



**WATFORD
BOROUGH
COUNCIL**

BUDGET PANEL

27 November 2018

7.00 pm

Town Hall, Watford

Contact

Ishbel Morren

legalanddemocratic@watford.gov.uk

01923 278375

For information about attending meetings please visit the [council's website](#).

Publication date: 14 November 2018

Committee Membership

Councillor S Bashir (Chair)

Councillor P Kloss (Vice-Chair)

Councillors A Barton, N Bell, J Johnson, R Martins, M Parker, G Saffery and N Shah

Agenda

Part A - Open to the Public

1. Apologies for absence/committee membership

2. Disclosure of interests

3. Minutes

The [minutes](#) of the meeting held on 11 September 2018 to be submitted and signed.

4. Council Finances - business rates retention update

Verbal update by the Head of Finance

5. Finance Digest 2018/19 Q2 (Pages 3 - 34)

Report of the Head of Finance – the Finance Digest 2018/19: Quarter 2 is attached for review

6. Date of next meeting

- Tuesday 15 January 2019



FINANCE DIGEST

2018/19

BUDGET MONITORING



Quarter 2 (as at 30 September)



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

SECTION	CONTENTS	PAGE
	Executive Summary	2
1	Revenue Budget	4
2	Capital Programme	7
3	Council Income	8
4	Treasury Management	11
5	Key Risks	11

Executive Summary

The budget of **£13.520 million** for 2018/19 was approved by Council on 30 January 2018. The latest budget is **£15.127 million**, which includes approved budget carry forwards of £1.058M from 2017/18 and additional spend from reserves of £0.550M for Watford 2020, both of which were approved by Cabinet in June 2018 and subsequently by Council in July 2018. In addition, Cabinet approved the allocation of a further £0.150M from the Invest to Save reserve to the Projects & Programme Management reserve.

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 2 (September) 2018 set against the latest budget.

Revenue summary

The 2018/19 forecast outturn is **£15.283 million**. The variation when compared to the latest budget of £15.127M is **£0.156M**. The forecast outturn figure, however, includes the planned use of reserves totalling **£0.494M** as shown below.

<u>Reserve</u>	<u>£ 000</u>
Projects & Programme Management (PMB)- Watford 2020	48
Projects & Programme Management (PMB)- HR	9
Projects & Programme Management (PMB)- On Demand Transport (Buses/Bikes)	27
Projects & Programme Management (PMB) - Internet of Things	30
Projects & Programme Management (PMB) – Watford Investment advisors	300
CPZ Parking reserve	44
Economic Impact – On Demand Transport (Buses/Bikes)	36
Total	494

After taking into account the £0.494 planned use of reserves the adjusted forecast is £14.789. This gives a favourable residual variance of **£0.338 million**, which is due to the following:

<u>Variance</u>	<u>£ 000</u>
Investment interest income target revision	70
Net Increase in rental income	(173)
Additional Enforcement Investigation costs	20
Increase in Planning Application fee income	(295)
Cassiobury Park parking income not implemented	50
Paddling pool maintenance cost	70
Additional income form HMO registration fees	(40)
Income from Public Health Project	(30)
Increased cost in utilities	43
Increased income from staff monitoring costs – S106	(47)
Net change in housing – as per detail in Appendix 1	6
Other smaller variances (individual <£20,000)	(12)
Total service variance Quarter 2 (April – September)	(338)

The in-year annual budget is revised in January and it is anticipated that any variances will be managed through reserves. The current unplanned variation of £0.153M is shown against the Economic Impact Reserve. The table below shows a summary of the position on the Council's funding and reserves for 2018/19.

Medium Term Financial Strategy	2018/19 £ 000
Latest Budget	15,127
Variances to date	156
Forecast Outturn	15,283
Funding (income from business rates, grants and council tax)	(13,144)
Budgeted use of reserves	(1,983)
Planned use of reserves included in total variance	(494)
Additional contribution to / (from) reserves	338
Total funding and use of reserves	(15,283)

Capital summary

The 2018 capital budget is **£40.313 million**. Services are forecasting an outturn position of **£37.774 million** resulting in a variance of **£2.539 million**. The programme is funded as per the table below:

Medium Term Financial Strategy	2018/19 £ 000
Latest Budget (including rephased schemes from 2017/18)	40,313
Variances to date (see appendix 3)	(2,539)
Forecast Outturn	37,774
Funding the capital programme	
Grants & contributions, S106 & CIL	(2,063)
Reserves	(1,483)
Capital Receipts	(19,614)
Borrowing – Internal/External	(14,614)
Total Funding	(37,774)

Reserves

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

Description	Balance at 1 April 2018	Planned use of Reserves in MTFS	NDR Adjustment for Prior Years	Movement in Year	Balance at 31 March 2019
	£000	£000	£000	£000	£000
Capital Reserves	(4,842)	0	0	(1,232)	(6,074)
Earmarked Reserves	(14,654)	376	(3,300)	2,350	(15,228)
General Fund	(1,414)	0	0	(586)	(2,000)
Total	(20,910)	376	(3,300)	532	(23,302)

Note: The NDR adjustment of £3.300M shown in the table above, relates to a repayment of Business Rates deficit that was funded from the Economic Impact reserve in 2016/17.

1.0 Revenue Budget

1.1 Budget monitoring report is a key tool in scrutinising the Council’s financial performance and is designed to provide an overview to all relevant stakeholders. It is essential that the council monitors its budgets throughout the year to ensure that it is meeting its strategic objectives within its resource limits and, where necessary, corrective action is taken. A key principle of budgetary control is to align the budget holders’ financial responsibilities and their management responsibilities.

1.2 The latest budget is **£15.127 million**, which includes approved budget carry forwards of £1.058M from 2017/18 and additional spend from reserves of £0.550M for Watford 2020, both of which were approved by Cabinet in June 2018. The services’ prediction of forecast outturn is now estimated to be **£15.283 million** which results in an unfavourable service variance of **£0.156 million**.

1.3 The table below compares the latest budget to the forecast outturn and shows the variance against each service. It also shows the current actual spend to date (as at 30 September). The figures in the table relate to direct costs and incomes for each service.

Revenue Account 2018/19			
Service Area	Latest Budget £000	Forecast Outturn £000	Variance £000
Service Transformation	3,249	3,275	25
Community & Environmental	8,955	9,018	63
Democracy & Governance	3,592	3,631	39
Place Shaping & Performance	(5,058)	(5,494)	(435)
Corporate Strategy & Communications	946	1,031	85
Human Resources	629	638	9
Strategic Finance	2,814	3,184	370
Net Expenditure	15,127	15,283	156

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 forecast outturn variances have provided the narratives below:

Service Transformation

1.4.1 The budget implications of Watford 2020 were reported and approved by Cabinet on 4 June 2018 and Council on 10 July 2018. The table below shows the position over the medium term financial strategy. Figures for the current year have been included in the forecast outturn. An additional amount of £48K for Watford 2020 is required; this will be met from the PMB reserve. The service is reporting a favourable variance on Watford 2020 project of £21.8K for 2018/19; however this will be required for identified costs in 2019/20.

Community & Environmental

- 1.4.2 Cassiobury Park - Budgeted income of £50k from parking will not be achieved in year and there is also an additional cost of £70k in relation to the maintenance of the paddling pools.

Income from HMO registrations are up by £40k.

Public Health & Nuisance – Income of £30k received as part of the Hertfordshire Partnership funding and no further expenditure expected on projects amounting to a variance of £13k.

