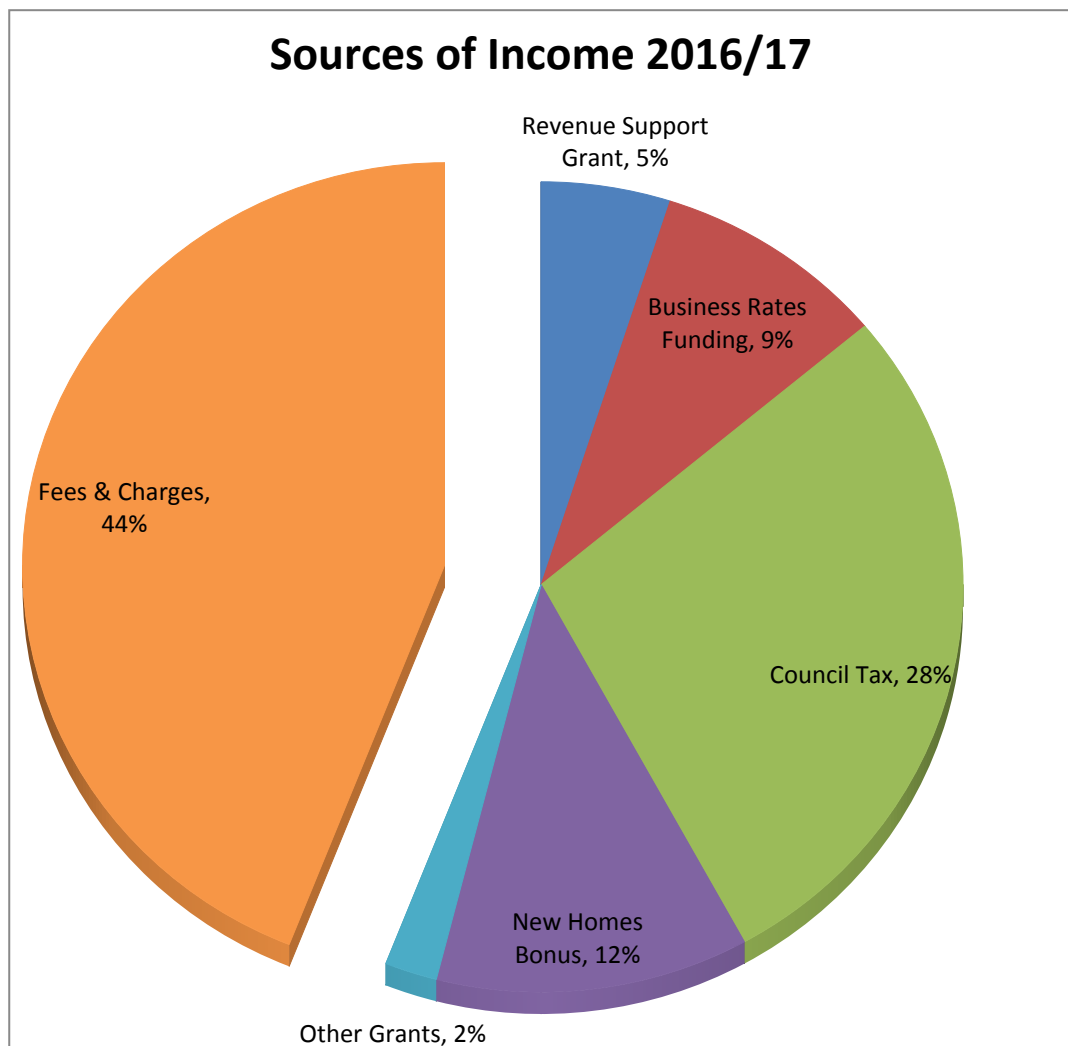
2.12 The table below summarises the ring-fenced funds available to the PIB portfolio for the current year.

<b>Property Investment Board</b>	<b>2016/17 £000</b>
Balance Carried forward at 1 April	(4,042)
Receipt's received in year	(750)
Forecast Spend in year	4,303
Balance to spend	<b>489</b>

### 3.0 Council Income

3.1 The total of all these sources of income for 2016/17 is £28.269 million. The biggest source of income is fees and charges which includes commercial property rents, car parking charges and planning fees. It should be noted that although the Council will receive £1.310 million in Revenue Support Grant for 2016/17 although this will reduce to zero by 2019/20.

3.2 The chart below shows the percentage of the total amount of income for each source of income.



3.3 The table below shows the current figures for the significant sources of service income

Department	Income Stream	Latest Budget 2016/17	Actuals to date	Income Description
Regeneration & Development	Rent	£6,774,930	£1,842,301	Rents form commercial property including Intu as well as rental income from multi storey car parks
Regeneration & Development	Car Parking	£1,004,550	£308,270	Income largely from Avenue, Town Hall & Longspring car parks as well as the Parking Shop
Community & Customer Service	Environmental Health & Licensing	£338,620	£166,724	Income from all Licensing activities including Hackney Carriage (taxis), pest control and fly tipping.
Regeneration & Development	Development Section	£1,038,850	£209,491	Income from planning applications, building control and land charges

