



FINANCE DIGEST 2015/16

Financial Monitoring at

Period 03

June 2015

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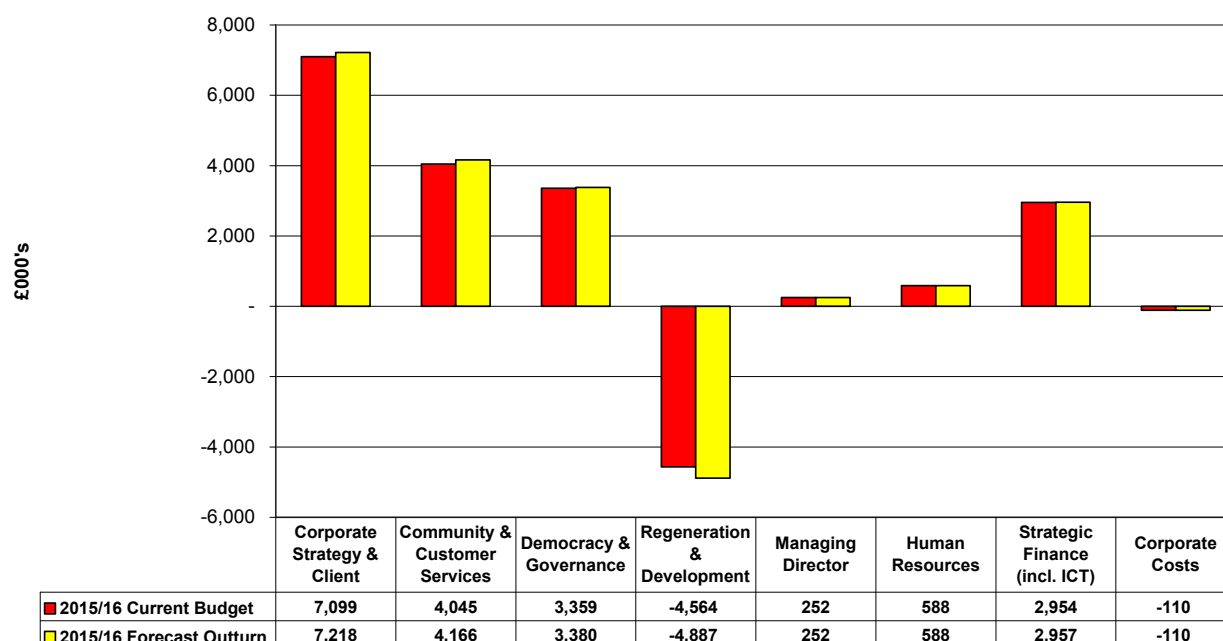
1 Introduction

- 1.1 The monthly Finance Digest is the Council's key tool for monitoring the financial performance of the organisation. It is designed to be used by Members, officers and to provide an overview to our customers and residents.
- 1.2 It is essential that the Council monitors its budgets throughout the year to ensure that it is meeting its strategic objectives and that corrective action is taken where necessary.
- 1.3 This document shows the expected financial position at the end of the financial year, based on the actual performance at the end of June 2015 (Period 03).
- 1.4 This document brings together a range of information which ultimately impacts on the Council's financial performance. This includes budget monitoring and also financial performance indicators which will help the Council predict its position at the end of the financial year.

2 Revenue Budget – Net Expenditure

- 2.1 This section outlines the expected year end position for the Council's revenue budget. This takes into account both the expenditure incurred and the income received for the running of the day to day services e.g. waste collection, leisure and housing services.
- 2.2 The original 2015/16 budget of £15,176,500 was agreed at Full Council on 28th January 2015. Cabinet agreed carry forward budgets of £1,611,580 of which £961,580 were for revenue, thus increasing the current budget to £16,138,080.
- 2.3 The forecast outturn for the end of the year, as at the end of June 2015, is predicted to be £16,078,000. This leaves an overall favourable variance of £60,000. The forecast outturn compared with the current budget is shown in the graph below and further details can be found in **Appendix 1 & 2**. These figures exclude indirect expenditure and income i.e. internal support recharges and capital charges.

**Current Budget and Forecast outturn 2015/16 - Direct expenditure and income
excluding Internal Support and Capital Charges**



2.4 Further details on the variance are shown in the table below:

	2015/16 Current Budget	2015/16 Forecast Outturn	Variance
	£000's	£000's	£000's
Corporate Strategy & Client Services	7,099	7,218	119
Community & Customer Services	4,045	4,166	121
Democracy & Governance	3,359	3,380	20
Regeneration & Development	(4,564)	(4,887)	(323)
Managing Director	252	252	0
Human Resources	588	588	0
Strategic Finance (including ICT)	2,954	2,957	3
Corporate Costs	(110)	(110)	0
Recharges, capital charges and accounting adjustments	2,514	2,514	0
Total	16,138	16,078	(60)

2.5 The period 03 favourable variance is £60,000. Those key variances over £20,000 are shown below.

Favourable variances

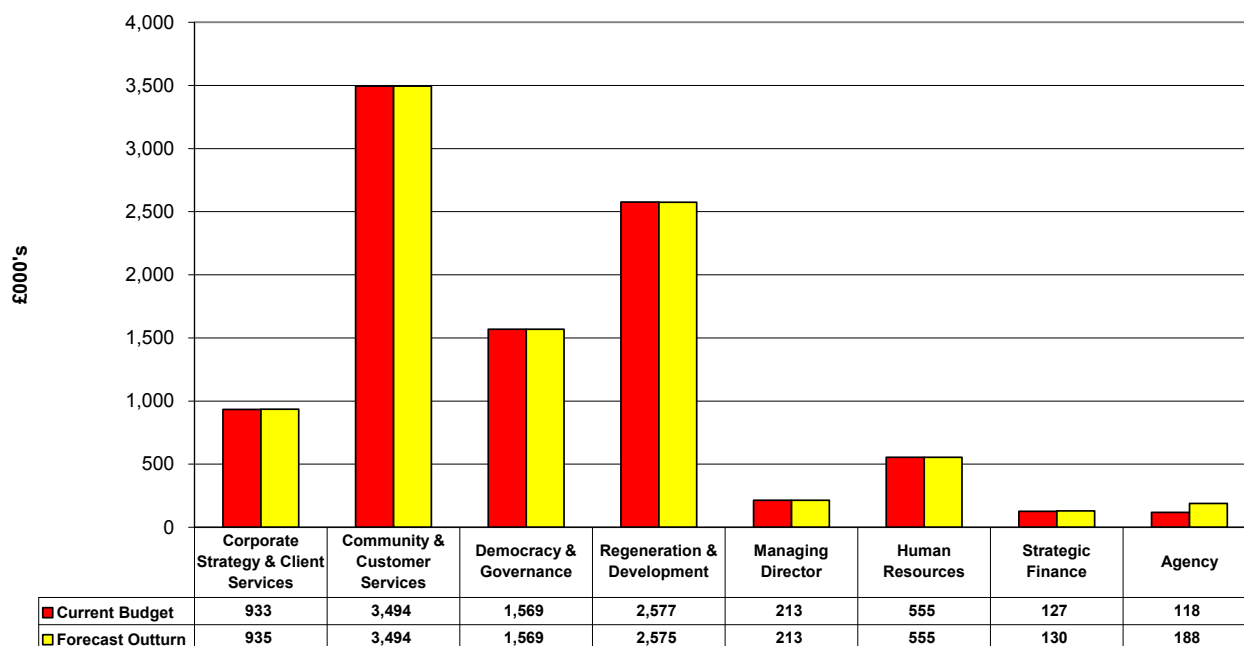
- £350,000 Increase in commercial property rents (includes Avenue Car Park £242K this may be treated as capital in future).