Democracy & Governance

- 1.4.3 Cost of utilities has increased over the years and an additional £43k will be required this year. This change will need to be reflected in future years and a bid has been completed to this effect.

Place shaping & Performance

- 1.4.4 Net increase in rental income of £173k due to rent reviews and new properties.

In support of the Public Realm High Street works, £34k has been allocated to the project from the Car Parking Zones (CPZ) reserve.

Increase in Planning Application fee of £90k was reported in Q1 and a further £205k has been reported in Q2, a total increase in income of £295k for 2018/19. Staff monitoring income from S106 is higher by £47k.

The cost of £63k for the feasibility study of the new On-Demand Transport initiative (Buses & Bikes) will be met from the PMB reserve (£27k) and the Economic Impact Reserve (£36k).

Corporate Strategy & Communications

- 1.4.5 Cost of employing five new project officers in 2018/19 equates to £157k. These will be met by from the PMB reserve and £86k will be capitalised.

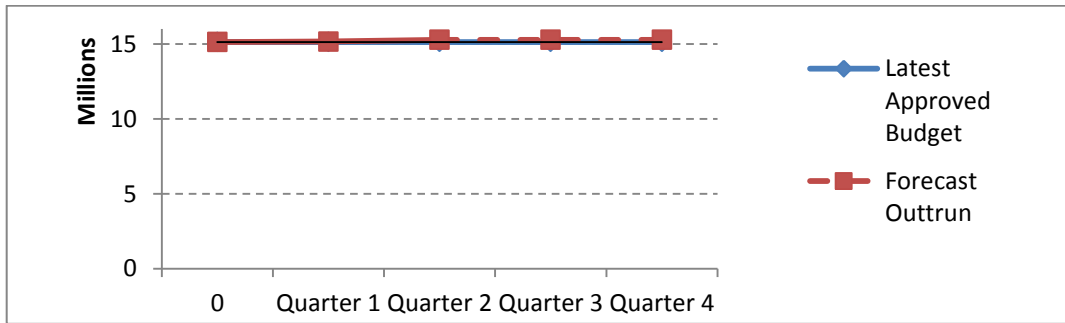
PMB agreed a spend of £30k for the Internet of Things project, which will be met from the PMB reserve.

Strategic Finance

- 1.4.6 Interest on investment income will be reduced by £70k as resources are expected to be used to fund the capital programme and to purchase further commercial properties later in the year.

£300k for the engagement of Investment advisors will be funded from the PMB reserve.

- 1.5 The latest budget and forecast outturn for the current financial year (2018/19) at the end of September are plotted on the graph below;



Spend to Date and Profiles

- 1.6 To enable further scrutiny of the Council’s financial position, budgets are profiled to allow comparisons to be made between the actual spend/income against expected spend/income to date. This helps to inform if the Council’s spending plans are on track.
- 1.7 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 2.
- 1.8 The spend to date equates to approximately 41% of the Council’s net expenditure budget. The Council’s ledger holds profiles for budget account codes. These are set to twelfths as a default but can be adjusted to take account of different profiles or known spikes – e.g. seasonal variations. Services control their own profiles. Appendix 1 shows an analysis by service area.

Service Area	Profiled Budget £000	Spend Q2 £000	Variance £000
Service Transformation	1,693	1,424	(269)
Community & Environmental	4,575	3,610	(965)
Democracy & Governance	1,896	1898	2
Place Shaping & Performance	(2,039)	(3,265)	(1,226)
Corporate Strategy & Communications	473	440	33
Human Resources	314	246	(68)
Strategic Finance	2,868	1,881	(987)
Net Expenditure	9,781	6,234	(3,547)

- 1.9 The reasons for the **significant** variances (over £50k or those deemed to be of interest to the Panel) against profile are shown below. The total impact of those variations due to income or expenditure not being accrued to the period to which they relate, adjusting for these variations gives expenditure of £4.785m.

Service Transformation

- 1.9.1 The variance mainly relates to Watford 2020 spend. Due to the nature of the project costs that vary from month to month and the variance is due to the profile being spread equally over the year.

Community & Environmental

- 1.9.2 There is a favourable variance of £178k on Environmental Health & Licensing which is mainly due to grant income received from HCC for community safety and public health grants; Income received from HMO registrations & Hertfordshire Partnership funding.

A favourable variance on Culture & Play of £63K due to income received from filming (34k), and grant income (£34k) for spend on various projects.

Street Cleansing & Waste & Recycling show a large favourable variance against profile due to The Veolia contract invoice for August (£577k) was paid in September 2018.

Place Shaping & Performance

- 1.9.3 Grant amounting to £467k for Flexible Homelessness received in year and there is a favourable variance of £38k against profile on Homelessness B&B costs.

There is an increase of £276k in planning application fee (Development Section) income against profile at Q2. The magnitude and volume of planning applications is difficult to predict throughout the year and as a default the budget is profiled in twelfths. Staff monitoring income is also £40k favourable against profile. Employee costs are £82.5k below profile, some of which is due to outstanding agency invoices for September.

There is a variance on the Transport & Infrastructure service of £60k due to invoices from the parking services provider relating to September 2018 being paid in October 2018.

The variance on the Policy Team primarily relates to spend on the Local Development Plan of £92k under against profile. Spend has proved difficult to predict and hence the budget has been profiled in twelfths. Employee costs of £35k due to vacancy. Project officer has now been employed from October.

Strategic Finance

- 1.9.4 The payment for first half year shared services totalling £979k will be made in October.

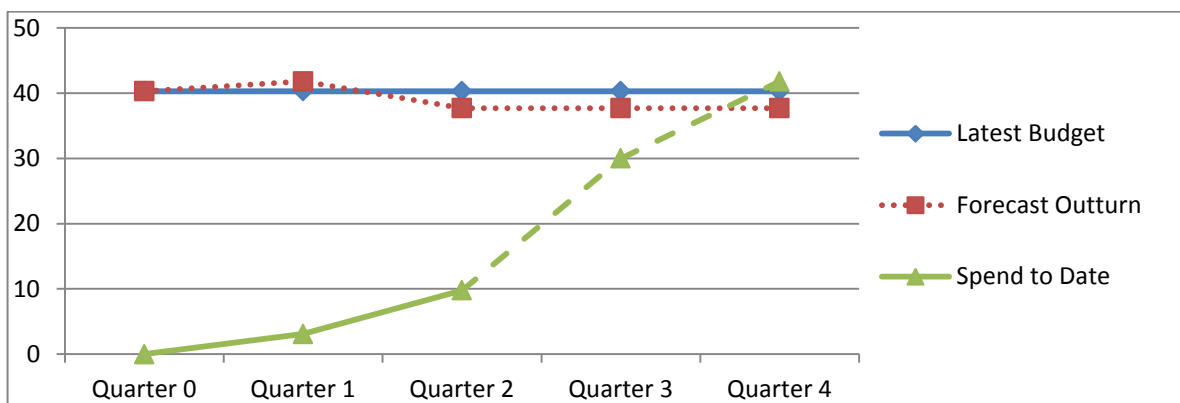
2.0 Capital Programme

- 2.1 The Council has an approved capital investment programme that is designed to support the core services. The original capital programme for 2017/18 (as approved by Council in January 2018) was **£32.766 million**. Following re-phasing from 2017/18 which was approved by Cabinet on 2 July 2018, the latest budget is **£40.313 million**.

- 2.2 The forecast outturn is estimated to be **£37.774 million** which is **£2.539 million** lower than the latest budget. This is mainly due to the rephasing of the Watford Business Park redevelopment.

