

BUDGET SETTING

2023/24 to 2025/26

Medium Term Financial Strategy



**WATFORD
BOROUGH
COUNCIL**

1. Executive Summary

- 1.1. 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 2022, the budget monitoring activities carried out during the current year and the latest developments in funding, legislation and cost of service delivery.
- 1.2. Regular budget monitoring reports are presented to Cabinet, Finance Scrutiny Committee and the Corporate Management Board throughout the year. The latest budget monitoring report is available as at the end of November (Period 8).
- 1.3. Each year the Council is required to set a realistic, achievable and balanced budget for the forthcoming year and indicative budgets for the following two years.
- 1.4. The reductions in central government funding over the last decade against a backdrop of increasing demand for services has created a challenging financial environment for local authorities. The Council has a good track record of delivering services to budget, achieving efficiency savings, generating additional income and minimising service growth in order to continue to provide value for money services to the public.
- 1.5. The proposed MTFS for 2023/24 to 2025/26 is set out below and in detail at Appendix 1.

	2022/23	2023/24	2024/25	2025/26
	£000	£000	£000	£000
Net Expenditure	15,171	14,962	15,512	15,657
Funded by:				
Planned Contribution to / (from) Reserves	(1,397)	(632)	(783)	(253)
Business Rates	(2,473)	(2,724)	(3,002)	(3,002)
Additional Government Funding	(1,641)	(1,216)	(661)	(661)
Deficit on Collection Fund	0	15	0	0
Budget Deficit funded from Reserve	(89)	(70)	(81)	(510)
Council Tax Requirement	9,571	10,335	10,984	11,231
Council Tax Calculation:				
Council Tax Base	33,891.3	35,532.1	36,669.1	36,760.8
Council Tax Charge for Band D	£282.41	£290.85	£299.55	£305.51

- 1.6. The proposed MTFS has been updated to include the latest information on government funding as set out in the Provisional Local Government Settlement, published by the Department for Levelling Up, Communities and Housing (DLUCH) on 19 December 2022. It also incorporates proposals for investment in services, service efficiencies and income generation and sets aside funding to meet anticipated pay awards over the MTFS period.
- 1.7. Table 1 (on the next page) summarises the changes from the current MTFS set in January 2022. Explanations of the changes are set out in the main body of the report and in the detailed appendices.
- 1.8. As set out in the MTFS, there is a budget deficit in 2023/24 of £0.070m which increases to £0.510m over the MTFS period. This budget gap will be managed through planned use of the

Economic Impact Reserve in 2023/24. Plans will be brought forward to address the gap from 2024/25 onwards as part of the budget setting process for 2024/25.

2. Revenue

2.1. The table below sets out the changes between the MTFS agreed in January 2022 and the proposed MTFS at Appendix 1 and the resulting budget gap. Explanations of the changes are set out in the paragraphs below.

Table 1 Budget Gap

MTFS Changes Summary	2023/24 £000	2024/25 £000	2025/26 £000	Total Gap Over MTFS £000
Gap in MTFS at 1 April (approved in January 2022)	149	228	228	605
Changes to Net Expenditure:				
Growth, Savings & Efficiencies	533	(218)	(525)	(210)
Contingency	65	493	816	1,373
Specific Grants rolled into Revenue Support Grant	92	92	92	276
Capital Financing Charges	1,254	1,852	1,981	5,086
Net changes	1,944	2,218	2,363	6,525
Revised gap	2,093	2,446	2,591	7,130
Funding Changes:				
Council tax	(571)	(1,025)	(1,270)	(2,866)
Business Rates	278	0	0	278
Collection Fund	15	0	0	15
Additional Government Funding	(767)	(211)	(211)	(1,189)
Total Funding Changes	(1,045)	(1,236)	(1,481)	(3,762)
Change in planned use of reserves	(978)	(1,130)	(600)	(2,707)
Final gap	70	81	510	660

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

- In year changes. These are changes to the base budgets that have been identified and reported in the Finance Digest throughout the 2022/23 financial year. These changes amount to a variance of **£0.044m** in 2022/23. These are shown at **Appendix 2**
- Pay & Salary changes. The net result is a total increase of **£0.064m** over the three-year period. The pay budgets do not include an allowance for a pay award as this is yet to be agreed for future years. However, as set out below, the contingency budget includes a provision for a pay award in each year of the MTFS and this can be allocated to individual budgets once a pay award is confirmed.

2.3. 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 biggest cost driver for chargeable services is officer time. In order to maintain full cost recovery or the current level of subsidy, fees and charges must increase by at least 6% to take account of the higher than

budgeted pay ward for 2022/23 (6%, 4% above 2% budget) and budgeted pay award for 2023/24 (2%).

2.4. The Council's income charging policy is at Attachment 2a with individual charges listed by service area at Attachment 2b. The proposed variations to projected fees and charges amount to an increase in expected income of £0.768m over the MTFS. Appendix 3 shows a summary of the implications of the 2023/24 fees & charges proposals. The Council's income charging policy is at Attachment 2 with individual charges listed by service area.

2.5. Council is asked to approve the revised fees and charges to commence on 1 April 2023 with the exception of the fees and charges for Building Control which are recommended to be approved as effective from 1 February to enable fee alignment for the new shared service.

2.6. Contingency

A contingency budget has been set aside to provide for likely additional expenditure over the MTFS period. A formal pay award has not been agreed for future years. However, it is prudent to assume that there will be pay awards in light of current inflation rates. A budget equating to a 2% annual increase in pay over the MTFS has been set aside. A further allowance has also been made for additional costs in 2023/24 and 2024/25 in relation to capital financing, which includes the risk of increased interest rates for external borrowing, and for inflation within the Council's Veolia contract.

2.7. Growth and Efficiencies

Appendix 4 contains detail of the growth items which reflect current priorities and pressures offset by efficiency savings and additional income generation.

2.8. Planned Use of Reserves

During 2020/21 a Renewal Fund was established to help Watford recover from the impacts of COVID-19. Based on the latest monitoring report, the balance on the reserve is forecast to be £0.500m at 31 March 2023. The balance of the fund will be utilised in full by 2024/25 and will be drawn down to offset the income shortfall arising from the SLM contract in 2023/24 and 2024/25. Planned reserve movements are set in paragraph 4.4 below.

2.9. 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 MTFS. These adjustments amount to a total increase in resources of **(£3.762m)** over the MTFS.