#### ***Debtors (invoicing)***

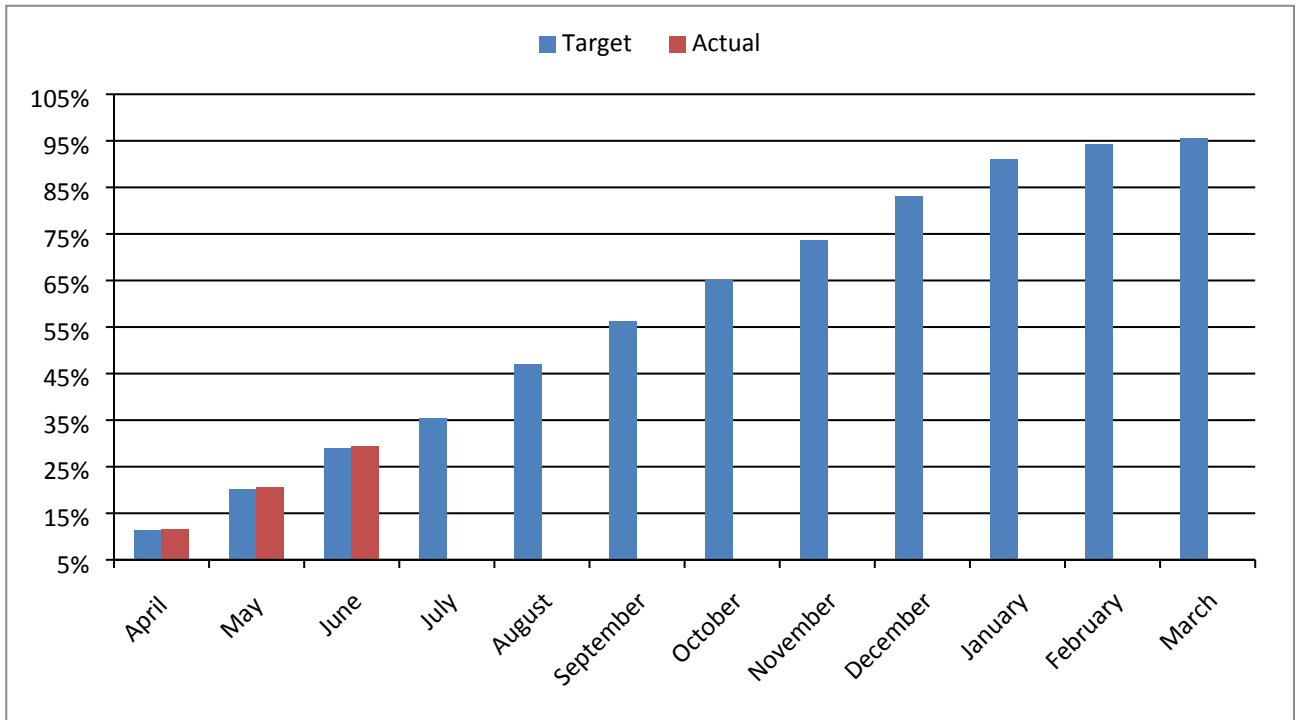
3.4 As at the 30 June 2016 the total outstanding value of debt was **£2.309 million** of which £1.831 million (four-fifths) is less than one month old and therefore it is anticipated that this will be recovered. Outstanding debt over a year old is £0.171 million and equates to just over seven per cent of the total. The table below shows a summary of the outstanding debt by the three main aged categories and further detail can be found at **Appendix 5**.

Aged Debtors Summary at Quarter 1	Under 1 Month	Over 1 month to Year	Over a Year	Total
Service	£	£	£	£
Community & Customer Service	116,032	110,408	14,555	240,995
Democracy & Governance	0	550	3,176	3,726
Regeneration & Development	872,994	185,925	152,963	1,211,882
Managing Director	5,329	0	0	5,329
Human Resources	28,634	8,131	0	36,765
Finance	808,453	128	0	808,581
Recovery Charges	200	545	555	1,300
<b>Total</b>	<b>1,831,642</b>	<b>305,687</b>	<b>171,249</b>	<b>2,308,578</b>