- 2.3 The Council's medium term capital investment programme for 2018-2021 is shown at summary level in **Appendix 2** and by each scheme at **Appendix 3**, together with an update on each scheme. As at end of September services have spent **£9.811 million** against the latest budget of £40.313 million, which represents 24.4% of this budget.

- 2.4 The graph below shows the Council's latest budget, the forecast outturn and the actual spend to date for the current financial year (2018/19). The expenditure to date has been extrapolated (dashed line) to show it meeting the forecast position.



Funding the Approved Capital Programme

2.5 The 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. In addition the Council may borrow to fund its capital programme. 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.

2.6 The table below shows the forecasted position of the capital receipts reserve as it supports the capital spending. Details of each funding stream are shown at **Appendix 4**. Any decision on borrowing will be taken if and when it is required, which depends on the progression of all the 2018/19 schemes.

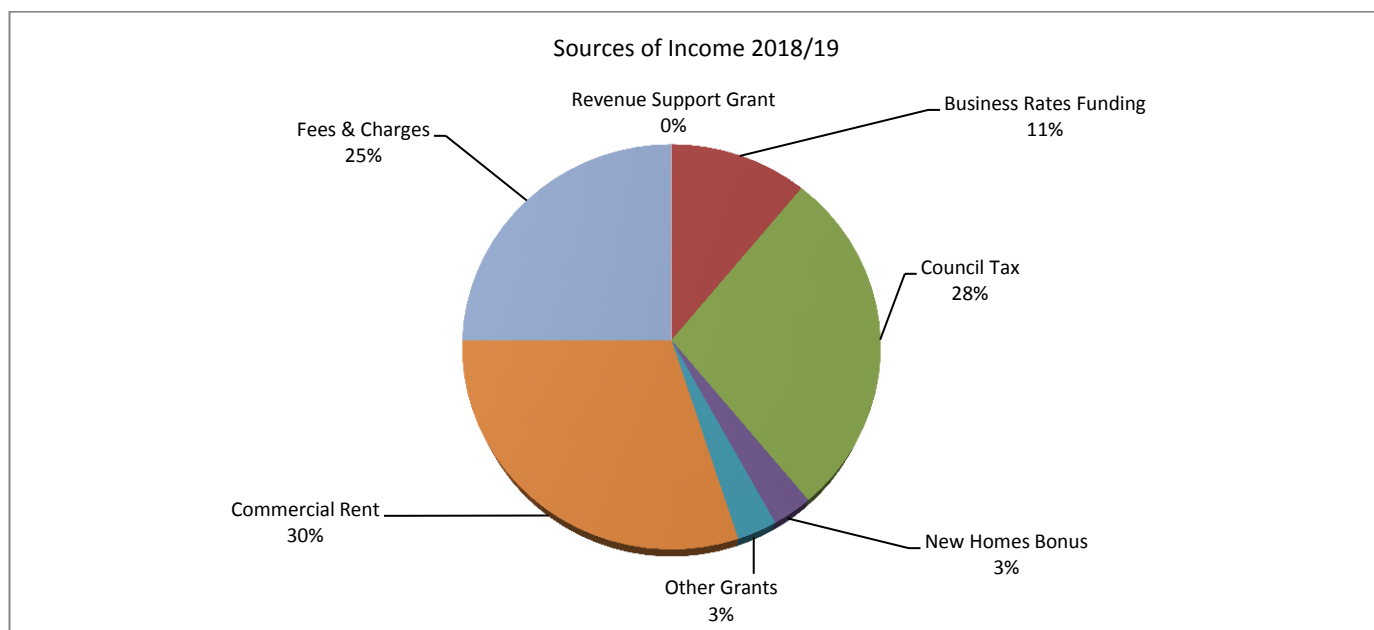
Capital Receipts Reserve	2018/19 £000
Balance at 1 April 2018	987
In Year Receipts	14,071
Used to Finance Capital Spend	(14,614)
Balance at 31 March 2019	444

3.0 Council Income

3.1 In providing its services to the public, the Council receives income from the Government, its local tax payers, customers who pay for using chargeable Council services and income from commercial rents and investments.

3.2 The total of all these sources of income for 2018/19 is £29.365 million. The three biggest sources of income are council tax, commercial property rents and service fees and charges. It should be noted that although the Council will receive £0.114 million in Revenue Support Grant for 2018/19, this will reduce to zero by 2019/20.

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



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

Department	Income Stream	Latest Budget 2018/19	Forecast 2018/19	Profiled budget (Q2)	Actuals to date (Q2)	Comments on Actuals to Profile
		£	£	£	£	
Place Shaping & Performance	Rent <i>Rents form commercial property including Intu as well as rental income from multi storey car parks.</i>	7,348,402	8,367,079	3,793,071	2,849,964	Increase in actuals to profile reflects the forecast change, bulk of which will materialise from Q2 onwards. A favourable variance of £173k is being reported in the forecast
	Car Parking <i>Income relates to the Council's surface car parks as well as the Parking Shop</i>	1,725,700	1,725,700	862,500	900,045	A small increase – this will be monitored and if the pattern continues will be reflected in Q3
	Development Section <i>Income from planning applications, building control and land charges</i>	1,129,400	1,424,400	564,700	729,007	Planning application income has exceeded current expectations and a £295k favourable variance is reported in the forecast
Community & Environmental	Environmental Health & Licensing <i>Income from all Licensing activities including hackney Carriage (taxis), pest control and fixed penalty notices for environmental crime.</i>	471,560	530,125	235,780	277,634	Higher actuals to profile reflects the increase in additional HMO income as per the revised forecast

Debtors (invoicing)

3.5 The Council charges its customers for various services by raising a debtor invoice. The customer is given 21 days to pay and unless there is a dispute, a reminder is issued. If the debt remains outstanding, then a variety of recovery methods are employed including: rearranging the payment terms; stopping the provision of the service or pursuing the debt through legal recovery processes.

3.6 As at the 30 September 2018 the total outstanding value of debt (excluding council tax, business rates and government grants) was **£1.210 million** of which £0.689 million (57%) is less than one month old and therefore it is anticipated that this will be recovered. Outstanding debt over a year old is £0.244 million and equates to twenty per cent of the total. This relates to temporary accommodation charges and Watford Indoor Bowls Club, which is being discussed with the club.

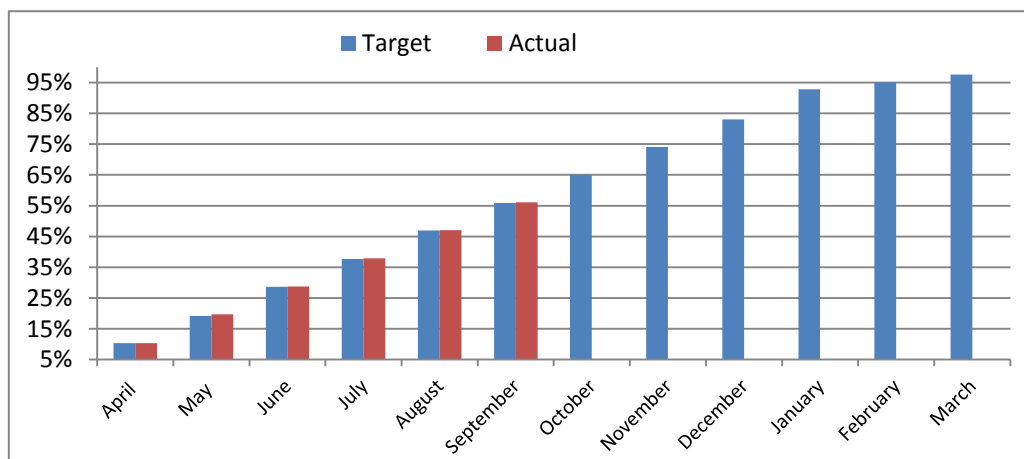
The table below shows a summary of the outstanding *debt by the three main aged categories and further detail can be found at **Appendix 5***.

