

BUDGET SETTING

2018/19 to 2021/22

Medium Term Financial Strategy



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Executive Summary

The Medium Term Financial Strategy (MTFS) provides Members with information on the overall financial position of the Council over the next three years, and brings together the previous budget set by Council in January 2018, the budget monitoring activities carried out during the current year and the latest developments in funding, legislation and service delivery. The strategy sets the budget for financial year 2019/20 and indicative budgets for the following two years (2020/21 and 2021/22).

Regular budget monitoring reports are presented to both the Council's Leadership Team and Budget Panel throughout the year. The latest budget monitoring report (Finance Digest) is available as at the end of November.

The preparation of the MTFS has been completed against a backdrop of cuts in government funding, increasing pressure on services and continuing expectations from stakeholders.

Each year the Council is required to set a realistic, achievable in-year balanced budget and indicative budgets for the following two years. With the reduction in revenue support grant funding Heads of Service have been encouraged to remain within budgets, find efficiency savings, achieve additional income and to minimise any discretionary growth in order to continue to provide value for money services to the public.

The table below shows the impact on this 'budget gap' over a four year period, 2019/20 to 2022/23, based on the current understanding of likely financial impacts of the proposed budgets (Jan 19) and the longer term major projects. This table shows an additional year to the MTFS.

The table demonstrates that the cumulative overall gap for the next four years amounts to approximately **£10.6 million**. After taking account of the effect of a 2.2% increase in council tax in 2019/20, additional projected income from NDR, the cumulative gap amounts to **£7.9 million**. The council would not have sufficient balances to fund this gap. Detailed work described below is continuing in order to address the projected shortfall between the MTFS and resources.

The gap could be managed by a combination of the following options:

- a full cost review of service expenditure.
- reducing the capital programme on discretionary schemes and reviewing our existing partnership funding in joint ventures.
- taking initiatives to increase commercial income through the work of the Mayor's commercial strategy board and in line with the commercial strategy approved by Cabinet.
- taking further property investment decisions through the Mayor's Property Investment Board to dispose of non strategic low yield assets to generate improved rental returns, borrowing to invest commercially and seeking new acquisitions with a strong yield through property markets. Opportunities in this area are being pursued currently.
- Considering further options for council tax levels.

The impact of a mix of the above would reduce the corresponding revenue and capital spend and cut the costs of borrowing.


The Council's existing reserves would allow the first year of the MTFS budget (19/20) set out in Table 1 below to be approved to provide the timescales to enable the review to take place.

Table1 Budget Gap

Revenue Account	Current	MTFS			Forecast	Total
	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2019/22 to 2022/23 £000
Gap in MTFS at 1 April (approved in January 2018)	1,358	1,612	(116)	(116)	(116)	1,264
In year changes through budget monitoring	(506)	70	70	70	70	280
<u>Changes by Service</u>						
Corporate Strategy & Communications	0	135	134	148	148	563
Strategic Finance	0	941	540	412	412	2,304
Place Shaping & Performance	0	65	65	65	65	260
Service Transformation	0	296	201	285	285	1,067
Community & Environmental	0	24	20	29	29	102
Democracy & Governance	0	12	1	6	6	24
HR Shared Service	0	0	0	0	0	0
<u>Other Changes</u>						
Waste Contract (Extension based on current service levels)	0	0	300	300	300	900
Changes to Business Rates on Council Property	0	30	35	50	50	165
Changes from Shared Services	0	(96)	(18)	(37)	(37)	(189)
Watford 2020	550	330	0	0	0	330
Watford 2020 Met from Reserves	(550)	(330)	0	0	0	(330)
Town Hall reduced rent	0	130	666	666	666	2,129
Additional income from Hart Homes	0	(128)	(803)	(1,750)	(2,323)	(5,004)
Borrowing costs	0	800	1,600	2,100	2,400	6,900
Revenue impact of Capital bids	0	(3)	(3)	(3)	(3)	(12)
Net changes	(506)	2,306	2,753	2,315	2,042	9,416
Revised gap	852	3,918	2,637	2,199	1,926	10,680
<u>Funding Changes</u>						
New Homes Bonus	0	(62)	(62)	0	0	(124)
Business rates	0	(550)	(150)	(150)	(150)	(1,000)
Council tax	0	(222)	(224)	(313)	(403)	(1,162)
Additional Government Funding	0	(400)	0	0	0	(400)
Sub Total	0	(1,233)	(436)	(463)	(553)	(2,685)
Revised gap	852	2,685	2,201	1,736	1,373	7,994

Appendix 1 contains a detailed analysis of the changes between the currently approved MTFS and the revised gap.

Medium Term Financial Strategy (MTFS) 2019 -2022

 WATFORD BOROUGH COUNCIL BE BOLD	2018/19 Original	2018/19 Forecast REVISED	2019/20 Draft	2020/21 Draft	2021/22 Draft
	£000s	£000s	£000s	£000s	£000s
Corporate Strategy & Communications	890	992	912	933	933
Place Shaping & Performance	(5,329)	(5,648)	(5,365)	(5,582)	(5,582)
Strategic Finance	2,201	2,241	2,207	2,227	2,227
Service Transformation	2,207	3,212	2,504	1,206	1,206
Community & Environmental	8,758	9,100	8,641	8,522	8,522
Democracy & Governance	3,587	3,542	3,377	2,980	2,980
HR Shared Service	629	609	644	660	660
Net cost of services	12,943	14,048	12,920	10,948	10,948
Corporate Budgets					
Dividends & Interest earned	(1,412)	(1,312)	(3,126)	(501)	(501)
Vacancy provision	(95)	0	(95)	(95)	(95)
Apprentice Levy	30	30	30	30	30
Internal support to capital programme	(677)	(677)	(677)	(677)	(677)
Contingency	218	214	216	214	214
Interest payable & borrowing costs	163	163	242	130	130
Investments Advisers - Property	0	300	0	0	0
Pension Fund deficit payments	2,349	2,349	2,449	2,449	2,449
Major Projects (PMB/Commercialisation)	0	0	0	0	0
Sub-Total	577	1,068	(960)	1,551	1,551
Financial Planning					
Salary Changes	0	0	(7)	(184)	(52)
Changes from Shared Services	0	0	(96)	(18)	(37)
Unavoidable Growth	0	0	321	285	265
Discretionary growth	0	0	1,261	864	692
Income & Efficiencies	0	0	(301)	(258)	(185)
Waste Contract Extension	0	0	0	300	300
Changes to Business Rates on Council Property	0	0	30	35	50
Net effect of Fees & Charges	0	0	228	198	198
Impact of Capital Programme	0	0	(3)	(3)	(3)
Additional income from Hart Homes	0	0	(128)	(803)	(1,750)
Reduced rent from Town Hall	0	0	130	666	666
Additional Borrowing costs	0	0	800	1,600	2,100
Sub-Total	0	0	2,236	2,683	2,245
Total Net Expenditure	13,520	15,116	14,196	15,181	14,743
Planned Use of Reserves					
Contributions to reserves	1,082	1,700	2,782	157	157
Contributions from reserves- Incl W2020	(100)	(2,821)	(530)	(200)	(200)
Sub-Total	982	(1,121)	2,252	(43)	(43)
Funding					
Council Tax	(8,502)	(8,502)	(8,809)	(8,897)	(8,986)
Revenue Support Grant	(114)	(114)	0	0	0
Business Rates	(3,332)	(3,331)	(3,002)	(3,002)	(3,002)
Increase Business Rates	0	0	(550)	(150)	(150)
New Homes Bonus	(1,015)	(1,015)	(753)	(639)	(577)
(Surplus)/Deficit on collection fund	(181)	(181)	(250)	(250)	(250)
Additional Government Funding	0	0	(400)	0	0
Sub-Total	(13,144)	(13,143)	(13,764)	(12,938)	(12,965)
Total Funding & Use of Reserves	(12,162)	(14,264)	(11,512)	(12,981)	(13,008)
Gap	1,358	852	2,684	2,200	1,735
Reserves - opening balances	(13,478)	(14,655)	(12,767)	(12,335)	(10,092)
Planned use of reserves	(4,858)	1,037	(2,252)	43	43
Gap funded from reserves	1,358	852	2,684	2,200	1,735
Reserves - closing balances	(16,978)	(12,767)	(12,335)	(10,092)	(8,313)
Council Tax Rate Calculation					
Council tax base	32,393.9	32,393.9	32,840.6	33,169.0	33,500.7
Council tax charge for band D	£ 262.46	£ 262.46	£ 268.23	£ 268.23	£ 268.23
£	8502.09	8502.09	8808.97	8897.06	8986.03

1. Revenue

1.1. The gap in the MTFS is shown above. The high level numbers from it and their impact are summarised below.

1.2. Base budget changes. These are adjustments to the base budget through:

A. In year changes. These are changes to the base budgets that have been identified and reported in the Finance Digest throughout the 2018/19 financial year. These changes amount to a saving of **£0.506 million**. These are shown at **Appendix 2**

B. Salary changes. This year there are salary changes due to re-aligning the council's establishment to reflect the true position and in-year pressures from the reset 2018/19 budgets (Jan 19). These changes have been brought about by increments, pay awards and restructures and the new salary banding to be introduced from 1 April 2019. The net result is a total saving of **£0.242 million** over the four year period. The large reduction in 2020/21 is predominantly due to the employment of two development control officers coming to an end of their fixed term contracts.