#### ***Council Tax and Business Rates Collection***

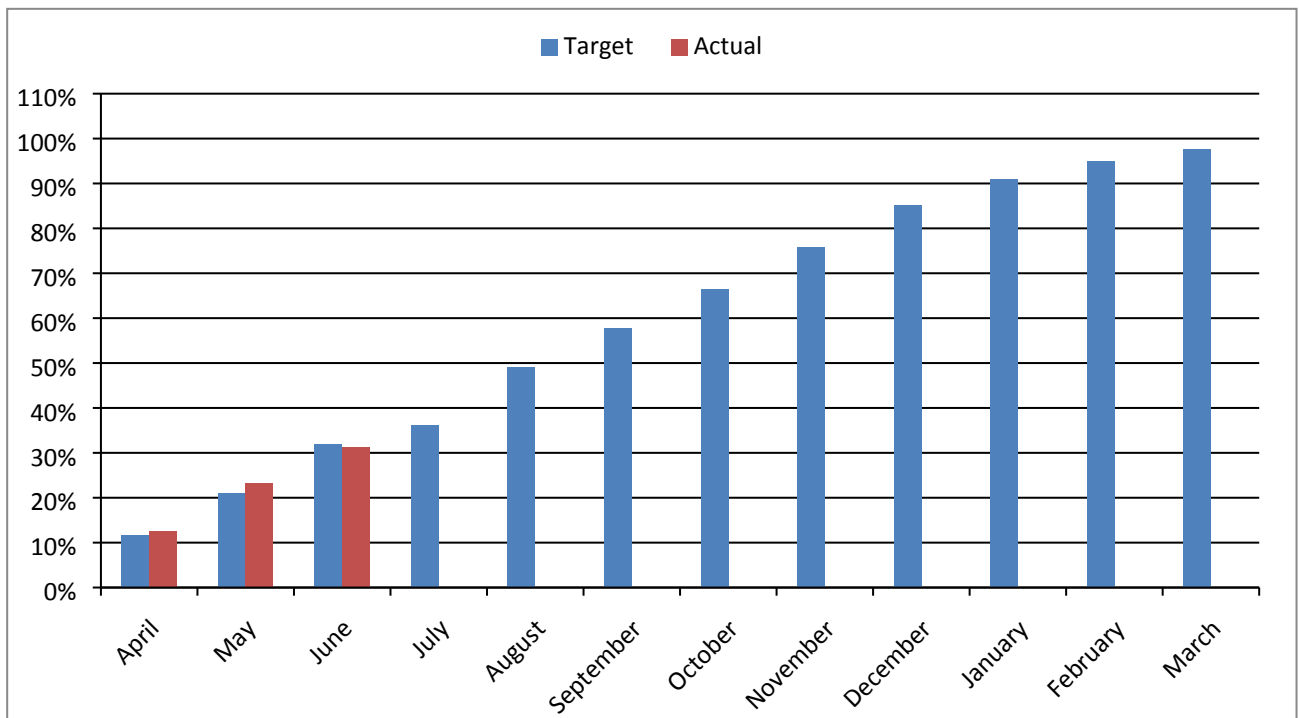
3.5 The Council's performance in the collection of **Council Tax** can be seen in the following chart. It shows the collection % to date along with the target for the year. The actual income collected as at 30 June 2016 is 29.3 % of the annual target which is just above the profiled target of 29.0%. Further information can be found at **Appendix 6**.

### Council Tax Collection



### Business Rates Collection

3.6 The Council’s performance for **business rates** collection is shown in the following chart. The actual income collected as at 30 June 2016 is 31.3% of the annual target which is just below the profiled target of 31.9%. Further information can also be found at **Appendix 6**.





## 4.0 Treasury Management

- 4.1 The Treasury Management Strategy is an important part of the overall financial management of the Council's affairs. The purpose is monitor its cash flows and to earn interest on its surplus cash by investing it over the short term (3-12 months).
- 4.2 The impact of the referendum held on 23 June, whereby the majority vote was in favour of the UK leaving the EU has reverberated across the world and although the impacts are likely to be long-lasting they are currently difficult to predict long term.
- 4.3 Watford Borough Council does potentially have indirect exposure to funding from the EU structural fund through the Local Enterprise Partnership (LEP), although EU funds only form a part of the LEP funding streams. The LEP has loaned £7.5 million to the Council.
- 4.4 The interest earned on the investments made by the Council supports the funding of the services it provides. The TMS has a target of earning an interest rate of 0.62% on the investments the Council makes. For Quarter 1, the average annualised interest rate earned on investments was 0.77%.
- 4.5 The Council set a budget of **£220,000** on investment interest. The amount earned during Quarter 1 was **£96,600**. The amount received is high due to the Council having high cash balances at the beginning of the year; however this is unlikely to continue as large sums will be released to support capital expenditure. Furthermore, interest rates have fallen since the EU referendum and there is much speculation that interest rates may fall even further. This means that some of the investments that matured in the early part of the year at higher rates will now be reinvested at the new lower rates; it is therefore considered prudent not to revise the forecast at this stage.
- 4.6 The effect of the Brexit vote could mean that although the Council has little borrowing, the availability of funds from financial institutions to fund areas such as capital programmes could impact negatively on the Council in future periods. Whilst the Council remains in a strong position with sufficient capital funding resources available without the need for borrowing, the possible implication that capital programmes could be delayed or even cancelled cannot be ruled out.

## 5.0 Key Risk Areas

- 5.1 Resources are allocated in the revenue and capital budgets to support the achievement of the Council's corporate plan. The Council's budget is exposed to risks that can potentially impact on service level provision. The key financial risks are shown at **Appendix 7** together with a risk matrix that shows the likelihood and impact of each risk if they were to materialise.
- 5.2 Particular service areas of risk are monitored monthly; these are predominantly income generating budgets where demand for a particular service can fluctuate depending on the economic climate, popularity and affordability i.e. planning fees.
- 5.3 The main 3 risks that are considered the most critical are shown in the table below. It compares the latest budget to the forecast outturn and explains the variance. The latest position of all the key service budget risks are shown in **Appendix 8**.