Aged Debtors At the end of June	Under 1 Month	Over 1 month to Year	Over a Year	Total
Service	£	£	£	£
Community & Environmental	47,088	117,197	36,416	200,701
Democracy & Governance	2,687	0	3,176	5,863
Place Shaping & Performance	250,535	130,242	199,674	580,452
Human Resources	40	0	0	40
Strategic Finance	388,454	29,127	4,885	422,466
Total	688,805	276,566	244,150	1,209,522

Council Tax and Business Rates Collection

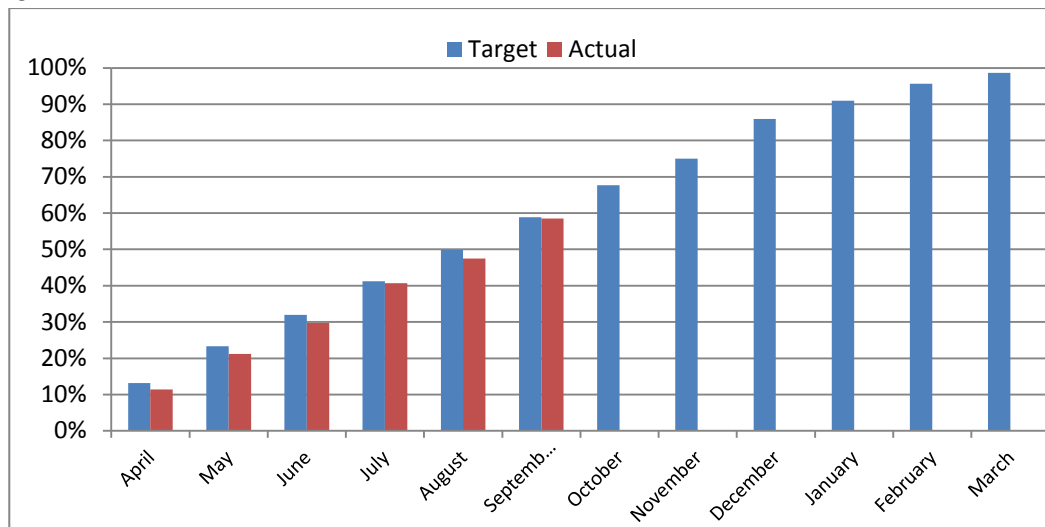
Council Tax Collection

3.7 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 September 2018 is 56.1 % of the annual target which is marginally above the profiled target of 55.9%. Further information can be found at **Appendix 6**.



Business Rates Collection

- 3.8 The Council's performance for **business rates** collection is shown in the following chart. The actual income collected as at 30 September 2018 is 58.5% of the annual target which is slightly below the profiled target of 58.9%. Further information can be found at **Appendix 6**.



4.0 Treasury Management

- 4.1 The interest earned on the investments made by the Council supports the funding of the services it provides. The target rate of earning interest rate is set at .012% above the average bank base rate for the year, which is currently 0.58%. Up to the end of September, the average annualised interest rate earned on investments was 0.63%.
- 4.2 The Council set a budget of **£220,000** on investment interest for 2018/19. The forecast has now been revised to **£150,000**, returns have reduced as large sums previously invested are released to support the Council's major capital projects. The amount earned up to the end of September was £71,500.

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 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 and their financial position are shown in the table below. The latest position of all the key risks is shown in **Appendix 8**.

Risk Area	Latest Budget	Forecast Outturn	Variance	Comment
	£000	£000	£000	
Temporary Accommodation	298	224	(74)	Revised target as per current activity levels
Development Control Fees	(710)	(1,005)	(295)	Increase in planning application fees as current activity levels exceed expectations
Commercial Rent (outsourced)	(7,007)	(8,034)	(1,027)	Variance reflects new properties and rent reviews in year. As per LSH rental confirmations.
Watford 2020	1,040	1,066	26	This is met from the PMB reserve

6.0 Finance Comments

6.1 Revenue

Commercial rental income has been revised to reflect expected income at Quarter 2. However, the service needs to monitor each property cost centre budget very closely to ensure payments are being received as expected

6.2 Capital

As at Quarter 2 only 24.4% (£9.811m) of the latest budget had been spent. Accounting for the reported variances, the revised forecast is now £37.774m.

This suggests that £27.963m will be spent in the next six months. Based on previous years this level of spend is optimistic and services will need to monitor this closely.

Report prepared by: Pritesh Shah – Finance Manager (FPA)

Report reviewed by: Nigel Pollard – Section Head – (FPA)

Background Papers

2017/18 Outturn report

Budget returns from Heads of Service

Budget Report 'Financial Planning' 2018-2021

APPENDICES

- Appendix 1 Revenue Summary – By Service and explanations
- Appendix 2 Capital Programme (2018/19) Summary
- Appendix 3 Capital Programme (2018/19) 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
- Appendix 10 Glossary of terms

REVENUE SERVICES – FINANCIAL POSITION AT QUARTER 2

Service Area	Budget & Forecast at 30 Sept Q2			Actuals compared to profiled budget at 30 Sept Q2		
	Latest Budget	Forecast Outturn	Variance	Latest Budget profiled	Actual	Variance
	£	£	£	£	£	£
Service Transformation						
Customer Services	949,482	945,412	(4,070)	474,741	445,984	(28,757)
ICT Services	1,172,070	1,172,070	0	654,690	712,951	58,261
Service Transformation	1,127,830	1,157,020	29,190	563,915	265,229	(298,686)
Totals - Service Transformation	3,249,382	3,274,502	25,120	1,693,346	1,424,164	(269,182)
Community & Environmental						
Corporate Services & Client Support	0	0	0	0	22	22
Contract Monitoring	346,460	346,460	0	173,230	182,164	8,934
Parks And Open Spaces	1,232,340	1,352,340	120,000	621,825	602,583	(19,242)
Leisure	405,577	405,577	0	202,788	224,447	21,659
Environmental Hlth & Licensing	1,386,860	1,325,428	(61,432)	667,538	488,847	(178,691)
Culture & Play	826,061	830,261	4,200	412,868	349,206	(63,662)
Street Cleansing	1,956,240	1,956,240	0	978,120	657,964	(320,156)
Trading Operations	0	0	0	0	(3,313)	(3,313)
Waste And Recycling	2,046,860	2,046,860	0	1,141,060	762,931	(378,129)
Totals - Community & Customer Service	8,955,468	9,018,236	62,768	4,574,964	3,609,519	(965,445)
Democracy & Governance						
Legal And Democratic	2,052,770	2,044,595	(8,175)	1,032,170	1,058,850	26,680
Buildings And Projects	1,509,495	1,556,917	47,422	848,795	814,806	(33,989)
Procurement	29,450	29,450	0	14,725	23,740	9,015
Totals - Democracy & Governance	3,591,715	3,630,962	39,247	1,895,690	1,897,396	1,706