Table 2 Changes in Funding Against Budget

Funding Changes	2023/24 £000	2024/25 £000	2025/26 £000	Over MTFS £000
Business rates	278	0	0	278
Council tax	(571)	(1,025)	(1,271)	(2,867)
Collection Fund (Surplus) / Deficit	15	0	0	15
New Homes Bonus	(556)	0	0	(556)
Revenue Support Grant	(100)	(100)	(100)	(301)
Services Grant	(110)	(110)	(110)	(331)
Total	(1,045)	(1,235)	(1,482)	(3,762)

- 2.10. On 12 December 2022 the Department for Levelling Up, Housing and Communities (DLUHC) issued the 'Local government finance policy statement 2023/24 to 2024/25'. The statement was intended to provide councils with 'greater certainty on key aspects of their funding' recognising that 'it is incredibly important for their budget setting process and their ability to plan for the future.'
- 2.11. The policy statement confirmed the increased flexibility for Council Tax outlined in the Chancellor's Autumn Statement on 17 November 2022 which increased the referenda limit by 1% to 3% or more than £5 (whichever is the greater).
- 2.12. The statement set out that there would also be changes to settlement grants. The Services Grant will be reduced from 2022/23 allocations to remove the compensation for the increase in National Insurance Contributions which was reversed from 6 November 2022 following the mini budget on 23 September 2022. The Lower Tier Services Grant has also been repurposed to create a new one-off funding guarantee to ensure that all authorities achieve a 3% increase in their Core Spending Power before Council tax increases. This is intended to help authorities manage inflationary pressures.
- 2.13. It was also confirmed that there would be a new round of New Homes Bonus (NHB) payments in 2023/24 but that this is a one off allocation and will not attract legacy payments for future years.
- 2.14. For 2024/25, the policy statement confirmed that the core settlement will 'continue in a similar manner' with the continuation of major grants, business rates pooling and council tax referendum principles. However, there is no confirmation about the future of the Services Grant, Funding Guarantee Grant or NHB. The MTFs assumes that the Services Grant will continue across the MTFs at the 2023/24 allocation and that an allocation of £0.450m for NHB will be received in 2024/25 and 2025/26.
- 2.15. In addition, the government has committed to reviewing the position of funding for lower tier authorities ahead of the 2024/25 settlement taking into account the impact of the Extended Producer Responsibility for packaging (pEPR) scheme. The scheme is expected to be introduced in 2024/25 and will bring a significant new funding stream for lower tier authorities. His Majesty's Treasury (HMT) and Department for Environment, Food and Rural Affairs (DEFRA) will be assessing the impact of the income of the relative needs and resources of local authorities in the coming year to factor into the 2024/25 settlement. At this stage, with limited information available, it is not possible to assess the impact of the scheme on the Council's funding position, including other funding grants, and no assumptions have been factored into the proposed MTFs.
- 2.16. The statement confirms that the 'Fair Funding Review', which was originally planned for implementation in 2019/20, will not take place within the period of the current parliament but the implementation of proposed reforms remain a real prospect for 2025/26. The proposals include plans for Councils to increase the percentage of business rates they keep from 50% to 75% and would establish new baseline funding levels for each local authority that takes account of both the needs of local authorities and the resources available to local authorities.

- 2.17. The Provisional Local Government Finance Settlement 2023/24 was published on 19 December 2022. This confirmed the approach outlined in the policy statement and provided detailed grant allocations for 2023/24:
- New Homes Bonus £1.006m
 - Revenue Support Grant £0.100m
 - Services Grant £0.110m
- 2.18. The Revenue Support Grant (RSG) includes an element in relation to Local Council Tax Support which was previously received as a ringfenced grant and has now been rolled into RSG. The Council has not been allocated any Funding Guarantee Grant as the Council has already achieved a 3% increase in core funding primarily as a result of the significant New Homes Bonus allocation.
- 2.19. The Provisional Settlement is subject to consultation which closes on 16 January 2023 with the final settlement expected in February 2023.
- 2.20. The detailed MTFS is provided at Appendix 1. The proposed Net Expenditure budget for the Council in 2023/24 is **£14.962m**.
- 2.21. 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 5** for the 2023/24 Council Tax Base results in a figure of **35,532.1** after allowing for the Council Tax Reduction Scheme and a collection rate of 97%. This is an increase of 4.84% which is primarily due to growth in housing development. It is currently assumed that the tax base will continue to grow in 2024/25 by a further 3.2% before growth slows to 0.25% in 2025/26.
- 2.22. The average Band D Council Tax charge for 2023/24 is proposed to be **£290.85**, a 2.99% increase from 2022/23. The MTFS includes an assumption that Council Tax will increase by 2.99% in 2024/25 and 1.99% in 2025/26 although this is indicative and subject to review through the budget setting process for 2024/25.
- 2.23. This Council's Council Tax Requirement for 2023/24 is **£10.335m**.

3. Capital Investment Programme

- 3.1. The Capital Investment Strategy is set out in Attachment 3. The purpose of the capital strategy is to tell a story that gives a clear and concise view of how the council determines its priorities for capital investment, decides how much it can afford to borrow and sets its risk appetite. The Capital Investment Programme details the schemes that will be delivered to deliver against the capital investment priorities.
- 3.2. The Capital Investment Programme includes three different types of scheme – business as usual (regular improvements and replacement of key Council assets such as buildings, vehicles and ICT), major projects, and loans to subsidiaries and joint ventures. Much of the capital expenditure which relates to major projects and loans will be returned to the Council in future years as capital receipts. **Appendix 6** sets out the proposed Capital Programme. **Appendix 7** provides detail on new growth bids.

Table 3 MTFS - Capital Investment Programme

MTFS - Capital	Forecast	Draft	Draft	Draft	Total
	Outturn	Budget	Budget	Budget	
	2022/23	2023/24	2024/25	2025/26	
	£000	£000	£000	£000	£000
Original Capital Programme as Approved at Council (January 2022)	79,210	21,740	4,947	0	105,897
Approved rephasings and budget approvals	37,669	0	0	0	37,669
Latest Budget	116,879	21,740	4,947	0	143,566
Changes through budget monitoring to P8	(70,799)	24,196	8,929	5,399	(32,275)
Forecast	46,080	45,936	13,876	5,399	111,291
Growth Items					
Corporate, Housing & Wellbeing Place		0	0	780	780
Strategic Finance		433	1,114	806	2,353
		0	0	677	677
Total Growth		433	1,114	2,263	3,810
Total Potential Capital Programme	46,080	46,369	14,990	7,662	115,101

- 3.3. Over the course of 2022/23 a detailed review of the Capital Programme has been undertaken to ensure that the projections for capital spend are robust, realistic and affordable. This has included reviewing carry forwards from prior years to ensure that the budget is still required, tidying residual budgets as projects are ending, and matching budgets to achievable delivery timescales. This has resulted in a reduction of the capital programme within the MTFS period of £32.275m with some spend now moved to beyond the current MTFS period.
- 3.4. This approach has protected the key programmes within the Capital Programme which include Woodside Sports Village, investment in Parks and Open Spaces, Transport and Infrastructure, development of Watford Business Park and the Town Hall Quarter.

Funding the Capital Investment Programme

- 3.5. The Council funds its capital programme from its reserves, capital receipts, and capital grants and contributions. Subject to prudential and affordable limits, the Council may also borrow to support capital investment. 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 Capital Strategy (Attachment 3). This borrowing requirement may be raised from external providers, or temporarily met internally from cash the Council holds day to day.

Table 4 Funding the Capital Programme

FUNDING TYPE	Forecast	Proposed	Proposed	Proposed
	Outturn	Budget	Budget	Budget
	2022/23	2023/24	2024/25	2025/26
	£000	£000	£000	£000
Grants & Contributions	7,877	1,026	185	55
Reserves	24	251	94	0
Capital Receipts	2,298	19,870	0	0
Section 106 & CIL Contributions	581	545	605	45
Local Enterprise Partnership Loan	1,250	0	0	0
Land Transfer		5,025	0	0

Borrowing (Internal & External)	34,051	19,652	14,106	7,562
TOTAL CAPITAL FUNDING APPLIED	46,080	46,369	14,990	7,662

- 3.6. The cost of borrowing associated with the delivery of the capital investment programme is included within the revenue budget.
- 3.7. The Council's proposed Prudential Indicators for Capital Finance are set out in Attachment 3. The Prudential Indicators provide a framework to ensure that the Council's capital investment plans are prudent and affordable.

