

# **FINANCE DIGEST 2014/15**

**Financial Monitoring at**

**Period 10**

**January 2015**

**Prepared By : Finance Shared Service**

**Date : 16th February 2015**

## Contents

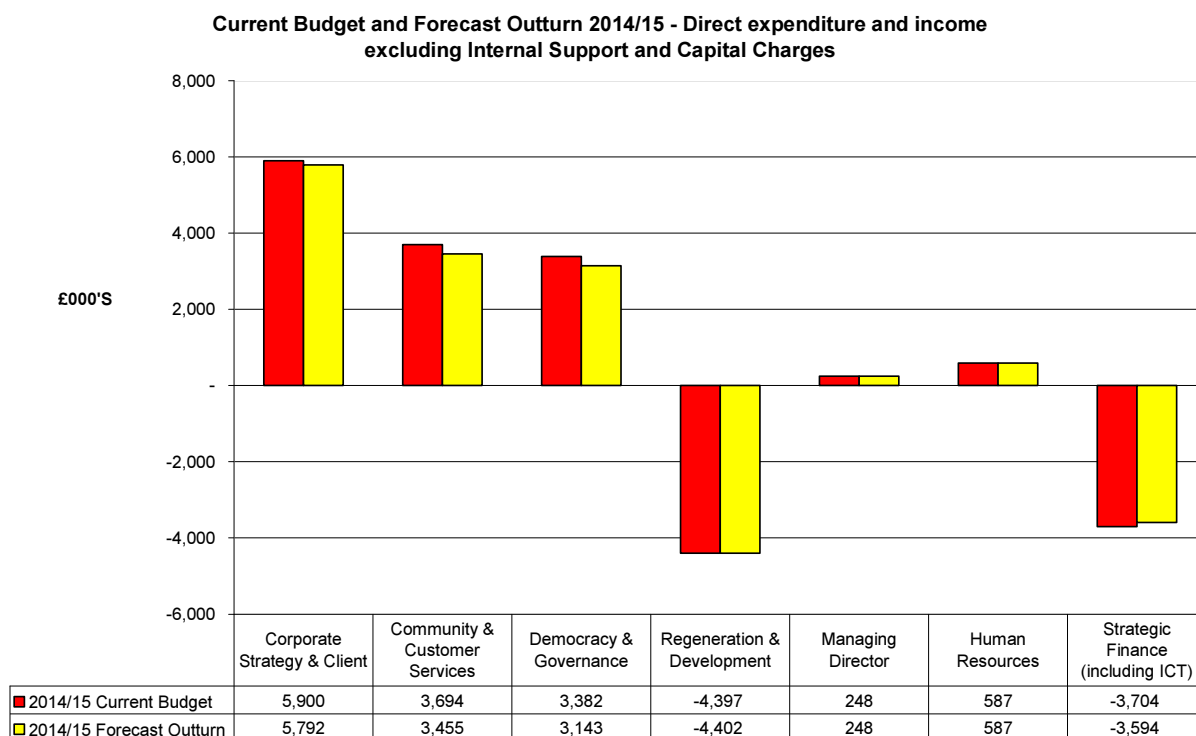
	Page No.
1 Introduction	3
2 Revenue Budget – Net Expenditure	3
3 Funding and Reserves	5
4 Key Financial Risk Areas	6
5 Debtors	7
6 Creditors	9
7 Council Tax and Business Rates Collection	9

## 1 Introduction

- 1.1 The monthly Finance Digest is the Council's key tool for monitoring the financial performance of the organisation. It is designed to be used by Members, officers and to provide an overview to our customers and residents.
- 1.2 It is essential that the Council monitors its budgets throughout the year to ensure that it is meeting its strategic objectives and that corrective action is taken where necessary.
- 1.3 This document shows the expected financial position at the end of the financial year, based on the actual performance at the end of January 2015 (Period 10).
- 1.4 This document brings together a range of information which ultimately impacts on the Council's financial performance. This includes budget monitoring and also financial performance indicators which will help the Council predict its position at the end of the financial year.

