



# FINANCE DIGEST

2016/17

## BUDGET MONITORING



**Period 9 (31 December)**



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## Executive Summary

The revised budget of **£17.307 million** for 2016/17 was approved by Council on 24 January 2017.

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 Period 9 (December) 2016 set against the revised budget. It also includes trend analysis for comparisons with previous years.

### Revenue summary

The 2016/17 forecast outturn is **£17.125 million**, which gives a favourable variance of **£0.182 million** when compared to the latest budget set by Council on 24 January 2017. This variance is due to the following:-

<u>Variance</u>	<u>£'000</u>
Loss of planning application income	50
Income from Watford Community Housing	(60)
Savings from Kerbside Recycling	(20)
Major projects works for property review	(73)
Other smaller variances (individually >£20,000)	(79)
<b>Total service variance Period 9</b>	<b><u>(182)</u></b>

The variance affects the following reserves:

<u>Reserve</u>	<u>£'000</u>
Programme Management Board reserve	68
Economic Impact reserve	114
<b>Total</b>	<b><u>182</u></b>

The table below shows a summary of the Council's revised use or contribution to reserves for 2016/17.

<b>Medium Term Financial Strategy</b>	<b>2016/17</b>
Revised Budget	17,306,513
Variances this period (Appendix 1A)	(181,660)
<b>Forecast Outturn</b>	<b>17,124,853</b>
Funding (income from business rates, grants and council tax)	(15,385,657)
Budgeted use of reserves	(1,920,856)
<b>Total funding and use of reserves</b>	<b>(17,306,513)</b>
Additional contribution to reserves	(181,660)
<b>Revised contribution from reserves</b>	<b>1,739,196</b>

### Capital summary

The 2016/17 revised capital budget is £48.704 million. Services are forecasting an outturn position of £47.039 million giving a variance of £1.665 million. The variance is primarily due to the re-phasing of £1.047 million on the Health Campus, £0.257 million on the Building Investments programme and £0.2 million on the Fulleriens sports facility in Cassiobury Park.

Property Investment Board have purchased two investment properties costing **£10.044 million** using ring-fenced receipts from previous disposals and additional funds agreed by Council.

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

Description	Balance at 1 April	Agreed use of Reserves	Previously reported Movement	Reported Movement this time	Total	Balance at 31 March 2017
	£000	£000	£000	£000	£000	£000
Capital Financing	(6,075)	299	(14)	0	285	(5,790)
Earmarked Reserves	(17,547)	1,933	(13)	(182)	1,739	(15,808)
General Fund	(1,350)	0	0	0	0	(1,350)
<b>Total</b>	<b>(24,972)</b>	<b>2,232</b>	<b>(27)</b>	<b>(182)</b>	<b>2,024</b>	<b>(22,948)</b>

### The financial balanced scorecard

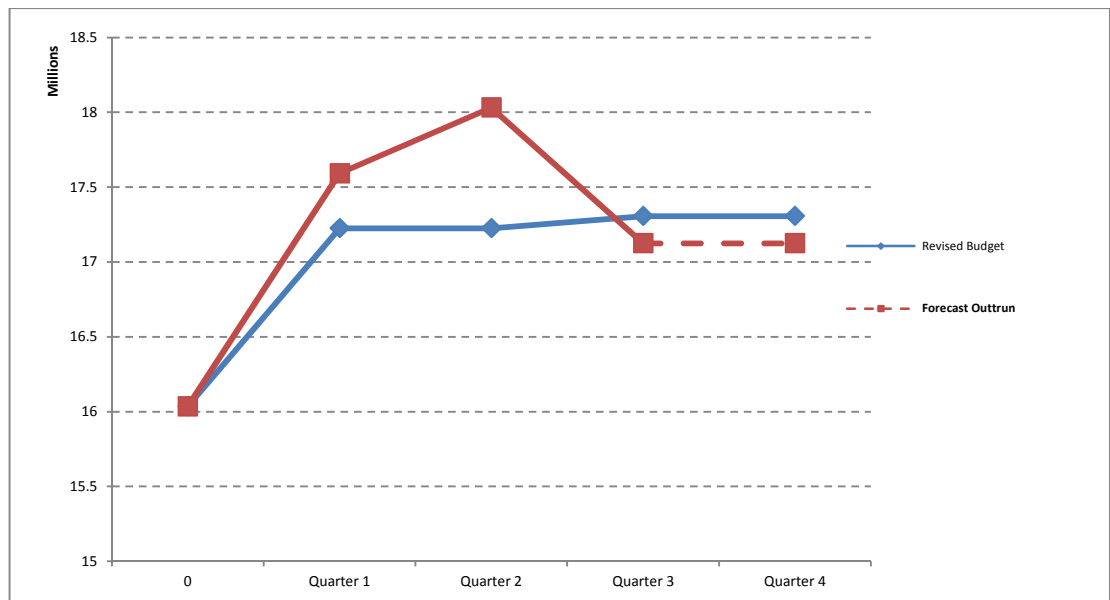
<p><b><u>REVENUE</u></b></p> <ul style="list-style-type: none"> <li>➤ The revenue budget for 2016/17 was revised at Council on 24 Jan 17</li> <li>➤ Services are forecasting a favourable outturn variance of £0.182 million against the revised budget.</li> </ul>	<p><b><u>CAPITAL</u></b></p> <ul style="list-style-type: none"> <li>➤ There is a re-phasing of £1.05 million to later years for the Watford Health Campus</li> <li>➤ To date just over half of the planned budget has been spent.</li> </ul>
<ul style="list-style-type: none"> <li>➤ Forecast income from in-year PIB investments is £300,000.</li> <li>➤ Collection rates for business rates and council tax are on target</li> </ul> <p><b><u>INCOME</u></b></p>	<ul style="list-style-type: none"> <li>➤ The Council approved budget shows a funding gap of £2.033 million over the three year MTFs to 2019/20</li> <li>➤ This is currently covered by reserves in the MTFs</li> </ul> <p><b><u>FUNDING GAP</u></b></p>

## 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 revised budget is **£17.307 million**. The forecast outturn is now estimated to be **£17.125 million** which results in a favourable service variance of **£0.182 million**.

1.3 The revised budget and forecast outturn for the current financial year (2016/17) at the end of December are plotted on the graph below;



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

<b>Revenue Account 2016/17</b>			
<b>Service Area</b>	<b>Revised Budget</b>	<b>Forecast Outturn</b>	<b>Variance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Corporate Strategy & Client Services	7,417	7,391	(26)
Community & Customer Services	5,066	4,986	(80)
Democracy & Governance	3,405	3,380	(25)
Regeneration & Development	(4,760)	(4,821)	(61)
Managing Director	660	663	3
Human Resources	575	575	0
Strategic Finance	5,320	5,327	7
Adjustment Under Statute	(376)	(376)	0
<b>Net Expenditure (services)</b>	<b>17,307</b>	<b>17,125</b>	<b>(182)</b>

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

***Corporate Strategy & Client Services***

1.5.1 There is a saving of £20,000 in kerbside recycling due to the rationalisation of the service and a £5,000 saving on consultancy costs in year.