Service Area	Budget & Forecast at 30 Sept Q2			Actuals compared to profiled budget at 30 Sept Q2		
	Latest Budget	Forecast Outturn	Variance	Latest Budget profiled	Actual	Variance
	£	£	£	£	£	£
Place Shaping & Performance						
Housing	1,248,970	1,242,868	(6,102)	624,485	100,052	(524,433)
Property Management	(9,858)	852,450	862,308	325,586	295,526	(30,060)
Investment Assets Outsourced	(7,007,694)	(8,033,883)	(1,026,189)	(3,621,152)	(3,621,080)	72
Investment Assets Retained	(275,207)	(265,207)	10,000	(102,348)	(130,879)	(28,531)
Operational Assets - Owner Occupied	(291,663)	(284,151)	7,512	(196,931)	(172,965)	23,966
Community Assets	(19,530)	(18,000)	1,530	(9,765)	(8,950)	815
Development Section	214,421	(127,579)	(342,000)	90,743	(378,118)	(468,861)
Transport And Infrastructure	249,990	340,701	90,711	514,030	452,264	(61,766)
Policy Team	832,200	799,150	(33,050)	336,600	199,043	(137,557)
Totals - Place Shaping & Performance	(5,058,371)	(5,493,651)	(435,280)	(2,038,752)	(3,265,107)	(1,226,355)
Corporate Strategy & Comms						
Corporate Management	296,190	326,704	30,514	148,095	178,079	29,984
Partnerships & Performance	650,100	705,089	54,989	325,050	262,396	(62,654)
Totals - Corporate Strategy & Comms	946,290	1,031,793	85,503	473,145	440,475	(32,670)
Human Resources						
Human Resources Client	104,790	113,790	9,000	52,395	(14,739)	(67,134)
HR Shared Service	523,810	523,810	0	261,905	261,023	(882)
Totals - Human Resources	628,600	637,600	9,000	314,300	246,285	(68,015)
Strategic Finance						
Finance & Resources	226,520	226,520	0	90,693	64,878	(25,815)
Finance Services Client	860,100	860,100	0	430,050	521,159	91,109
Revenues And Benefits Client	1,154,380	1,154,380	0	548,000	(425,461)	(973,461)
Corporate Costs	572,899	942,899	370,000	1,799,380	1,720,749	(78,631)
Totals - Strategic Finance	2,813,899	3,183,899	370,000	2,868,123	1,881,324	(986,799)
GRAND TOTALS	15,126,983	15,283,342	156,359	9,780,816	6,234,055	(3,546,761)

Explanation of Revenue Variance Reported for Quarter 2 (April -September) 2018/19

Service Area	Description	Details of Changes Reported	£
	Watford 2020	Resource allocation as agreed by Cabinet in July for projects- Met from PMB reserve	48,000
		Agreed as above, however these funds will be required in 2019/20	(21,850)
		Other Variances	(1,030)
		TOTAL	25,120
Community & Environmental	Environmental Health Team	Cost of bailiff for travellers eviction	7,000
	Health & Safety at Work	One off Investigation into fatality at work procedures	20,000
	Cassiobury Park Hub	Projected parking income income will not be received	50,000
		Additional cost for the maintenance of the paddling pools	70,000
	Housing Standards	Additional income from HMO registrations	(40,000)
	Public Health & Nuisance	Income as part of the Hertfordshire Partnership Funding	(30,000)
	Animal Control Service	Contract has ceased	(13,000)
	Net increase in income from pest control services & licencing income	(11,200)	
	Other Variances	9,968	
		TOTAL	62,768
Democracy & Governance	Legal Services	Savings due to vacancies	(8,800)
	Town Hall Off & Council Suite	Increase spend on all utilities, including a 20% increase on gas & electric	44,272
		Other Variances	3,775
		TOTAL	39,247

Explanation of Revenue Variance Reported for Quarter 2 (April -September) 2018/19

Place Shaping & Performance	Investment Assets Outsourced	Rental income due to a combination of new properties, rent reviews as confirmed by LSH and revision of incorrect budgets	(1,427,265)
		Loss of rental income mainly due to surrender of leases and rental income budget corrections	418,589
	General Property Administration	Additional anticipated rental income has now been achieved - (see above)	687,808
	Valuation & Estates Group	Contract costs and rental income management fee payable to LSH	176,000
	Policy Team	Allocated sped to cover costs of new Project officer in Corporate Strategy	(33,050)
	Development Control	Increased income from Planning Application and Pre Planning application fee	(295,000)
		Additional income from staff monitoring of S106 agreements	(47,000)
	Implementation Team	To fund feasibility study regarding the On Demand Transport project	63,000
		Allocated sped to cover costs of new Project officer in Corporate Strategy	(39,289)
		Loss of income as no work being undertaken for our partners	23,000
	Parking Service	Additional costs supporting the Public Realm (High Street project) (£34k) and increase in staffing costs for issuing parking permits at the Library at weekends. Both these will be funded from the CPZ reserve	44,000
	Housing	DCLG flexible homelessness grant receipt	(467,002)
		Net saving on homelessness B&B costs due to decrease in demand	(74,500)
		Net income decrease due to fewer hostel rooms now being occupied	30,000
		Increase costs on homelessness preventing measures & accessing private accommodation	255,400
Implementing the Homelessness Reduction Act		58,000	
Significant increase in legal actions of which we are now required to pay out		192,000	
	Other Variances	30	
		TOTAL	(435,279)
Corporate Strategy & Communications	Corporate Strategy Team	PMB - Internet of things	30,514
	Partnerships & Performance	Cost of 5 new project officers, part funded from other services (as shown above) and rest to be capitalised to various projects	157,400
		Cost of Project Officers to be charged to relevant capital projects	(85,601)
		Other Variances	(16,810)
		TOTAL	85,503
Human Resource	HR	PMB - Project manager open day	9,000
		TOTAL	9,000
Strategic Finance	Budget Strategy Item	PMB - Watford investment advisors	300,000
	Interest earned	Reduction in investment income due to resources to be used for the capital programme and any purchases of property in year.	70,000
		TOTAL	370,000
		GRAND TOTAL	156,359

CAPITAL INVESTMENT PROGRAMME – SUMMARY

Service Area	Service Provision	Latest Budget 2018/19	Forecast Outturn	Actual to date	Latest Budget 2019/20	Latest Budget 2020/21	Latest Budget 2021/22
		£	£	£	£	£	£
Service Transformation	Customer Services	134,711	86,711	17,938	0	0	0
	ICT Shared Services	45,000	45,000	182,114	45,000	45,000	45,000
	ICT Client Services	925,796	925,796	(34,354)	485,000	485,000	485,000
Community & Environmental	Waste & Recycling (inc Veolia)	435,505	503,005	31,686	2,396,810	96,810	98,260
	Parks & Open Spaces	5,484,315	5,809,315	554,520	340,000	290,000	265,000
	Cemeteries	450,000	450,000	17,860	100,000	50,000	0
	Leisure & Play	1,445,851	1,445,851	45,345	20,000	250,000	0
	Culture & Heritage	562,244	562,244	112,454	0	0	0
	Environmental Health	208,204	206,704	42,034	100,000	100,000	100,000
	Community Projects	0	32,053	32,053	0	0	0
Democracy & Governance	Buildings & Projects	3,220,959	3,220,959	336,237	11,536,000	782,000	400,000
Place Shaping & Performance	Watford Business Park	5,064,042	1,564,042	539,492	0	0	0
	Watford Riverwell	13,737,053	13,057,053	3,898,043	3,281,000	14,159,000	100,000
	Housing	266,224	266,224	17,852	50,000	50,000	50,000
	Transport & Infrastructure	2,465,253	3,606,253	1,586,481	415,000	315,000	0
	Development Control	80,000	80,000	0	0	0	0
	Property Investment Board	0	125,000	151,916	0	0	0
	Property Management	5,110,529	5,110,529	2,231,205	2,000,000	0	0
Strategic Finance	Capital Support Services	677,470	677,470	47,898	679,470	679,470	680,740
	Business Systems	0	0	0	0	0	0
TOTAL CAPITAL PROGRAMME		40,313,156	37,774,209	9,810,773	21,448,280	17,302,280	2,224,000