## 2 Revenue Budget – Net Expenditure

- 2.1 This section outlines the expected year end position for the Council's revenue budget. This takes into account both the expenditure incurred and the income received for the running of the day to day services e.g. waste collection, leisure and housing services.
- 2.2 The current budget for 2014/15 was agreed at Full Council on 28<sup>th</sup> January 2015.
- 2.3 The Council's current budget is £13,990,000. The forecast outturn for the end of the year, as at the end of January 2015, is £13,508,000. This results in a favourable variance (under spend) of £482,000. This is shown in the graph below and further details can be found in Appendix 1: these figures exclude indirect expenditure and income i.e. internal support recharges and capital charges.



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

	Current Budget	Forecast Outturn	Variance
	£000's	£000's	£000's
Corporate Strategy & Client Services	5,900	5,792	(108)
Community & Customer Services	3,694	3,455	(239)
Democracy & Governance	3,382	3,143	(239)
Regeneration & Development	(4,397)	(4,402)	(5)
Managing Director	248	248	0
Human Resources	587	587	0
Strategic Finance (including ICT)	(3,704)	(3,594)	110
Recharges, capital charges and accounting adjustments	8,280	8,280	0
<b>Total</b>	<b>13,990</b>	<b>13,508</b>	<b>(482)</b>

2.5 The total variance since the current budget was agreed is £482,000. This is a favourable variance.

2.6 The main reasons for the £482,000 overall favourable variance are outlined below:

*Favourable variances*

- £271,000 unspent carried forward from 2013/14.
- £99,000 increase in commercial property rents, including market income (£48K).
- £87,000 funding from Central Government for IER (Individual Electoral Registration).
- £62,000 increase in Planning application fees, pre-application advice and fees for unilateral undertakings.
- £48,000 savings from running three combined elections.
- £45,000 increase in waste recycling credits.
- £35,000 increase in 2013/14 management fee from SLM contract.
- £35,000 increase in Land Charges search fees.
- £24,000 income received from Hertfordshire County Council for elections equipment.
- £19,000 savings in members allowances.
- £15,000 reduction in reactive and emergency cleaning in Council owned buildings.
- £15,000 savings on electrical installations in Council owned buildings.
- £12,000 increased income from lettings at Centrepont Community Centre.
- £10,000 reduction in Leisure development work.
- £10,000 saving by not having a full annual electoral registration canvass.
- £ 9,000 saving on electoral services software.
- £ 9,000 increased income from legal fees.

*Unfavourable variances*

- £94,000 set up cost for market and landlord's costs for vacant commercial property.
- £72,000 additional Microsoft licenses following a Microsoft Audit.
- £49,000 efficiency savings not achieved in Building Control.
- £33,000 increase in IT budget requirement net of emergency budget for non Capita items and refund from Capita.
- £20,000 lower than expected income from Hertfordshire County Council relating to volumes of waste sent to landfill sites.
- £20,000 increase in consultancy costs in Development Control.
- £14,000 annual cost for WBC website.