***Community & Customer Services***

1.5.2 £60,000 additional rental income from Watford Community Housing Trust (WCHT) for temporary accommodation properties managed on behalf of WBC.

Additional income of £8,000 received from local businesses to support the taxi marshalling scheme.

£5,100 extra income from EH providing hygiene training and also providing food export certificates.

***Democracy & Governance***

1.5.3 Savings of £15,000 on Councillors' national insurance payments and £8,350 due to a vacancy.

***Regeneration & Development***

1.5.4. Planning application fees are below budget by £50,000 due to lower demand for the service. This is offset by a £15,000 saving on management fees for the monitoring of CCTV and the Town Hall car park expected to generate additional income of £15,000. £4,000 saving on subscription on professional membership will not be spent. The revenue budget of £72,510 on the following 4 PMB projects has been deferred to 2017/18 (the budget for which will need to be carried forward at year end).

- Digital Smart Town £25,000
- Corporate Property Review £30,000
- Western Gateway (Ascot Rd) £10,510

- Property Outsourcing Project £7,000

### ***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. Profiling spreads the budget across the months of the year to match where income/expenditure is anticipated.

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 Period 9.

<b>Service Area</b>	<b>Profiled Budget £000</b>	<b>Actual £000</b>	<b>Variance £000</b>
Corporate Strategy & Client Services	5,291	5,238	(53)
Community & Customer Services	3,616	3,510	(106)
Democracy & Governance	2,536	2,332	(204)
Regeneration & Development	(3,167)	(2,473)	694
Managing Director	484	345	(139)
Human Resources	446	485	39
Strategic Finance	5,099	5,456	357
<b>Net Expenditure</b>	<b>14,305</b>	<b>14,893</b>	<b>588</b>

1.8 The significant reasons for the variance are shown below.

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

1.8.1 The variance against profile is due to underspend on projects of £12,000, advertising costs also amounting to £12,000 and on development costs of £29,000. The service anticipates that this will be spent in the final quarter.

#### ***Community & Customer Services***

1.8.2 Grant monies of £22,000 received from Home office (Refugee project) and £25,000 from Historic England (Little Cassiobury) in advance of spend in the year. There is also income received in advance for licensing totalling approx. £30,000 which relates to 2017/18. Underspend on staffing of £30,000 due to a long term sickness and vacancies.

#### ***Democracy & Governance***

1.8.3 Government grant of £102,000 received for EU referendum, expenditure and election claim yet to be concluded by Cabinet Office Election Claims Unit. Balance will be held by the Council pending a final decision on expenditure. Lower spend on the Neighbourhood forums of £29,000. Lower spend of £69,000 on property maintenance, which is expected to be spent by the end of the year.

#### ***Regeneration & Development***

1.8.4 The management of commercial properties has been outsourced to Lambert Smith Hampton; the variance in income is due to a timing difference between their invoicing and collection and then the transfer of receipts to the Council.

Rents collected are transferred on the last working day of every month. Profiling will be adjusted for the next financial year.

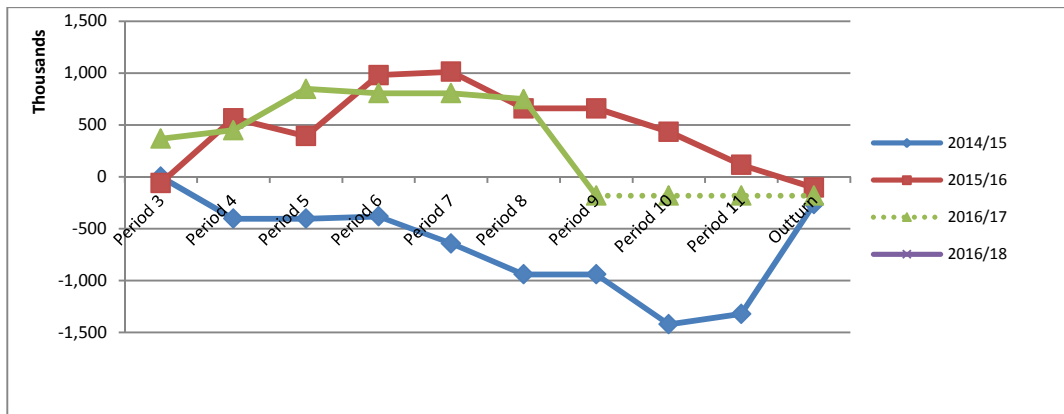
**Managing Director**

1.8.5 Project costs of £60,000 and agency costs of £78,000 yet to be incurred, possible carry forward to 2017/18.

**Strategic Finance**

1.8.6 ICT revenue costs of £176,000 are above a profile at this point; accountancy and ICT are currently working to ensure the correct allocation of costs against the relevant capital, revenue and shared service recharge budgets and this figure is expected to reduce once this work has been done. In Revenue and Benefits there is a timing difference between payments being made to claimants and recovery through the housing benefit grant received from the government; this amounts to £230,000.

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



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

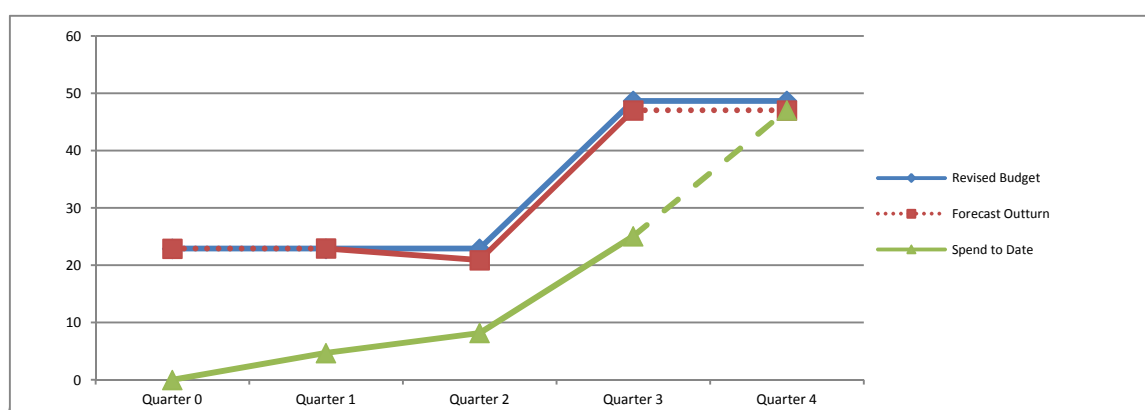


**2.0 Capital Investment Programme**

2.1 The Council has an approved capital investment programme that is designed to support the core services. The original investment programme for 2016/17 (as approved by Council in January 2016) was **£13.280 million**. The revised budget is **£48.704 million** as approved by council on 24 January 2017.