Risk Area	Latest Budget	Forecast Outturn	Variance	Comment
	£000	£000	£000	
Temporary Accommodation	410	860	450	Increased demand has resulted in an additional budget pressure
Development Control Fees	(708)	(708)	0	Income is expected to meet the latest budget
Commercial Rent	(6,836)	(7,101)	(265)	Increase from acquisition of investment property and new lettings at WBP

Report prepared by: Nigel Pollard – Section Head (Accountancy)

### Background Papers

2015/16 Outturn report

Q1 Budget returns from Heads of Service

### APPENDICES

Appendix 1 Revenue Summary – By Service and explanations

Appendix 2 Capital Programme (2016 - 2019) Summary

Appendix 3 Capital Programme (2016 - 2019) Detail

Appendix 4 Capital Funding

Appendix 5 Aged Debtor Analysis

Appendix 6 Collection Rates for Council Tax & Business Rates

Appendix 7 Key Financial & Budgetary Risks

Appendix 8 Key Service Budget Risks

Appendix 9 Reserves

**REVENUE SERVICES – FINANCIAL POSITION AT QUARTER 1**

Service Areas	Budgets and Forecast Quarter 1			Actual Compared to Profiled Budget at		
	Latest Approved	Forecast Outturn	Variance	Latest Budget Profiled	Actual	Variance
	£	£	£	£	£	£
<b>Corp Strategy &amp; Client Service</b>						
Management & Support	117,320	117,320	0	29,330	25,529	-3,801
Contract Monitoring	318,160	318,160	0	77,412	76,417	-995
Parks And Open Spaces	1,181,050	1,181,050	0	94,167	178,606	84,439
Leisure	445,890	445,890	0	83,295	371,140	287,845
Grants	750,870	750,870	0	185,027	174,627	-10,400
Street Cleansing	1,866,850	1,866,850	0	157,213	147,642	-9,571
Waste And Recycling	2,165,670	2,165,670	0	442,205	473,236	31,031
Partnerships & Performance	665,470	665,470	0	166,369	84,194	-82,175
<b>Totals</b>	<b>7,511,280</b>	<b>7,511,280</b>	<b>0</b>	<b>1,235,018</b>	<b>1,531,391</b>	<b>296,373</b>
<b>Community &amp; Customer Service</b>						
Customer Services	900,120	900,120	0	225,030	198,127	-26,903
Housing	1,196,030	1,670,800	474,770	312,148	437,581	125,433
Environmental Hlth & Licensing	1,339,560	1,333,760	-5,800	231,699	132,334	-99,365
Culture & Play	1,079,980	1,079,980	0	286,484	299,445	12,961
<b>Totals</b>	<b>4,515,690</b>	<b>4,984,660</b>	<b>468,970</b>	<b>1,055,361</b>	<b>1,067,487</b>	<b>12,126</b>
<b>Democracy &amp; Governance</b>						
Legal And Democratic	1,880,050	1,880,050	0	467,871	314,737	-153,134
Buildings And Projects	1,507,470	1,507,470	0	545,926	473,236	-72,690
Procurement	26,990	26,990	0	6,748	12,578	5,830
<b>Totals</b>	<b>3,414,510</b>	<b>3,414,510</b>	<b>0</b>	<b>1,020,545</b>	<b>800,552</b>	<b>-219,993</b>

Service Areas	Budgets and Forecast Quarter 1			Actual Compared to Profiled Budget at		
	Latest Approved	Forecast Outturn	Variance	Latest Budget Profiled	Actual	Variance
	£	£	£	£	£	£
<b>Regeneration &amp; Development</b>						
Commercial Projects	-5,818,055	-5,897,485	-79,430	-1,557,586	-1,578,877	-21,291
Development Section	141,050	121,050	-20,000	-394,987	-355,823	39,164
Transport And Infrastructure	299,815	296,990	-2,825	491,535	517,888	26,353
Policy Team	509,990	509,990	0	123,733	98,770	-24,963
Economic Development	125,300	125,300	0	31,325	196,839	165,514
<b>Totals</b>	<b>-4,741,900</b>	<b>-4,844,155</b>	<b>-102,255</b>	<b>-1,305,980</b>	<b>-1,121,203</b>	<b>184,777</b>
<b>Managing Director</b>						
Corporate Management	659,800	659,800	0	61,200	59,150	-2,050
<b>Totals</b>	<b>659,800</b>	<b>659,800</b>	<b>0</b>	<b>61,200</b>	<b>59,150</b>	<b>-2,050</b>
<b>Human Resources</b>						
Human Resources Client	149,360	149,360	0	37,340	22,195	-15,145
HR Shared Service	426,290	426,290	0	170,753	198,646	27,893
<b>Totals</b>	<b>575,650</b>	<b>575,650</b>	<b>0</b>	<b>208,093</b>	<b>220,841</b>	<b>12,748</b>
<b>Strategic Finance</b>						
Finance & Resources	225,390	225,390	0	25,105	17,278	-7,827
Finance Services Client	879,750	879,750	0	274,110	271,899	-2,211
Revenues And Benefits Client	1,083,820	1,083,820	0	266,697	290,234	23,537
ICT Service	870,190	870,190	0	531,582	589,486	57,904
Corporate Costs	2,608,170	2,608,170	0	2,402,810	2,422,278	19,468
<b>Totals</b>	<b>5,667,320</b>	<b>5,667,320</b>	<b>0</b>	<b>3,500,304</b>	<b>3,591,174</b>	<b>90,870</b>
<b>Adjustments Under Statute</b>	<b>-376,950</b>	<b>-376,950</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>GRAND TOTALS</b>	<b>17,225,400</b>	<b>17,592,115</b>	<b>366,715</b>	<b>5,774,541</b>	<b>6,149,393</b>	<b>374,852</b>