1.3. Unavoidable Growth

This is growth due to unavoidable pressures such as statutory legislation, contractual uplift and changes in demand for services due to demographics. The unavoidable growth is listed in detail at **Appendix 3** and amounts to an increase in the budget of **£0.872 million** over the MTFS.

1.4 Discretionary growth.

This is growth that has been put forward by service areas in conjunction with their Portfolio Holders and although not statutory has been deemed as offering continuing or enhanced service to the local taxpayer or in response to service cost pressures. The discretionary growth amounts to an increase in the budget of **£2.818 million** over the five year period. Further details are shown at **Appendix 4**.

1.5 Efficiency savings.

These are reductions in the base budget from efficiency measures within the council and do not affect the provision of services to local residents. Details of these efficiencies are shown at **Appendix 5** and amount to a **£0.743 million** reduction in the Council's costs over the five year period. This relates in the main to a reduction in scanning costs.

1.6 Fees and charges

Each year the Council reviews its fees and charges in conjunction with its agreed income charging policy and adjusts the anticipated income accordingly. The individual fees and charges are listed in the annual budget setting report, variations to projected fees and charges amount to **£0.623 million** over the MTFS. **Appendix 6** shows a summary of the implications of the 2019/20 fees & charges proposals. The Council's income charging policy is at **Attachment 2** with individual charges listed by service area.

1.7 Waste Contract

This represents the cost of extending the current contract with Veolia based on existing service provision. The increase amounts to **£0.600 million** over the MTFS.

1.8 Changes to Business Rates on Council Properties

This relates to the business rates levied on the properties/sites that the Council uses in its provision of its services these are predominantly the Town Hall and car parks. The increase amounts to **£0.115 million** over the MTFS.

1.9 Changes from Shared Services

The Council shares its human resources, ICT, finance, revenues and benefits services with Three Rivers District Council (TRDC) under a lead authority model whereby WBC are the lead for ICT and human resources and TRDC are the lead for finance and revenues & benefits. The change represents a reduction in the staffing costs of the revenues & benefits service.

1.10 Reduction in rent from Town Hall

The redevelopment of the Town Hall site is currently on hold until further site options are evaluated. It is considered that the anticipated future rental streams will not be achieved in the medium term, these amounts to **£1.463 million**.

1.11 Additional Income from Hart Homes

The Council is currently in joint venture with Watford Community Housing to develop a mixture of affordable, social and open market housing. The Council will receive interest on its investment loans to the companies and this will amount to **£2.681 million** over the MTFS.

1.12 Borrowing costs

Based on the proposed capital programme it is currently predicted that the Council may need to prudentially borrow over the MTFS. The revenue cost of the debt financing for this borrowing is estimated to be **£2.4 million**, based on allowing for the payment of interest on both longer term borrowing for the councils direct investment in assets and shorter term borrowing for the joint ventures along with the repayment of debt for the councils direct investments in assets over a forty year period. The final cost will depend upon the agreed capital programme along with factors such as the phasing of the capital programme and any additional contributions from outside bodies.

1.13 Impact of capital growth bids

When the Council sets its annual capital programme, there are often revenue impacts from this investment and can either be in the form of on-going revenue maintenance or an income stream. These total a saving of **£0.009 million** over the MTFS. **Appendix 7** shows those capital schemes that have a revenue implication.

1.14 Impact of funding changes

The Council receives its income from various sources to fund its revenue expenditure on the services it provides. These are subject to fluctuation. The table below shows the adjustments to the budgets for the funding streams over the five year period. This totals an increase of **£2.133 million** over the MTFS. It should be noted that the business rates forecast is reduced from 2019/20 due to the business rates retention system being “re-set” for 2020-21 as a result of which the Council is likely to lose resources. The re-set will establish new baseline funding levels and business rates baselines for each local authority that is party to the rates retention system. Baseline funding levels will be based on the spending control totals for 2020-21 and the distribution formulas that will be put in place through the Fair Funding Review.

Table 2 Changes in Funding Against Budget

Change in Funding against Budget	2019/20	2020/21	2021/22	Total
	£'000	£'000	£'000	£'000
Growth in Council Tax base	(32)	(33)	(111)	(176)
2.2% Change in Council Tax	(190)	(192)	(202)	(583)
Additional Government Funding in Lieu of RSG	0	(400)	0	(400)
New Homes Bonus	(62)	(62)	0	(124)
Business Rates	(550)	(150)	(150)	(850)
TOTAL	(834)	(836)	(463)	(2,133)

- 1.15 The MTFS shown above indicates that the total Net Expenditure of the Council in 2019/20 is **£14.196 million**. The Council needs to set a budget that gives an acceptable level of council tax, and is sustainable in the medium term using the balances it has at its disposal.
- 1.16 The number of properties (known as the Council Tax Base) is calculated by adjusting for banding (so that a total number of Band D properties are known) and the effects of the Local Council Tax Reduction Scheme. The analysis of dwellings in **Appendix 8** for the 2019/20 Council Tax Base results in a figure of **32,840.6** after allowing for the Council Tax Reduction Scheme and a collection rate of 97%.
- 1.17 The average Band D Council Tax charge for 2019/20 will be **£268.23**. This means that the Council expects to receive **£8.808 million** of Council Tax income in 2019/20. The current council tax figure is based upon a 2.2% increase in council tax in 2019/20 only. This compares to the maximum amount allowed under the council tax referenda rules of 3%. The Mayor's policy is to keep council tax increases below the rate of inflation. The latest inflation figures, November, are 2.3% for CPI and 3.1% for RPI.

2.0 Capital

- 2.1 The Capital Investment Programme relates to the three different types of scheme – business as usual (regular improvements and replacement of key Council assets such as buildings, vehicles and ICT), existing schemes, and new schemes. Much of the capital expenditure which relates to major projects will be returned to the Council in future years as capital receipts.
- 2.2 Services have put forward proposals for new capital schemes for 2019-22 which will assist the Council in delivering its corporate objectives and improving services for residents. Table 3 shows all the new capital proposals and the impact on the capital programme over a five-year period based on the current understanding of the likely financial impact of these large scale projects. Funding the capital programme is shown at Table 5. Further detail on the proposed changes is shown at **Appendix 7**.

Table 3 MTFS - Capital

Capital	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	TOTAL £'000
MTFS Capital Programme	32,766	21,448	17,302	-	-	71,516
Re-phasing from 2017/18	7,547	-	-	-	-	7,547
Approved Capital Programme as at June 2018	40,313	21,448	17,302	-	-	79,063
Capital Programme Proposed Changes	(11,162)	36,609	36,463	32,394	11,005	105,309
TOTAL	29,151	58,057	53,765	32,394	11,005	184,372

- 2.3 The 2018-23 Capital Investment Programme by service is presented for approval is shown in the table below with further details shown in **Appendix 9**.