- 2.2 The forecast outturn is estimated to be **£47.039 million** which is **£1.665 million** lower than the latest budget.
- 2.3 The Council's medium term capital investment programme for 2016-2017 is shown at summary level in **Appendix 2** and by each scheme at **Appendix 3**, together with an update on each scheme.
- 2.4 As at end of period 9 (31 December) services have spent **£25.081 million** against the revised budget of £48.704 million, which represents 51% of the annual budget. Of the total spend to date, £7.185 million relates to the Health Campus project and £3.243 million relates to the Cassiobury Park restoration project and £9.993million relates to PIB.
- 2.5 The graph below shows the Council's revised budget, forecast outturn and the actual spend to date for the current financial year (2016/17). The expenditure to date has been extrapolated (dashed line) to show it meeting the forecast position.



- 2.6 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. Borrowing is required for 2016/17, though this will be funded from internal cash resources.
- 2.7 The largest source of funding is from the capital receipts reserve which has accumulated over the years by the disposal of the Council's surplus assets including the receipt received from the sale of ex-council dwellings to Watford Community Housing Trust under the stock transfer agreement.
- 2.8 The table below shows the forecasted position of the capital receipts reserve as it supports the capital spending. The details of each funding stream are shown at **Appendix 4**.

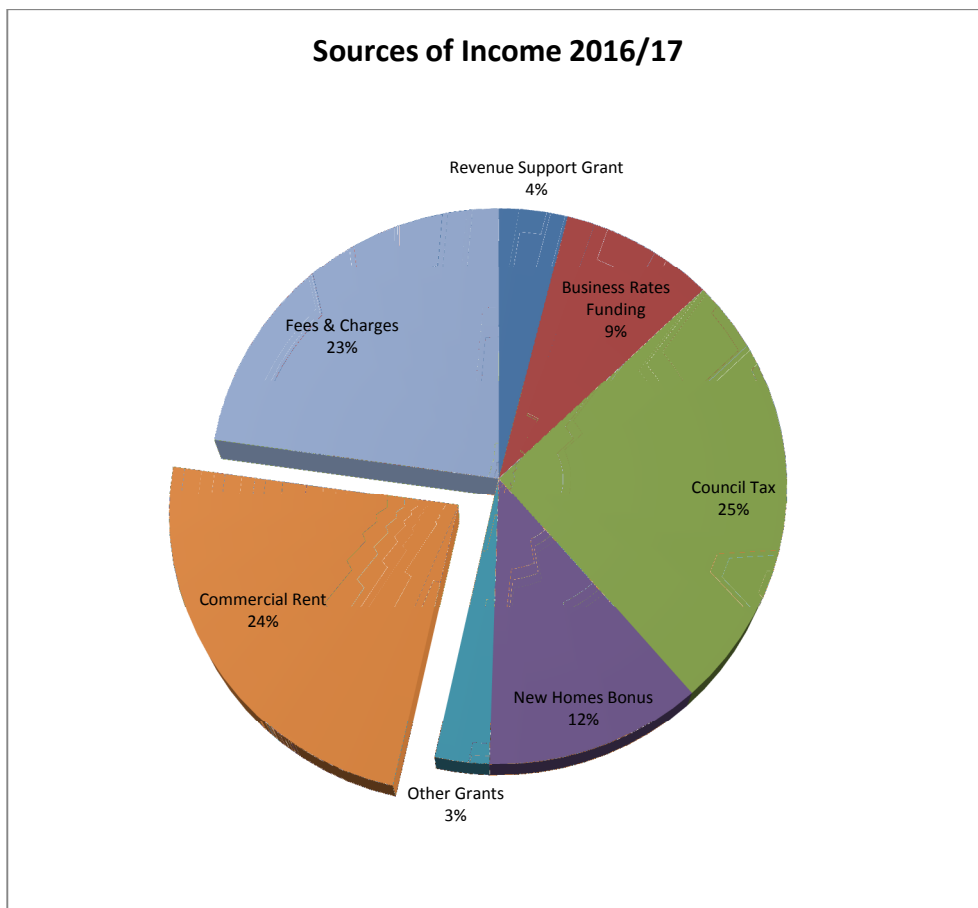
Capital Receipts Reserve	2016/17 £000
Balance at 1 April 2016	(17,486)
In Year Receipts	(6,799)
Used to Finance Capital Spend	15,434
<b>Balance at 31 March 2017</b>	<b>(8,851)</b>

### 3.0 Council Income

3.1 In providing its services to the public, the Council receives income from the Government, its Council tax payers and customers who pay a fee or charge for using a particular Council service.

3.2 The total of all these sources of income for 2016/17 is £30.271 million. The three biggest sources of income are council tax, commercial property rental income and income from service fees and charges. It should be noted that although the Council will receive £1.310 million in Revenue Support Grant for 2016/17 although this will reduce to zero by 2019/20.

3.3 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	Revised Budget 2016/17	Forecast 2016/17	Actuals to date	Income Description
Regeneration & Development	Rent	£7,138,640	£7,138,640	£4,440,932	Rents form commercial property including Intu as well as rental income from multi storey car parks.
	Car Parking	£1,186,450	£1,201,450	£987,296	Income largely from Avenue, Town Hall & Longspring car parks as well as the Parking Shop
	Development Section	£924,350	£874,350	£770,084	Income from planning applications, building control and land charges
Community & Customer Service	Environmental Health & Licensing	£444,297	£453,397	£442,460	Income from all Licensing activities including Hackney Carriage (taxis), pest control and fixed penalty notices for environmental crime. Includes income relating to 17/18 which will be moved at year end.

#### ***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 31 December 2016 the total outstanding value of debt was **£0.901 million** of which £0.407 million (45%) is less than one month old and therefore it is anticipated that this will be recovered. Outstanding debt over a year old is £0.212 million and equates to twenty three per cent of the total. The table below shows a summary of the outstanding debt by the three main aged categories and further detail can be found at **Appendix 5**.