### *Variances funded from reserves*

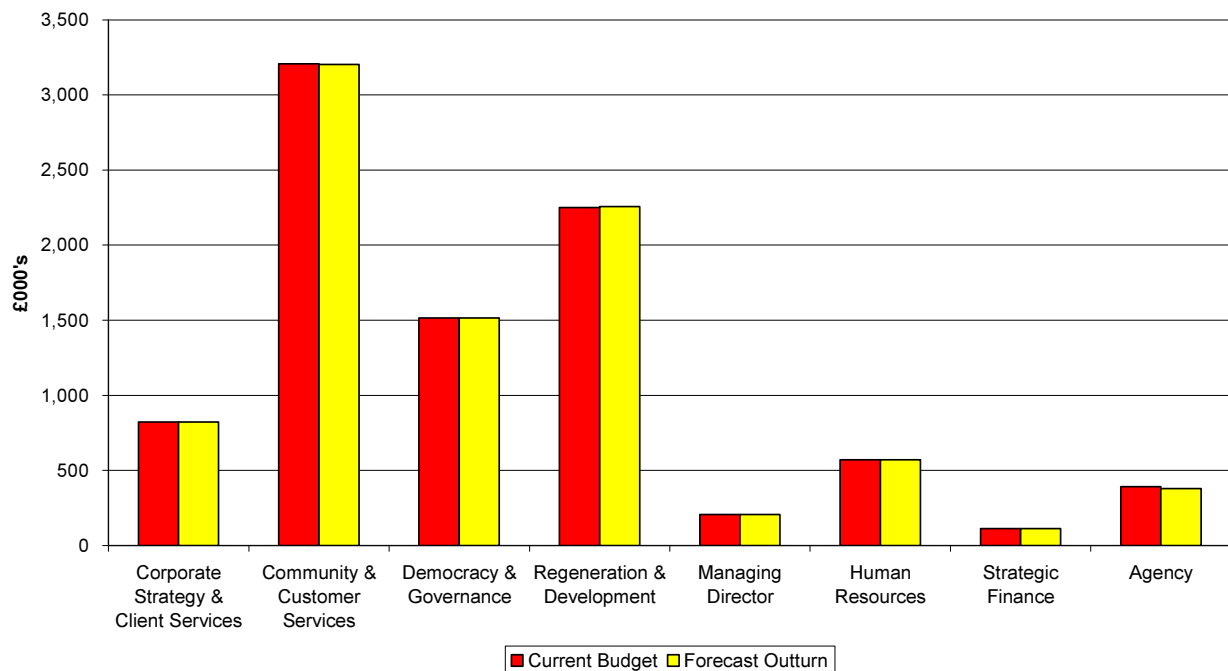
- £44,000 net expenditure on the 'Big Skate' over the Christmas period.

### *Changes in funding*

- There are no changes in funding this month.

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

**Salary Analysis**



## **3 Funding and Reserves**

### *Funding*

- 3.1 Overall the Council's funding position compared to the current budget has not changed. Full details of the current funding position can be seen in Appendix 4.
- 3.2 The business rates projection continues to be volatile as the Council gets better information to help predict the year end position. The current forecast shows no change in the funding to be received from Business Rate growth. It is not anticipated that this position will change significantly prior to the end of the year.

## Reserves

- 3.3 The Council's reserves position can be seen in the table below, and further details can be found in Appendix 6.

Description	Bal B/F as @ 1-Apr-2014	Agreed use of reserves	Movement Period 10	Total Movement	Forecast Bal as @ 31-Mar-2015
General Fund Working Balance	-1,350,000	0	0	0	-1,350,000
Capital Financing Reserve	-604,000	0	0	0	-604,000
Earmarked Reserves	-6,131,950	338,950	0	338,950	-5,793,000
General Reserves (see movement in year reconciliation below)	-7,478,000	-968,845	-482,020	-1,450,865	-8,928,865
<b>Total Revenue Reserves (incl GFWB)</b>	<b>-15,563,950</b>	<b>-629,895</b>	<b>-482,020</b>	<b>-1,111,915</b>	<b>-16,675,865</b>

General Reserves Movement in Year	
Revenue forecast variance for year (see paragraph 2.5)	-482,020
Funding variance from council tax and business rates	0
Movement in general reserves	-482,020

## 4 Key Financial Risk Areas

- 4.1 The Council's budget is exposed to some key risk areas; these are generally areas of expenditure where the Council is not in control of the demand for that service, or where there have been income assumptions built into the budget. These risks are regularly monitored and the latest position since the current budget was agreed is shown below. Further details can be found in Appendix 5.

## Key Risk Areas



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

## 5 Debtors

5.1 The total outstanding debt as at 31 January 2015 was £1,072,319 (31 December 2014 was £880,794). Of the outstanding amount 60% is less than one month old and it is anticipated that this will be recovered. The total amount of debt outstanding is shown below. This identifies that 28% of the outstanding debt is over three months old.

5.2 The significant change being the outstanding debt of the '0 – 1 month' category, which has increased by £241,631, this is as a result of quarterly invoices being raised.