Table 4 Capital Programme

Capital Programme 2018-22	2018/19 Revised £000's	2019/20 Original £000's	2020/21 Original £000's	2021/22 Original £000's	2022/23 Original £000's
Community & Environmental	9,089	7,399	9,332	3,388	465
Democracy & Governance	2,881	11,876	782	400	400
Place Shaping & Performance	7,477	13,815	10,565	5,761	50
Service Transformation	433	1,311	530	530	530
Strategic Finance	677	979	679	681	682
Watford Riverwell	6,682	14,241	8,392	2,855	8,878
Property Investment Board	212	75	50	50	0
Hart Homes LLP	1,700	8,360	23,435	18,730	0
Annual Capital Investment Programme	29,151	58,057	53,765	32,395	11,005
Total Capital Investment Programme 2018-22					184,373

Funding the Capital Strategy & Investment Programme

- 2.4 The Council funds its capital programme from its reserves, capital receipts, and any capital grants and contributions. Subject to prudential and affordable limits, the Council may also borrow to support its capital aspirations.
- 2.5 It is anticipated that over time the Capital outlay from projects such as the Watford Riverwell and Property Investment Board will be recouped from the receipts received in terms of return of equity investment and the disposal of land and property.
- 2.6 Where the Council does not have sufficient contributions, receipts, reserves or revenue available to finance long term investment, it may use prudential borrowing to do so. This is subject to the affordability and prudential limits set out at a high level by the Government and in detail by the Council in its strategies. This borrowing may be from external providers, or internally from cash the Council holds day to day and its own reserves.

- 2.7 The Council's ambitious programme of major projects and investment in service delivery means that it expects to have a borrowing requirement in 2019/20. The Council's Capital Strategy including the Treasury Management policy for 2019/20 is shown at **Attachment 3**. The table below shows how the capital programme is to be funded:

Table 5 Funding the Capital Programme

FUNDING	Forecast Outturn 2018/19 £m	Budget 2019/20 £m	Budget 2020/21 £m	Budget 2021/22 £m	Budget 2022/23 £m
Grants and Contributions	1.8	2.0	2.0	0.0	0.0
Use of Capital Reserves	1.5	0.0	0.0	0.0	0.0
Use of Capital receipts	12.3	9.8	11.3	6.3	0.9
S106 and CIL contributions	0.6	0.6	0.6	0.6	0.6
Borrowing - internal and external	11.8	44.3	38.5	26.0	10.1
TOTAL CAPITAL FUNDING APPLIED	29.2	58.1	53.8	32.3	11.0

3.0 Reserves

- 3.1 The Council has set aside specific amounts as reserves for future policy purposes and to cover contingencies. The full schedule of reserves and the anticipated position is attached at **Appendix 10**. The proposed use of reserves for revenue in 2019-22 is as follows:

- £0.600 million - The Council has set aside funds to cover the costs of future pension payments. Some of these funds are to be applied to the additional payments required by the scheme actuary for 2019/20, 2020/21 and 2021/22.
- In 2016/17 there was a deficit on the business rates account of £3.3 million which was funded from the economic impact reserve. This is to be returned in 2018/19.
- Where there is a gap for 2019/20 this is expected to be met from the Economic Impact and other earmarked reserves.
- The general fund working balance has been increased to a prudent level of **£2.0 million**.

4.0 Key Risk Areas

- 4.1 The Council's budget is exposed to risks that can potentially impact on service level provision and financial stability. The consequences of the key risks are shown at **Appendix 11** together with a risk matrix that shows the likelihood and impact of each consequence if they were to materialise.
- 4.2 The matrix shows that there is an element of risk in setting the budget, and in particular for undertaking the large scale capital projects. The Council has a risk management framework and strong governance arrangements in place e.g. Property Investment Board, Major Projects Board and Budget Panel to monitor these risks.
- 4.3 Under section 25 of the Local Government Act 2003 there is a duty on the Chief Finance Officer to report on the robustness of the estimates and the adequacy of reserves when considering the budget requirement and for Members to have regard to this advice. **The Director of Finance confirms the estimates have been correctly calculated under the assumptions used. The council would have sufficient balances to fund the 2019/20 budget but would be insufficient to fund the gap for the remaining period of the MTFS. Detailed work is still continuing in order to address the projected shortfall between the MTFS and resources.**

- 4.4 The General Fund balance is a general reserve providing a working balance to cushion the impact of uneven cash flows, avoid unnecessary temporary borrowing and provide a contingency to meet unexpected events and emergencies.
- 4.5 The external auditors, as part of their wider responsibilities, consider whether the Council has adequate arrangements with regard to balances and reserves. The Council's Director of Finance considers that a prudent minimum balance on the general fund should be £2.000 million.

REPORT PREPARED BY:

Nigel Pollard – Section Head (Accountancy)
Alison Scott - Head of Finance
Martin Henwood – Interim Finance Manager (Projects)

BACKGROUND PAPERS:

2018/19 Finance Digests
Cabinet Reports
2018-21 Financial Planning Report

APPENDICES:	Appendix 1	Detailed Analysis of Budget Gap
	Appendix 2	In Year Base budget changes
	Appendix 3	Unavoidable growth
	Appendix 4	Discretionary Growth
	Appendix 5	Efficiency measures and additional income
	Appendix 6	Summary Fees & Charges 2019/20
	Appendix 7	Capital bids including revenues impacts
	Appendix 8	Council Tax base and calculation 2019/20
	Appendix 9	Capital programme 2018-2023
	Appendix 10	Reserves and balances
	Appendix 11	Risk Matrix

Detailed Analysis of Budget Gap

APPENDIX 1

Revenue Account	Current	MTFS				Forecast	Total
	2018/19	2019/20	2020/21	2021/22	2022/23	2019/22 to 2022/23	
	£000	£000	£000	£000	£000	£000	
Gap in MTFS at 1 April (approved in January 2018)	1358	1,612	(116)	(116)	(116)	1,264	
In year changes through budget monitoring	(506)	70	70	70	70	280	
Salary changes	0	(7)	(184)	(52)	(52)	(294)	
Reduced Income from Hostel and Dwellings Rents	0	181	181	181	181	723	
Reduced income from licencing	0	31	0	0	0	31	
Changes from Shared Services	0	(96)	(18)	(37)	(37)	(189)	
EH and Pest Control net income from TRDC	0	(179)	(180)	(108)	(108)	(575)	
Other reductions in Fees and Charges	0	17	17	17	17	67	
Efficiency savings	0	(122)	(77)	(77)	(77)	(354)	
Waste Contract (Extension based on current service levels)	0	0	300	300	300	900	
Changes to Business Rates on Council Property	0	30	35	50	50	165	
Additional interest income from Hart Homes	0	(128)	(803)	(1,750)	(2,323)	(5,004)	
Reduced Rent town Hall	0	130	666	666	666	2,128	
Reduction in housing benefit grant	0	65	65	65	65	260	
Increased Costs of the Market	0	80	0	0	0	80	
Watford 2020	550	330	0	0	0	330	
Watford 2020 funded from reserves	-550	(330)	0	0	0	(330)	
Borrowing costs	0	800	1,600	2,100	2,400	6,900	
Revenue impact of Capital bids	0	(3)	(3)	(3)	(3)	(12)	
Paddling pools	0	152	160	157	157	626	
Utility costs	0	22	22	22	22	89	
Single poll elections	0	18	18	0	0	36	
Payroll contract costs	0	18	19	20	20	76	
Applicant tracking system	0	2	1	1	1	6	
Organisational Development - Yr 2	0	44	0	0	0	44	
HR Reward Scheme	0	40	40	40	40	160	
Seasonal support for the Cassiobury Park team	0	15	16	16	16	63	
Due diligence on the Veolia contract	0	50	25	0	0	75	
Council's contribution to the delivery of Destination Management Plan	0	120	120	120	120	480	
System Supervisor support for the IDOX business system	0	60	60	60	60	240	
Part time Safeguarding Officer	0	24	24	24	24	96	
Cycle Hire Scheme - related capital bid	0	290	322	330	330	1,272	
On - Demand Transport	0	550	250	95	95	990	
Transport application - related capital bid	0	25	0	0	0	25	
Replacement of PDR system	0	7	7	7	7	30	
Revised gap	852	3,918	2,637	2,198	1,925	10,677	
Funding Changes							
New Homes Bonus	0	(62)	(62)	0	0	(124)	
Business rates	0	(550)	(150)	(150)	(150)	(1,000)	
Council tax Surplus/deficit	0	0	0	0	0	0	
Council tax	0	(222)	(224)	(313)	(403)	(1,162)	
Additional Government Funding (RSG)	0	(400)	0	0	0	(400)	
Sub Total	0	(1,233)	(436)	(463)	(553)	(2,685)	
Revised gap	852	2,684	2,201	1,735	1,372	7,992	