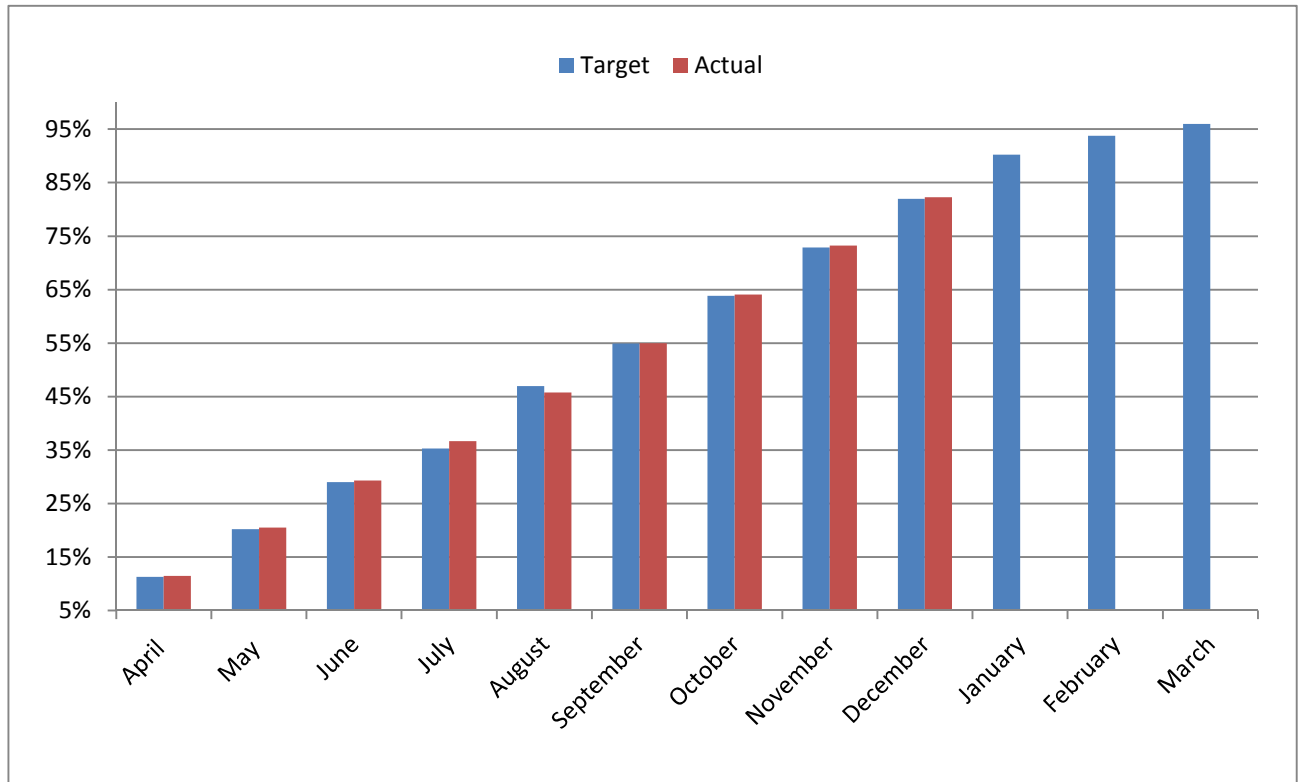
Aged Debtors At the end of December	Under 1 Month	Over 1 month to Year	Over a Year	Total
Service	£	£	£	£
Community & Customer Service	75,585	80,154	38,652	194,391
Democracy & Governance	240	1,120	3,176	4,536
Regeneration & Development	93,760	184,286	169,183	447,228
Managing Director	16,267	704	0	16,971
Human Resources	2,622	5,727	0	8,349
Finance	218,067	9,868	128	228,063
Recovery Charges	290	675	480	1,445
<b>Total</b>	<b>406,831</b>	<b>282,533</b>	<b>211,619</b>	<b>900,983</b>

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

#### **Council Tax Collection**

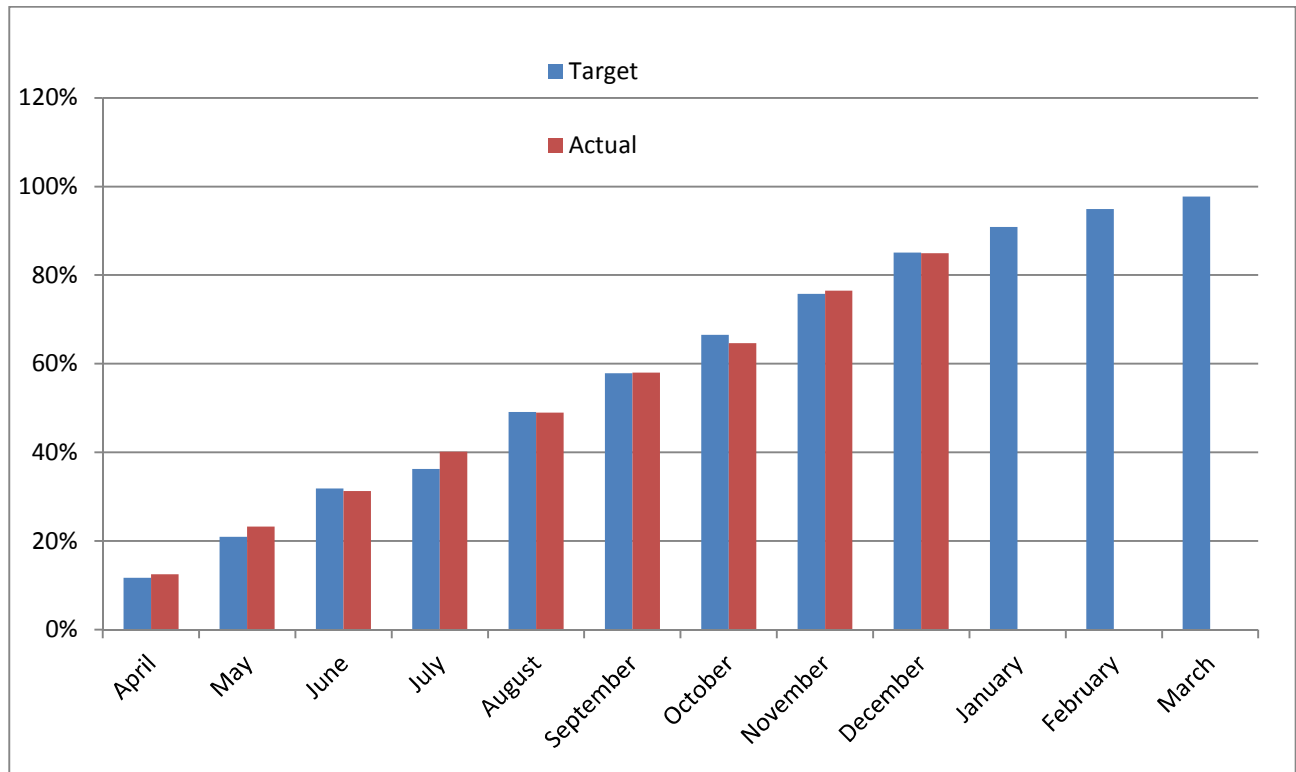
3.8

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 31 December 2016 is 82.29 % of the annual target which is above the profiled target of 81.96%. Further information can be found at **Appendix 6**.