### Explanation of Revenue Variance At Quarter 1 (April- June) 2016/17

Service Area	Description	Details of Outturn Variance to Latest Forecast Budget	£
Community & Customer Service	Environmental Health Team	New post for 2016/17 as part of new contract for pest services with TRDC from April'16 and increase in agency costs to cover vacant posts in the current structure. See below for income from TRDC	55,000
	Health & Safety at Work	Legal advice regarding accident at work	7,000
		Additional income from Primary Authority Partnership	(4,000)
	Pest Control	Additional income from the pest control contract with TRDC	(61,800)
	Housing Standards	Recovery of court costs from successful prosecutions	(4,000)
	Taxi Licensing	Legal advice costs	2,000
	Housing Supply	Additional cost of temporary accommodation	450,000
Temporary Accommodation	Further expenditure required to complete temporary accommodation project. This is funded from the PMB reserve	24,770	
		<b>TOTAL</b>	<b>468,970</b>
Service Area	Description	Details of Outturn Variance to Latest Forecast Budget	£
Regeneration and Development	Watford Business Park	Increased rental income mainly due to two new lettings at 28-30 Greenhill Crescent & 40 Caxton Way	(52,660)
		Additional cost of outsourcing property management services	92,000
	Marriott House	Rental income for 9 months following the purchase as approved by PIB	(197,800)
	The Parade (No 38/46)	Increase due to rent review	(15,550)
	Timberlake	Introduction of car park charges	(8,500)
	Green Travel Plan	Reduction from staff parking income as spaces allocated to NHS	11,000
	Building Control	Increase in application fees	(20,000)
	Property Services	Further expenditure required to complete the review of property investment services. This is funded from the PMB reserve	30,000
Further expenditure required to complete the corporate property review project. This is funded from the PMB reserve		50,000	
Other		9,255	
		<b>TOTAL</b>	<b>(102,255)</b>
		<b>TOTAL</b>	<b>366,715</b>

**CAPITAL INVESTMENT PROGRAMME - SUMMARY**

<b>Capital Scheme</b>	<b>Latest Approved 2016/17</b>	<b>Forecast Outturn</b>	<b>Variance</b>	<b>Actual</b>	<b>Latest Budget 2017/18</b>	<b>Latest Budget 2018/19</b>
	£	£	£	£	£	£
<b>Key Projects</b>	4,665,160	4,665,160	0	3,306,155	250,000	250,000
<b>Environmental Services</b>	408,950	450,550	41,600	64,759	110,000	325,000
<b>Community &amp; Leisure Services</b>	9,712,759	9,712,759	0	927,827	0	600,000
<b>Housing Services</b>	816,370	816,370	0	113,132	450,000	450,000
<b>Parking Services</b>	19,507	19,507	0	0	0	0
<b>Asset Management</b>	5,317,344	5,317,344	0	33,443	4,768,550	2,343,010
<b>ICT</b>	404,496	404,496	0	56,094	320,000	320,000
<b>ICT Shared Services</b>	924,000	924,000	0	128,608	210,000	210,000
<b>Section 106 Funded Schemes</b>	78,759	78,759	0	61,659	0	105,000
<b>Corp Serv / Project Mgt</b>	552,470	552,470	0	0	552,470	552,470
<b>TOTAL CAPITAL PROGRAMME</b>	<b>22,899,815</b>	<b>22,941,415</b>	<b>41,600</b>	<b>4,691,677</b>	<b>6,661,020</b>	<b>5,155,480</b>

**CAPITAL INVESTMENT PROGRAMME – DETAIL**

Capital Scheme	Latest Approved 2016/17 £	Forecast Outturn £	Forecast Variance £	Actual £	Scheme Update
<b>Key Projects</b>					
New Market	122,573	122,573	0	71,837	
CSI Project	247,500	247,500	0	0	
Health Campus	449,847	449,847	0	56,302	On track
Health Campus-Contribution to LABV	3,600,000	3,600,000	0	3,100,000	On track
Green Spaces Strategy	74,000	74,000	0	62,294	
Website Enhancement	3,400	3,400	0	732	
Cultural Quarter Phase 1	167,840	167,840	0	14,991	
<b>Environmental Services</b>					
Replacement Domestic Bins	42,185	42,185	0	0	
Introduction of Electric Vehicle Rapid Charging Units	27,265	27,265	0	6,083	
Veolia Contract Fleet Requirement	0	0	0	0	
Transit Vans x 2	48,000	48,000	0	33,706	
Pest Control Van	13,560	13,560	0	0	
Wood Chipper / Shredder	0	15,500	15,500	0	Replacing two old shredders and funded by vehicle replacement reserve
Cricket Pitch Roller	0	11,100	11,100	0	Replacement required as current one in poor condition. Funded by vehicle replacement reserve
Caged Vehicle / Bulky Lorry	0	15,000	15,000	0	Lease vehicle purchase providing better value than buying new funded by vehicle replacement reserve
Recycling Boxes	36,940	36,940	0	0	
Additional Green Waste Bins	36,000	36,000	0	0	
Decent Homes Assistance	205,000	205,000	0	24,970	
Environmental Services Schemes	0	0	0	0	