4. Reserves

- 4.1. The Council has set aside specific amounts as reserves for future policy purposes and to provide contingency to manage financial risks.
- 4.2. The Council has two reserves to manage general financial risks. These are the General Fund and the Economic Impact Reserve. It is assumed that the budget gap identified in the MTFs will be met from the Economic Impact Reserve. The following table sets out the expected movement over the MTFs:

Table 5 General Fund and Economic Impact Reserve Forecast

	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000
General Fund	(2,000)	(2,000)	(2,000)	(2,000)
Economic Impact Reserve Opening Balance	(1,744)	(1,590)	(1,520)	(1,439)
Budget deficit funded from reserves		70	81	510
Planned Contributions (to) / from reserves	154			
Economic Impact Reserve Closing Balance	(1,590)	(1,520)	(1,439)	(929)
Closing Balances	(3,590)	(3,520)	(3,439)	(2,929)

- 4.3. The Council also holds Earmarked Reserves which are designated to manage specific risks, future one off expenditure or timing differences between grant funding and expenditure. The table below provides a summary of Earmarked Reserve movements over the MTFs.

Table 6 Earmarked Reserves Summary

	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000
Opening Balances	(41,612)	(40,280)	(39,647)	(38,864)
Planned Contributions (to) / from reserves	1,332	633	783	253
Closing Balances	(40,280)	(39,647)	(38,864)	(38,611)

- 4.4. The full schedule of reserves and the anticipated position is attached at **Appendix 8**. The proposed use of reserves for revenue in 2023/24 to 2025/26 is as follows:

- 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 2023/24 and 2025/26 totalling £0.600m.
- There is a sufficient balance within the Economic Impact Reserve to fund the budget deficit across the MTFs although it is anticipated that the budget gap for 2024/25 onwards will be addressed through the budget setting process for 2024/25.
- The general fund working balance has been maintained at a prudent and risk assessed level of **£2.000m**.
- The balance of £0.500m relating to the renewal recovery fund will be drawn down in full during 2023/24 (£0.300m) and 2024/25 (£0.200m) to offset the shortfall in income from the leisure contract as a result of the impact of COVID-19.
- The Riverwell Reserve will be utilised in 2023/24 and 2024/25 to meet the additional costs of capital finance.
- The Sustainability Reserve is forecast to be £0.421m at 31 March 2023. The Sustainability Strategy is currently out for consultation, the Sustainability Reserve will be used to implement the Strategy during the period of the MTFs. Once the programme is approved, the drawdown on the reserve will be reflected within Budget Monitoring.

5. Key Risk Areas

5.1. The Council's budget is exposed to risks that can potentially impact on service level provision and financial stability. Officers have identified some key risks pertinent to the information and forecasts in this paper.

5.2. Macroeconomic risks:

- **COVID-19 Legacy impact**

Britain is the only G7 economy with gross domestic product (GDP) below its pre-pandemic level with some areas of the economy slower to recover than others. This is visible within the Council's own services such as parking and the leisure contract where activity levels are below the pre-pandemic forecasts which had assumed growth over the period 2019 to 2022.

- **Inflation**

It is generally expected that inflation will fall during 2023/24 because of a variety of factors including a slowdown in demand for goods and services that should put a downward pressure on prices and production difficulties for businesses starting to ease. Annual pay growth is approaching 6% across the economy but is significantly lower than inflation meaning a real terms pay cut for most workers.

A slowing in inflation will reduce future price rises but will not return prices to previous levels meaning that higher prices are baked into expenditure in future years.

- **Interest rates**

The Bank of England (BoE) base rate was raised by 0.5% to 3.5% on 15 December 2022 as the bank's Monetary Policy Committee (MPC) attempts to return inflation to its 2% target. The Council's Treasury Management advisors, Link Asset Management currently forecast that the base rate will peak at 4.5% in May 2023 before starting to fall again in 2024 with a projection of 2.5% by September 2025.

- **Recession**

The Independent Office of Budget Responsibility (OBR) has stated that the UK is likely to be

in recession based on the latest data from the Office for National Statistics (ONS) showing that the economy shrank by 0.3% between August and October. The BoE expects the recession to last for at least the whole of 2023 and the first half of 2024 with a gradual recovery thereafter. Continuing high energy prices and higher borrowing costs for businesses and households will hold back growth. It is expected that business investment will remain weak and that there will be an increase in unemployment. Although unemployment levels are at the lowest since the 1970s this is largely due to rising economic inactivity as a result of growth in early retirement and rates of long-term sickness. Actual levels of employment remain below pre-COVID levels.

5.3. Local Risks:

- **Croxley Park**

The report to Council on the purchase of Croxley Business Park outlined the risks the Council was taking on as part of the lease arrangement. There is a substantial cash pot that the Council has received to mitigate risks around rental shortfalls and planned programmed maintenance. The retention of this pot against these risks was taken into account in the Council decision. The Council holds two reserves in relation to Croxley Park. The first is the revenue earmarked reserve to manage fluctuations in rental income as a result of voids which was £17.181m at 31 March 2022. The second is the capital reserve to support ongoing capital improvements to the park. This was £62.917m at 31 March 2022.

- **Commercial Income**

With all rental properties, there is risk of the property becoming empty and a void period occurring. The length and depth of the expected recession is unknown but presents a risk to the Council's commercial income as tenants and the market are adversely impacted. The budget includes additional income from commercial lettings as the Watford Business Park redevelopment takes place. However, a delay in the timing of the development or challenges to securing tenants during a recession could result in a shortfall against the budget.

- **Development risk (changes in the market)**

If the market changes, then some of the development projects planned may not materialise and offer the benefits envisaged and would also impact adversely on some the Council's partners. The Council holds the Riverwell reserve to mitigate against the risk of reduced income to the Council's revenue budget.

- **Housing**

The housing service is demand led and is likely to see an increase in residents seeking support from the Council if the cost of living crisis persist into 2023/24. Homelessness Prevention Grant allocations have now been confirmed for 2023/24 (£0.646m) and 2024/25 (£0.656m). The grant allocations are based on a new formula; however transition arrangements have been enhanced to ensure that no authority has a reduction from their core allocation in 2022/23. DLUHC remain committed to further review of the allocation methodology and there is a risk that funding will reduce from 2025/26 when current transition arrangements end.

- **New Shared Services**

During 2022/23 the Council has entered into new shared service arrangements with St Albans City and District Council. These arrangements are expected to improve resilience and deliver efficiencies over the medium to long term, however there is a risk that whilst

the new arrangements become established there are increased or unplanned costs.

- 5.4. The detailed risk matrix is at **Appendix 9**. The Council has a risk management framework and strong governance arrangements in place including the Property Investment Board, Shareholder Board, Audit Committee and Finance Scrutiny Committee which monitor these risks.

6. Chief Finance Officer's Statutory Report

- 6.1. Under Section 25 of the Local Government Act 2003, the Council's Chief Finance Officer (designated officer under section 151 of the Local Government Act 1972) must report to Council on the following matters:

- a. the robustness of the estimates made for the purposes of the calculations, and
- b. the adequacy of the proposed financial reserves

- 6.2. The Director of Finance confirms the estimates have been correctly calculated under the assumptions used. The council would have sufficient balances to fund the 2023/24 budget, including the gap for the final year of the MTFs, recognising that work will continue during 2023/24 and 2024/25 to close the gap in future years.