Invoices Outstanding from 1st April 2014 to 31st January 2015									
Service Area	Invoices outstanding by age of debt								Grand Total
	No. of Invoices	0 - 1 month	2 - 3 months	4 - 6 months	7 - 9 months	10 - 12 months	over 12 months	Instalment Plan	
		£	£	£	£	£	£	£	
Corporate Strategy & Client Service	414	71,074	11,156	5,917	3,791	5,482	8,398	2,452	108,270
Community & Customer Service	161	10,216	8,068	40	5,795	4,740	30,818	872	60,549
Democracy and Governance	83	31,792	732	718	180	1,263	17,241	215	52,141
Regeneration and Development	123	487,461	109,331	21,118	17,250	31,576	120,414	380	787,530
Managing Director	2	0	0	2,280	0	0	0	0	2,280
Human Resources	0	0	0	0	0	0	0	0	0
Strategic Finance (including ICT)	22	36,801	7,707	0	0	0	17,041	0	61,549
<b>Grand Total</b>	<b>805</b>	<b>637,344</b>	<b>136,994</b>	<b>30,073</b>	<b>27,016</b>	<b>43,061</b>	<b>193,912</b>	<b>3,919</b>	<b>1,072,319</b>
<b>Percentage of Amount Outstanding</b>		<b>59.44%</b>	<b>12.78%</b>	<b>2.80%</b>	<b>2.52%</b>	<b>4.02%</b>	<b>18.08%</b>	<b>0.37%</b>	<b>100.00%</b>

## Commercial Property Rents

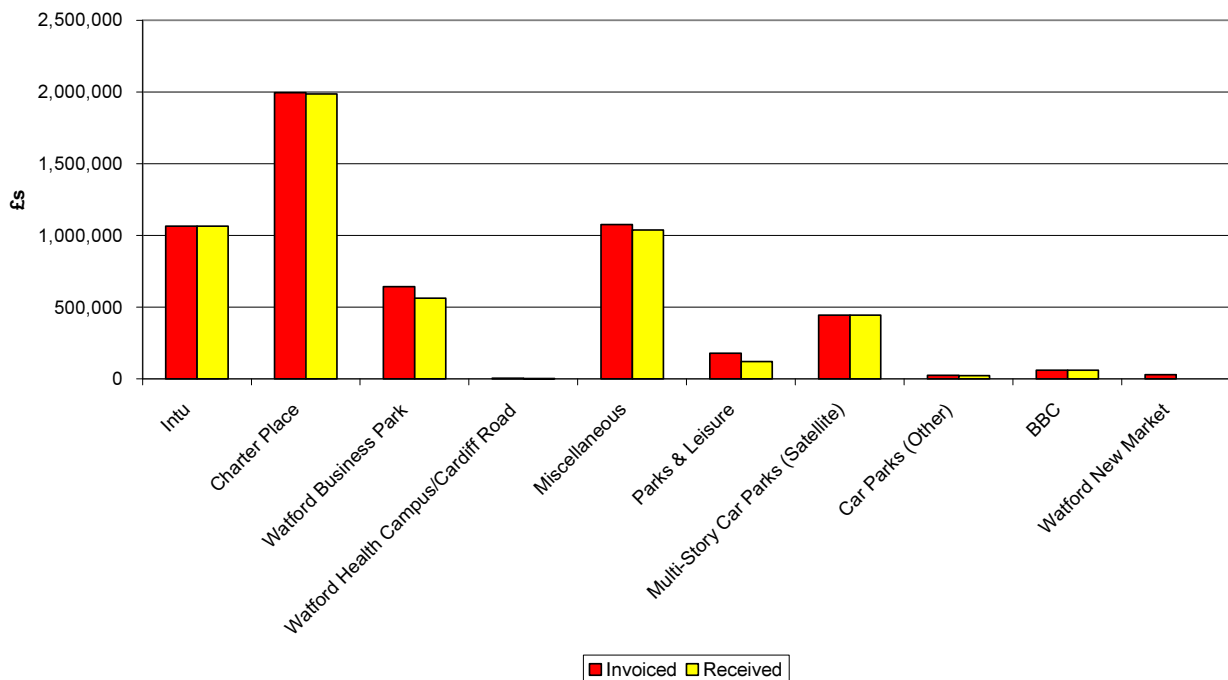
- 5.3 The commercial rent portfolio forms a large part of the Council's total income and it is important that the Council closely monitors this income stream. A detailed breakdown is included in the table below.