Capital Scheme	Latest Approved 2016/17 £	Forecast Outturn £	Forecast Variance £	Actual £	Scheme Update
<b>Community &amp; Leisure Services</b>					
Town Hall Subway CCTV	17,300	17,300	0	980	
Clarendon Road Street Improvements-Relocation of CCTV	18,000	18,000	0	0	
Watford Museum HLF Matchfunding	125,000	125,000	0	0	
Meriden Community Centre Redevelopments	444,000	444,000	0	85,401	
Play Review	1,250,000	1,250,000	0	17,523	
Allotments Upgrades	416,990	416,990	0	26,193	
Farm Terrace Allotments	552,874	552,874	0	0	
Town Centre CCTV Camera Replacement	22,711	22,711	0	0	
Gaelic Football Relocation	865,886	865,886	0	396	
Improvements Community Centres	159,160	159,160	0	100,000	
Cassiobury Park HLF Project	5,640,838	5,640,838	0	697,334	
Cassiobury Dev't (Fullerians)	200,000	200,000	0	0	
Cemetery Improvements	0	0	0	0	
<b>Housing Services</b>					
Retained Housing Stock	163,800	163,800	0	13,079	
Mand Disabled Facilities Grant	652,570	652,570	0	100,053	



Capital Scheme	Latest Budget 2016/17	Forecast Outturn	Forecast Variance	Actual	Scheme Update
	£	£	£	£	
<b>Parking Services</b>					
Upgrading/Resurfacing CarParks	19,507	19,507	0	0	
<b>Asset Management</b>					
Watford Business Park Redevelopment	3,964,216	3,964,216	0	26,710	On track
Private Sector Stock Condition Survey	150,000	150,000	0	0	
Atrium / GIS	16,988	16,988	0	0	
Pop Up Toilets Refurbishment	35,000	35,000	0	0	
Non PIB - Strategy & Prog Disposal	16,796	16,796	0	0	
Charter Place	0	0	0	(10,563)	
Match Funding Capital Projects	67,378	67,378	0	0	
Veolia Capital Improvements	93,170	93,170	0	7,620	
Building Investment Programme	957,000	957,000	0	1,487	Additional £300k strain added to 2016 programme in May 2016 to account for Museum HLF contingency bid. Project programme will be reported & reviewed by Asset Management Group
<b>ICT</b>					
ICT-Hardware Replacement Programme	160,000	160,000	0	847	
ICT - Document Management Process	4,036	4,036	0	0	
ICT-Env Health	13,460	13,460	0	3,968	
ICT-Project Management Provision	227,000	227,000	0	51,279	

Capital Scheme	Latest Budget 2016/17 £	Forecast Outturn £	Forecast Variance £	Actual £	Scheme Update
<b>ICT Shared Services</b>			0		
ShS-Business Application Upgrade	243,000	243,000	0	5,200	
ShS-IT Modernisation	603,000	603,000	0	121,959	
ShS-Hardware Replace Programme	78,000	78,000	0	1,449	
<b>Section 106 Funded Schemes</b>					
Himalayan Way Play Area	7,100	7,100	0	50,000	
Berry Avenue Play Area	6,025	6,025	0	3,035	
Southwold Road Play Area	0	0	0	0	
Ridgehurst Avenue Play Area	4,266	4,266	0	0	
Riverside Recreation Ground	0	0	0	1,340	
Colne River Project	11,450	11,450	0	7,284	
Local Park Improvements	0	0	0	0	
Local Nature Reserves	6,350	6,350	0	0	
Lower High St Cycle Scheme	15,393	15,393	0	0	
Abbey Way Cycle Scheme	28,175	28,175	0	0	
Garston Park Cycle Scheme	0	0	0	0	
<b>Corporate Services / Project Management</b>					
Support Services	552,470	552,470	0	0	
<b>TOTAL CAPITAL PROGRAMME</b>	<b>22,883,019</b>	<b>22,924,619</b>	<b>41,600</b>	<b>4,683,487</b>	

**CAPITAL INVESTMENT PROGRAMME – FUNDING**

<b>FUNDING THE APPROVED CAPITAL PROGRAMME</b>			
<b>FUNDING TYPE</b>	<b>Forecast Outturn £</b>	<b>Latest Budget 2017/18 £</b>	<b>Latest Budget 2018/19 £</b>
Grants & Contributions	4,676,126	239,000	239,000
Reserves	390,500	4,069,150	0
Capital Receipts	16,271,928	2,352,870	4,811,480
Section 106 Contributions	1,425,929	0	105,000
Local Enterprise Partnership Loan	160,136	0	0
<b>TOTAL CAPITAL FUNDING APPLIED</b>	<b>22,924,619</b>	<b>6,661,020</b>	<b>5,155,480</b>

<b>CAPITAL BALANCES AFTER FUNDING THE APPROVED CAPITAL PROGRAMME</b>			
<b>FUNDING TYPE</b>	<b>Forecast Outturn £</b>	<b>Latest Budget 2017/18 £</b>	<b>Latest Budget 2018/19 £</b>
Grants & Contributions	311,286	311,286	311,286
Reserves	5,685,711	1,616,561	1,616,561
Capital Receipts	5,378	452,508	8,091,028
Section 106 Contributions	1,052,502	1,057,502	957,502
Local Enterprise Partnership Loan	0	0	0
<b>TOTAL CAPITAL FUNDING AVAILABLE</b>	<b>7,054,878</b>	<b>3,437,858</b>	<b>10,976,378</b>