- 6.3. There remains considerable uncertainty around the macro-economic climate and its impact on the Council's MTFs, especially in future years. Key uncertainty includes:

- The ongoing level of inflation and the impact of inflation on underlying budgets, including next years local government pay award and the impact of inflation on our key contracts. Continued high inflation is also likely to increase demand for some key services and impact on council tax revenues;
- The Council has a significant level of commercial income and income from its joint ventures, risks around income from Croxley Park and joint ventures are managed through specific earmarked reserves.
- The Council remains at the floor in respect of Business Rate Income so whilst a fall in business rate income would affect the timing of resources, over time the impact is recovered.
- Future interest rate levels which impacts on the Council's cost of borrowing;
- The impact of national changes to waste collection and waste disposal, including the introduction of the 'producer pays' charges and associated additional funding source.

- 6.4. The Council will continue to manage the risks within its budget through active budget monitoring, taking steps in year to address any pressures, and through the use of the Economic Impact Reserve and ultimately General Balances.

- 6.5. Resources beyond 2023/24 remain uncertain. Whilst the Government's policy statement on local government finance gave some detail on 2024/25, it also committed to a review of lower tier funding in light of the additional resources coming to district councils through 'producer pays' funding in waste. Fair funding and the reset of the business rates base will not take place in 2024/25 with changes due to be introduced in the next Parliament.

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BACKGROUND PAPERS:

2022/23 Financial Monitoring Reports
Cabinet Reports
2022-25 Financial Planning Report

APPENDICES:

Appendix 1	Medium Term Financial Strategy 2022/23 to 2025/26
Appendix 2	In Year Base budget changes 2022/23
Appendix 3	Summary Fees & Charges 2023/24
Appendix 4	Growth, Savings and Efficiencies 2023/24 to 2025/26
Appendix 5	Council Tax base and calculation 2023/24
Appendix 6	Capital programme 2023/24 to 2025/26
Appendix 7	New Capital Schemes
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Appendix 9	Risk Matrix

Medium Term Financial Strategy (MTFS) 2022/23 to 2025/2026

 WATFORD BOROUGH COUNCIL BE BOLD	2022/23	2022/23	2023/24	2024/25	2025/26
	Original	Revised at Period 8	Draft	Draft	Draft
	£000	£000	£000	£000	£000
Corporate, Housing & Wellbeing	5,538	5,139	5,682	5,693	5,693
Place	(51)	2,200	(879)	(876)	(876)
Democracy & Governance	1,998	2,029	2,017	2,028	2,028
Corporate Strategy & Comms	1,438	1,469	1,652	1,655	1,655
Human Resources	525	512	481	482	482
Strategic Finance	4,287	3,822	4,065	4,312	4,312
Net cost of services	13,734	15,171	13,018	13,293	13,293
Financial Planning					
Growth & Savings and Income Generation			533	(218)	(525)
Specific Grants rolled into Revenue Support Grant			92	92	92
Contingency			65	493	816
Capital Financing Charges			1,254	1,852	1,981
Total Financial Planning			1,944	2,218	2,363
Total Net Expenditure	13,734	15,171	14,962	15,512	15,657
Planned Use of Reserves					
Contributions to reserves	1,288	1,288	200	240	280
Contributions from reserves	(1,248)	(2,685)	(832)	(1,023)	(533)
Total Planned Use of Reserves	40	(1,397)	(632)	(783)	(253)
Funding					
Council Tax	(9,571)	(9,571)	(10,335)	(10,984)	(11,231)
Collection Fund (surplus) or deficit	0	0	15	0	0
Business Rates	(2,473)	(2,473)	(2,724)	(3,002)	(3,002)
New Homes Bonus	(718)	(718)	(1,006)	(450)	(450)
Additional Government Funding	(923)	(923)	(211)	(211)	(211)
Sub-Total	(13,685)	(13,685)	(14,260)	(14,647)	(14,894)
Total Funding & Use of Reserves	(13,645)	(15,082)	(14,892)	(15,431)	(15,147)
Gap	89	89	70	81	510
Reserves - opening balances	(16,036)	(45,356)	(43,870)	(43,168)	(42,303)
Planned use of reserves	257	1,397	632	783	253
Gap funded from reserves	513	89	70	81	510
Reserves - closing balances	(15,266)	(43,870)	(43,168)	(42,303)	(41,541)
Council Tax Rate Calculation					
Council tax base	33,891	33,891	35,532	36,669	36,761
Council tax charge for band D	£282.41	£282.41	£290.85	£299.55	£305.51
£'000	9,571	9,571	10,335	10,984	11,231

Note: The Reserves opening balances for 2022/23 have been restated at Period 8 to include audit adjustments relating to the Croxley Park and Riverwell reserves.

In Year Base Budget Changes

Place		
Description	Details of Variances	£
Building Control	Professional fees - consultancy to cover additional business needs	20,000
	Decrease in building reg. application fees due to downturn in market and lower demand on inspections	61,000
Development Control	Lower than expected income from Planning Application Fees due to current economic climate	50,000
Policy Team	Saving on employee costs due to vacant post	(50,000)
Land Charges	Search fee income not expected to meet budget target due to current market conditions	50,000
Economic Development	Resource funding agree from renewal funding held Strategic Finance	75,000
CCTV	Additional income from third parties for use of security cameras	(18,200)
Implementation Team	Reduction in Engineering Services undertaken on behalf of partners resulting in a reduction to income.	25,000
Green Travel Plan	Income received from Third Parties for services provided on projects	(140,000)
Investments - Core	Loss of rental income for the year on Intu Watford due to cost recovery	360,000
Valuations & Estates Group	Additional staffing costs for agency appointments	80,000
	Additional costs for the Watford Junction Project - Allocation from agreed budgets in Strategic Finance	120,000
	Saving on employee costs due to vacant post	(25,000)
	External contract management costs for rental income portfolio	135,000
Highways	Funding from HCC for highways	(45,000)
Town Hall Carpark	Loss of income due to suspended charging for parking	33,000
Town Hall offices & Council Suites	Increase in expenditure on utilities due to price increases and varying market conditions	43,000
	Reduction in rental income from the Annex	80,000
SLM (Central & Woodside)	Loss of income from service provider due to the impact of COVID-19 on business recovery	463,000
Recycling - Kerbside	Call handling costs for garden waste and recycling. Income credited to customer & Corporate services	23,350
New Market	Increase electricity costs due to economic climate and increase in number of units being occupied	96,000
	Christmas decorations - Allocation from agreed budgets in Strategic Finance	16,278
Parking	Additional costs on the enforcement contract, costs to be funded as part of the Car Parking Reserve	112,000
Employee Costs	Revised employee costs as part of the corporate restructure - No additional pressure on budgets due to alignment across other services	61,495
	Other Variances	(13,604)
TOTAL		1,612,319