Unfavourable variances

- £116,000 Kerbside Recycling budget removed.
- £64,500 Loss of rent from Property Investment Board disposals.
- £50,000 Increase in net cost of Bed and Breakfast Accommodation for the homeless.
- £50,000 Increase in legal costs for Land Charges litigation.
- £30,000 Additional cost for Housing Section Head for 6 months.

2.6 One area which is kept under review is the salary analysis. The following chart shows the current estimated year end position. Further information can be found in **Appendix 3**, where salaries for employees and agency staff for cover have been reported separately for each service.

Salary Analysis 2015/16



3 Funding and Reserves

Funding

- 3.1 Overall the Council's government funding position compared to the current budget has not changed. Full details of the current funding position can be seen in **Appendix 4**.

Reserves

- 3.2 The Council's reserves position can be seen in the table below, and further details can be found in **Appendix 5**.

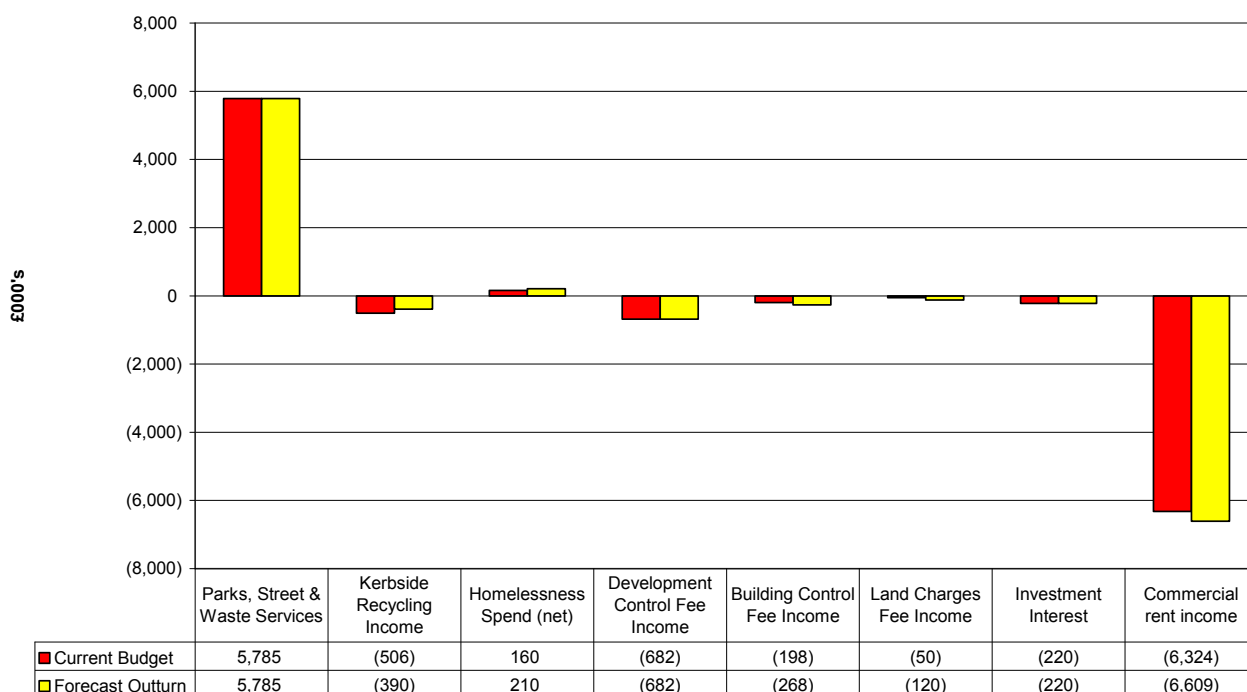
Description	Bal B/F as @ 1-Apr-2015	Agreed use of reserves	Previously Reported Movement	Movement Period 03	Total Movement	Forecast Bal as @ 31-Mar-2016
General Fund Working Balance	-1,350,000	0	0	0	0	-1,350,000
Capital Financing Reserve	-604,000	4,870	0	0	4,870	-599,130
Earmarked Reserves	-7,481,000	1,612,000	0	0	1,612,000	-5,869,000
General Reserves	-13,049,000	198,040	0	-60,000	138,040	-12,910,960
Total Revenue Reserves (incl GFWB)	-22,484,000	1,814,910	0	-60,000	1,754,910	-20,729,090

4 Key Financial Risk Areas

4.1 The Council's budget is exposed to some key risk areas; these are generally areas of expenditure where the Council is not in control of the demand for that service, or where there have been income assumptions built into the budget. These risks are regularly monitored and the difference between the latest position and the current budget is shown in the chart below. Further details can be found in **Appendix 6**.

4.2 This chart shows how the risk areas are currently performing.

Key Risk Areas 2015/16



5 Debtors

5.1 The total outstanding debt as at 30 June 2015 was £1,606,177. Of the outstanding amount 77% is less than one month old and it is anticipated that this will be recovered. The total amount of debt outstanding is shown below. This identifies that 18% of the outstanding debt is over three months old.

5.2 The significant change being the outstanding debt of the '0 – 1 month' category, which shows £1,243,322. This is not a major concern because the majority of the debt in this category is for commercial property debtors and we anticipate these debts to be paid in full.

Invoices Outstanding from 1st April 2015 to 30th June 2015									
Service Area	No. of Invoices	0 - 1	2 - 3	4 - 6	7 - 9	10 - 12	Over 12	Instalment Plan	Grand Total
		Month	Months	Months	Months	Months	Months		
Corporate Strategy & Client Service	6	77,805	0	0	0	0	0	0	77,805
Community & Customer Service	702	88,469	14,316	15,078	11,065	8,710	47,659	1,572	186,869
Democracy and Governance	73	155,670	56	0	-71	110	-8,659	195	147,300
Regeneration and Development	112	920,608	58,326	20,798	16,680	17,060	142,906	0	1,176,377
Human Resources	2	400	0	0	0	0	0	0	400
Strategic Finance	18.00	370	0	0	0	0	17,054	0	17,424
Grand Total	913	1,243,322	72,698	35,876	27,673	25,880	198,959	1,767	1,606,176
Percentage of Amount Outstanding		77.41%	4.53%	2.23%	1.72%	1.61%	12.39%	0.11%	100.00%

Commercial Property Rents

5.3 The commercial rent portfolio forms a large part of the Council's total income and it is important that the Council closely monitors this income stream. A detailed breakdown is included in the table below.