CAPITAL INVESTMENT PROGRAMME – DETAIL

Capital Scheme	Latest Budget 2018/19 £	Forecast Outturn £	Forecast Variance £	Actual to date £	Scheme Update
SERVICE TRANSFORMATION					
Customer Services					
CSI Project	134,711	86,711	(48,000)	17,938	Lower implementation costs connected to Firmstep (CRM installation). Budget transfer to Watford 2020 programme.
ICT Shared Services					
ShS-ICT Modernisation	0	0	0	42,366	
ShS-Hardware Replacement Programme	45,000	45,000	0	139,748	
ICT Client Services					
ICT-Hardware Replacement Programme	315,825	315,825	0	16,155	
ICT-Business Application Upgrade	489,971	489,971	0	(50,510)	
ICT-Project Management Provision	120,000	120,000	0	0	
COMMUNITY & ENVIRONMENTAL					
Waste & Recycling (inc Veolia)					
Replacement Domestic Bins	42,185	42,185	0	0	
Veolia Contract Fleet Requirements	225,000	292,500	67,500	0	Forecast variance to be deducted from the 2019/20
Recycling Boxes	36,940	36,940	0	0	
Veolia Capital Improvements	95,380	95,380	0	31,686	
Additional Green Waste Bins	36,000	36,000	0	0	
Parks & Open Spaces					
Allotments & Parks Upgrades	0	0	0	(189)	
Farm Terrace Allotments	0	0	0	0	
Green Spaces Strategy	192,207	192,207	0	209,103	
Colne River Project	0	0	0	0	
Local Nature Reserves	0	0	0	0	
Cassiobury Park HLF Project	282,713	282,713	0	58,229	
Cassiobury Dev't (Fullerians)	200,000	200,000	0	200,000	
Oxhey Park North Enhancements	6,125	6,125	0	(905)	
Oxhey Park North	3,438,270	3,688,270	250,000	38,726	Additional £250k spend met by contribution from
Tree Planting Programme	15,000	15,000	0	0	
River Colne Restoration	100,000	100,000	0	21,291	
Cassiobury Park Car Park Imps	1,000,000	1,000,000	0	21,179	
Garston Park Improvements	250,000	250,000	0	7,084	
Oxhey Park North Project Mgmt	0	75,000	75,000	0	£75k agreed funding from Projects and Programme

Capital Scheme	Latest Budget 2018/19 £	Forecast Outturn £	Forecast Variance £	Actual to date £	Scheme Update
Cemeteries					
Cemetery Improvements	250,000	250,000	0	4,056	
Cemetery Reprovision	50,000	50,000	0	4,520	
North Watford Cemetery Imps	150,000	150,000	0	9,283	
Leisure & Play					
Play Review	1,743	1,743	0	2,995	
Gaelic Football Relocation	60,908	60,908	0	22,350	
Hérons F.C.	25,000	25,000	0	0	
Leisure Centres (SLM)	1,313,200	1,313,200	0	0	
Watford Tennis Partnership	25,000	25,000	0	0	
Southwold Road Play Area	20,000	20,000	0	20,000	
Culture & Heritage					
Watford Museum HLF Matchfunding	421,690	421,690	0	102,454	
Improvements Community Centres	59,160	59,160	0	10,000	
Cultural Quarter Phase 1	31,394	31,394	0	0	
Little Cassiobury Match Funding	50,000	50,000	0	0	
Environmental Health					
Idox (GDPR)	10,000	8,500	(1,500)	8,404	Project underspend.
Decent Homes Assistance	198,204	198,204	0	33,630	
Community Projects					
Guidepost Renovation Works	0	4,009	4,009	4,009	Both capital schemes funded by additional DFG grant funding carried over from 2017/18.
SLM Disabled Access Improvements	0	28,044	28,044	28,045	
DEMOCRACY & GOVERNANCE					
Buildings & Projects					
MP19-6 Town Hall Redevelopment	2,310,000	2,310,000	0	203,553	
Building Investment Programme	910,959	910,959	0	132,685	
PLACE SHAPING & PERFORMANCE					
Watford Business Park					
Watford Business Park	5,064,042	1,564,042	(3,500,000)	539,492	Request for budget rephasing into 2019/20.

Capital Scheme	Latest Budget 2018/19	Forecast Outturn	Forecast Variance	Actual to date	Scheme Update
	£	£	£	£	
Watford Riverwell					
Campus-Client Side & Land Assembly	780,713	100,713	(680,000)	98,043	Request for budget rephasing into 2019/20.
Riverwell-Woodlands	445,000	445,000	0	0	
Riverwell-Waterside Phase 1	3,005,772	3,005,772	0	1,480,000	
Riverwell-Waterside Phase 2	1,647,021	1,647,021	0	0	
Riverwell-Mayfield	1,427,954	1,427,954	0	0	
Riverwell-Waterside Phase 3	908,322	908,322	0	0	
Riverwell-Cardiff Rd North	0	0	0	15,000	
Riverwell-Car Park	5,522,271	5,522,271	0	0	
Housing					
Private Sector Stock Condition	65,850	65,850	0	16,500	
Retained Housing Stock	125,374	125,374	0	1,352	
York House Boiler Replacement	75,000	75,000	0	0	
Transport & Infrastructure					
Clarendon Road Streetscape Improvements	18,000	18,000	0	0	
Intro Electric Vehicle Charging	25,058	25,058	0	0	
Public Realm (High Street)	656,720	1,797,720	1,141,000	1,091,376	Funding available from S106 (£270k) and contributions from Herts CC including Watford BID (£655k) largely offset the additional spend. However original LEP funding of £400k anticipated at project start has not been awarded and there have been some cost increases in relation to necessary safety measures.
Public Realm (Cl'dn Rd-Palace)	1,557,040	1,557,040	0	490,106	Negotiation with the LEP Board has meant that original funding expected of £1.6m has reduced and replaced with £850k.
Watford Junction Masterplan	30,000	30,000	0	0	
Watford 3D Planning Model	41,500	41,500	0	0	
Public Realm (Watford Junct'n)	100,000	100,000	0	0	
Upgrading/Resurfacing Car Parks	4,573	4,573	0	0	
Watford Junction Cycle Pk Hub	12,362	12,362	0	0	
Watford Cycle Hire Study	20,000	20,000	0	5,000	
Development Control					
CIL Review	80,000	80,000	0	0	
Property Investment Board					
PIB Investment Strategy	0	125,000	125,000	151,916	Landlord costs in connection to acquired PIB properties.
Property Management					
New Market	4,365	4,365	0	0	
Non PIB-Strategy & Programme Disposal	0	0	0	362,543	£350k of spend expected to be repaid at year end by Orion Estates with regard Ascot Road.
Modular Housing Accommodation	3,254,064	3,254,064	0	293	
Loan to HHW	1,500,000	1,500,000	0	1,500,000	
Temp Housing Accommodation	352,100	352,100	0	368,369	