In Year Base Budget Changes

Service	Description	Details of Changes Reported	£
Service Transformation	Employees	Change in projected salary spend for 2018/19 - This includes amendments in scale points and any vacancies in year.	12,500
	Watford 2020	Agreed as above, however these funds will be required in 2019/20	(21,850)
	Information Unit	Anticipated underspend on subscriptions	(12,800)
	Printing Section	Underspend on the use of printing materials	(18,900)
	ICT	Recharge to TRDC - 100% client employee cost	(38,205)
		Underspend on project costs	(5,000)
		Other Variances	(1,084)
		TOTAL	(85,339)
Community & Environmental	Employees	Change in projected salary spend for 2018/19 - This includes amendments in scale points and any vacancies in year.	(32,498)
	Environmental Health Team	Cost of bailiff for travellers eviction	7,000
	Licensing Act 2003	Net increase in income	0
	Housing Standards	New HMOs under licensing scheme, fund to deliver projects	(85,000)
	Arts & Events	Additional film income	(25,000)
		Additional income for fireworks event	(10,000)
	Town Centre Special Events	Additional spend in relation to fireworks night	7,000
	Play Management	Budget on projects will not be required for rest of the year	(11,790)
	Health & Safety at Work	One off Investigation into fatality at work procedures	20,000
		Projected parking income will not be received	50,000
		Additional cost for the maintenance of the paddling pools	111,000
		Additional income from Daisy's and other activities	(15,300)
	Cassiobury Park Hub	Traffic management as requested by local councillors for event management	6,400
		Extra design fee and works to the Hub	9,325
		Income targets will not be met	12,000
		costs to EDF - previous disagreements now resolved	45,000
	Public Health & Nuisance	Income as part of the Hertfordshire Partnership Funding	(30,000)
		Project work funded through health grants	20,000
	Animal Control Service	Contract has ceased	(13,000)
	Cemeteries	Agreement has ended - no income expected in year	21,330
Democracy & Governance	Parks & Open Spaces	Increase in unspecified works for the Environmental contract	40,000
	Market	Costs for emergency Health & Safety works	47,000
	Pest Control	Net increase in income from pest control services & licencing income	(27,900)
		Other Variances	(1,109)
		TOTAL	144,458
Democracy & Governance	Employees	Change in projected salary spend for 2018/19 - This includes amendments in scale points and any vacancies in year.	(19,110)
	Legal Services	Savings due to vacancies	(8,800)
		Additional income in relation to S106 work	(5,000)
	Town Hall Off & Council Suite	Increase spend on all utilities, including a 20% increase on gas & electric	44,272
	Elections	Reimbursement of costs for EU referendum & PCC elections	(65,000)
		Other Variances	3,808
		TOTAL	(49,830)

Place Shaping & Performance	Employees	Change in projected salary spend for 2018/19 - This includes amendments in scale points and any vacancies in year.	(185,763)
	Investment Assets Outsourced	Rental income due to a combination of new properties, rent reviews as confirmed by LSH and revision of incorrect budgets	(1,381,104)
		Loss of rental income mainly due to surrender of leases and rental income budget corrections	418,589
		Repairs and maintenance costs on outsourced properties	23,500
	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 spend 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)
	Building Control	Increase d income from inspection and regulation fees	(38,500)
	Implementation Team	Allocated spend 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	0
	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	430	
		TOTAL	(696,481)
Corporate Strategy & Communications	Employees	Change in projected salary spend for 2018/19 - This includes amendments in scale points and any vacancies in year.	(40,000)
	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
		TOTAL	14,989
Human Resource	HR	Change in projected salary spend for 2018/19 - This includes amendments in scale points and any vacancies in year.	(94,880)
		Revised charge to TRDC based on salary savings as above	24,272
		Northgate Contract costs	25,000
		Training needs analysis costs 2018/19 only	10,800
		Income from TRDC due to increased shared service costs	(11,460)
		HR Client - Additional web costs , clear review & Gallanach	28,600
		HR Client - reflect the income levels expected in 18/19	(11,000)
		TOTAL	(28,668)
Strategic Finance	Employees	Change in projected salary spend for 2018/19 - This includes amendments in scale points and any vacancies in year.	95,180
	Interest earned	Reduction in investment income due to resources to be used for the capital programme and any purchases of property in year.	100,000
		TOTAL	195,180
			0
		GRAND TOTAL	(505,691)

Unavoidable Growth

Unavoidable Growth	2019/20	2020/21	2021/22	Total
	£	£	£	£
Service Transformation				
<i>None</i>	0	0	0	0
Total	0	0	0	0
Community & Environmental				
<i>Paddling Pools staffing/Maintenance and replacement of Equipment</i>	152,000	160,000	157,000	469,000
Total	152,000	160,000	157,000	469,000
Democracy & Governance				
<i>Increase in utility costs for the Town Hall, Pond Parade and Public Conveniences</i>	22,220	22,220	22,220	66,660
<i>Costs associated with Single poll elections</i>	18,000	18,000	0	36,000
Total	40,220	40,220	22,220	102,660
Place Shaping & Performance				
<i>None</i>	0	0	0	0
Total	0	0	0	0
Corporate Strategy & Comms				
<i>None</i>	0	0	0	0
Total	0	0	0	0
Human Resources				
<i>Increase in Northgate payroll contract- WBC share of costs with TRDC</i>	17,850	18,740	19,680	56,270
<i>Applicant tracking system</i>	1,900	1,400	1,400	4,700
<i>Second year costs of new Organisation & Development Partner</i>	44,000	0	0	44,000
Total	63,750	20,140	21,080	104,970
Strategic Finance				
<i>Reduction in Housing Benefit grant</i>	65,000	65,000	65,000	195,000
Total	65,000	65,000	65,000	195,000
TOTAL	320,970	285,360	265,300	871,630

Discretionary Growth

Discretionary Growth	2019/20	2020/21	2021/22	Total
	£	£	£	£
Service Transformation				
None	0	0	0	0
Total	0	0	0	0
Community & Environmental				
Six month seasonal support for the Cassiobury Park team	15,000	15,500	16,000	46,500
Due diligence on the Veolia contract	50,000	25,000	0	75,000
Council's contribution to the delivery of Destination Plan	120,000	120,000	120,000	360,000
Supervisor support for the IDOX business system	60,000	60,000	60,000	180,000
Part time Safeguarding Officer	24,000	24,000	24,000	72,000
Additional costs of the Market	80,000	0	0	80,000
Total	349,000	244,500	220,000	813,500
Democracy & Governance				
None	0	0	0	0
Total	0	0	0	0
Place Shaping & Performance				
Cycle Hire Scheme - part of capital bid	290,000	322,250	329,860	942,110
On - Demand Transport	550,000	250,000	95,000	895,000
Transport application - part of capital bid	25,000	0	0	25,000
Total	865,000	572,250	424,860	1,862,110
Corporate Strategy & Comms				
None	0	0	0	0
Total	0	0	0	0
Human Resources				
Replacement of PDR system- WBC cost of shared cost with TRDC	7,480	7,480	7,480	22,440
Reward Strategy	40,000	40,000	40,000	120,000
Total	47,480	47,480	47,480	142,440
Strategic Finance				
None	0	0	0	0
Total	0	0	0	0
TOTAL	1,261,480	864,230	692,340	2,818,050

Efficiency Savings

Efficiency Savings	2019/20	2020/21	2021/22	Total
	£	£	£	£
Service Transformation				
<i>None</i>	0	0	0	0
Total	0	0	0	0
Community & Environmental				
<i>Staffing changes</i>	(8,000)	(8,000)	(8,000)	(24,000)
<i>Redevelopment of Centrepont Community Centre for Social Housing</i>	(68,000)	(68,000)	(68,000)	(204,000)
<i>Net income from from new Environmental Health contract with TRDC for a five year period commencing 1 April 2019</i>	(103,640)	(105,410)	(107,240)	(316,290)
<i>Two year extension of the Pest control contract with TRDC - Fixed at £75K.</i>	(75,000)	(75,000)	0	(150,000)
Total	(254,640)	(256,410)	(183,240)	(694,290)
Democracy & Governance				
<i>None</i>	0	0	0	0
Total	0	0	0	0
Place Shaping & Performance				
<i>None</i>	0	0	0	0
Total	0	0	0	0
Corporate Strategy & Comms				
<i>None</i>	0	0	0	0
Total	0	0	0	0
Human Resources				
<i>Various savings found to fund new growth items above</i>	(45,900)	(1,400)	(1,400)	(48,700)
Total	(45,900)	(1,400)	(1,400)	(48,700)
Strategic Finance				
<i>None</i>	0	0	0	0
Total	0	0	0	0
TOTAL	(300,540)	(257,810)	(184,640)	(742,990)