**AGED DEBT ANALYSIS**




Invoices Outstanding from 1st Jul 2015 to 30th June 2016								
Service Area	Description	Invoices outstanding by age of debt						Grand Total
		0 - 1	2 - 3	4 - 6	7 - 9	10 - 12	Over 12	
Community & Customer Service	Community Standard	111,659	42,125	29,038	15,281	16,616	9,663	224,382
	Community and Customer Service	1,688						1,688
	Env Services-Premises Licence	2,390	725	365	1,195		4,892	9,567
	Community Services - Pitch Hire				150			150
	Environmental Health	295	4,635		278			5,208
Democracy and Governance	Democracy and Governance		550				3,176	3,726
Regeneration & Development	Legal and Property-Standard	70,802						70,802
	Legal and Property-Commercial Rents	688,532	41,520	26,897	16,705	16,680	152,654	942,988
	Legal and Property-Service Chg		28,620	28,620	3,695			60,935
	Legal and Property - Garages	293	49			46	306	694
	Legal and Property-Wayleaves	100	52				3	155
	Legal and Property-Parking Spaces		216					216
	Planning - Standard	36,671	15,964	6,162				58,797
	Planning - Inspection Fee	9,799		700				10,499
Regeneration & Development	66,797						66,797	
Managing Director	Corporate Service - Standard	5,329						5,329
Human Resources	Human Resources - Standard	28,634		8,131				36,765
Finance	Finance - Standard	808,453						808,453
	Finance - Insurance				128			128
Other	Recovery Charges	200	225	245	50	25	555	1,300
<b>Grand Total</b>		<b>1,831,642</b>	<b>134,681</b>	<b>100,157</b>	<b>37,482</b>	<b>33,367</b>	<b>171,249</b>	<b>2,308,578</b>
<b>Percentage of Amount Outstanding</b>		<b>79.34%</b>	<b>5.83%</b>	<b>4.34%</b>	<b>1.62%</b>	<b>1.45%</b>	<b>7.42%</b>	<b>100.00%</b>

**COLLECTION RATES FOR COUNCIL TAX AND BUSINESS RATES**

Council Tax Collection - Percentage of current year council tax collected by period													
	Annual	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Target	95.5	11.3	20.2	29.0	35.3	47.0	56.2	65.0	73.7	83.0	91.0	94.2	95.5
2016/17 Actual		11.5	20.5	29.3									
On Target													

Business Rates - Percentage of current year business rates collected by period													
	Annual	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Target	97.7	11.7	21.0	31.9	36.3	49.1	57.9	66.5	75.8	85.1	90.9	94.9	97.7
2016/17 Actual		12.5	23.3	31.3									
On Target													

'On target' has a RAG rating whereby the underachievement of the target is based on the following thresholds.

RAG	<u>% below target</u>	
Red	More than 5%	
Amber	2% to 5%	
Green	Less than 2%	

**KEY FINANCIAL & BUDGETARY RISKS**

No.	Type of Risk	Comment	Likelihood	Impact	Overall Score
1	Revenue balances insufficient to meet estimate pay award increases	The medium term planning period takes into account the pay increases for the period 2016/17 - 2018/19	2	2	4
2	Revenue balances insufficient to meet estimate of Employers' pension contributions	Pension Contributions have been budgeted at 15.9% for the period 2016/17 - 2018/19	2	2	4
3	Revenue balances insufficient to meet other inflationary increases	Other than contractual agreements, budgets have been cash limited where possible.	2	2	4
4	Interest rates resulting in significant variations in estimated interest income	The interest rate has a significant impact on the proceeds from capital receipts that are invested in the money market. The volatility of the global economy following the EU referendum continues to place uncertainty on the investment strategy.	3	3	9
5	Inaccurate estimates of fees and charges income	See Key Income Streams are shown in the latest Finance Digest	2	3	6
6	Revenue balances insufficient to meet loss of partial exemption for VAT	If the council's expenditure on functions for which it receives income that is exempt for VAT purposes exceeds 5% of its total vat able expenditure, then the Council may lose its ability to recover VAT on all of its exempt inputs.	2	3	6
7	Major emergency	Major Emergency requires funds beyond Bellwin scheme and causes serious drain on balances	1	1	1
8	The estimated cost reductions and additional income gains are not achieved	Savings identified in 2016/17 will be monitored as part of the monthly budget monitoring process.	2	3	6
9	The income received from Commercial rents decreases	The rental income received from the Councils property portfolio is a significant proportion of the total income the Council receives.	2	4	8
10	The Council is faced with potential litigation and other employment related risks	The Council has one outstanding litigation case.	2	3	6
11	The amount of government grant is adversely affected	The provisional grant settlement for 2017/18 & 2018/19 have been factored into the MTFS .	3	4	12
12	The amount of New Homes Bonus grant is adversely affected	The grant for 2016/17 has been factored into the MTFS . The Government are carrying out a review on the allocation process in 2016/17. Until the review is concluded, it has been assumed that the Council will receive £2M pa in future years.	3	4	12
13	Fluctuations in Business Rates Retention	The Council is legally obliged to cover the first 7.5% loss on its pre determined baseline level. The Council is currently in a safety net position	2	2	4
14	Right to Buy Receipts & VAT Shelter Receipts	Under the Housing stock transfer with Watford Community Housing Trust (WCHT) the Council is entitled to use its share of the proceeds to fund the capital programme. The level of activity on both these income streams are outside the Council's control.	2	3	6
		1= VERY LOW RISK 4 = VERY HIGH RISK			

**KEY SERVICE BUDGET RISKS**

The Council is exposed to risks in certain key areas. These risks include economic conditions, demographics and dependency on demand. The table below shows those risks that are closely monitored each month and the variances between the latest budget and the forecast outturn at Quarter 1.