## Business Rates Collection

- 3.9 The Council's performance for **business rates** collection is shown in the following chart. The actual income collected as at 31 December 2016 is 84.92% of the annual target which is just below the profiled target of 85.10%. Further information can also 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 was previously 0.62%, however since the reduction in the bank base rate in August to 0.25% the target has been revised to 0.37%. Up to the end of Period 9 (31 December), the average annualised interest rate earned on investments was 0.68%.
- 4.2 The Council set a budget of **£250,000** on investment interest for 2016/17. The amount earned up to Period 9 was **£233,000**.
- 4.3 Future returns are likely to reduce as large sums previously invested will be released to support the Council's major capital projects. Furthermore with the bank base rate at its historic low it will mean that any sums invested now will be at the lower rates.

## 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	Revised Budget	Forecast Outturn	Variance	Comment
	£000	£000	£000	
Temporary Accommodation	863	863	0	On target as per previously revised in year
Development Control Fees	(534)	(484)	50	Reduction in planning fees due to uncertainty in the housing market
Commercial Rent	(7,139)	(7,139)	0	On target as per previously revised in year

Report prepared by: Nigel Pollard – Section Head (Accountancy)  
Pritesh Shah – Finance Manager

Report reviewed by: Bob Watson – Head of Finance

### Background Papers

2015/16 Outturn report

Budget returns from Heads of Service

In Year Finance Digests

Budget Report 'Financial Planning' 2017-2020

### APPENDICES

- Appendix 1 Revenue Summary – By Service and explanations
- Appendix 2 Capital Programme (2016/17) Summary
- Appendix 3 Capital Programme (2016/17) Detail
- Appendix 4 Capital Funding
- Appendix 5 Aged Debtor Analysis
- Appendix 6 Collection Rates for Council Tax & Business Rates
- Appendix 7 Key Financial & Budgetary Risks
- Appendix 8 Key Service Budget Risks
- Appendix 9 Reserves

**REVENUE SERVICES – FINANCIAL POSITION AT PERIOD 9**

Service Area	Budgets & Forecast at 31 December P9			Actuals compared to profiled budget at 31 December P9		
	Revised Budget	Forecast Outturn	Variance	Revised Budget profiled	Actual	Variance
	£	£	£	£	£	£
<b>Corp Strategy &amp; Client Service</b>						
Management & Support	112,890	112,410	-480	84,668	75,275	-9,393
Contract Monitoring	346,530	346,100	-430	259,918	262,704	2,786
Parks And Open Spaces	1,266,740	1,266,740	0	860,977	878,223	17,246
Leisure	534,310	534,310	0	476,743	450,724	-26,019
Grants	750,870	750,870	0	563,152	586,575	23,423
Street Cleansing	1,794,480	1,794,480	0	1,196,338	1,197,734	1,396
Waste And Recycling	1,987,500	1,967,500	-20,000	1,444,486	1,438,842	-5,644
Partnerships & Performance	623,900	618,900	-5,000	404,926	347,726	-57,201
<b>Totals - Corp Strategy &amp; Client Service</b>	<b>7,417,220</b>	<b>7,391,310</b>	<b>-25,910</b>	<b>5,291,208</b>	<b>5,237,802</b>	<b>-53,406</b>
<b>Community &amp; Customer Service</b>						
Customer Services	842,120	824,120	-18,000	631,591	581,318	-50,273
Housing	1,780,800	1,726,470	-54,330	1,339,581	1,302,211	-37,370
Environmental Hlth & Licensing	1,318,783	1,318,353	-430	768,709	742,405	-26,304
Culture & Play	1,078,010	1,077,150	-860	876,474	883,437	6,963
<b>Totals - Community &amp; Customer Service</b>	<b>5,066,213</b>	<b>4,986,093</b>	<b>-80,120</b>	<b>3,616,355</b>	<b>3,509,370</b>	<b>-106,985</b>
<b>Democracy &amp; Governance</b>						
Legal And Democratic	1,867,060	1,842,240	-24,820	1,402,378	1,251,396	-150,982
Buildings And Projects	1,511,070	1,510,580	-490	1,133,303	1,063,320	-69,983
Procurement	26,990	26,990	0	243	16,950	16,707
<b>Totals - Democracy &amp; Governance</b>	<b>3,405,120</b>	<b>3,379,810</b>	<b>-25,310</b>	<b>2,535,924</b>	<b>2,331,666</b>	<b>-204,258</b>

	Budgets & Forecast at 31 December P9			Actuals compared to profiled budget at 31 December P9		
Service Area	Revised Budget	Forecast Outturn	Variance	Revised Budget profiled	Actual	Variance
	£	£	£	£	£	£
<b>Regeneration &amp; Development</b>						
Property Management	818,390	770,670	-47,720	477,030	461,361	-15,670
Investment Assets Outsourced	-6,581,755	-6,581,755	0	-4,936,316	-4,179,644	756,672
Operational Assets - Owner Occupied	-218,560	-218,560	0	-126,519	-139,774	-13,255
Community Assets	-18,300	-18,300	0	-13,726	-13,843	-117
Development Section	305,550	346,550	41,000	229,163	195,020	-34,143
Transport And Infrastructure	203,990	173,930	-30,060	643,460	627,120	-16,340
Policy Team	467,710	468,710	1,000	348,731	320,966	-27,765
Economic Development	262,416	237,416	-25,000	211,254	255,930	44,676
<b>Totals - Regeneration &amp; Development</b>	<b>-4,760,559</b>	<b>-4,821,339</b>	<b>-60,780</b>	<b>-3,166,923</b>	<b>-2,472,865</b>	<b>694,058</b>
<b>Managing Director</b>						
Corporate Management	659,800	662,750	2,950	483,600	344,853	-138,747
<b>Totals - Managing Director</b>	<b>659,800</b>	<b>662,750</b>	<b>2,950</b>	<b>483,600</b>	<b>344,853</b>	<b>-138,747</b>
<b>Human Resources</b>						
Human Resources Client	149,360	149,360	0	112,020	98,832	-13,188
HR Shared Service	426,290	426,250	-40	334,218	386,767	52,549
<b>Totals - Human Resources</b>	<b>575,650</b>	<b>575,610</b>	<b>-40</b>	<b>446,238</b>	<b>485,599</b>	<b>39,361</b>
<b>Strategic Finance</b>						
Finance & Resources	225,390	225,390	0	120,118	100,405	-19,713
Finance Services Client	894,750	894,750	0	892,250	899,884	7,634
Revenues And Benefits Client	1,114,320	1,114,320	0	1,068,241	1,299,380	231,139
ICT Service	870,190	877,740	7,550	698,161	874,721	176,560
Corporate Costs	2,215,370	2,215,370	0	2,320,066	2,281,217	-38,849
<b>Totals - Strategic Finance</b>	<b>5,320,020</b>	<b>5,327,570</b>	<b>7,550</b>	<b>5,098,836</b>	<b>5,455,606</b>	<b>356,770</b>
<b>Adjustments Under Statute</b>	<b>-376,950</b>	<b>-376,950</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>GRAND TOTALS</b>	<b>17,306,514</b>	<b>17,124,854</b>	<b>-181,660</b>	<b>14,305,238</b>	<b>14,892,031</b>	<b>586,793</b>