AREA/Zone/Site	Current Budget for 2014/5	Invoiced to 31/01/2015	Received to 31/01/2015	Forecast rent for 2014/15	Forecast Variance
	£	£	£	£	£
Intu	(976,300)	(1,064,337)	(1,064,337)	(1,032,300)	(56,000)
Charter Place	(2,380,000)	(1,994,104)	(1,985,729)	(2,380,000)	0
Watford Business Park	(697,810)	(643,418)	(564,195)	(702,810)	(5,000)
Watford Health Campus/Cardiff Road	(56,000)	(5,309)	(3,945)	(56,000)	0
Miscellaneous	(1,228,030)	(1,076,952)	(1,037,012)	(1,209,250)	18,780
Parks & Leisure	(178,220)	(178,754)	(119,904)	(182,220)	(4,000)
Multi-Story Car Parks (Satellite)	(668,000)	(444,851)	(444,851)	(668,000)	0
Car Parks (Other)	(24,160)	(24,186)	(23,480)	(24,160)	0
BBC	(61,000)	(61,000)	(61,000)	(61,000)	0
Watford New Market	0	(30,541)	0	(53,040)	(53,040)
<b>Total</b>	<b>(6,269,520)</b>	<b>(5,523,452)</b>	<b>(5,304,453)</b>	<b>(6,368,780)</b>	<b>(99,260)</b>

- 5.4 For the period 1 April 2014 to 31 January 2015 the Council has invoiced £5,523,452 with £219,000 of that outstanding. There has been a favourable forecast variance change of £99k driven mainly by increases in Intu and New Market income.

- 5.5 The chart below shows the value of the rent invoiced compared to the rent received for commercial properties. This shows that 96% of the rent that has been invoiced in 2014/15 has been received.

**Commercial Property Rents - Debtors**





## 6 Creditors

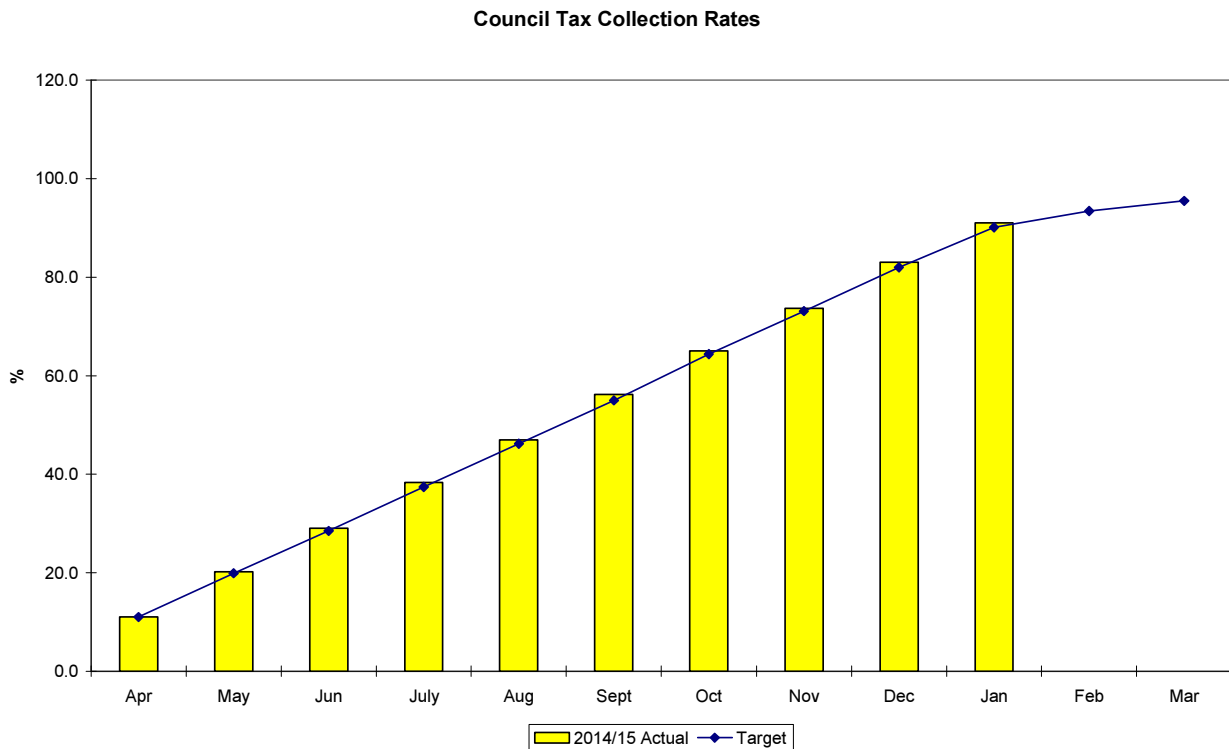
- 6.1 The Council has paid 98.15% of undisputed invoices within 30 days. Under government legislation, invoices not paid within 30 days are subject to interest charges (excluding those that are in dispute). To date the Council has not incurred any interest charges.
- 6.2 A breakdown of payments by department at period 10 is shown in the table below.