Capital Scheme	Latest Budget 2018/19 £	Forecast Outturn £	Forecast Variance £	Actual £	Scheme Update
STRATEGIC FINANCE					
Capital Support Services					
Support Services	552,470	552,470	0	0	
Major Projects - FBP and QS	125,000	125,000	0	47,898	
TOTAL CAPITAL PROGRAMME	40,313,156	37,774,209	(2,538,947)	9,810,773	
MEMORANDUM ITEM					
Property Investment Board (PIB)					
PIB-Strategy & Programme Disposal	0	0	0	(750)	Monitored through the Property Investment Board.
PIB Renovations	0	125,000	125,000	152,666	
Total	0	125,000	125,000	151,916	

CAPITAL INVESTMENT PROGRAMME – FUNDING

FUNDING THE APPROVED CAPITAL PROGRAMME				
FUNDING TYPE	Forecast Outturn 2018/19 £	Budget 2019/20 £	Budget 2020/21 £	Budget 2021/22 £
Grants & Contributions	1,741,435	18,000	18,000	18,000
Reserves	1,482,744	0	0	0
Capital Receipts (PIB & non PIB)	14,614,249	10,569,280	16,902,280	2,206,000
Section 106 & CIL Contributions	322,362	0	0	0
Borrowing (internal / external)	19,613,419	10,861,000	382,000	0
TOTAL CAPITAL FUNDING APPLIED	37,774,209	21,448,280	17,302,280	2,224,000
CAPITAL BALANCES AFTER FUNDING THE APPROVED CAPITAL PROGRAMME				
FUNDING TYPE	Forecast Outturn 2018/19 £	Budget 2019/20 £	Budget 2020/21 £	Budget 2021/22 £
Grants & Contributions	117,705	117,705	117,705	117,705
Reserves	376,137	376,137	376,137	376,137
Capital Receipts (PIB & Non PIB)	443,839	5,531	3,827,073	1,621,073
Section 106 & CIL Contributions	3,591,608	4,206,608	4,821,608	5,436,608
Sub Total	4,529,290	4,705,982	9,142,524	7,551,524
Borrowing (internal / external)	(45,732,340)	(56,593,340)	(56,975,340)	(56,975,340)
TOTAL CAPITAL FUNDING AVAILABLE	(41,203,050)	(51,887,358)	(47,832,816)	(49,423,816)

AGED DEBT ANALYSIS

AGED DEBT ANALYSIS at Q2 2018/19

Invoices Outstanding from 1st October 2017 to 30th September 2018								
Service Area	Description	Invoices outstanding by age of debt						Grand Total
		0 - 1	2 - 3	4 - 6	7 - 9	10 - 12	Over 12	
Community & Environmental	Community and Customer Service	36,099	94,171	11,838	4	373	21,703	164,187
	Env Services-Premises Licence	4,526	360	740	4,360	720	14,713	25,419
	Environmental Health	6,463	4,631	0	0	0	0	11,094
Democracy and Governance	Democracy and Governance	2,687	0	0	0	0	3,176	5,863
Place, Shaping & Performance	Housing	17,510	5,159	12,646	4,425	549	2,962	43,250
	Property (exc. Commercial rent)	15,789	0	3	0	0	0	15,791
	Property - Commercial Rents	63,777	103,599	0	0	0	196,712	364,088
	Property - Parking Spaces	0	233	0	0	0	0	233
	Planning (exc. Inspection fees)	142,046	500	2,712	0	0	0	145,258
	Planning - Inspection Fees	11,414	420	0	0	0	0	11,834
	Regeneration & Development	0	0	0	0	0	0	0
Human Resources		40	0	110	0	0	0	150
Strategic Finance		388,454	28,275	564	0	288	4,885	422,466
Grand Total		688,805	237,348	28,613	8,788	1,930	244,150	1,209,634
Percentage of Amount Outstanding		56.94%	19.62%	2.37%	0.73%	0.16%	20.18%	100.00%

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	97.6	10.3	19.1	28.6	37.7	46.9	55.9	65.0	74.1	83.1	92.8	95.1	97.6
2018/19 Actual		10.3	19.7	28.7	37.9	47.0	56.1						
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	98.6	13.2	23.3	32.0	41.2	49.9	58.9	67.7	75.0	85.9	91.0	95.6	98.6
2018/19 Actual		11.4	21.2	29.8	40.7	47.5	58.5						
On Target													

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

RAG	% below target	
Red	More than 5%	
Amber	2% to 5%	
Green	Less than 2%	

KEY FINANCIAL & BUDGETARY RISKS

Risk No.	Type of Risk	Comment	Impact	Likelihood	Overall Score
1	Revenue balances insufficient to meet estimate pay award increases	The medium term planning period takes into account a 1% increase for the period 2018/19 to 2020/21	3	2	6
2	Revenue balances insufficient to meet other inflationary increases	Other than contractual agreements, budgets have been cash limited where possible.	2	2	4
3	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 continues to place uncertainty on the investment strategy.	2	3	6
4	Inaccurate estimates of fees and charges income	Key income streams are shown in the latest Finance Digest	3	3	9
5	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.	3	1	3

Risk No.	Type of Risk	Comment	Impact	Likelihood	Overall Score
6	The estimated cost reductions and additional income gains are not achieved	Savings identified and included in the budget will be monitored as part of the budget monitoring process	3	3	9
7	The Council is faced with potential litigation and other employment related risks	The Council has one outstanding litigation cases.	3	2	6
8	The amount of government grant is adversely affected	The grant settlement for 2018/19 and provisional settlements for 2019/20 and 2020/21 have been factored into the MTFP.	3	1	3
9	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 these income streams are outside the Council's control.	3	2	6
10	Fluctuations in Business Rates Retention	The Council is legally obliged to cover the first 7.5% loss on its pre- determined baseline level.	2	2	4
11	Delivery of the Watford 2020 Project	This is a major undertaking designed to transform the Council in becoming a customer focused, digitally enabled and a commercially minded organisation.	4	3	12

Note: 1= Very Low Risk 16= Very High Risk.

KEY SERVICE BUDGET RISKS

Service Area	Latest Budget	Forecast Outturn	Forecast Variance Period 6	Actuals to Date	Comments
	£000's	£000's	£000's	£000's	
Parks, Street & Waste Services	6,318	6,318	0	2,156	The invoices for August & September 2018 will be paid in October 2018 amounting to £1.6 million
Kerbside Recycling Expenditure and Income	1,236	1,236	0	485	The Herts CC (Alternative Financial Model) income for Kerbside Recycling across the County is not received until later in the year.
Temporary Accommodation (net)	298	224	(75)	92	Forecast for the year has been revised as per Q2 to reflect the current market situation
Development Control Fee Income	(710)	(1,005)	(295)	(560)	Increase in planning applications already received and a couple of large ones expected in Q4.
Building Control Fee Income	(278)	(278)	0	(180)	The forecast income for 2018/19 is expected to be on target at this stage of the year.
Land Charges Fee Income	(120)	(120)	0	(52)	On Target
Watford 2020	1,022	1,048	48	193	Increase is met from the PMB reserve. Spend to materialise in second half of the year
Commercial rent income	(8,392)	(9,349)	(957)	(4,296)	Forecast has been revised due to expected income as detailed in Appendix 1. Due to the outsourcing of the property management contract there is a timing difference in the receipt of rental income.