Corporate Housing and Wellbeing		
Description	Details of Variances	£
Customer Services Centre	Call handling costs for garden waste and recycling. Income allocation from Recycling Kerbside	(23,350)
ICT Services	Efficiency saving target for 2022/23 will not be met	61,568
Project Resource	Approved funding allocation for sustainable strategy - from budgets in Strategic Finance	37,698
Housing	Anticipated demand on housing following Covid19 has not reached levels as first projected.	(894,300)
Environmental Health Team	Income from costs awarded following successful prosecution of a fatal accident at work.	(475,000)
Commercial Contract Costs	Contract costs income budgets updated with current agreed charges	45,000
Climate Change	Approved funding from Strategic Finance and Sustainability reserve to fund projects and additional resources	119,400
Printing Section	Decrease in spend on print materials and in-house printing costs	(43,000)
WBC Properties	Net decrease on the cost of maintenance	(71,900)
Employee costs	Revised employee costs as part of the corporate restructure - No additional pressure on budgets due to alignment across other services	61,869
	Other Variances	22,702
TOTAL		(1,159,313)

Corporate Strategy & Communications		
Description	Details of Variances	£
Civic Events	Net increase on costs funding the Centenary event	21,041
Projects	Allocation of agreed budgets to fund projects/resources across the services	70,000
Employee	Revised employee costs as part of the corporate restructure - No additional pressure on budgets due to alignment across other services	(11,657)
TOTAL		79,384

Democracy & Governance		
Description	Details of Variances	£
Legal Services	Contribution to the new Iken case management system as part of shared services	4,000
Employee	Revised employee costs as part of the corporate restructure - No additional pressure on budgets due to alignment across other services	6,922
	Other Variances	1,119
TOTAL		12,041

Human Resources		
Description	Details of Variances	£
HR Shared Service	Net increase in payroll contract costs	8,000
Employee	Revised employee costs as part of the corporate restructure - No additional pressure on budgets due to alignment across other services	(30,769)
TOTAL		(22,769)

Strategic Finance		
Description	Details of Variances	£
Budget Strategy Items	Additional staffing costs based on revised pay offer for 2022/23 subject to final approval	362,000
	Allocation of agreed budgets to fund projects/resources across the services	(359,376)
	Renewal fund allocation to reserves to fund projects identified for future years	(500,000)
Employee	Revised employee costs as part of the corporate restructure - No additional pressure on budgets due to alignment across other services	(87,860)
Other		107,935
TOTAL		(477,301)

GRAND TOTAL		44,361
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Summary Fees & Charges

Service	(A) 2022 / 23 Original Budget £	(B) 2023 / 24 Draft Budget already included in MTFS £	(B) - (A) Variance Year on Year 2022/23 to 2023/24 £	(C) 2023/24 Proposed Budget £	(C) - (B) Variance Draft to Proposed £
PLACE					
Parks, Pitches & Woods	(15,600)	(15,600)	0	(15,600)	0
Cemeteries	(388,500)	(388,500)	0	(388,500)	0
Cheslyn	(205,000)	(205,000)	0	(205,000)	0
SLM	(1,065,877)	(1,065,877)	0	(1,065,877)	0
Waste	(619,160)	(619,160)	0	(827,980)	(208,820)
Specials & Street Cleansing	(51,130)	(51,130)	0	(60,000)	(8,870)
Arts, Events and Heritage	(25,000)	(25,000)	0	(25,000)	0
Housing	(316,907)	(316,907)	0	(316,907)	0
Parking - Controlled Parking Zones (see below)	(1,340,000)	(1,340,000)	0	(1,540,000)	(200,000)
Parking - Other (incl. Avenue, Longspring & Town Hall)	(243,780)	(243,780)	0	(243,780)	0
Building Control	(292,000)	(292,000)	0	(292,000)	0
Development Control (including Policy Team)	(785,000)	(785,000)	0	(797,000)	(12,000)
Land Searches	(120,000)	(120,000)	0	(120,000)	0
	(5,467,954)	(5,467,954)	0	(5,897,644)	(429,690)
CORPORATE, HOUSING AND WELLBEING					
Customer Services (including Information Unit)	(12,500)	(12,500)	0	(12,500)	0
Licenses	(125,300)	(125,300)	0	(125,300)	0
Other Licenses	(38,584)	(38,584)	0	(38,584)	0
Gaming Licenses	(99,252)	(99,252)	0	(99,252)	0
Stray Dogs	(700)	(700)	0	(700)	0
Pests	(39,350)	(39,350)	0	(62,350)	(23,000)
Environmental Abandoned Vehicles	(500)	(500)	0	(500)	0
Environmental Miscellaneous	(54,000)	(54,000)	0	(54,000)	0
	(370,186)	(370,186)	0	(393,186)	(23,000)
DEMOCRACY & GOVERNANCE					
Elections Unit	(4,000)	(4,000)	0	(4,000)	0
	(4,000)	(4,000)	0	(4,000)	0
STRATEGIC FINANCE					
Council Tax (Single Person Discount)	(2,000)	(2,000)	0	(2,000)	0
	(2,000)	(2,000)	0	(2,000)	0
Sub Total	(5,844,140)	(5,844,140)	0	(6,296,830)	(452,690)
Less:					
Parking - Controlled Parking Zones (see above)	1,340,000	1,340,000	0	1,540,000	200,000
Total	(4,504,140)	(4,504,140)	0	(4,756,830)	(252,690)

Growth, Savings and Efficiencies

Corporate, Housing and Wellbeing Services	Category	Proposal Description	2023/24 £	2024/25 £	2025/26 £	MTFS Total £
	Efficiency Saving		(35,000)	(35,000)	(35,000)	(105,000)
		Service efficiencies in the former Community Protection service budgets				
	Efficiency Saving	Licensing services efficiencies	(7,000)	(17,000)	(17,000)	(41,000)
	Efficiency Saving	Utilities and rates savings on surplus sites.	(3,000)	(13,300)	(13,300)	(29,600)
Housing and Wellbeing	Fees and Charges	Increase in income from pest control services	(23,000)	(28,000)	(28,000)	(79,000)
	Efficiency Saving	Efficiencies in animal control	(8,000)	(8,000)	(8,000)	(24,000)
	Efficiency Saving	Deletion of vacant 0.5FTE post	(17,000)	(17,000)	(22,000)	(56,000)
	Efficiency Saving	Alternative funding for particulate monitoring	(7,000)	(7,000)	(7,000)	(21,000)
	Efficiency Saving	Service efficiencies in the former Housing service budgets	0	0	(50,000)	(50,000)
Total Growth, Savings and Efficiencies			(100,000)	(125,300)	(180,300)	(405,600)

Democracy, Strategy and Initiatives	Category	Proposal Description	2023/24 £	2024/25 £	2025/26 £	MTFS Total £
Corporate Strategy & Comms	Service Change	Income from sponsorship to contribute to events programme.	0	(40,000)	(60,000)	(100,000)
	Efficiency Saving	Service efficiency in relation to capital programme charges.	0	(5,000)	(5,000)	(10,000)
	Efficiency Saving	Reduce the number of staff mobile phones.	(4,000)	(4,000)	(4,000)	(12,000)
	Efficiency Saving	Reduce consultancy support to the corporate mapping system.	(3,000)	(3,000)	(3,000)	(9,000)
	Efficiency Saving	Reduce consultancy support to the corporate reporting platform.	(20,000)	(25,000)	(25,000)	(70,000)
Customer and Corporate Services	Efficiency Saving	Reduce consultancy support to the Customer Service Centre systems.	(9,070)	(9,070)	(9,070)	(27,210)
	Efficiency Saving	Service efficiencies and increased digitalisation of the Customer Service Centre.	(8,750)	(17,500)	(17,500)	(43,750)
	Efficiency Saving	Service efficiencies in print.	(8,000)	(8,000)	(8,000)	(24,000)
	Efficiency Saving	Increase use of outsourced hybrid mail contracts.	(35,000)	(35,000)	(35,000)	(105,000)
	Income generation	Additional income from the street naming and numbering.	(7,500)	(7,500)	(7,500)	(22,500)
Total Growth, Savings and Efficiencies			(95,320)	(154,070)	(174,070)	(423,460)