Summary Fees & Charges 2019/20

Service Area	(A)	(B)	(B) - (A)	(C)	(C) - (B)	Comments
	2018/19	2019/20	Variance Year on Year	2019/20	Variance Draft to Proposed	
	Original Budget	Draft Budget already included in MTFS	2018/19 to 2019/20	Proposed Budget		
	£	£	£	£	£	
COMMUNITY & ENVIRONMENTAL						
Parks, Pitches & Woods	(16,260)	(16,260)	0	(15,460)	800	
Community Centres	(14,500)	(14,500)	0	0	14,500	Redevelopment of Centrepoint Community Centre for Social Housing
Cemeteries	(368,500)	(368,500)	0	(368,500)	0	
Allotments	0	0	0	0	0	
Cheslyn	(1,000)	(1,000)	0	(1,000)	0	
SLM	(473,632)	(748,835)	(275,203)	(749,485)	(650)	
Waste	(56,200)	(59,300)	(3,100)	(59,380)	(80)	
Specials & Street Cleansing	(50,480)	(51,130)	(650)	(51,130)	0	
Arts, Events and Heritage	(19,450)	(20,500)	(1,050)	(24,000)	(3,500)	
Licenses	(187,500)	(182,500)	5,000	(151,800)	30,700	3 year renewal, less due this year (19/20)
Other Licenses	(27,650)	(27,650)	0	(32,860)	(5,210)	
Gaming Licenses	(100,910)	(100,910)	0	(97,627)	3,283	
Stray Dogs	(2,300)	(2,300)	0	(2,400)	(100)	
Pests	(29,900)	(29,900)	0	(35,150)	(5,250)	
Environmental Abandoned Vehicles	(800)	(800)	0	(1,200)	(400)	
Environmental Miscellaneous	(26,500)	(26,500)	0	(34,096)	(7,596)	Increased income due to revised charging fee structure
	(1,375,582)	(1,650,585)	(275,003)	(1,624,088)	26,497	
SERVICE TRANSFORMATION						
Customer Services (including Information Unit)	(12,500)	(12,500)	0	(12,500)	0	
	(12,500)	(12,500)	0	(12,500)	0	
PLACE SHAPING & PERFORMANCE						
Housing	(626,010)	(626,010)	0	(445,283)	180,727	Decrease in rents from hostel & dwellings
Parking - Controlled Parking Zones (see below)	(1,520,900)	(1,520,900)	0	(1,520,900)	0	
Parking - Other (incl. Avenue, Longspring & Town Hall)	(252,000)	(252,000)	0	(231,000)	21,000	Decrease in income from Town Hall carpark
Building Control	(278,000)	(281,000)	(3,000)	(281,000)	0	
Development Control (including Policy Team)	(710,000)	(785,000)	(75,000)	(785,000)	0	
Land Searches	(120,000)	(120,000)	0	(120,000)	0	
	(3,506,910)	(3,584,910)	(78,000)	(3,383,183)	201,727	
DEMOCRACY & GOVERNANCE						
Town Hall Facilities	(214,300)	(214,300)	0	(214,300)	0	
Elections Unit	(3,500)	(3,500)	0	(3,500)	0	
	(217,800)	(217,800)	0	(217,800)	0	
STRATEGIC FINANCE						
Council Tax (Single Person Discount)	(2,000)	(2,000)	0	(2,000)	0	
	(2,000)	(2,000)	0	(2,000)	0	
TOTAL	(5,114,792)	(5,467,795)	(353,003)	(5,239,571)	228,224	

Capital Growth Bids and Revenue Impact

Cost Centre	Project Details	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23
New Scheme	Cycle Hub - Mayoral commitment and priority to include necessary work on the Cycle Hub building to make it weathertight.	350,000	0	0	0	0	0	0	0
WAA991	Veolia Capital Improvements (Rollover Scheme) - Contractual obligations with external provider (subject to contract indexation)	0	0	0	100,230	0	0	0	0
WAA211	Watford Market - Improvements required to existing market infrastructure.	750,000	0	0	0	80,000 Cost	0	0	0
New Scheme	Delivery of Cultural Plan - Destination Management Plan (as agreed at Cabinet on October 7th 2018) for supporting visitors to the town.	0	400,000	300,000	0	0	0	0	0
New Scheme	New Cemetery Provision - Watford will run out of cemetery space in approximately 7 - 9 years. This is an out-of-borough solution as there are limited opportunities within Watford itself.	1,000,000	1,000,000	0	0	Operational details still being worked on.			
WAJ300	Private Sector Housing Renewal Schemes - Additional funding required to deliver the objectives of the private sector renewal policy approved at Cabinet across the town. Examples of schemes currently underway are Riverside and Harebreaks solid wall insulation schemes.	100,000	100,000	100,000	0	0	0	0	0
New Scheme	Street Improvement Programme - To deliver further area based improvements building on the success of Cassio Road. The project will seek to utilise match funding from other public and private sector organisations. The decision on 'where and what' will be decided through consultation with councillors.	100,000	100,000	100,000	0	0	0	0	0
WAJ300	Decent Homes Assistance (Rollover Scheme)	0	0	0	100,000	0	0	0	0

New Scheme	<p>Woodside Sports Village - The Council has adopted a 10 year Sports Facilities Strategy with its priorities to focus on 4 key strategic sites with Woodside the council's principal location for delivering sport and activity. A number of options have been identified to increase opportunities at this location which include:-</p> <p>a) Restoration of depot and creation of facilities including cafe, ranger base, improved facilities for the Boxing Club and changing facilities</p> <p>b) Demolition of current cricket pavilion and new build to link to existing depot and changing facilities and inclusion of new community hall</p> <p>c) Relocation of Veolia depot on site</p> <p>d) Improved play offer including adventurous play facilities</p> <p>e) High ropes facility</p> <p>f) Adventurous golf facility</p> <p>g) Conversion of the Indoor Bowls Building into a Multi-Activity Centre</p> <p>h) Extra car parking spaces</p>	1,000,000	6,000,000	2,150,000	0	This proposed scheme through financial modelling would generate a number of revenue opportunities including cafe, high ropes and adventurous golf through franchise / lease.			
New Scheme	Callowland Allotments Enhancements - A number of opportunities are available for possible further enhancements that including plot improvements, biodiversity enhancements and open days. A number of plots are planned to be managed for wildlife purposes and require further works to assist in biodiversity management.	10,000	0	0	0	0	0	0	0
New Scheme	All Saints Churchyard Improvements - The churchyard has significant local history and has been subject to anti social behaviour, declining condition and a very poor boundary wall that must be repaired and rebuilt. HLF may be able to fund up to 100K of works but to aid the bid, some match funding would assist (if the bid is unsuccessful, the Council are obliged to rebuild the boundary wall). Supported by ward councillors and PFH.	40,000	0	0	0	0	0	0	0
New Scheme	Cassiobury Park Croquet Club Pavilion - With only a small 'shed' as its base, the Croquet Club require a better off the shelf prefabricated pavilion to support two new croquet lawns. An indicative market rent of circa £1k per annum to the Council would replace the current peppercorn arrangement.	40,000	0	0	20	0	(1,000) Saving	(1,000) Saving	(1,000) Saving