## Explanation of Revenue Variance Reported for Period 9 (December) 2016/17

Service Area	Description	Details of Changes Reported	£
Corporate Strategy & Client Service	Partnership & Performance	Reduction on consultancy spend	(5,000)
	Recycling - Kerbside	Further savings identified on contract costs	(20,000)
		<b>TOTAL</b>	<b>(25,000)</b>
Community & Customer Service	WBC Properties	Income from WBC properties, managed by WCHT	(60,000)
	Food Safety	Additional income from hygiene training and issuing food export certificates	(5,100)
	Taxi Licensing (inc. Hackney)	Additional income to fund the the taxi marshall scheme	(4,100)
	Licensing Act 2003	Income from Awards ceremony	(2,000)
		Other Variances	(6,600)
		<b>TOTAL</b>	<b>(77,800)</b>
Democracy & Governance	Legal Services Team	Savings on employee costs	(8,350)
	Members Remuneration	Predicted underspend on members NI costs	(15,000)
		<b>TOTAL</b>	<b>(23,350)</b>
Regeneration and Development	CCTV	Savings on management fee for the year	(15,000)
	Building control	Savings on subscriptions	(4,000)
	Development Control	Based on current activity, further reduction in income from planning application fees	50,000
	Economic Developments Projects	Spend not incurred on projects	(25,000)
	Valuation & Estates Group	Spend not incurred on projects	(47,510)
	Town Hall Car Park	Income from parking	(15,000)
		Other Variances	(4,000)
		<b>TOTAL</b>	<b>(60,510)</b>
Strategic Finance	Service Transformation	Spend on Professional fees	5,000
		<b>TOTAL</b>	<b>5,000</b>
		<b>GRAND TOTAL</b>	<b>(181,660)</b>

**CAPITAL INVESTMENT PROGRAMME - SUMMARY**

Capital Scheme	Revised Budget 2016/17 £	Forecast Outturn £	Variance £	Actual £	Draft Budget 2017/18 £	Draft Budget 2018/19 £	Draft Budget 2019/20 £
<b>Key Projects</b>	14,142,313	12,990,855	(1,151,458)	7,433,997	14,881,860	14,362,930	13,709,000
<b>Environmental Services</b>	362,850	469,183	106,333	264,683	125,381	440,125	100,000
<b>Community &amp; Leisure Services</b>	9,743,664	9,462,004	(281,660)	5,298,196	2,717,160	2,365,000	15,000
<b>Housing Services</b>	816,370	816,370	0	405,527	2,450,000	2,525,000	2,450,000
<b>Parking Services</b>	91,507	91,507	0	59,837	0	0	0
<b>Asset Management</b>	2,205,398	1,868,398	(337,000)	340,736	4,613,905	5,874,805	496,810
<b>ICT</b>	404,496	394,960	(9,536)	76,911	325,500	320,000	320,000
<b>ICT Shared Services</b>	924,000	924,000	0	1,035,202	210,000	210,000	210,000
<b>Section 106 Funded Schemes</b>	174,841	183,411	8,570	162,658	0	20,000	0
<b>Corp Serv / Project Mgt</b>	552,470	552,470	0	0	675,470	677,470	679,470
<b>Property Investment Board</b>	19,286,250	19,286,250	0	10,002,893	0	0	0
<b>TOTAL CAPITAL PROGRAMME</b>	<b>48,704,159</b>	<b>47,039,408</b>	<b>(1,664,751)</b>	<b>25,080,639</b>	<b>25,999,276</b>	<b>26,795,330</b>	<b>17,980,280</b>

**CAPITAL INVESTMENT PROGRAMME – DETAIL**

Capital Scheme	Revised Budget 2016/17 £	Forecast Outturn £	Forecast Variance £	Actual £	Scheme Update
<b>Key Projects</b>					
New Market	122,573	122,573	0	105,552	
CSI Project	182,500	82,500	(100,000)	21,108	Rephasing into 2017/18 due to project review
Campus-Client Side & Land Assy	359,000	359,000	0	485,234	
Campus-Equity	4,474,000	4,474,000	0	4,700,000	
Campus-Hospital Loan	2,000,000	2,000,000	0	2,000,000	
Campus-Ind Zone South	150,000	235,250	85,250	0	
Campus-Ind Zone South (Loan)	5,933,000	5,000,000	(933,000)	0	Scheme updated routinely working in conjunction with our LABV partner, Kier Construction. Latest forecast was received Jan '17.
Campus-Willow Lane (Ph 1)	403,000	227,100	(175,900)	0	
Campus-Riverside East (Ph 2)	210,000	194,790	(15,210)	0	
Campus-Riverside C'tral (Ph 3)	24,000	0	(24,000)	0	
Campus-Riverside West (Ph 4)	24,000	0	(24,000)	0	All variances relate to rephasings affecting 2017/18
Campus-Island Resid'tial-Hotel	0	5,240	5,240	0	
Campus-Island Resid'tial-Sch'e	0	17,350	17,350	0	
Campus-Cardiff Road North	0	17,480	17,480	0	
Green Spaces Strategy	89,000	137,000	48,000	102,712	Variance in part funded by an additional £8k contribution received from Kier with the remaining £40k rephased from 2017/18
Website Enhancement	3,400	732	(2,668)	732	No further spend expected
Cultural Quarter Phase 1	167,840	117,840	(50,000)	18,659	Unresolved issues with contractor. £50k rephase into 2017/18
Loan to HHW	0	0	0	0	
<b>Environmental Services</b>					
Replacement Domestic Bins	0	0	0	0	
Electric Vehicle Charging Units	11,884	11,884	0	6,083	
Veolia Contract Fleet	0	0	0	0	
Transit Vans x 2	33,706	33,706	0	33,706	
Pest Control Van	13,560	13,560	0	13,578	
Wood Chipper / Shredder	15,500	15,500	0	15,300	
Cricket Pitch Roller	11,100	11,100	0	10,700	
Caged Vehicle / Bulky Lorry	15,000	15,000	0	15,000	
Pedestrian Aerator	7,650	8,983	1,333	8,983	Actual cost slightly higher than originally expected.
Mounted Aerator	24,450	24,450	0	24,450	
Electric Van	25,000	25,000	0	0	
Food Caddies Rollout	0	105,000	105,000	0	Rollout prior to xmas. Funded by use of DCLG monies
Recycling Boxes	0	0	0	0	
Additional Green Waste Bins	0	0	0	0	
Decent Homes Assistance	205,000	205,000	0	136,883	