Place	Category	Proposal Description	2023/24	2024/25	2025/26	MTFS Total
			£	£	£	£
	Fees and Charges	Additional income from Bulky Waste Collection	(8,870)	(8,870)	(8,870)	(26,610)
	Fees and Charges	Additional income from Garden Waste Collection	(208,820)	(208,820)	(208,820)	(626,460)
	Growth	Impact of inflation on the Veolia contractt and the introduction of a flat recycling services. Costs partially off set by contract efficiencies.	401,000	364,000	364,000	1,129,000
Environment	Growth	Reduction in management fee from SLM following revision to contract reflecting the impact of COVID-19.	554,000	389,000	389,000	1,332,000
	Growth	Reduction in income from HCC in relation to the Alternative Financial Model for recycling.	135,260	135,260	135,260	405,780
	Income generation	Donations for use of paddling pools	(25,000)	(25,000)	(25,000)	(75,000)
	Income generation	Additional income from parks mobile catering concessions.	0	(12,000)	(12,000)	(24,000)
	Income generation	Additional income from allotments.	(5,000)	(5,000)	(5,000)	(15,000)
	Service Change	Support partnership organisations to identify alternative sources of funding.		(50,000)	(100,000)	(150,000)
	Service Change	Recover full cost of maintaining HCC tree stock or transfer maintenance back to them.	0	(25,000)	(25,000)	(50,000)
Parking Reserve	Growth	Salary costs to support delivery of infrastructure schemes. To be funded from the parking reserve.	20,593	19,729	23,638	63,959
	Growth	Increased costs of enforcement contract. To be funded from the parking reserve.	154,000	154,000	154,000	462,000
	Growth	Impact of inflation on the parking service enforcement contract. To be funded from the parking reserve.	69,120	74,650	80,622	224,392
	Income generation	Additional income from the parking reserve.	(200,000)	(240,000)	(280,000)	(720,000)
Planning, Infrastructure and Economic Development	Fees and Charges	Additional income from Pre-Application planning fees.	(12,000)	(12,000)	(12,000)	(36,000)
	Income generation	Recover costs associated with CIL administration.	(32,798)	(32,798)	(32,798)	(98,394)
	Service Change	Delete part of vacant post.	(17,000)	(17,000)	(17,000)	(51,000)
Property and Asset Management	Efficiency Saving	Service efficiency from MSC1.	(13,000)	(15,000)	(17,000)	(45,000)
	Efficiency Saving	Service efficiency from Town Hall Quarter Project.		(141,000)	(141,000)	(282,000)
	Income generation	Additional income from the MSCP at Riverwell.	(50,000)	(100,000)	(100,000)	(250,000)
	Income generation	Additional income from commercial lettings	(135,000)	(285,000)	(435,000)	(855,000)
	Growth	LSH contract costs for outsourced properties	135,000	135,000	135,000	405,000
	Service Change	Delete part of vacant post.	(33,000)	(33,000)	(33,000)	(99,000)
Total Growth, Savings and Efficiencies			728,485	61,151	(170,969)	618,667

Council Tax Base and Calculation 2023/24

WATFORD 2023/24	Properties by Band									
	Band A Disabled	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
1. Dwellings	0.0	514.0	4,440.0	15,166.0	13,395.0	3,734.0	2,195.0	1,919.0	83.0	41,446.0
2. Demolished	0.0	0.0	0.0	0.0	0.0	1.0	0.0	0.0	0.0	1.0
3. Exemptions	0.0	40.0	133.0	235.0	161.0	56.0	28.0	18.0	1.0	672.0
4. Long Term Empty Premium	0.0	2.0	11.0	27.0	12.0	5.0	0.0	0.0	0.0	57.0
5. Disabled Relief	3.0	20.0	28.0	-17.0	-13.0	1.0	-16.0	-6.0	0.0	0.0
6. Chargeable Dwellings (H)	3.0	495.0	4,340.5	14,927.5	13,227.0	3,680.5	2,151.0	1,895.0	82.0	40,801.5
7. Discounts x 25% SPD	0.0	281.0	2,452.0	5,270.0	3,281.0	719.0	359.0	235.0	5.0	12,602.0
8. Discounts x 25%	0.0	3.0	41.0	166.0	106.0	23.0	17.0	10.0	0.0	366.0
9. Discounts x 50%	0.0	0.0	0.0	3.0	12.0	5.0	4.0	9.0	7.0	40.0
10. Discount Deduction (Q)	0.0	71.0	623.3	1,360.5	852.8	188.0	96.0	65.8	4.8	3,262.0
11. Additions/ Reductions	0.0	207.0	1,070.0	996.0	119.0	80.0	142.0	2.0	3.0	2,619.0
12. Total Adjustments (J)	0.0	207.0	1,070.0	996.0	119.0	80.0	142.0	2.0	3.0	2,619.0
13. Sub-Total (H-Q+J)	3.0	631.0	4,787.3	14,563.0	12,493.3	3,572.5	2,197.0	1,831.3	80.3	40,158.5
14. Reduction Scheme (Z)	0.0	72.3	911.2	1,750.9	1,069.6	186.7	47.0	15.9	0.0	4,053.5
15. Net Dwellings ((H-Q+J)-Z)	3.0	558.7	3,876.1	12,812.1	11,423.6	3,385.8	2,150.0	1,815.4	80.3	36,105.0
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	1.7	372.5	3,014.7	11,388.6	11,423.6	4,138.2	3,105.6	3,025.6	160.5	36,631.0

TAX BASE CALCULATION	
Total Band D Equivalents	36,631.0
Collection Rate	97.00%
Adjusted Band D	35,532.1

Capital Programme 2022/23 to 2025/26

Capital Scheme	Forecast Outturn 2022/23	Proposed Budget 2023/24 (Including rephasings, savings & growth)	Proposed Budget 2024/25 (Including rephasings, savings & growth)	Proposed Budget 2025/26 (Including rephasings, savings & growth)
	£	£	£	£
ED-CORPORATE, HOUSING & WELLBEING				
ICT Shared Services				
ShS-Migration To The Cloud	156,000	0	0	0
ShS-Hardware Replacement Programme	147,729	45,000	45,000	45,000
ICT Client Services				
ICT-Hardware Replacement Programme	603,287	0	200,000	200,000
ICT-Business Application Upgrade	386,270	78,000	165,000	165,000
ICT-Project Management Provision	120,000	120,000	120,000	120,000
Town Hall Quarter (Delivery)				
Town Hall Refurbishment	850,200	7,667,800	0	0
Colosseum Refurbishment	4,700,000	6,020,000	0	0
Annexe Refurbishment	1,750,000	0	0	0
Town Hall Quarter Programme Delivery	399,800	300,000	180,200	0
Reimagining Watford	20,000	0	0	0
Decarbonisation Project Salix	5,000,000	574,000	0	0
Innovation & Incubation Hub	0	0	156,800	0
Environmental Health				
Decent Homes Assistance	813,223	100,000	100,000	100,000
Private Sector Housing Renewal	227,240	100,000	100,000	100,000
Housing				
Private Sector Stock Condition	16,534	0	0	0
Retained Housing Stock	50,000	50,000	50,000	50,000
Housing First - Phase 2	20,000	0	0	0
EH-COMMUNICATIONS, PARTNERSHIPS & COMMUNITY				
Corporate Communications				
Town Boundary Signage	0	65,000	0	0
ED-PLACE				
Transport & Infrastructure				
Public Realm (High Street)	1,234	0	0	0
Public Realm (Clarendon Rd Phase III)	298,312	0	0	0
CCTV Site Equipment	15,000	10,000	10,000	0
Public Realm - Market St South	217,580	0	0	0
Camera Enforcement - High St	159,483	0	0	0
Public Realm - Queens Rd, The Broadway	100,000	200,000	0	0