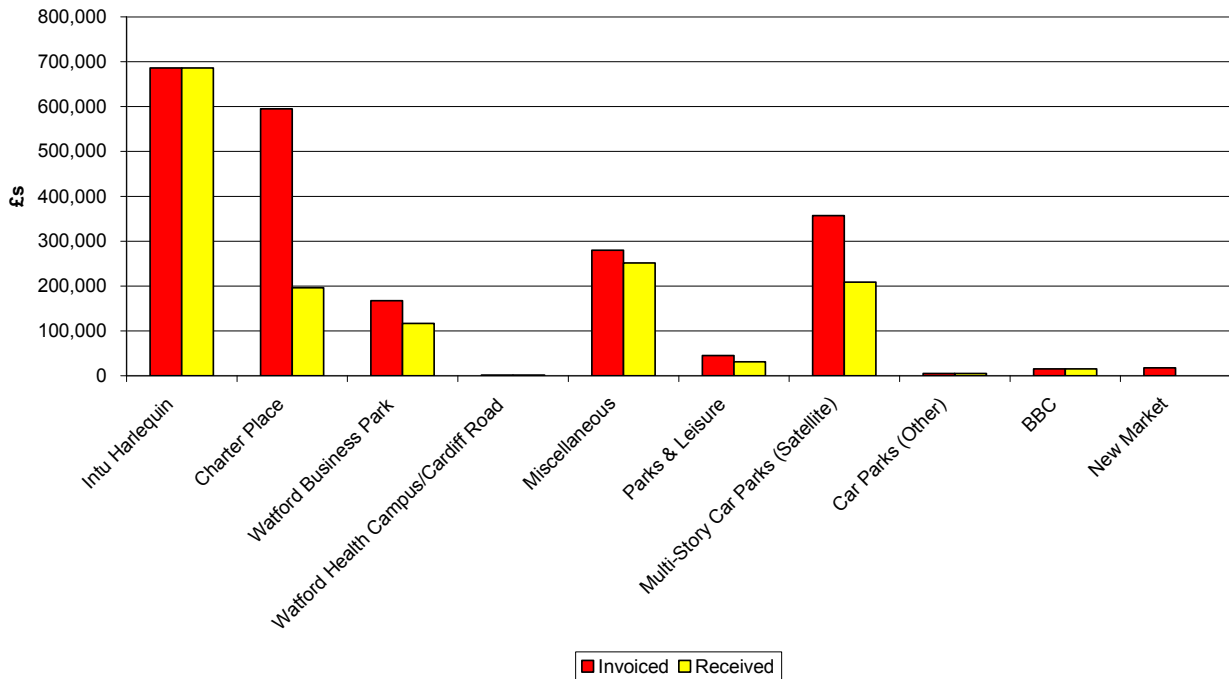
Commercial Property Rents

AREA/Zone/Site	Current Budget for 2015/16	Invoiced to 30/06/2015	Received to 30/06/2015	Forecast rent for 2015/16	Previously Reported Variances	Forecast Variances Period 03
	£	£	£	£	£	£
Intu Harlequin	(910,000)	(686,028)	(686,028)	(853,920)	0	56,080
Watford Business Park	(676,210)	(167,349)	(116,724)	(746,010)	0	(69,800)
Watford Health Campus/Cardiff Road	(56,400)	(1,364)	(1,364)	(56,400)	0	0
Miscellaneous	(1,131,460)	(279,692)	(251,409)	(1,060,950)	0	70,510
Parks & Leisure	(182,260)	(45,001)	(31,100)	(202,260)	0	(20,000)
Car Parks (Other)	(13,400)	(5,089)	(5,089)	(261,150)	0	(247,750)
Multi-Story Car Parks (Satellite)	(868,000)	(357,101)	(208,872)	(910,000)	0	(42,000)
New Market	(45,000)	(17,500)	0	(27,500)	0	17,500
Charter Place	(2,380,000)	(595,000)	(196,188)	(2,430,000)	0	(50,000)
BBC	(61,000)	(15,250)	(15,250)	(61,000)	0	0
Total	(6,323,730)	(2,169,373)	(1,512,023)	(6,609,190)	0	(285,460)

For the period 1 April 2015 to 30 June 2015 the Council has invoiced £2,169,373 with £657,350 of that outstanding. There is a favourable forecast variance for period 03 of £285.5K.

The chart shows the value of the rent invoiced compared to the rent received for commercial properties. This shows that 70% of the rent that has been invoiced in 2015/16 has been received.

Commercial Property Rents - Debtors 2015/16



6 Creditors

6.1 In period 03, the Council has paid 98.63% of undisputed invoices within 30 days and for the year to date is 97.77%. Under government legislation, invoices not paid within 30 days are subject to interest charges (excluding those that are in dispute). To date the Council has not incurred any interest charges.

6.2 A breakdown of payments by department at period 03 is shown in the table below.

Service Area	Monthly Undisputed Invoices Paid	Late Payments	Payments On Time	% Payments On Time Period 03	% Payments On Time YTD
Corporate Strategy & Client Services	67	0	67	100.00	98.67
Community & Customer Services	128	0	128	100.00	98.53
Democracy & Governance	225	7	218	96.89	97.58
Regeneration & Development	113	1	112	99.12	96.37
Managing Director	3	0	3	100.00	100.00
Shared Services (including ICT)	47	0	47	100.00	98.41
Total	583	8	575	98.63	97.77

6.3 The number of payments made by BACS for the month was 99.50% and for the year to date is 99.39%. This is against a target of 90%.

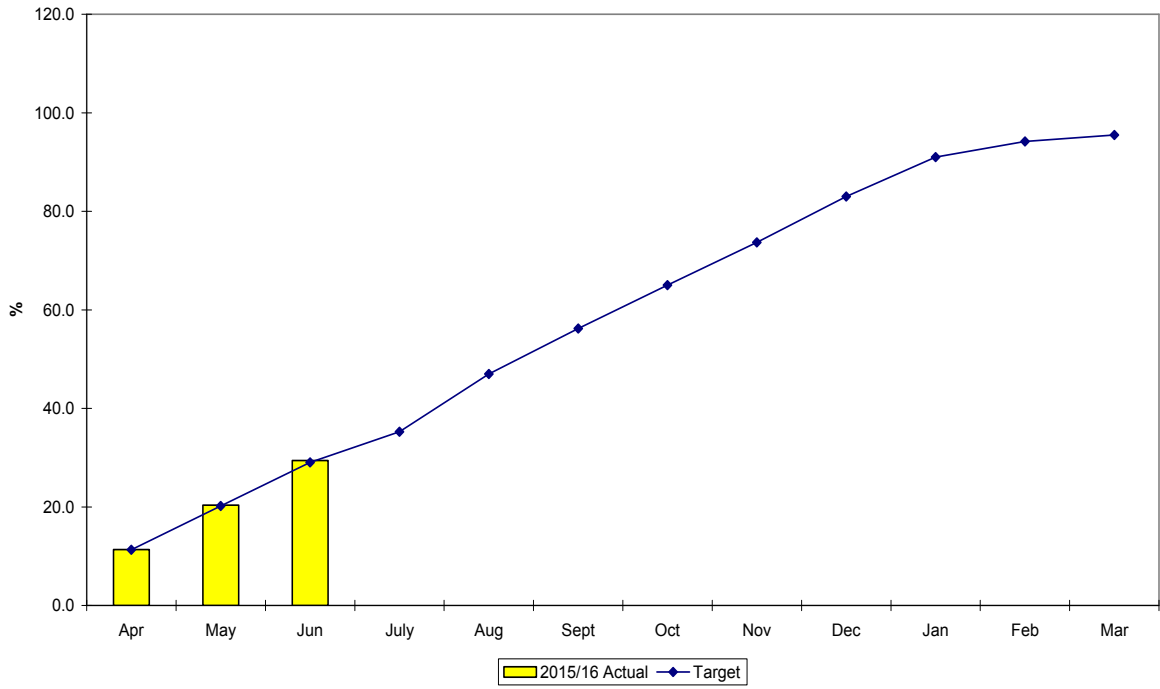
7 Treasury Management

7.1 Treasury Management is kept under close review and currently the return on the Council's investments shows an average annualised return of 0.66% against a benchmark rate of 0.62%. Further information can be found in **Appendix 7**.