Capital Scheme	Revised Budget 2016/17 £	Forecast Outturn £	Forecast Variance £	Actual £	Scheme Update
<b>Community &amp; Leisure Services</b>					
Town Hall Subway CCTV	12,300	12,300	0	7,867	
Watford Museum HLF Matchfunding	25,000	0	(25,000)	0	Rephased into 2017/18
Meriden Community Centre Redevelopments	444,000	444,000	0	444,033	
Play Review	1,400,000	1,400,000	0	297,965	
Allotments & Parks Upgrades	416,990	416,990	0	368,883	
Farm Terrace Allotments	552,874	552,874	0	148,763	
Town Centre CCTV Camera Replacement	26,616	26,616	0	24,766	
Gaelic Football Relocation	865,886	868,386	2,500	663,004	Outturn expected to be slightly higher than budgeted
Improvements Community Centres	159,160	100,000	(59,160)	100,000	Rephased into 2017/18
Cassiobury Park HLF Project	5,640,838	5,640,838	0	3,242,915	
Cassiobury Dev't (Fullerians)	200,000	0	(200,000)	0	Rephased into 2017/18
<b>Housing Services</b>					
Retained Housing Stock	163,800	163,800	0	13,079	
Mand Disabled Facilities Grant	652,570	652,570	0	392,448	

Capital Scheme	Revised Budget 2016/17 £	Forecast Outturn £	Forecast Variance £	Actual £	Scheme Update
<b>Parking Services</b>					
Garages Project (incl Parking)	72,000	72,000	0	59,837	
Upgrading/Resurfacing Car Parks	19,507	19,507	0	0	
<b>Asset Management</b>					
Watford Business Park Redevelopment	1,547,400	1,547,400	0	171,662	
Private Sector Stock Condition Survey	150,000	75,000	(75,000)	19,933	Rephasing required due to condition surveys completing in 2017/18
Atrium / GIS	16,988	16,988	0	16,847	
Pop Up Toilets Refurbishment	5,000	0	(5,000)	0	No budget requirement as absorbed within other approved capital schemes
Non PIB - Strategy & Prog Disposal	16,796	16,796	0	92	
Match Funding Capital Projects	19,044	19,044	0	7,118	
Veolia Capital Improvements	93,170	93,170	0	60,963	
Building Investment Programme	357,000	100,000	(257,000)	64,121	Rephase of Colosseum refurbishment project to 2018/19
<b>ICT</b>					
ICT-Hardware Replacement Programme	160,000	160,000	0	847	ICT spend will be correctly allocated against the relevant budgets in the final quarter before the year end.
ICT - Document Management Process	4,036	0	(4,036)	0	
ICT-Env Health	13,460	7,960	(5,500)	7,936	
ICT-Project Management Provision	227,000	227,000	0	68,128	

Capital Scheme	Revised Budget 2016/17 £	Forecast Outturn £	Forecast Variance £	Actual £	Scheme Update
<b>ICT Shared Services</b>			0		
ShS-Business Application Upgrade	243,000	243,000	0	0	ICT spend will be correctly allocated against the relevant budgets in the final quarter before the year end.
ShS-IT Modernisation	603,000	603,000	0	1,031,552	
ShS-Hardware Replace Programme	78,000	78,000	0	3,649	
<b>Section 106 Funded Schemes</b>					
Himalayan Way Play Area	67,100	72,740	5,640	72,740	Final project costs higher than expected. Funded by S106 receipts
Berry Avenue Play Area	6,025	8,955	2,930	8,957	Final project costs higher than expected. Funded by S106 receipts
Ridgehurst Avenue Play Area	29,266	29,266	0	18,767	
Colne River Project	11,450	11,450	0	7,284	
Local Nature Reserves	6,350	6,350	0	260	
Lower High St Cycle Scheme	15,393	15,393	0	15,393	
Abbey Way Cycle Scheme	23,627	23,627	0	23,627	
Garston Park Cycle Scheme	15,630	15,630	0	15,630	
<b>Corporate Services / Project Management</b>					
Support Services	552,470	552,470	0	0	
<b>Property Investment Board</b>					
PIB - Strategy & Prog Disposal	0	0	0	9,683	
Marriott House	4,286,250	4,286,250	0	4,286,396	
Parkhouse Interchange	15,000,000	15,000,000	0	5,706,815	Parkhouse Interchange (Newcastle Under Lyme) acquired, work underway to identify further investment opportunities.
<b>TOTAL CAPITAL PROGRAMME</b>	<b>48,704,159</b>	<b>47,039,408</b>	<b>(1,664,751)</b>	<b>25,080,639</b>	

**CAPITAL INVESTMENT PROGRAMME – FUNDING**

<b>FUNDING TYPE</b>	<b>Forecast Outturn £</b>	<b>Draft Budget 2017/18 £</b>	<b>Draft Budget 2018/19 £</b>	<b>Draft Budget 2019/20 £</b>
Grants & Contributions	4,981,250	400,000	400,000	400,000
Reserves	411,971	4,794,113	536,400	0
Capital Receipts	15,433,970	11,740,413	20,582,930	17,580,280
Section 106 & CIL Contributions	1,530,581	0	20,000	0
Internal Borrowing	24,681,636	9,064,750	5,256,000	0
<b>TOTAL CAPITAL FUNDING APPLIED</b>	<b>47,039,408</b>	<b>25,999,276</b>	<b>26,795,330</b>	<b>17,980,280</b>

**CAPITAL BALANCES AFTER FUNDING THE APPROVED CAPITAL PROGRAMME**

<b>FUNDING TYPE</b>	<b>Forecast Outturn £</b>	<b>Draft Budget 2017/18 £</b>	<b>Draft Budget 2018/19 £</b>	<b>Draft Budget 2019/20 £</b>
Grants & Contributions	63,533	63,533	63,533	63,533
Reserves	5,704,235	910,122	373,722	373,722
Capital Receipts	8,850,930	423,054	2,842,124	9,377,844
Section 106 & CIL Contributions	1,042,923	1,282,923	1,267,923	1,507,923
Internal Borrowing	(26,021,500)	(19,752,787)	(17,435,787)	(10,602,787)
<b>TOTAL CAPITAL FUNDING AVAILABLE</b>	<b>(10,359,879)</b>	<b>(17,073,155)</b>	<b>(12,888,485)</b>	<b>720,235</b>