Service Area	Latest Budget	Forecast Outturn	Forecast Variance Quarter 1	Profiled Forecast to Quarter 1	Actuals to Date	Comments
	£000's	£000's	£000's	£000's	£000's	
Parks, Street & Waste Services	5,875	5,875	0	490	482	Actuals include the Veolia invoice for April. Invoices relating to May & June were received in Quarter 2 (July'16) .
Kerbside Recycling Expenditure and Income	(211)	(211)	0	275	315	Actuals - The Herts CC (Alternative Financial Model) income for Kerbside Recycling across the County is not received until the end of the year. Income relating to last year has not yet been received hence the actual reflecting the accrued.
Temporary Accommodation (net)	410	860	450	215	111	There is a budget pressure in Temporary accommodation due to increased demand
Development Control Fee Income	(708)	(708)	0	(177)	(86)	Income is expected to meet forecast outturn.
Building Control Fee Income	(198)	(218)	(20)	(54)	(92)	Forecast variance - Increase in Building Control application fees.
Land Charges Fee Income	(120)	(120)	0	(30)	(26)	Income is expected to meet current forecast.
Commercial rent income	(6,836)	(7,101)	(265)	(1,847)	(1,858)	Increase in rental income as follows: 28-30 Greenhill Crescent & 40 Caxton Way (£52k), 38/46 The Parade (£15.5k) and Marriott House (£197k)

**RESERVE BALANCES**

Description	Balance at 1 April 2016	Agreed Use	Movement Previously Reported	Movement this period	Total Movement	Balance
	£000	£000	£000	£000	£000	£000
<b><u>CAPITAL RESERVES</u></b>						
Capital Fund	(810)	160	0	0	160	(650)
Development Sites Decontamination	(446)	0	0	0	0	(446)
New Homes Bonus	(4,069)	0	0	0	0	(4,069)
Performance Reward Grant (Capital)	(191)	50	0		50	(141)
Project and Programme Management (Capital)	(251)	251	0	0	251	0
Vehicle Replacement	(310)	48	0	42	90	(220)
Weekly Collection Support Grant (Capital)	(158)	0	0	0	0	(158)
<b>Total Capital Reserves</b>	<b>(6,235)</b>	<b>509</b>	<b>0</b>	<b>42</b>	<b>551</b>	<b>(5,684)</b>
<b><u>REVENUE RESERVES</u></b>						
<b><u>Earmarked</u></b>						
Budget Carry Forward	(1,190)	1,190	0	(118)	1,072	(118)
Business Rates	(4,661)	0	0	0	0	(4,661)
Car Parking Zones	(775)	0	0	0	0	(775)
Charter Place Tenants	(160)	0	0	0	0	(160)
Climate Change	(57)	0	0	0	0	(57)
Homelessness Prevention	(113)	0	0	0	0	(113)
Leisure Structured Maintenance	(423)	0	0	0	0	(423)
Le Marie Centre Repairs	(12)	0	0	0	0	(12)
Multi-Storey Car Park Repair	(181)	0	0	0	0	(181)
Parks, Waste & Street Strategy	(60)	0	0	0	0	(60)
Rent Deposit Guarantee Scheme	(100)	0	0	0	0	(100)
Area Based Grant	(85)	0	0	0	0	(85)
Crematorium	(50)	0	0	0	0	(50)
Economic Impact	(4,029)	(20)	0	261	241	(3,788)
High Street Innovation	(90)	0	0	0	0	(90)
Housing Benefit Subsidy	(996)	0	0	0	0	(996)
Housing Planning Delivery Grant	(266)	0	0	0	0	(266)
Invest to Save	(839)	0	0	0	0	(839)
LA Business Growth Incentive (LABGI)	(570)	12	0	0	12	(558)
Local Development Framework	(178)	50	0	0	50	(128)
Pension Funding	(2,249)	700	0	0	700	(1,549)
Performance Reward Grant (Revenue)	(29)	0	0	0	0	(29)
Project and Programme Management (Revenue)	(404)	118	0	105	223	(181)
Weekly Collection Support Grant (Revenue)	(30)	0	0	0	0	(30)
<b>Total Earmarked Reserves</b>	<b>(17,547)</b>	<b>2,050</b>	<b>0</b>	<b>248</b>	<b>2,298</b>	<b>(15,249)</b>
<b>General Fund Working Balance</b>	<b>(1,350)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,350)</b>
<b>Total Revenue Reserves</b>	<b>(18,897)</b>	<b>2,050</b>	<b>0</b>	<b>248</b>	<b>2,298</b>	<b>(16,599)</b>