New Scheme	Play Area Improvement Programme - Audit of play areas over 10 years of age require investment to conform with current European standards as well as improve accessibility for those with disabilities. With a current revenue strain on the Veolia contract, capital investment would see a reduction in day to day repairs . This was approved by PMB in Feb 2018 after a report was presented summarising the key issues.	360,000	425,000	255,000	0	(3,000) Saving	(3,000) Saving	(3,000) Saving	(3,000) Saving
New Scheme	Vicarage Road Cemetery Feasibility Study and Heritage Assessment - Vicarage Road Cemetery is a historic open space and currently has a number of issues that require addressing including poor quality of the environment, use of redundant buildings, historic graves, poor quality infrastructure and anti social behaviour. It has the potential of a HLF funded project longer term but requires initial work to assess the heritage value of the cemetery and feasibility of longer term restoration.	25,000	5,000	0	0	0	0	0	0
New Scheme	Whippendell Wood SSSI Enhancements - After securing circa £40k from Natural England, capital works are required to supplement those underway including entrance improvements, new signage, improved access, veteran tree work, thinning/coppicing, and removal of invasive species.	15,000	15,000	20,000	0	0	0	0	0
New Scheme	Paddock Road Depot Enhancements - Options investigated and proposals to carry out demolition of all buildings (some have asbestos in them), develop a small secure depot space for storage, installation of 4-6 containers for storage to be accessible for Watford Cycle Hub (Community Connections CIC), re-instate some of the site to Green Belt land with possible option for woodland burials and create silos for composting green waste to be re-used in parks as compost / mulch.	800,000	500,000	0	0	1,000 Cost	1,000 Cost	1,000 Cost	1,000 Cost
WAB972	Tree Planting Programme - Annual tree planting provision within the public realm	0	0	0	15,000	0	0	0	0
WAA954	Green Spaces Strategy - Annual programme requirement	0	0	0	250,000	0	0	0	0
		4,590,000	8,545,000	2,925,000	465,230	77,000 Cost	(3,000) Saving	(3,000) Saving	(3,000) Saving

New Scheme	<u>Migration to the Cloud</u> - Total capital cost of £260k which is a shared IT project with TRDC (WBC £156k (60%) & TRDC £104k (40%)), this project embraces a key initiative of the 2017-2020 ICT Strategy approved by both Councils in 2017, to investigate the viability of transferring on site infrastructure to a cloud based solution including SQL database cluster and Cloud viability study.	156,000	0	0	0	Revenue implications remain unknown at this stage of the bidding process.			
WAA109	<u>ICT-Hardware Replacement Programme (Rollover Scheme)</u>	0	0	0	200,000	0	0	0	0
WAA191	<u>Shared Services-Business Application Upgrade (Rollover Scheme)</u>	0	0	0	165,000	0	0	0	0
WAA221	<u>ICT-Project Management Provision (Rollover Scheme)</u>	0	0	0	120,000	0	0	0	0
WAA982	<u>Shared Services-Hardware Replace Programme (Rollover Scheme)</u>	0	0	0	45,000	0	0	0	0
		156,000	0	0	530,000	0	0	0	0
WAA995	<u>Buildings Investment Programme (Rollover Scheme)</u> - Annual maintenance programme	0	0	0	400,000	0	0	0	0
		0	0	0	400,000	0	0	0	0
WAA601	<u>Support Services (Rollover Scheme)</u>	0	0	0	552,470	0	0	0	0
WAA602	<u>Major Projects - Finance Business Partner & Quantity Surveyor (Rollover Scheme)</u>	0	0	0	129,550	0	0	0	0
New Scheme	<u>Investment Advisors</u> - Continuation to maximise investment opportunities working with the private sector.	300,000	0	0	0	0	0	0	0
		300,000	0	0	682,020	0	0	0	0

New Scheme	Cycle Hire Scheme - A Mayoral priority to improve the towns cycling capability and infrastructure.	730,800	10,800	10,800	0	290,000 Cost	322,250 Cost	329,681 Cost	329,681 Cost
New Scheme	Cycle & Road Infrastructure / Network Improvements - Support implementation of Mayoral priorities of bike share and demand responsive transport.	300,000	300,000	300,000	0	0	0	0	0
New Scheme	Clarendon Road Phase III - Total scheme costs circa £9m funded by various income streams	1,989,000	1,989,000	5,000,000	0	0	0	0	0
WAA987	Retained Housing Stock (Rollover Scheme)	0	0	0	50,000	0	0	0	0
New Scheme	Transport App - A Mayoral priority to improve the functionality of local public transport.	200,000	0	0	0	25,000 Cost	0	0	0
New Scheme	Accelerating Housing Provision - Site preparation works on seven housing infill sites.	1,380,000	0	0	0	0	0	0	0
New Scheme	Equity Interest (Land Transfer) to Hart Homes LLP - Land transfer (Croxley View Phase 2) as part of housing development proposal between WCS and WCHT.	3,000,000	0	0	0	To be decided	To be decided	To be decided	To be decided
New Scheme	Equity Interest (Land Transfer) to Hart Homes LLP - Land transfer (Croxley View Phase 3) as part of housing development proposal between WCS and WCHT.	0	0	3,130,000	0	To be decided	To be decided	To be decided	To be decided
New Scheme	Equity Interest (Land Transfer) to Hart Homes LLP - Land transfer (land to rear of High Street) as part of housing development proposal between WCS and WCHT.	660,000	0	0	0	To be decided	To be decided	To be decided	To be decided

New Scheme	<u>Equity Interest (Land Transfer) to Hart Homes LLP</u> - Land transfer (scheme A) as part of housing development proposal between WCS and WCHT.	0	605,000	0	0	To be decided	To be decided	To be decided	To be decided
New Scheme	<u>Equity Interest (Land Transfer) to Hart Homes LLP</u> - Land transfer (scheme B) as part of housing development proposal between WCS and WCHT.	0	530,000	0	0	To be decided	To be decided	To be decided	To be decided
New Scheme	<u>Loan to Hart Homes Watford LLP</u> - Loan in connection to phased housing development proposals between WCS and WCHT.	4,000,000	13,200,000	10,500,000	0	-(128,000) Net Saving	-(803,000) Net Saving	-(1,750,000) Net Saving	-(2,323,000) Net Saving
New Scheme	<u>Loan to Hart Homes Watford Ltd</u> - Loan in connection to phased housing development proposals between WCS and WCHT.	700,000	9,100,000	5,100,000	0				
New Scheme	<u>St Albans Road Improvement Works</u> - Mayoral priority to improve public realm works in St Albans Road.	200,000	100,000	100,000	0	0	0	0	0
WAA185	<u>Watford Business Park</u> - The funds will be used to redevelop 4 acres of land at the front of Watford Business Park known as the Gateway site, acquiring remaining third party interests, funding the CPO as well as proposed development expenditure. Watford Business Park is a priority area for the Council creating 100,000 sqm of new industrial space as well as other potential redevelopment opportunities. An application subject to approval for LEP grant funding totalling £5m towards this project should be known by March 2019.	1,400,000	7,800,000	300,000	0	0	0	0	0
WAA944	<u>PIB Renovations</u> - Landlord obligations including structural repairs required in order to maintain tenant and rental income streams.	75,000	50,000	50,000	0	0	0	0	0
WA6541	<u>Watford Riverwell</u> - This scheme is a long term regeneration project that requires on going funding in order to fulfil it's objectives of creating a new community within Watford encompassing both commercial and residential development.	0	0	892,950	8,878,000	0	0	0	0
		14,634,800	33,684,800	25,383,750	8,928,000	187,000 Cost	(480,750) Saving	(1,420,319) Saving	(1,993,319) Saving
		19,680,800	42,229,800	28,308,750	11,005,250	264,000 Cost	(483,750) Saving	(1,423,319) Saving	(1,996,319) Saving