8 Council Tax and Business Rates Collection

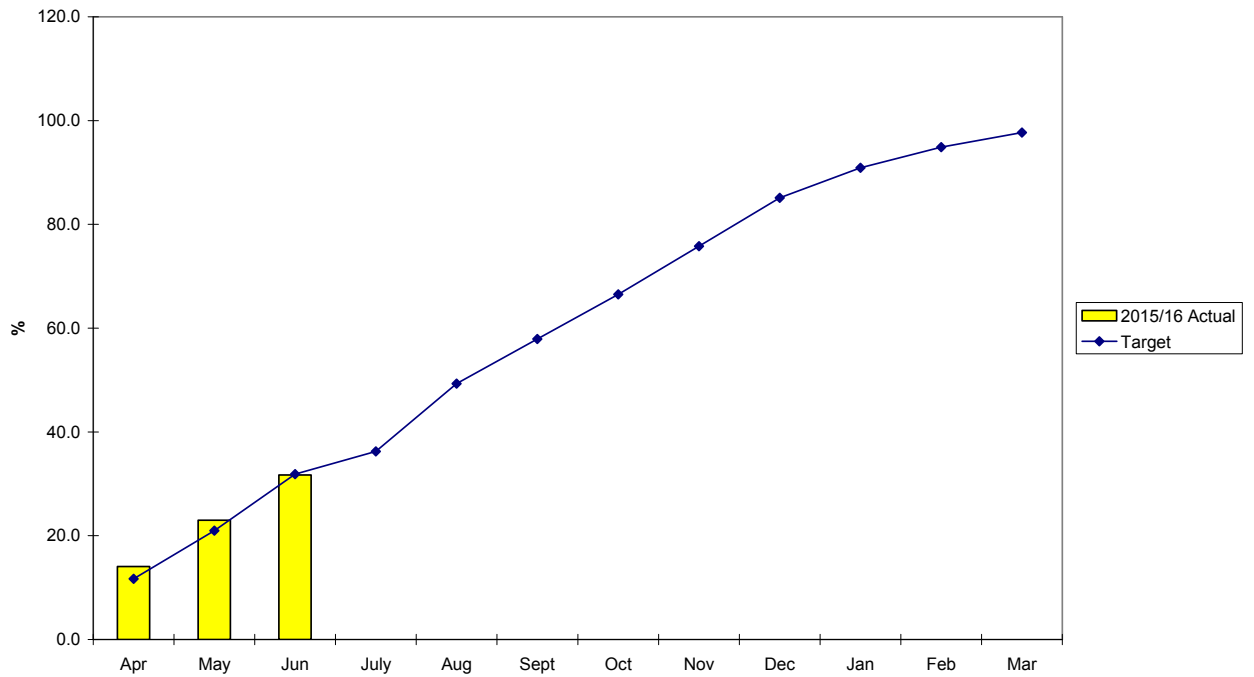
8.1 The Council's performance in the collection of Council Tax can be seen in the following graph. This shows that the collection rates for the year are slightly better than the profiled target. Further information can be found in **Appendix 8**.

Council Tax Collection Rates



8.2 The Council's performance in relation to business rates is shown in the following graph. The actual income collected as at 30th June 2015 is 31.7% which is just below the target of 31.9%. Further information can be found in **Appendix 8**.

Business Rates Income Collection



9 Capital Investment Programme

Capital is defined as spend relating to the acquisition, creation of or subsequent expenditure on assets which are expected to be used for more than one financial year. The Council has a capital programme which includes improving, maintaining or enhancing their properties (eg the Building Investment Programme). Other examples of capital spend include the purchase of refuse freighters and bins, play equipment, ICT equipment and Grants (eg Disabled Facility Grants). Capital spend can only be funded by capital funds such as Section 106 Contributions, Government Grants and Capital Receipts.

Appendix 10 shows the capital programme by Service Area and **Appendix 11** shows each individual capital scheme. These appendices show:-

- original budgets
- current budgets
- actual spend
- variances previously reported
- variances reported this period
- forecast outturn

The original 2015/16 budget for the capital programme was £9,917,570. Services requested capital rephasings from 2014/15 totalling £5,694,591 which was supplemented by an additional £700,000 of budget changes that can be attributed to the purchase of 18 Caxton Way (£650k funded from reserves) and an additional £50k towards outdoor gyms in Cassiobury Park match funded by a contribution from Watford Community Housing Trust. This has therefore resulted in a latest budget for the current year totalling £16,312,161.

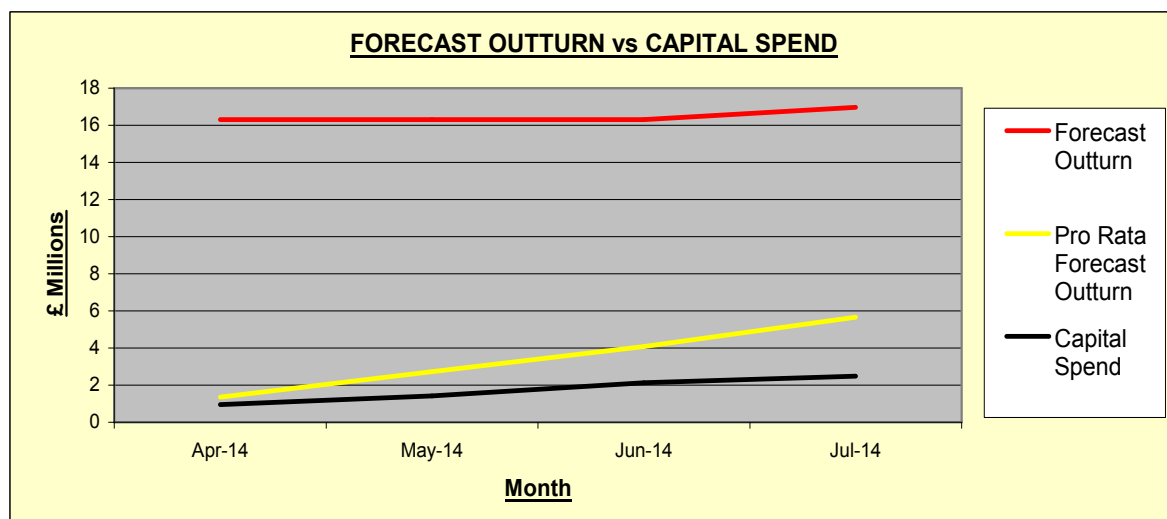
Appendix 11 shows the forecast outturn variances reported for this period and the reasons for such variances.

The table below summarises the changes to the capital programme over the medium term.

	2015/16 £	2016/17 £	2017/18 £
Original Budget	9,917,570	5,136,415	2,154,250
Approved Rephasings from 2014/15	5,694,591	0	0
Original Budget including Rephasings	15,612,161	5,136,415	2,154,250
Approved Budget Changes In Year	700,000	0	0
Current Budget	16,312,161	5,136,415	2,154,250
Previously Reported Outturn Variances	0	0	0
Outturn Variances Reported This Period	654,640	0	0
Forecast Outturn	16,966,801	5,136,415	2,154,250
Actual Spend	2,487,651	0	0

The 2015/16 forecast outturn at period 4 is £16.967m (current capital spend is £2.488m). The two largest capital schemes in value, notably Watford Health Campus (latest budget of £3m) and Cassiobury Park (latest budget of £3.116m) have very little spend to date due to the timing of works.

The chart below shows the current forecast outturn for 2015/16 compared to the actual spend.