Capital Scheme	Forecast Outturn 2022/23	Proposed Budget 2023/24 Including rephasings, savings & growth)	Proposed Budget 2024/25 Including rephasings, savings & growth)	Proposed Budget 2025/26 Including rephasings, savings & growth)
	£	£	£	£
Public Realm - Market St North	226,655	0	0	0
TTIW Delivery Programme	275,817	350,000	0	0
St Albans Rd Imp Works (Ph 2)	56,307	0	250,000	0
Wayfinding & Public Art Strategy	200,500	121,000	0	0
EV Rapid Charging Points Programme	403	99,597	100,000	100,000
CCTV Control Room Strategy	100,000	402,634	0	0
Watford Junction Masterplan	13,548	0	0	0
Parades Improvements	0	200,000	200,000	200,000
Sustainable Transport Programme	0	0	100,000	100,000
Watford 3D Planning Model	12,909	0	0	0
High St Phase 2 (St Mary's)	146,808	400,000	0	0
Development Control				
Section 106 - Herts CC Schemes	6,000	0	0	0
CIL Grant Funded Projects	154,932	0	0	0
Corporate Asset Management				
Community Asset Review	356,303	250,000	250,000	500,000
Building Investment Programme	100,000	0	0	0
Watford Business Park				
Watford Business Park Phase 2	7,000,000	8,553,787	0	0
Watford Riverwell	262,000	8,765,000	4,353,000	4,899,000
Property Management				
Temp Housing Accommodation	50,000	0	0	0
Surplus Sites	225,214	400,000	0	0
Lower High Street	1,985,000	0	0	0
Infill Sites (LEP funded)	0	840,675	0	0
Surplus Site - Land Acquisition (Site A)	0	900,000	0	0
Waste & Recycling (inc Veolia)				
Veolia Contract Fleet Requirements	1,143,391	88,000	479,000	11,000
Flats - Extension of Recycling Provision	0	70,000	0	0
Veolia Capital Improvements	70,000	71,000	72,400	0
Parks & Open Spaces				
Parks Water Fountains	0	45,000	45,000	45,000
The Orchard Park Ball proof Fence and Astro turf Wicket	0	0	60,000	0
Green Spaces Strategy	149,778	150,000	250,000	0
Oxhey Park North	38,948	0	0	0
Tree Planting Programme	60,000	50,000	50,000	50,000
River Colne Restoration	311,993	250,000	0	0

Capital Scheme	Forecast Outturn 2022/23	Proposed Budget 2023/24 Including rephasings, savings & growth)	Proposed Budget 2024/25 Including rephasings, savings & growth)	Proposed Budget 2025/26 Including rephasings, savings & growth)
	£	£	£	£
Nascot Grange Open Space	10,000	0	0	0
Parks Litter Bin Replacements	10,000	10,000	10,000	0
Meriden Park Improvements	145,556	0	0	0
Cassiobury Park Wetlands	133,000	75,000	0	0
Cassiobury Park Ad Hoc Works	25,000	25,000	0	0
Meriden Park Barrier	55,000	0	0	0
Footpaths - Cassiobury Park Nature Reserve	230,000	100,000	100,000	100,000
Footpaths - Cassiobury Park	138,000	100,000	100,000	100,000
Allotment Provision	0	50,000	0	0
Shrub Replacement (Open Space)	25,000	25,000	25,000	25,000
Parks - Building Investment	150,000	100,000	100,000	0
Oxhey Activity Pk- Modular Unit	63,110	0	0	0
Cemeteries				
Cemetery Reversion	75,000	0	0	0
North Watford Cemetery Improvements	30,000	0	0	0
New Cemetery Provision	45,000	0	0	0
Vicarage Rd - WFC Memorial Area	60,000	0	0	0
Leisure & Play				
Watford Tennis Partnership	25,000	0	0	0
Oxhey Grange-Bowling Gr'N Imps	0	110,000	0	0
Cassiobury Park Tennis Courts	0	40,000	0	0
Orchard Park & Callowland Cricket Improvements	20,000	0	0	0
King George V Muga	20,000	0	0	0
Leavesden Green Rec Ground Improvements	50,000	0	0	0
Woodside Sports Village	415,000	2,000,000	4,446,733	0
Play Area Improvements	237,890	75,000	75,000	75,000
Lea Farm Recreation Improvements	12,000	0	0	0
Culture & Heritage				
Watford Museum	60,000	0	0	0
Heritage Trail	105,437	0	0	0
Watford Market	25,000	0	0	0
Shared Prosperity Fund				
Supporting Local Business	0	20,490	120,450	0
Community Projects				
Cycle Hub	111,099	0	0	0

Capital Scheme	Forecast Outturn 2022/23	Proposed Budget 2023/24 <u>Including</u> rephasings, savings & growth)	Proposed Budget 2024/25 <u>Including</u> rephasings, savings & growth)	Proposed Budget 2025/26 <u>Including</u> rephasings, savings & growth)
	£	£	£	£
Paddock Road Depot Enhancements	1,013,503	0	0	0
Commissioning				
Cycle & Road Infrastructure Improvements	23,584	500,000	500,000	0
Town Hall Quarter (Concept)				
Regeneration Project	187,000	0	0	0
Town Hall Quarter (Delivery)				
Museum & Heritage	150,000	100,000	1,500,000	0
Colosseum Retender	34,000	0	0	0
DoF-STRATEGIC FINANCE				
Capitalised Support Services				
Support Services	552,470	552,470	552,470	552,470
Major Projects - FBP and QS	129,550	124,390	124,390	124,390
Hart Homes JV				
Land Transfer - Croxley View Phase 3	0	3,130,000	0	0
Land Transfer - Rear Of High St	0	760,000	0	0
Land Transfer - Scheme A	0	605,000	0	0
Land Transfer - Scheme B	0	530,000	0	0
Loan to Hart Homes WDLLP	5,850,000	0	0	0
Loan to Hart Homes WDLTD	5,632,010	0	0	0
Capital Budget Contingency				
Capital Contingency	1,232,931	0	0	0
TOTAL PROPOSED CAPITAL PROGRAMME	46,079,538	46,368,843	14,990,443	7,661,860