APPENDIX 8

Council Tax Base and Calculation 2019/20

WATFORD		Properties by Band								
2019/20	Band A Disabled	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
1. Dwellings	0.0	493.0	4,259.0	14,515.0	12,708.0	3,606.0	2,171.0	1,902.0	78.0	39,732.0
2. Demolished	0.0	0.0	0.0	0.0	1.0	1.0	0.0	0.0	0.0	2.0
3. Exemptions	0.0	37.0	78.0	168.0	123.0	35.0	20.0	13.0	1.0	475.0
4. Long Term Empty Premium	0.0	0.0	8.0	18.0	19.0	3.0	2.0	7.0	0.0	57.0
5. Disabled Relief	0.0	0.0	2.0	29.0	49.0	33.0	19.0	17.0	5.0	154.0
6. Chargeable Dwellings (H)	0.0	456.0	4,187.0	14,385.0	12,642.5	3,604.5	2,171.0	1,909.5	82.0	39,437.5
7. Discounts x 25% SPD	0.0	282.0	2,347.0	4,806.0	2,932.0	677.0	323.0	217.0	4.0	11,588.0
8. Discounts x 25%	0.0	2.0	37.0	175.0	147.0	31.0	24.0	17.0	0.0	433.0
9. Discounts x 50%	0.0	0.0	0.0	2.0	14.0	9.0	4.0	11.0	8.0	48.0
10. Discount Deduction (Q)	0.0	71.0	596.0	1,246.3	776.8	181.5	88.8	64.0	5.0	3,029.3
11. Additions/ Reductions	0.0	17.0	159.0	225.0	29.0	8.0	7.0	0.0	7.0	452.0
12. Total Adjustments (J)	0.0	17.0	159.0	225.0	29.0	8.0	7.0	0.0	7.0	452.0
13. Sub-Total (H-Q+J)	0.0	402.0	3,750.0	13,363.8	11,894.8	3,431.0	2,089.3	1,845.5	84.0	36,860.3
14. Reduction Scheme (Z)	0.0	74.8	863.5	1,668.8	1,046.4	180.8	40.9	15.5	0.0	3,890.7
15. Net Dwellings ((H-Q+J)-Z)	0.0	327.2	2,886.5	11,695.0	10,848.4	3,250.2	2,048.4	1,830.0	84.0	32,969.6
16. Band Proportion (F)	5.0	6.0	7.0	8.0	9.0	11.0	13.0	15.0	18.0	
17. Band D Proportion (G)	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	
18. Band D Equivalents	0.0	218.1	2,245.1	10,395.5	10,848.4	3,972.5	2,958.7	3,050.0	168.0	33,856.2
TAX BASE CALCULATION										
Total Band D Equivalents	33,856.2									
Collection Rate	97.00%									
Adjusted Band D	32,840.6									

Capital Programme

Capital Scheme	Revised Budget 2018/19	Draft Budget 2019/20 (incl rephasings & growth)	Draft Budget 2020/21 (incl rephasings & growth)	Draft Budget 2021/22 (incl rephasings & growth)	Draft Budget 2022/23 (incl rephasings & growth)
	£	£	£	£	£
SERVICE TRANSFORMATION					
Customer Services					
CSI Project	86,711	0	0	0	0
ICT Shared Services					
ShS-Business Application Upgrade	0	0	0	0	165,000
ShS-Hardware Replacement Programme	300,000	45,000	45,000	45,000	45,000
ICT Client Services					
ICT-Hardware Replacement Programme	45,796	345,000	200,000	200,000	200,000
ICT-Business Application Upgrade	0	565,000	165,000	165,000	0
ICT-Project Management Provision	0	200,000	120,000	120,000	120,000
New Capital Schemes					
Migration to the Cloud		156,000	0	0	0
COMMUNITY & ENVIRONMENTAL					
Waste & Recycling (inc Veolia)					
Replacement Domestic Bins	42,185	0	0	0	0
Veolia Contract Fleet Requirements	292,500	2,232,500	0	0	0
Recycling Boxes	36,940	0	0	0	0
Veolia Capital Improvements	95,380	96,810	96,810	98,260	100,230
Additional Green Waste Bins	36,000	0	0	0	0
Parks & Open Spaces					
Green Spaces Strategy	272,207	170,000	250,000	250,000	250,000
Cassiobury Park HLF Project	282,713	0	0	0	0
Cassiobury Dev't (Fullerians)	200,000	0	0	0	0
Oxhey Park North Enhancements	6,125	0	0	0	0
Oxhey Park North	3,688,270	0	0	0	0
Tree Planting Programme	15,000	15,000	15,000	15,000	15,000
River Colne Restoration	100,000	25,000	25,000	0	0
Cassiobury Park Car Park Imps	1,000,000	0	0	0	0
Garston Park Improvments	250,000	50,000	0	0	0
Oxhey Park North Project Mgmt	75,000	0	0	0	0
Cemeteries					
Cemetery Improvements	250,000	0	0	0	0
Cemetery Reprovision	50,000	50,000	50,000	0	0
North Watford Cemetery Imps	150,000	50,000	0	0	0
Leisure & Play					
Play Review	1,743	0	0	0	0
Gaelic Football Relocation	60,908	0	0	0	0
Hérons F.C.	25,000	0	0	0	0
Leisure Centres (SLM)	1,313,200	20,000	250,000	0	0
Watford Tennis Partnership	25,000	0	0	0	0
Southwold Road Play Area	20,000	0	0	0	0
Culture & Heritage					
Watford Museum HLF Matchfunding	421,690	0	0	0	0
Improvements Community Centres	59,160	0	0	0	0
Cultural Quarter Phase 1	31,394	0	0	0	0
Little Cassiobury Match Funding	50,000	0	0	0	0
Environmental Health					
Idox (GDPR)	8,500	0	0	0	0
Decent Homes Assistance	198,204	200,000	200,000	200,000	100,000

Capital Scheme	Revised Budget 2018/19	Draft Budget 2019/20	Draft Budget 2020/21	Draft Budget 2021/22	Draft Budget 2022/23
	£	(incl rephasings & growth) £	(incl rephasings & growth) £	(incl rephasings & growth) £	(incl rephasings & growth) £
Community Projects					
Guidepost Renovation Works	4,009	0	0	0	0
SLM Disabled Access Improvements	28,044	0	0	0	0
New Capital Schemes					
Cycle Hub		350,000	0	0	0
Watford Market		750,000	0	0	0
Delivery of Cultural Plan		0	400,000	300,000	0
New Cemetery Provision		1,000,000	1,000,000	0	0
Street Improvement Programme		100,000	100,000	100,000	0
Woodside Sports Village		1,000,000	6,000,000	2,150,000	0
Callowland Allotments Enhancements		10,000	0	0	0
All Saints Churchyard Improvements		40,000	0	0	0
Cassiobury Park Croquet Club Pavilion		40,000	0	0	0
Play Area Improvement Programme		360,000	425,000	255,000	0
Vicarage Road Cemetery Feasibility Study		25,000	5,000	0	0
Whippendell Wood SSSI Enhancements		15,000	15,000	20,000	0
Paddock Road Enhancements		800,000	500,000	0	0
DEMOCRACY & GOVERNANCE					
Buildings & Projects					
Redevelop Town Hall & Collos'm	2,310,000	10,861,000	382,000	0	0
Building Investment Programme	570,959	1,015,000	400,000	400,000	400,000
PLACE SHAPING & PERFORMANCE					
Watford Business Park					
Watford Business Park	1,564,042	4,900,000	7,800,000	300,000	0
Watford Riverwell					
Watford Riverwell Project (see below)	6,682,000	14,241,000	8,392,000	2,855,003	8,878,000
Housing					
Private Sector Stock Condition	65,850	0	0	0	0
Retained Housing Stock	125,374	50,000	50,000	50,000	50,000
York House Boiler Replacement	75,000	0	0	0	0
Transport & Infrastructure					
Clarendon Road Streetscape Improvements	18,000	0	0	0	0
Intro Electric Vehicle Charging	25,058	0	0	0	0
Public Realm (High Street)	1,797,720	0	0	0	0
Public Realm (Cl'dn Rd-Palace)	1,557,040	0	0	0	0
Watford Junction Masterplan	30,000	0	0	0	0
Watford 3D Planning Model	41,500	15,000	15,000	0	0
Public Realm (Watford Junct'n)	100,000	100,000	0	0	0
High St Phase 2 (St Mary's)	0	300,000	300,000	0	0
Upgrading/Resurfacing Car Parks	4,573	0	0	0	0
Watford Junction Cycle Pk Hub	12,362	0	0	0	0
Watford Cycle Hire Study	20,000	0	0	0	0
Development Control					
CIL Review	80,000	0	0	0	0
Property Investment Board					
PIB Investment Strategy	212,000	75,000	50,000	50,000	0
Property Management					
New Market	4,365	0	0	0	0
Modular Housing Accommodation	604,064	2,000,000	0	0	0
Loan to HHW	1,500,000	0	0	0	0