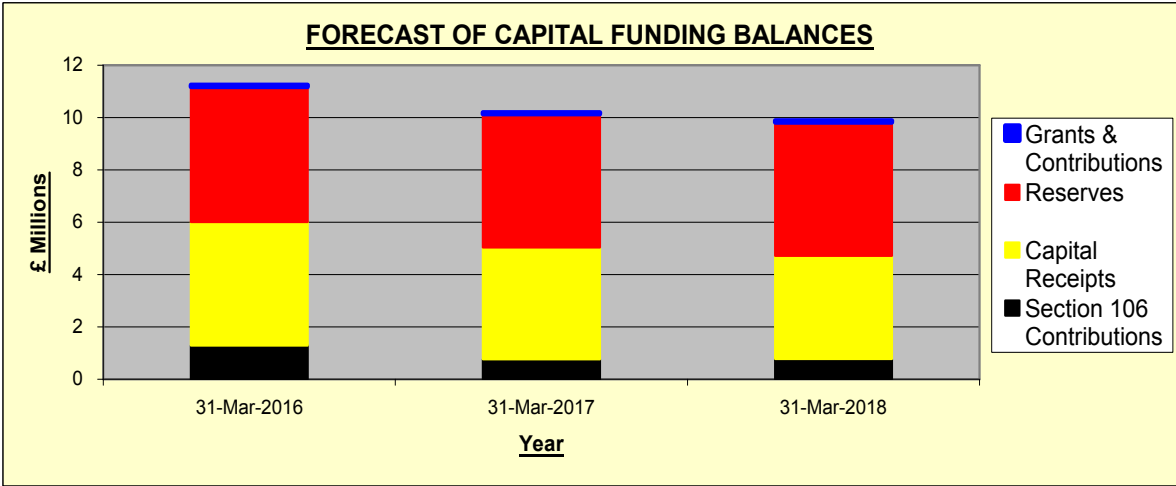
CAPITAL FUNDING

Appendix 12 shows how the Capital Programme is funded. The capital programme is fully funded over the medium term.

The sources of income and funding balances can be summarised in the table below :-

Income Source	Estimated Balance @ 1/4/16	Estimated Balance @ 31/3/18	What generates the income?
Capital Receipts	£4.723m	£3.951m	Asset sales such as land and buildings as well as right to buy sales via Watford Community Housing Trust (WCHT)
Grants & Contributions	£0.068m	£0.068m	Capital grants received including lottery funding as well as 3rd party contributions
Section 106 contributions (incl community infrastructure)	£1.290m	£0.773m	Receipts generated from property developers towards community facilities
Earmarked Reserves	£5.165m	£5.088m	Reserves including New Homes Bonus to be used for capital purposes
Total	£11.246m	£9.880m	

A graphical view of the level of balances available over the medium term is shown below :-



Section 1 - Budget Monitoring							
Summary Revenue Account							
The tables below show, at sub service level, the variances between the current budget and the forecast outturn as at period 03 (June). The figures in this table for each sub service exclude recharges, capital charges and accounting adjustments: these are all shown on the line above the NET EXPENDITURE total.							
Service Area	2015/16 Original Budget	2015/16 Current Budget	2015/16 Actuals to Date	2015/16 Forecast Outturn	2015/16 Variance Current Budget to Forecast Outturn	2015/16 Previously Reported Variances	2015/16 Forecast Variance Period 03
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Corporate Strategy & Client Services	6,949	7,099	1,685	7,218	119	0	119
Community & Customer Services	3,677	4,045	774	4,166	121	0	121
Democracy & Governance	3,215	3,359	860	3,380	20	0	20
Regeneration & Development	(4,797)	(4,564)	(1,868)	(4,887)	(323)	0	(323)
Managing Director	252	252	71	252	0	0	0
Human Resources	574	588	183	588	0	0	0
Strategic Finance (including ICT)	2,902	2,954	406	2,957	3	0	3
Corporate Costs	(110)	(110)	(70)	(110)	0	0	0
Recharges, capital charges and accounting adjustments under statute*	2,514	2,514	2,406	2,514	0	0	0
NET EXPENDITURE	15,177	16,138	4,447	16,078	(60)	0	(60)
Funded By :-							
Council tax and Government Grants (see appendix 4)	(15,156)	(15,156)	(4,145)	(15,156)	(0)	0	0
Surplus / (Deficit) - Transfer to / (from) reserves	(21)	(982)	0	(923)	60	0	60
NET BUDGET REQUIREMENT	(15,177)	(16,138)		(16,078)	60	0	60

* The actuals to date figure includes a one-off lump sum pension payment of £2.1M.

Detailed revenue variances by service area

The table below shows at summary service level the original 2015/16 budget, current 2015/16 budget and variances that have occurred in the year to provide a forecast outturn at 30th June. The reasons for these variances are shown below. The budgets are for direct expenditure and income only and exclude internal support charges and capital charges.

Corporate Strategy and Client	2015/16 Original Budget	2015/16 Current Budget	2015/16 Actuals to Date	2015/16 Forecast Outturn	2015/16 Variance Current Budget to Forecast Outturn	2015/16 Previously Reported Variances	2015/16 Forecast Variance Period 03	Reason for variance
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
Management & Support	117	117	25	117	0	0	0	
Contract Monitoring	303	303	52	306	3	0	3	Salary award to retain key member of staff. The actuals include Veolia invoices up to May only and an accrual to clear.
Parks And Open Spaces	1,089	1,089	267	1,089	0	0	0	The actuals include Veolia invoices up to May only and income/grant not yet received.
Leisure	370	444	104	444	0	0	0	
Grants	744	748	168	748	0	0	0	
Street Cleansing	1,838	1,855	346	1,855	0	0	0	The actuals include Veolia invoices up to May only and credit note to Herts CC relating to 2014/15 weedspraying.
Waste And Recycling	1,967	1,967	608	2,083	116	0	116	Kerbside Recycling budget removed. The actuals include Veolia invoices up to May only and Herts CC accrual to clear (AFM).
Partnerships & Performance	522	577	115	577	0	0	0	
Total	6,949	7,099	1,685	7,218	119	0	119	

Community and Customer Services	2015/16 Original Budget	2015/16 Current Budget	2015/16 Actuals to Date	2015/16 Forecast Outturn	2015/16 Variance Current Budget to Forecast Outturn	2015/16 Previously Reported Variances	2015/16 Forecast Variance Period 03	Reason for variance
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
Customer Services	815	837	189	837	0	0	0	
Housing	588	687	70	792	104	0	104	Additional recruitment costs for Housing Section Head post £30K. Reduced income for out of hours service from Three Rivers District Council £7K as service is no longer used by them. Reduction in income from Watford Community Housing Trust for maintaining their tenants' records on the housing register £17K as service is no longer used by them. Increase in net cost of Bed and Breakfast accommodation for the homeless £50K. The actuals reflect that most of the Homeless grant will not be spent until later in the year.
Environmental Health & Licensing	1,159	1,286	170	1,291	5	0	5	Net increase in the cost of the taxi marshalling scheme £11K. Increase in Housing Standards income for inspection fees, administration charges and court costs (£4K). Increase in fee income for private hire driver licences (£2K). The actuals reflect that the £100K carried forward for Public Health and Nuisance projects has not yet been spent.
Culture & Play	1,115	1,235	344	1,247	12	0	12	Additional consultancy for the Museum re application for funding from Heritage Lottery Fund.
Total	3,677	4,045	774	4,166	121	0	121	

Democracy and Governance	2015/16 Original Budget	2015/16 Current Budget	2015/16 Actuals to Date	2015/16 Forecast Outturn	2015/16 Variance Current Budget to Forecast Outturn	2015/16 Previously Reported Variances	2015/16 Forecast Variance Period 03	Reason for variance
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
Legal And Democratic	1,831	1,875	332	1,893	19	0	19	Members Remuneration (agreed at Council on 11.06.14 Item 12 and 15) not included when revised budgets done. The actuals include £33K IER grant and £117K parliamentary elections grant for the whole year.
Buildings And Projects	1,359	1,459	514	1,459	0	0	0	Actuals include business rates for the whole year for the Town Hall.
Procurement	25	25	15	27	2	0	2	Subscriptions for Herts CC and Bip £2K. The actuals do not include the contribution from Three Rivers, which will not be paid until year end.
Total	3,215	3,359	860	3,380	20	0	20	