**AGED DEBT ANALYSIS**

<b>Invoices Outstanding from 1st January 2016 to 31st December 2016</b>								
<b>Service Area</b>	<b>Description</b>	<b>Invoices outstanding by age of debt</b>						<b>Grand Total</b>
		<b>0 - 1</b>	<b>2 - 3</b>	<b>4 - 6</b>	<b>7 - 9</b>	<b>10 - 12</b>	<b>Over 12</b>	
Community & Customer Service	Community Standard	55,755	7,182	12,337	35,441	16,771	30,792	158,278
	Community and Customer Service	150						150
	Env Services-Premises Licence	16,645	1,003	5,740	1,015	365	7,710	32,478
	Community Services - Pitch Hire						150	150
	Environmental Health	3,035		100	200			3,335
Democracy and Governance	Democracy and Governance	240	120	1,000			3,176	4,536
Regeneration & Development	Property - Standard	17,870						17,870
	Property - Commercial Rents	50,569		72,668	20,672	16,680	159,805	320,394
	Property - Service Charges				28,620	28,620	9,378	66,618
	Property - Garages	98	144					242
	Property - Parking Spaces			233				233
	Planning - Standard	19,331	16,079					35,410
	Planning - Inspection Fees	5,892	570					6,462
Managing Director	Corporate Service	16,267	576	128				16,971
Human Resources		2,622	1,560	4,167				8,349
Finance		218,067		9,868			128	228,063
Other	Recovery Charges	290	450	200		25	480	1,445
<b>Grand Total</b>		<b>406,831</b>	<b>27,684</b>	<b>106,441</b>	<b>85,947</b>	<b>62,461</b>	<b>211,618</b>	<b>900,983</b>
<b>Percentage of Amount Outstanding</b>		<b>45.15%</b>	<b>3.07%</b>	<b>11.81%</b>	<b>9.54%</b>	<b>6.93%</b>	<b>23.49%</b>	<b>100.00%</b>






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

<b>Council Tax Collection - Percentage of current year council tax collected by period</b>													
	<b>Annual</b>	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Target	<b>96.0</b>	11.3	20.2	29.0	35.3	47.0	54.9	63.8	72.8	81.9	90.2	93.7	96.0
2016/17 Actual		11.5	20.5	29.3	36.7	45.8	54.9	64.1	73.3	82.3			
On Target													

<b>Business Rates - Percentage of current year business rates collected by period</b>													
	<b>Annual</b>	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Target	<b>97.7</b>	11.7	21.0	31.9	36.3	49.1	57.9	66.5	75.8	85.1	90.9	94.9	97.7
2016/17 Actual		12.5	23.3	31.3	40.2	49.0	58.0	64.6	76.5	84.9			
On Target													

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

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

**KEY FINANCIAL & BUDGETARY RISKS**

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

**APPENDIX 8**

<b>Key Service Budget Risks</b>					
The Council is exposed to risks in certain key areas. These risks include economic conditions, demographics and dependency on demand. The table below shows those risks that are closely monitored each month and the variances between the latest budget and the forecast outturn at Period 9 - December 2016					
Service Area	Latest Budget	Forecast Outturn	Forecast Variance Period 9	Actuals to Date	Comments
	£000's	£000's	£000's	£000's	
Parks, Street & Waste Services	5,888	5,888	0	3,787	Expenditure is expected to be on target.
Kerbside Recycling Expenditure and Income	(175)	(175)	0	0	The Herts CC (Alternative Financial Model) income for Kerbside Recycling across the County is not received until the end of the year.
Temporary Accommodation (net)	860	860	0	487	There is a budget pressure in Temporary accommodation due to increased demand
Development Control Fee Income	(534)	(484)	50	(346)	Forecasted income from planning application fees has been reduced further by £50,000.
Building Control Fee Income	(269)	(269)	0	(231)	Increase in Building Control application fees, expected to meet revised forecast figure.
Land Charges Fee Income	(100)	(100)	0	(74)	Income is expected to be on target as per latest budget
Commercial rent income	(7,200)	(7,200)	0	(4,494)	Due to the outsourcing of the property management contract there is a timing difference in the receipt of rental income. Income relating to December will be received in January.

**RESERVE BALANCES**

Description	Balance at 1 April 2016 £000	Agreed Use £000	Movement Previously Reported £000	Movement this period £000	Total Movement £000	Balance £000
<b><u>CAPITAL RESERVES</u></b>						
Capital Fund	(650)	0	0	0	0	(650)
Development Sites Decontamination	(446)	0	0	0	0	(446)
New Homes Bonus	(4,069)	0	0	0	0	(4,069)
Performance Reward Grant	(191)	0	0	0	0	(191)
Project and Programme Management	(251)	251	(65)	0	186	(65)
Vehicle Replacement	(310)	48	51	0	99	(211)
Weekly Collection Support Grant	(158)	0	0	0	0	(158)
<b>Total Capital Reserves</b>	<b>(6,075)</b>	<b>299</b>	<b>(14)</b>	<b>0</b>	<b>285</b>	<b>(5,790)</b>
<b><u>REVENUE RESERVES</u></b>						
<b><u>Earmarked</u></b>						
Budget Carry Forward	(1,190)	1,009	180	0	1,190	0
Business Rates	(4,661)	0	0	0	0	(4,661)
Car Parking Zones	(775)	0	(130)	0	(130)	(905)
Charter Place Tenants	(160)	0	0	0	0	(160)
Climate Change	(57)	0	0	0	0	(57)
Homelessness Prevention	(113)	0	113	0	113	0
Leisure Structured Maintenance	(423)	0	0	0	0	(423)
Le Marie Centre Repairs	(12)	0	0	0	0	(12)
Multi-Storey Car Park Repair	(181)	0	0	0	0	(181)
Parks, Waste & Street Strategy	(60)	0	60	0	60	0
Rent Deposit Guarantee Scheme	(100)	0	0	0	0	(100)
Area Based Grant	(85)	0	0	0	0	(85)
Crematorium	(50)	0	0	0	0	(50)
Economic Impact	(4,029)	(20)	201	(114)	67	(3,962)
High Street Innovation	(90)	0	90	0	90	0
Housing Benefit Subsidy	(996)	0	0	0	0	(996)
Housing Planning Delivery Grant	(266)	0	0	0	0	(266)
Invest to Save	(839)	0	0	0	0	(839)
LA Business Growth Incentive (LABGI)	(570)	12	54	0	66	(504)
Local Development Framework	(178)	50	0	0	50	(128)
Pension Funding	(2,249)	700	(700)	0	0	(2,249)
Performance Reward Grant	(29)	0	0	0	0	(29)
Project and Programme Management	(404)	182	119	(68)	233	(171)
Weekly Collection Support Grant	(30)	0	0	0	0	(30)
<b>Total Earmarked Reserves</b>	<b>(17,547)</b>	<b>1,933</b>	<b>(13)</b>	<b>(182)</b>	<b>1,739</b>	<b>(15,808)</b>
<b>General Fund Working Balance</b>	<b>(1,350)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,350)</b>
<b>Total Revenue Reserves</b>	<b>(18,897)</b>	<b>1,933</b>	<b>(13)</b>	<b>(182)</b>	<b>1,739</b>	<b>(17,158)</b>
<b>Total</b>	<b>(24,972)</b>	<b>2,232</b>	<b>(27)</b>	<b>(182)</b>	<b>2,024</b>	<b>(22,948)</b>