Capital Scheme	Revised Budget 2018/19	Draft Budget 2019/20	Draft Budget 2020/21	Draft Budget 2021/22	Draft Budget 2022/23
	£	(incl rephasings & growth) £	(incl rephasings & growth) £	(incl rephasings & growth) £	(incl rephasings & growth) £
Temp Housing Accommodation	352,100	0	0	0	0
Hart Homes Equity WDLLP	200,000	0	0	0	0
Social Rented Housing	1,000,000	1,650,000	0	0	0
New Capital Schemes					
Cycle Hire Scheme		730,800	10,800	10,800	0
Cycle & Road Infrastructure / Network Imps		300,000	300,000	300,000	0
Clarendon Road Phase III		1,989,000	1,989,000	5,000,000	0
Transport App		200,000	0	0	0
Accelerating Housing Provision		1,380,000	0	0	0
Equity Interest (Land Transfer) to Hart Homes LLP		3,000,000	0	0	0
Equity Interest (Land Transfer) to Hart Homes LLP		0	0	3,130,000	0
Equity Interest (Land Transfer) to Hart Homes LLP		660,000	0	0	0
Equity Interest (Land Transfer) to Hart Homes LLP		0	605,000	0	0
Equity Interest (Land Transfer) to Hart Homes LLP		0	530,000	0	0
Loan to Hart Homes Watford LLP		4,000,000	13,200,000	10,500,000	0
Loan to Hart Homes Watford Ltd		700,000	9,100,000	5,100,000	0
St Albans Road Improvement Works		200,000	100,000	100,000	0
STRATEGIC FINANCE					
Capital Support Services					
Support Services	552,470	552,470	552,470	552,470	552,470
Major Projects - FBP and QS	125,000	127,000	127,000	128,270	129,550
New Capital Schemes					
Investment Advisors		300,000	0	0	0
TOTAL CURRENT CAPITAL PROGRAMME	29,151,156	58,056,580	53,765,080	32,394,803	11,005,250
Analysis of Watford Riverwell Scheme	Revised Budget 2018/19	Draft Budget 2019/20	Draft Budget 2020/21	Draft Budget 2021/22	Draft Budget 2022/23
	£	(incl rephasings & growth) £	(incl rephasings & growth) £	(incl rephasings & growth) £	(incl rephasings & growth) £
Riverwell - Waterside (all phases) & School	3,006,000	3,840,000	6,163,000	1,999,000	0
Riverwell - Woodlands & Mayfield	445,000	0	0	0	0
Riverwell - Other Developments incl Car Park	3,231,000	10,401,000	2,229,000	856,003	8,878,000
Total	6,682,000	14,241,000	8,392,000	2,855,003	8,878,000

Reserves and Balances

Description	Balance at 1 April	Movement 2018/19	Balance at 31 March	Movement 2019/20	Balance at 31 March	Movement 2020/21	Balance at 31 March	Movement 2021/22	Balance at 31 March	Purpose
	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Revenue Reserves										
Area Based Grant	(86)	0	(86)	0	(86)	0	(86)	0	(86)	Extremism and anti-social behaviour prevention
Budget Carry Forward	(1,058)	1,058	0	0	0	0	0	0	0	Budgets carried forward from prior years
Car Parking Zones	(333)	(66)	(399)	(157)	(556)	(157)	(713)	(157)	(870)	Ring fenced for parking projects
Charter Place Tenants	(93)	0	(93)	0	(93)	0	(93)	0	(93)	Tenants' contributions to major works
Climate Change	(56)	0	(56)	0	(56)	0	(56)	0	(56)	Energy saving initiatives
Crematorium	(150)	0	(150)	0	(150)	0	(150)	0	(150)	Funding repairs and maintenance
Economic Impact	(1,421)	(974)	(2,395)	2,395	0	0	0	0	0	Provide resources to offset economic downturn
Housing Benefit Subsidy	(997)	0	(997)	619	(378)	0	(378)	0	(378)	Provision if Dept for Work & Pensions claw back funds
Housing Planning Delivery Grant	(266)	0	(266)	0	(266)	0	(266)	0	(266)	Improve planning outcomes and delivery of housing
Invest to Save	(839)	700	(139)	0	(139)	0	(139)	0	(139)	Support expenditure producing savings
Le Marie Centre Repairs	(13)	0	(13)	0	(13)	0	(13)	0	(13)	Funding Council obligations as landlord
Leisure Structured Maintenance	(423)	0	(423)	0	(423)	0	(423)	0	(423)	Funding unforeseen maintenance not covered in contract
Local Development Framework	(178)	0	(178)	0	(178)	0	(178)	0	(178)	Support local plan production and inspection
Multi-Storey Car Park Repair	(181)	0	(181)	0	(181)	0	(181)	0	(181)	Funding major structural works
Parks, Waste & Street Strategy	(60)	0	(60)	0	(60)	0	(60)	0	(60)	Support Street Projects
Pension Funding	(2,249)	100	(2,149)	200	(1,949)	200	(1,749)	200	(1,549)	Reduction of pension deficit
Performance Reward Grant (Revenue)	(28)	0	(28)	0	(28)	0	(28)	0	(28)	Grant allocated by Local Strategic Partnership
Project and Programme Management	(359)	179	(180)	0	(180)	0	(180)	0	(180)	Support major project work
Rent Deposit Guarantee Scheme	(100)	0	(100)	0	(100)	0	(100)	0	(100)	Assist in providing homelessness accommodation
Riverwell Project	(3,249)	(660)	(3,909)	(2,625)	(6,534)	0	(6,534)	0	(6,534)	To cover any guarantees, repayments of outstanding loans and fund future investment.
Weekly Collection Support Grant	(30)	0	(30)	0	(30)	0	(30)	0	(30)	Supporting weekly collections of waste
Collection fund	(2,486)	700	(1,786)	0	(1,786)	0	(1,786)	0	(1,786)	Equalisation fund to smooth impact of surplus/deficit
Total	(14,655)	1,037	(13,618)	432	(13,186)	43	(13,143)	43	(13,100)	
General Fund Working Balance	(1,414)	(586)	(2,000)	0	(2,000)	0	(2,000)	0	(2,000)	Prudent balance

Risk Matrix

No.	Type of Consequence	Comment	Likelihood	Impact	Overall Score
1	Project overruns	Most projects tend to lean towards 'optimism bias (over estimating that the project will be delivered on time and on budget) to avoid this it is important that the technical specification and outcome of each project is carefully considered at the project design stage.	3	3	9
2	Cost overruns	Cost overrun in project could be as a result of scope change. Any change in the project scope during execution will mean that the entire initial project plan will have to be reviewed such that a reviewed budget, schedule and quality will have to be developed.	3	3	9
3	Delays in project initiation	The complexity of project could also be a contributing factor to delay and cost overrun. This will may cause a cash flow problem, but is merely a timing difference. This can be affected by unforeseen works, extreme weather conditions resource availability and changes in material prices.	3	3	9
4	Capital receipts and Interest/dividends are deferred	This may result in a cash flow issue and short term borrowing may be necessary to support the funding of projects that are in progress	3	3	9
5	Returns are lower than expected	This is a key risk as failure to achieve the returns will increase the pressure on the budget gap and the Council's financial stability	2	4	8
6	Partners cease to collaborate	This is very unlikely, however it should not be discounted. If this were to happen it will have a detrimental effect on the Council's financial position and its reputation.	2	4	8
7	Revenue balances insufficient to meet estimate pay award increases	The medium term planning period takes into account the pay increases for the period 2019/20 - 2021/22	2	2	4
8	Revenue balances insufficient to meet estimate of Employers' pension contributions	Employee revenue contributions have been included in the budgets.	2	2	4
9	Revenue balances insufficient to meet other inflationary increases	Other than contractual agreements, budgets have been cash limited where possible.	2	2	4
10	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
11	Inaccurate estimates of fees and charges income	See Key Income Streams are shown in the latest Finance Digest	2	3	6
12	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

13	Major emergency	Major Emergency requires funds beyond Bellwin scheme and causes serious drain on balances	1	1	1
14	The estimated cost reductions and additional income gains are not achieved	Savings identified are monitored as part of the monthly budget monitoring process.	2	3	6
15	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
16	The Council is faced with potential litigation and other employment related risks	The Council has one outstanding litigation case.	2	3	6
17	The amount of government grant is adversely affected	The provisional grant settlement has been factored into the MTFS.	2	3	6
18	The amount of New Homes Bonus grant is adversely affected	The grant for 2019/20 has been factored into the MTFS .	3	3	9
19	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
20	Right to Buy Receipts & VAT Shelter Receipts	Under the Housing stock transfer with Watford Community Housing (WCH) 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					
			Likelihood	Impact	Overall Score
		very low risk	1	1	1
		low risk	2	2	4
		high risk	3	3	9
		very high risk	4	4	16