Service Area	Monthly Undisputed Invoices Paid	Late Payments	Payments On Time	% Payments On Time Period 10	% Payments On Time YTD
Corporate Strategy & Client Services	26	3	23	88.46	98.13
Community & Customer Services	104	3	101	97.12	98.87
Democracy & Governance	167	3	164	98.20	97.98
Regeneration & Development	65	3	62	95.38	98.65
Managing Director	2	0	2	100.00	96.88
Shared Services (including ICT)	25	1	24	96.00	85.44
<b>Total</b>	<b>389</b>	<b>13</b>	<b>376</b>	<b>96.66</b>	<b>98.15</b>

- 6.3 The number of payments made by BACS for the month was 98.75% and for the year to date is 98.73%. This is against a target of 90%.

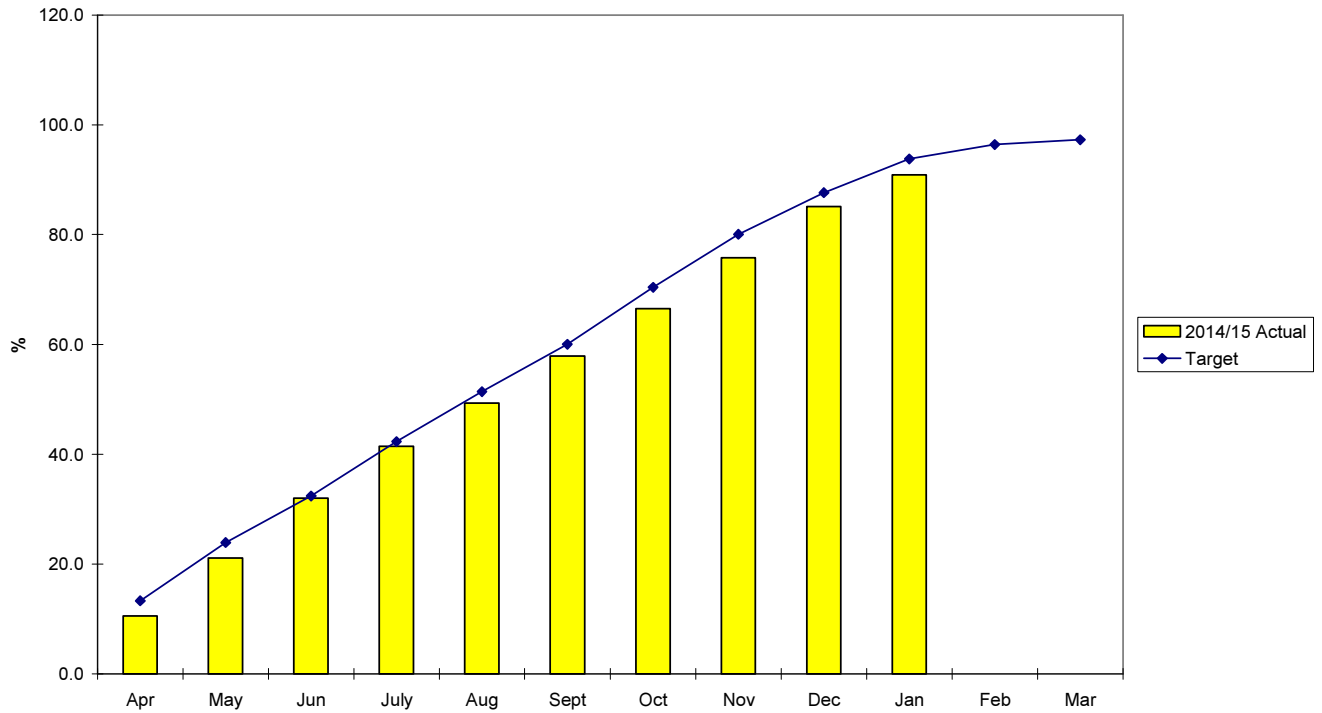
## 7 Council Tax and Business Rates Collection