Regeneration And Development	2015/16 Original Budget	2015/16 Current Budget	2015/16 Actuals to Date	2015/16 Forecast Outturn	2015/16 Variance Current Budget to Forecast Outturn	2015/16 Previously Reported Variances	2015/16 Forecast Variance Period 03	Reason for variance
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
Commercial Projects	(5,815)	(5,582)	(2,294)	(5,825)	(243)	0	(243)	Premium for Avenue Car Park (£242K), loss of rent from PIB disposals £64K and other rent changes (£125k). New Market running costs £45K and reduced rent income £17K. Reduction in standby allowance (£2K). The actuals include a payment by Intu for car parks now run by Town Centre Car Parks £148K, Intu top up payment for 2014/15 greater than forecast £281K and WRP rent payment in advance £306K.
Development Section	181	181	59	91	(90)	0	(90)	Land charges litigation - estimated additional on legal costs relating to personal searches £50K. Increase in Building Control fee income (£70K) and Land Charges fee income.
Transport And Infrastructure	206	206	154	216	10	0	10	Permanent reduction in car parking from as a result of implementation of a Traffic Regulation Order (TRO) to create bays for Lanchester School. The actuals include expenditure on parking that will be funded from the Parking Reserve.
Policy Team	481	481	108	481	0	0	0	
Economic Development	150	150	105	150	0	0	0	The actuals include a full year's subscription paid for Inward Investment.
Total	(4,797)	(4,564)	(1,868)	(4,887)	(323)	0	(323)	

Managing Director	2015/16 Original Budget	2015/16 Current Budget	2015/16 Actuals to Date	2015/16 Forecast Outturn	2015/16 Variance Current Budget to Forecast Outturn	2015/16 Previously Reported Variances	2015/16 Forecast Variance Period 03	Reason for variance
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
	252	252	71	252	0	0	0	
Total	252	252	71	252	0	0	0	

Human Resources	2015/16 Original Budget	2015/16 Current Budget	2015/16 Actuals to Date	2015/16 Forecast Outturn	2015/16 Variance Current Budget to Forecast Outturn	2015/16 Previously Reported Variances	2015/16 Forecast Variance Period 03	Reason for variance
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
HR Client	574	588	183	588	0	0	0	Three Rivers contribution will not be received until year end.
HR Shared Services	0	0	0	0	0	0	0	
Total	574	588	183	588	0	0	0	

Strategic Finance	2015/16 Original Budget	2015/16 Current Budget	2015/16 Actuals to Date	2015/16 Forecast Outturn	2015/16 Variance Current Budget to Forecast Outturn	2015/16 Previously Reported Variances	2015/16 Forecast Variance Period 03	Reason for variance
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
Finance & Resources	162	162	(12)	162	0	0	0	Actuals include a credit adjustment in respect of outstanding audit fees for 2014/15, and 2015/16 work has not yet been billed.
Finance Services Client	867	889	250	889	0	0	0	
Revenues And Benefits Client	966	966	(329)	966	0	0	0	Actuals reflect that the payment to Three Rivers will not be made until year end.
Revenues And Benefits Shared Service	0	0	0	0	0	0	0	
ICT Service	907	937	497	940	3	0	3	Additional cost to shadow key post prior to maternity leave £3K. Actuals include software licences that have been paid for the whole year.
Total	2,902	2,954	406	2,957	3	0	3	

Corporate Costs	2015/16 Original Budget	2015/16 Current Budget	2015/16 Actuals to Date	2015/16 Forecast Outturn	Variance Current Budget to	Previously Reported Variances	Forecast Variance Period 03	
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
Interest Earned	(220)	(220)	(70)	(220)	0	0	0	
Interest Paid	110	110	0	110	0	0	0	
Accounting Adjustments	0	0	0	0	0	0	0	
Pension Adjustments In I&E	0	0	0	0	0	0	0	
Other Comprehensive Inc & Exp	0	0	0	0	0	0	0	
Cap Exp Not Adding Val-Leisure	0	0	0	0	0	0	0	
Cap Exp Not Adding Val-Property	0	0	0	0	0	0	0	
Total	(110)	(110)	(70)	(110)	0	0	0	

Salary Analysis - Direct Employee Costs

Employees represent one of the highest revenue expenditure items for the Council. The table below shows the total direct employee costs (includes salaries, superannuation, national insurance etc but excludes IAS19 adjustments) at service level and variances between the current budget and the forecast outturn at period 03 (June).

Service Area	2015/16 Original Budget £000's	2015/16 Current Budget £000's	2015/16 Actuals to Date £000's	2015/16 Forecast Outturn £000's	2015/16 Variance Current Budget to Forecast Outturn £000's	2015/16 Previously Reported Variances £000's	2015/16 Forecast Variance Period 3 £000's	Reason for variance
Corporate Strategy & Client Services	933	933	220	935	3	0	3	Salary award to retain key member of staff. Actuals reflect vacancies including Head of Communications and Engagement - see Agency table below.
Community & Customer Services	3,494	3,494	768	3,459	(35)	0	(35)	Savings due to vacancies in Environmental Health and Licencing (See increase in Agency staff below).
Democracy & Governance	1,569	1,569	420	1,569	0	0	0	Actuals include vacancy savings in Committee Services and costs in Legal Services to be charged to the Atrium project.
Regeneration & Development	2,577	2,577	530	2,575	(2)	0	(2)	Reduction in standby allowance in the Valuation and Estates Group. Actuals reflect vacancies - see Agency table below
Managing Director	213	213	53	213	0	0	0	
Human Resources	541	555	124	555	0	0	0	Actuals reflect vacancies - see Agency table below
Strategic Finance - ICT	127	127	31	130	3	0	3	Additional cost to shadow key post prior to maternity leave
Total	9,453	9,467	2,145	9,435	(31)	0	(31)	

Other Costs - Agency Staff

The table below shows the cost of agency staff at service level and variances between the current budget and the forecast outturn at period 03 (June).

Service Area	2015/16 Original Budget £000's	2015/16 Current Budget £000's	2015/16 Actuals to Date £000's	2015/16 Forecast Outturn £000's	2015/16 Variance Current Budget to Forecast Outturn £000's	2015/16 Previously Reported Variances £000's	2015/16 Forecast Variance Period 3 £000's	Reason for variance
Corporate Strategy & Client Services	0	0	16	0	0	0	0	Actuals include the Interim Head of Communications and Engagement.
Community & Customer Services	21	21	47	91	70	0	70	Additional cost for Temp Head of Housing for 6 months £30K. Agency staff in Environmental Health and Licencing funded from vacancy savings £35K. Agency staff for Housing Standards funded from additional income from Houses in Multiple Occupation (HMOs) £5K
Democracy & Governance	0	0	8	0	0	0	0	Actuals reflect cover for vacancies and Atrium project.
Regeneration & Development	35	35	53	35	0	0	0	Actuals reflect cover for vacancies.
Managing Director	0	0	0	0	0	0	0	
Human Resources	0	0	7	0	0	0	0	Actuals reflect cover for vacancies.
Strategic Finance - ICT	63	63	20	63	0	0	0	Expenditure will reduce after December.
Total	118	118	151	188	70	0	70	

Funding Analysis

This table shows the individual funding streams that support the Council's revenue budget. The table below shows there are no variances between the current budget and the forecast outturn at period 03 (June).