New Capital Projects

Project Proposal	Capital Growth		
	Proposed Budget 2023/24 £	Proposed Budget 2024/25 £	Proposed Budget 2025/26 £
Place			
Environment			
Parks Water Fountains			
To provide water fountains at green flag parks for the public. Each unit costs £8,500 each plus plumbing. 14 more are required across the 17 green flag parks.	45,000	45,000	45,000
The Orchard Park Ball proof Fence and Astro turf Wicket			
This project will be subject to a ball strike risk assessment and carefully considering the health and safety of other users and activities on the site.	0	60,000	0
Flats - Extension of Recycling Provision			
Capital budget required for the extension to the recycling provision involving flats in Watford.	70,000	0	0
Vehicle Fleet Replacement			
To ensure a fit for purpose fleet to service the Council's operations.	88,000	479,000	11,000
Footpaths - Cassiobury Park Nature Reserve			
Continuation of footpath repair and upgrade programme for Cassiobury Park Nature Reserve.	0	0	100,000
Footpaths - Cassiobury Park			
Continuation of footpath repair and upgrade programme for Cassiobury Park.	0	0	100,000
Shrub Replacement (Open Space)			
This is an extension to the current rolling programme of improvements	0	0	25,000

Project Proposal	Capital Growth		
	Proposed Budget 2023/24 £	Proposed Budget 2024/25 £	Proposed Budget 2025/26 £
Environment continued			
Play Area Improvements			
Over the last 10 years, Watford has invested heavily in its play areas with standards high. However, there is a requirement for a continued capital budget for ongoing improvements to play facilities as items fail and require capital replacements.	0	0	75,000
Tree Planting Programme			
Tree replacement to support climate change initiatives.	0	0	50,000
Total Environment	203,000	584,000	406,000

Project Proposal	Proposed Budget 2023/24 £	Proposed Budget 2024/25 £	Proposed Budget 2025/26 £
Planning, Infrastructure and Economy			
Parades Improvements			
Ongoing improvement works on parades to ensure neighbourhoods benefit from enhancements.	200,000	200,000	200,000
Sustainable Transport Programme			
To continue to deliver the TTIW strategy approved by Cabinet, need an ongoing capital stream to deliver projects.	0	100,000	100,000
EV Charging Programme			
It has been recognised by WBC Cabinet and officers that the transition to electric vehicles is vital in addressing climate change. Enabling Watford residents to use electric vehicles is a Council priority and there has already been a significant uptake of EVs locally.	0	100,000	100,000
CCTV Site Equipment			
UK Shared Prosperity grant funded scheme for CCTV installation.	10,000	10,000	0
Supporting Local Business			
UK Shared Prosperity grant funded scheme for capital support to local business.	20,490	120,450	0
Total Planning, Infrastructure and Economy	230,490	530,450	400,000
Total Place	433,490	1,114,450	806,000

Project Proposal	Proposed Budget 2023/24 £	Proposed Budget 2024/25 £	Proposed Budget 2025/26 £
Corporate, Housing and Wellbeing Services			
Housing and Wellbeing			
Retained Housing Stock			
Annual retained housing stock capital expenditure.	0	0	50,000
Decent Homes Assistance			
To support decent homes strategy in Watford.	0	0	100,000
Private Sector Housing Renewal			
To support private sector housing initiatives in Watford including energy conservation.	0	0	100,000
Total Housing and Wellbeing	0	0	250,000
ICT and Shared Services			
ICT Hardware Replacement Programme			
Annual ICT capital expenditure.	0	0	200,000
ICT Business Application Upgrade			
Annual ICT capital expenditure.	0	0	165,000
ICT Project Management Provision			
Annual ICT capital expenditure.	0	0	120,000
ICT Shared Service Hardware Replacement Programme			
Annual ICT capital expenditure.	0	0	45,000
Total ICT and Shared Services	0	0	530,000
Total Corporate, Housing and Wellbeing Services	0	0	780,000

Project Proposal	Proposed Budget 2023/24 £	Proposed Budget 2024/25 £	Proposed Budget 2025/26 £
Strategic Finance			
Capitalisation of Support Services			
Officer time directly attributable to capital projects.	0	0	552,470
Capitalisation of Finance Project Support & Quantity Surveyor			
Officer time directly attributable capital projects.	0	0	124,390
Total Strategic Finance	0	0	676,860
Total Growth Bids	433,490	1,114,450	2,262,860

Revenue Earmarked Reserves and General Reserves

Description	Balance at 1 April	Movement 2022/23	Balance at 31 March	Movement 2023/24	Balance at 31 March	Movement 2024/25	Balance at 31 March	Movement 2025/26	Balance at 31 March	Purpose
	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Earmarked Revenue Reserves										
Budget Carry Forward	(1,735)	1,735	0	0	0	0	0	0	0	Budgets carried forward from prior years
Car Parking Zones	(475)	187	(288)	119	(169)	83	(86)	53	(33)	Ring fenced for parking projects
Collection Fund	(9,301)	0	(9,301)	0	(9,301)	0	(9,301)	0	(9,301)	Equalisation fund to smooth impact of surplus / deficit over MTFS
Crematorium	(150)	0	(150)	0	(150)	0	(150)	0	(150)	Funding repairs and maintenance
Croxley Park*	(17,181)	0	(17,181)	0	(17,181)	0	(17,181)	0	(17,181)	Reserve held to manage timing of income from Croxley Park
Housing Benefit Subsidy	(1,583)	0	(1,583)	0	(1,583)	0	(1,583)	0	(1,583)	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
Leisure Structured Maintenance	(57)	0	(57)	0	(57)	0	(57)	0	(57)	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
Pension Funding	(2,248)	200	(2,048)	200	(1,848)	200	(1,648)	200	(1,448)	Reduction of pension deficit
Rent Deposit Guarantee Scheme	(100)	0	(100)	0	(100)	0	(100)	0	(100)	Assist in providing homelessness accommodation
Riverwell Project*	(7,026)	(1,000)	(8,026)	14	(8,012)	300	(7,712)	0	(7,712)	To cover any guarantees, repayments of outstanding loans and fund future investment.
Renewal Recovery Fund	(631)	131	(500)	300	(200)	200	0	0	0	To support the recovery process for additional costs due to COVID-19
Sustainability Reserve	(500)	79	(421)	0	(421)	0	(421)	0	(421)	Funding sustainable projects for a better environment
Total Earmarked Revenue Reserves	(41,612)	1,332	(40,280)	633	(39,647)	783	(38,864)	253	(38,611)	
General Revenue Reserves										
General Fund Working Balance	(2,000)	0	(2,000)	0	(2,000)	0	(2,000)	0	(2,000)	Prudent balance
Economic Impact Reserve	(1,744)	154	(1,590)	70	(1,520)	81	(1,439)	510	(929)	Provide resources to offset economic downturn - Budget Gap met from this reserve
Total General Revenue Reserves	(3,744)	154	(3,590)	70	(3,520)	81	(3,439)	510	(2,929)	
Total Revenue Reserves	(45,356)	1,486	(43,870)	703	(43,167)	864	(42,303)	763	(41,540)	

*Riverwell and Croxley Park brought forward balances have been restated for 2019/20 and 2020/21 audit adjustments

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 financial strategy takes into account estimated pay increases for the period linked to forecast inflation.	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. A contingency budget has been created to help manage the impact of inflation which is at it highest level since 1982.	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 interest rate outlook remains uncertain as the Bank of England takes monetary policy measures to address infation.	3	3	9
11	Inaccurate estimates of fees and charges income	See Key Income Streams are shown in the latest Financial Monitoring Report	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

No.	Type of Consequence	Comment	Likelihood	Impact	Overall Score
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 reserves to manage unexpected expenditure.	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 allocation for 2023/24 was higher than originally budgeted however, the future of New Homes bonus remains uncertain as the government is yet to respond to a consultation undertaken during 2022/23.	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