- 7.1 The Council's performance in the collection of Council Tax can be seen in the graph below. This shows that the collection rates for the year are slightly better than the profiled target.



7.2 The Council's performance in relation to business rates is shown on the next page. The graph indicates that the performance is behind target. However, some of this will be due to the target being profiled on previous year's cash collection and this year businesses have been allowed to elect to pay business rates over 12 months. It is anticipated that approximately 8% of the net collectable debit will be received during February and March. This is significantly higher than in previous years. This has impacted on the timing of the cash collections for the 2014/15 year compared to the profile.

**Business Rates Income Collection**



## Appendix 1

### Summary Revenue Account

The tables below show, at sub service level, the variances between the current budget and the forecast outturn as at period 10 (January). The figures in this table for each sub service exclude recharges, capital charges and accounting adjustments: these are all shown on the line above the NET EXPENDITURE total.

Service Area	2014/15 Original Budget	2014/15 Current Budget	2014/15 Actuals to date	2014/15 Forecast Outturn	2014/15 Variance Current Budget to Forecast Outturn	2014/15 Previously Reported Variances	2014/15 Forecast Variance Period 10
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Corporate Strategy & Client Services	6,582	5,900	5,163	5,792	(108)	0	(108)
Community & Customer Services	3,555	3,694	2,886	3,455	(239)	0	(239)
Democracy & Governance	3,363	3,382	2,314	3,143	(239)	0	(239)
Regeneration & Development	(4,532)	(4,397)	(4,542)	(4,402)	(5)	0	(5)
Managing Director	257	248	192	248	0	0	0
Human Resources	1,092	587	545	587	0	0	0
Strategic Finance (including ICT)	6	(3,704)	(710)	(3,594)	110	0	110
Recharges, capital charges and accounting adjustments	4,272	8,280	0	8,280	0	0	0
<b>NET EXPENDITURE</b>	<b>14,593</b>	<b>13,990</b>	<b>19,840</b>	<b>13,508</b>	<b>(482)</b>	<b>0</b>	<b>(482)</b>
<u>Funded By :-</u>							
Council tax and Government Grants (see appendix 4)	(14,631)	(14,620)	(11,240)	(14,620)	0	0	0
Surplus / (Deficit) - Transfer to / (from) reserves	38	630	0	1,112	482	0	482
<b>NET BUDGET REQUIREMENT</b>	<b>(14,593)</b>	<b>(13,990)</b>		<b>(13,508)</b>	<b>482</b>	<b>0</b>	<b>482</b>

**Detailed revenue variances by service area**

The table below shows at summary service level the original 2014/15 budget, current 2014/15 budget and variances that have occurred in the year to provide a forecast outturn at 31st January. The reasons for these variances are shown in Appendix 2. The budgets are for direct expenditure and income only and exclude internal support charges and capital charges.