Funding Stream	2015/16 Original Budget	2015/16 Current Budget	2015/16 Actuals to Date	2015/16 Forecast Outturn	2015/16 Variance Current Budget to Forecast Outturn	2015/16 Previously Reported Variances	2015/16 Forecast Variance Period 03	Reason for variance
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
Government Grants								
Revenue Support Grant	(2,166)	(2,166)	(722)	(2,166)	0	0	0	
Redistributed Business Rates	(2,577)	(2,577)	(644)	(2,577)	0	0	0	
Council Tax Receipts	(7,696)	(7,696)	(1,924)	(7,696)	0	0	0	
Other Government Funding								
Council Tax Freeze Grant	(83)	(83)	(26)	(83)	0	0	0	
Funding-New Homes Bonus	(2,822)	(2,822)	(828)	(2,822)	0	0	0	
Funding-Business Rate Reduction/(Growth)	189	189	0	189	0	0	0	
Total	(15,156)	(15,156)	(4,145)	(15,156)	0	0	0	

FORECAST REVENUE RESERVE BALANCES AT PERIOD 03**2015/16**

Description	Bal B/F as @ 1-Apr-2015	Agreed use of reserves	Previously Reported Movement	Movement Period 03	Total Movement	Forecast Bal as @ 31-Mar-2016
General Fund Working Balance	-1,350,000					-1,350,000
Capital Financing Reserves						
Leisure Structured Maintenance Reserve	-423,000	4,870			4,870	-418,130
Multi-Storey Car Pk Rep Reserve	-181,000				0	-181,000
Earmarked Reserves	0					0
Budget Carry Forwards Reserve	-1,612,000	1,612,000			1,612,000	0
Car Parking Zones Reserve	-707,000				0	-707,000
Charter Place Tenants Reserve	-160,000				0	-160,000
Climate Change Reserve	-56,000				0	-56,000
Homeless Prevention Reserve	-112,000				0	-112,000
Le Marie Centre Repair Reserve	-13,000				0	-13,000
NNDR Collection Fund Reserve	-4,661,000				0	-4,661,000
Parks Waste & Street Strategy	-60,000				0	-60,000
Recycling Reserve	0				0	0
Rent Deposit Guarantee Scheme	-100,000				0	-100,000
General Reserves						
Area Based Grant Reserve	-86,000				0	-86,000
Development Sites - Decontamination	-646,000				0	-646,000
Economic Impact Reserve	-1,330,000			-60,000	-60,000	-1,390,000
Exam In Public - LDF Reserve	-178,000				0	-178,000
Future Pension Funding Reserve	-2,248,000				0	-2,248,000
High Street Innovation Reserve	-90,000				0	-90,000
Housing & PDG Reserve	-266,000				0	-266,000
Housing Benefit Subsidy Reserve	-997,000				0	-997,000
Insurance Fund Reserve	0				0	0
Invest To Save Reserve	-839,000				0	-839,000
LA Business Growth Incentive Reserve	-570,000				0	-570,000
New Homes Bonus	-3,612,000				0	-3,612,000
Performance Reward Grant Resrv	-28,000				0	-28,000
PRG Capital Grants-One Watford Reserve	-191,000				0	-191,000
Projects and Programmed Management	-1,000,000				0	-1,000,000
Vehicle Replacement	-725,000	198,040			198,040	-526,960
Weekly Collection Support - DCLG	-193,000				0	-193,000
West Herts Crematorium	-50,000				0	-50,000
Revenue Reserves	-21,134,000	1,814,910	0	-60,000	1,754,910	-19,379,090
Total Reserves incl GFWB	-22,484,000					-20,729,090

Key Financial Risk Areas

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 current budget at period 8 (November) and the forecast outturn at period 03 (June).

Service Area	2015/16 Original Budget	2015/16 Current Budget	2015/16 Actuals to Date	2015/16 Forecast Outturn	2015/16 Variance Current Budget to Forecast Outturn	2015/16 Previously Reported Variances	2015/16 Forecast Variance Period 03	Comments
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
Parks, Street & Waste Services	5,785	5,785	883	5,785	0	0	0	The actuals include Veolia invoices up to May only.
Kerbside Recycling Income	(506)	(506)	(11)	(390)	116	0	116	Kerbside Recycling budget removed. Income from Herts County Council will not be received until the end of the year.
Homelessness Spend (net)	160	160	110	210	50	0	50	Net increase in the cost of bed and breakfast accommodation.
Development Control Fee Income	(682)	(682)	(148)	(682)	0	0	0	Fee income is fluctuating and at period 3 it is not clear whether the outturn will change.
Building Control Fee Income	(198)	(198)	(77)	(268)	(70)	0	(70)	Increase in fee income.
Land Charges Fee Income	(50)	(50)	(32)	(120)	(70)	0	(70)	Increase in fee income.
Investment Interest	(220)	(220)	(70)	(220)	0	0	0	See Appendix 7 - Treasury Management Performance.
Commercial rent income	(6,324)	(6,324)	(1,512)	(6,609)	(285)	0	(285)	Property rents changed - includes Avenue Car Park (£242K) and other rent changes (£44K).

Treasury Management Performance

The Council held £38.37M of investments as at 30 June 2015 (see table below). This information is reported in the monthly Members Information Bulletin.

Institution	Principal
<u>Banks</u>	£
Clydesdale	3,000,000
Lloyds	8,370,000
Nat West	3,000,000
<i>Total Banks</i>	14,370,000
<u>Building Societies</u>	
Coventry	4,000,000
Leeds	2,000,000
Nationwide	4,000,000
Principality	6,500,000
Skipton	7,500,000
<i>Total Building Societies</i>	24,000,000
<i>Total</i>	38,370,000

The return on the Council's investments up to 30 June 2015 (excluding the investment of £4.9m for LABV) shows an average annualised return of 0.66% against a benchmark rate of 0.62%. Interest received at 30th June was £69.8K. The forecast remains unchanged at £220K for 2015/16.

CAPITAL SPEND SUMMARY

Cost Centre	Capital Scheme	2015/16									2016/17 Latest Budget	2017/18 Latest Budget
		Original Budget	Approved Rephasings from 2014/15	Approved Budget Changes	(A) Latest Budget	(B) Actual Spend @ Period 4 2015/16	Forecast Outturn @ Period 4	Previously Reported Variances	Variances for Period 4 only	(B) - (A) Cumulative Variance @ Period 4		
WA6920	Key Projects	3,739,710	787,526	0	4,527,236	680,859	4,857,236	0	330,000	330,000	200,000	250,000
WA6921	Environmental Services	258,000	359,862	0	617,862	(10,501)	829,702	0	211,840	211,840	87,125	10,000
WA6922	Community & Leisure Services	3,742,760	2,062,651	50,000	5,855,411	225,110	5,908,211	0	52,800	52,800	2,928,120	0
WA6923	Housing Services	450,000	279,065	0	729,065	130,102	729,065	0	0	0	450,000	450,000
WA6924	Parking Services	0	59,111	0	59,111	24,006	59,111	0	0	0	0	0
WA6925	Asset Management	677,100	493,968	650,000	1,821,068	844,614	1,881,068	0	60,000	60,000	548,170	514,250
WA6926	ICT	325,000	365,928	0	690,928	231,582	690,928	0	0	0	280,000	320,000
WA6927	ICT Shared Services	225,000	919,923	0	1,144,923	204,279	1,144,923	0	0	0	243,000	210,000
WAA601	Corp Serv / Project Mgt	500,000	0	0	500,000	10,326	500,000	0	0	0	400,000	400,000
WA6928	Section 106 Funded Schemes	0	366,557	0	366,557	147,275	366,557	0	0	0	0	0
WA4900	TOTAL CAPITAL PROGRAMME	9,917,570	5,694,591	700,000	16,312,161	2,487,651	16,966,801	0	654,640	654,640	5,136,415	2,154,250