REVENUE RESERVE BALANCES

APPENDIX 9

Description	Balance at 1 April 2018	Planned Use of Reserves in MTFS	Additional Budget Approvals	Transfers Between Reserves	Planned Use of Reserves	NDR Adjustment for Prior Years	Movement in Year	Balance at 31 March 2019	Purpose
	£000	£000	£000	£000	£000	£000	£000	£000	
Earmarked Revenue Reserves									
Area Based Grant	(86)							(86)	Extremism and anti-social behaviour prevention
Budget Carry Forward	(1,058)		1,058					0	Budgets carried forward to subsequent years
Car Parking Zones	(333)	(110)			44			(399)	Statutory, ring fenced for parking costs
Charter Place Tenants	(93)							(93)	Tenants' contributions to major works
Climate Change	(56)							(56)	Energy saving initiatives
Crematorium	(150)							(150)	Funding repairs and maintenance
Economic Impact	(1,421)	1,346		586	36	(3,300)	(338)	(3,091)	Provide resources to offset economic downturn
Housing Benefit Subsidy	(997)							(997)	Equalisation fund to meet potential DWP clawback
Housing Planning Delivery Grant	(266)							(266)	Improve planning outcomes and delivery of housing
Invest to Save	(839)		550	150				(139)	Supporting expenditure producing savings
Le Marie Centre Repairs	(13)							(13)	Funding Council obligations as landlord
Leisure Structured Maintenance	(423)							(423)	Funding maintenance not in contract
Local Development Framework	(178)							(178)	Supporting Local Plan production and inspection
Multi-Storey Car Park Repair	(181)							(181)	Funding repairs
Collection Fund	(2,486)							(2,486)	Equalisation fund to smooth impact of surpluses/deficits
Parks, Waste & Street Strategy	(60)							(60)	Supporting Street Projects
Pension Funding	(2,248)	100						(2,148)	Reduction of pension deficit
Performance Reward Grant	(28)							(28)	Grant allocated by Local Strategic Partnership
Project and Programme Management	(359)			(450)	414			(395)	Supporting major project work
Rent Deposit Guarantee Scheme	(100)							(100)	Assist in providing homelessness accommodation
Riverwell Project	(3,249)	(960)		300				(3,909)	Supporting projects
Weekly Collection Grant (Revenue)	(30)							(30)	Supporting weekly collections of waste
Total Revenue Earmarked Reserves	(14,654)	376	1,608	586	494	(3,300)	(338)	(15,228)	
General Fund Working Balance	(1,414)			(586)				(2,000)	
Total Usable Revenue Reserves	(16,068)	376	1,608	0	494	(3,300)	(338)	(17,228)	

GLOSSARY OF TERMS

<i>Accounting period</i>	The timescale during which accounts are prepared or reported on.
<i>'Accounts Payable'</i>	The section and/or system within the Council that is responsible for paying the Council's creditors and invoices raised against the Council.
<i>'Accounts Receivable'</i>	The section and/or system within the Council that is responsible for invoicing and collection from the Council's debtors and for invoices raised by the Council.
<i>Accrual</i>	The recording within the accounts of the Council the cost of goods or services received and for which an invoice has been received but for which payment has not yet been made.
<i>Accrual accounting</i>	The practice of accounting for goods and services when they are received/provided rather than when they are paid for/payment received.
<i>Asset</i>	a present, economic resource of the Council to which it has a right or other type of access that other individuals or organisations do not have.
<i>Balances</i>	A figure representing the difference between credits and debits in an account; the amount of money held in an account. Also known as 'financial reserves'.
<i>Base budget</i>	Estimate of the amount required to provide services at current levels. Can also be referred to as 'rollover budget'.
<i>Budget Monitoring</i>	The process comparing of actual income and expenditure against budget; used to support budgetary control.
<i>Business Rates/NDR*</i>	Rates are payable on non-domestic property including libraries, offices, schools. The level of business rates is set by the Government and collected by the District Councils on their behalf. The money is then re-allocated to authorities in accordance with resident population as part of the annual financial settlement.
<i>Capital Asset</i>	Capital or Fixed assets are long-term resources, such as plant, equipment and buildings.
<i>Capital Charges</i>	A charge to services to reflect the cost of fixed assets used in the provision of those services.
<i>Capital expenditure</i>	Expenditure on items that create an asset which has a long-term benefit of more than one year.
<i>Carry forward [of budget]</i>	Budgets unspent in a prior year that have (once approved) been added to the current year budget. Strict control on 'carried forwards' apply.

<i>Chart of accounts</i>	The hierarchy of recording income and expenditure within the Council's accounts. The main distinctions are between fund e.g. County fund, Pension Fund; objective e.g. service or cost centre; subjective e.g. the classification of expenditure between salaries, equipment, stationery, fuel costs etc.
<i>Commitment</i>	A commitment to spend occurs when an order is raised.
<i>Cost centre</i>	A collection of subjective codes (<i>qv</i>) linked to a particular service or sub-service area.
<i>Creditor</i>	A person or company to whom the Council owes money.
<i>Debtor</i>	A person or company who owes money to the Council.
<i>Depreciation</i>	The accounting method of amortising the value of an asset over its useful life.
<i>Ear marking</i>	Setting aside for specific purposes.
<i>Financial Regulations</i>	Rules of financial management that apply to all officers and members of the Council. These can be found on the intranet.
<i>Financial Year</i>	Period of twelve months commencing on 1 April and ending 31 March the following year.
<i>Forecast Outturn</i>	A projection of anticipated expenditure incurred and income received to provide an estimate of the service position at the end of the year compared to the planned budget.
<i>Funding</i>	Source of income to support service expenditure – can be capital or revenue.
<i>General Fund</i>	The main revenue account of the Council through which day to day transactions are conducted.
General Ledger	A collection of accounting records detailing the authority's transactions and balances.
Internal Audit	A team that works to protect the Council's assets and assist managers in improving their use.
Invoice	A bill – a request for payment for goods or services received.
Journal	The transfer of income or expenditure from one code to another more appropriate code.

<i>Medium Term Financial [Plan][Strategy]</i>	The Council's plan for the management of its resources during the next 3 years, which remains under rolling review, and links to the service planning process.
<i>Liability</i>	The Council's financial debt or obligations that arise during the course of its business operations. Liabilities are settled over time through the transfer of economic benefits including money, goods or services.
<i>NDR</i>	Non-Domestic Rates – see business rates (<i>qv</i>)
<i>Profile</i>	A term used to describe the pattern of expenditure or income that is expected to occur over a period of time
<i>[The] Prudential code</i>	The authority which enables the Council to set its own borrowing limits as part of the budget making processes.
<i>Reserves</i>	Amounts set aside for general contingencies and to provide for working balances, or can be earmarked for specific future expenditure.
<i>Resources</i>	Includes cash, staff, equipment, property, stocks, etc.
<i>Revenue expenditure</i>	Expenditure on 'day-to-day' items required to support the running of the Council services
<i>Revenue Support Grant (RSG)</i>	The Revenue Support Grant (RSG) - a Government grant providing general support for Council services.
<i>Subjective Code</i>	A code describing expenditure or income by type e.g. salaries costs, premises costs. Can also be called "accounting code"
<i>Supplementary Estimate</i>	An in-year increase in budget – normally necessitated by a new burden or an in-year pressure not identified at budget setting. These must be approved by Council.
<i>Ultra Vires</i>	A Latin term meaning 'beyond the powers'.
<i>Variance</i>	Difference between budget and actual income or expenditure. May be favourable (more income or lower spend than budgeted) or unfavourable/adverse (less income or more spend than budgeted)
<i>Virement</i>	Formal transfer of funds from one budget to another. Does not change the Council's overall budget.
<i>Zero based budgets</i>	The construction of a budget based on the needs of the Council without reference to previous expenditure history.