Cost Centre	Capital Scheme	2015/16									2016/17 Latest Budget	2017/18 Latest Budget
		Original Budget	Approved Rephasings from 2014/15	Approved Budget Changes	(A) Latest Budget	(B) Actual Spend @ Period 4 2015/16	(B) Forecast Outturn @ Period 4	Previously Reported Variances	Variances for Period 4 only	(B) - (A) Cumulative Variance @ Period 4		
WA6926	ICT											
WAA109	ICT-Hardware Replacement Prog	160,000	78,537	0	238,537	4,928	238,537	0	0	0	160,000	200,000
WAA132	ICT - Document Management Proc	0	15,000	0	15,000	10,964	15,000	0	0	0	0	0
WAA134	ICT-Env Health	45,000	175,106	0	220,106	195,667	220,106	0	0	0	0	0
WAA212	Telephony-Cost of Server Replacement	0	10,300	0	10,300	0	10,300	0	0	0	0	0
WAA221	ICT-Project Management Provision	120,000	86,985	0	206,985	20,023	206,985	0	0	0	120,000	120,000
WAA980	Asset Management System	0	0	0	0	0	0	0	0	0	0	0
WA6927	ICT Shared Services											
WAA191	ShS-Business Application Upgra	195,000	0	0	195,000	2,850	195,000	0	0	0	165,000	165,000
WAA945	ShS-IT Modernisation	0	898,323	0	898,323	11,574	898,323	0	0	0	0	0
WAA982	ShS-Hardware Replace Prog	30,000	18,000	0	48,000	185,355	48,000	0	0	0	78,000	45,000
WAB925	ShS-HR Appraisal Module	0	3,600	0	3,600	4,500	3,600	0	0	0	0	0
WAA601	Corporate Services / Project Management											
WAA601	Support Services	500,000	0	0	500,000	10,326	500,000	0	0	0	400,000	400,000
WA6928	Section 106 Funded Schemes											
WAB300	Contribution to Croxley Rail Link	0	0	0	0	0	0	0	0	0	0	0
WAB931	Himalayan Way Play Area	0	62,820	0	62,820	55,720	62,820	0	0	0	0	0
WAB932	Jellicoe Road Play Area Improv	0	0	0	0	0	0	0	0	0	0	0
WAB938	Goodwood Rec Play Area Improve	0	0	0	0	0	0	0	0	0	0	0
WAB940	East Drive Play Area	0	0	0	0	0	0	0	0	0	0	0
WAB942	Waterfields Rec Play Area	0	0	0	0	350	0	0	0	0	0	0
WAB944	Berry Avenue Play Area	0	60,000	0	60,000	60,000	60,000	0	0	0	0	0
WAB945	Southwold Road Play Area	0	1,371	0	1,371	1,371	1,371	0	0	0	0	0
WAB946	Ridgehurst Avenue Play Area	0	23,500	0	23,500	3,191	23,500	0	0	0	0	0
WAB948	Riverside Recreation Ground	0	139,257	0	139,257	4,000	139,257	0	0	0	0	0
WAB949	Oxhey Park	0	0	0	0	0	0	0	0	0	0	0
WAB950	King George V Playing Field	0	0	0	0	0	0	0	0	0	0	0
WAB951	Colne River Project	0	60,387	0	60,387	19,115	60,387	0	0	0	0	0
WAB952	Fern Way Play Area Landscaping	0	0	0	0	0	0	0	0	0	0	0
WAB953	Radlet Road MUGA	0	0	0	0	0	0	0	0	0	0	0
WAB954	Knutsford Road	0	0	0	0	0	0	0	0	0	0	0
WAB958	Local Park Improvements	0	2,244	0	2,244	0	2,244	0	0	0	0	0
WAB960	Wiggenhall Allotments	0	0	0	0	0	0	0	0	0	0	0
WAB961	Cherry Tree Allotments	0	0	0	0	0	0	0	0	0	0	0
WAB962	Local Nature Reserves	0	16,978	0	16,978	3,528	16,978	0	0	0	0	0
WAB964	Centennial House Landscaping	0	0	0	0	0	0	0	0	0	0	0
WNC004	Colne Valley Improvements	0	0	0	0	0	0	0	0	0	0	0
WNC022	Multi Use Games At Meriden	0	0	0	0	0	0	0	0	0	0	0
WA4900	TOTAL CAPITAL PROGRAMME	9,917,570	5,694,591	700,000	16,312,161	2,487,651	16,966,801	0	654,640	654,640	5,136,415	2,154,250

CAPITAL FUNDING**FUNDING OF CAPITAL PROGRAMME**

	Latest Forecast 2015/16	Latest Budget 2016/17	Latest Budget 2017/18	Total
Grants & Contributions	2,850,108	2,489,000	239,000	5,578,108
Reserves	1,424,590	77,125	0	1,501,715
Capital Receipts	11,950,356	2,038,170	1,915,250	15,903,776
Section 106 Contributions	741,747	532,120	0	1,273,867
TOTAL CAPITAL FUNDING USED	16,966,801	5,136,415	2,154,250	24,257,466

AVAILABLE CAPITAL FUNDING

	Latest Forecast 2015/16	Latest Budget 2016/17	Latest Budget 2017/18	Total
GRANTS & CONTRIBUTIONS				
Balance Brought Forward	394,179	67,971	67,971	394,179
In Year Receipts	2,523,900	2,489,000	239,000	5,251,900
Used for Financing (as above)	(2,850,108)	(2,489,000)	(239,000)	(5,578,108)
BALANCE CARRIED FORWARD	67,971	67,971	67,971	67,971

RESERVES (INCLUDING NEW HOMES BONUS)				
Balance Brought Forward	6,132,416	5,165,326	5,088,201	6,132,416
In Year Receipts	457,500	0	0	457,500
Used for Financing (as above)	(1,424,590)	(77,125)	0	(1,501,715)
BALANCE CARRIED FORWARD	5,165,326	5,088,201	5,088,201	5,088,201

CAPITAL RECEIPTS				
Balance Brought Forward	12,375,539	4,722,683	4,275,513	12,375,539
In Year Receipts	4,297,500	1,591,000	1,591,000	7,479,500
Used for Financing (as above)	(11,950,356)	(2,038,170)	(1,915,250)	(15,903,776)
BALANCE CARRIED FORWARD	4,722,683	4,275,513	3,951,263	3,951,263

SECTION 106 CONTRIBUTIONS				
Balance Brought Forward	2,017,006	1,290,259	768,139	2,017,006
In Year Receipts + Interest	15,000	10,000	5,000	30,000
Used for Financing (as above)	(741,747)	(532,120)	0	(1,273,867)
BALANCE CARRIED FORWARD	1,290,259	768,139	773,139	773,139

TOTAL CAPITAL FUNDING AVAILABLE				
Balance Brought Forward	20,919,140	11,246,239	10,199,824	20,919,140
In Year Receipts + Interest	7,293,900	4,090,000	1,835,000	13,218,900
Used for Financing (as above)	(16,966,801)	(5,136,415)	(2,154,250)	(24,257,466)
BALANCE CARRIED FORWARD	11,246,239	10,199,824	9,880,574	9,880,574