Corporate Strategy and Client	2014/15 Original Budget	2014/15 Current Budget	2014/15 Actuals to date	2014/15 Forecast Outturn	2014/15 Variance Current Budget to Forecast Outturn	2014/15 Previously Reported Variances	2014/15 Forecast Variance Period 10	Reason for variance
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
Management & Support	120	117	84	108	(9)	0	(9)	Anticipated savings against employee expenses (£1k), equipment (£1k), printing & stationery (£1k), subsistence (£1k), conferences (£1k) and advertising (£4k)
Contract Monitoring	294	290	286	286	(4)	0	(4)	No further expenditure due on subscriptions (£4k)
Parks And Open Spaces	1,047	1,135	1,082	1,135	0	0	0	
Leisure	664	(255)	(419)	(310)	(55)	0	(55)	SLM Management fee increase (£35k), development work with SLM not being undertaken in 2014/15 (£10k), Income from Centrepoint Community Centre lettings (£12k). Actuals to date (£419k) is more than forecast outturn (£310k) because contingency budgets expenditure is being held for costs expected for Colosseum and commissioning framework reviews before the end of the financial year.
Grants	781	744	693	742	(2)	0	(2)	No further expenditure needed on printing & stationery (£2k)
Street Cleansing	1,803	1,822	1,462	1,822	0	0	0	
Waste And Recycling	1,373	1,412	1,477	1,374	(38)	0	(38)	Increased recycling credits (£45k) & bulky waste fees (£9k), underspend on recycling cans payment (£4k), lower than expected income from Hertfordshire County Council relating to volumes of waste sent to landfill sites £20k. Funding from Hertfordshire County Council for Quarters 3 and 4 have not yet been received.
Partnerships & Performance	499	636	499	636	0	0	0	
<b>Total</b>	<b>6,582</b>	<b>5,900</b>	<b>5,163</b>	<b>5,792</b>	<b>(108)</b>	<b>0</b>	<b>(108)</b>	

Community and Customer Services	2014/15 Original Budget	2014/15 Current Budget	2014/15 Actuals to date	2014/15 Forecast Outturn	2014/15 Variance Current Budget to Forecast Outturn	2014/15 Previously Reported Variances	2014/15 Forecast Variance Period 10	Reason for variance
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
Customer Services	787	734	588	728	(6)	0	(6)	
Housing	616	902	416	630	(271)	0	(271)	Unspent grant carried forward from 2013/14, to be transferred to the Economic Impact Reserve.
Environmental Health & Licensing	1,232	1,036	823	1,036	0	0	0	
Culture & Play	920	1,023	1,058	1,061	38	0	38	Increase in income from book sale event at Museum net of additional costs incurred (£2k). Reduction in weekend working and overtime payments for Play Management (£4k). Additional income received from Three Rivers for GIS contract work (£6k). Expenditure on feasibility study work for Museum to be funded from Heritage Lottery Fund. Net expenditure £44k on 'Big Skate' funded from reserves (agreed July 2014).
<b>Total</b>	<b>3,555</b>	<b>3,694</b>	<b>2,886</b>	<b>3,455</b>	<b>(239)</b>	<b>0</b>	<b>(239)</b>	

Democracy and Governance	2014/15 Original Budget	2014/15 Current Budget	2014/15 Actuals to date	2014/15 Forecast Outturn	2014/15 Variance Current Budget to Forecast Outturn	2014/15 Previously Reported Variances	2014/15 Forecast Variance Period 10	Reason for variance
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
Legal And Democratic	1,853	1,888	1,282	1,682	(206)	0	(206)	Funding from Central Government for Individual Electoral Registration (£87k), savings due to triple combined elections (£48k), no full annual registration canvass in Autumn 2014 (£10k), members allowances not claimed or reduced amount claimed (£19k), unspent carry forward of Herts CC funds (£24k), increased legal fee income (£9k), less use against external professional legal fees (£5k)
Buildings And Projects	1,464	1,470	1,018	1,437	(33)	0	(33)	Electricity energy saving installations (£15k), less reactive (£10k) and emergency cleaning (£5k) required
Procurement	46	24	14	24	0	0	0	
<b>Total</b>	<b>3,363</b>	<b>3,382</b>	<b>2,314</b>	<b>3,143</b>	<b>(239)</b>	<b>0</b>	<b>(239)</b>	

Regeneration And Development	2014/15 Original Budget	2014/15 Current Budget	2014/15 Actuals to date	2014/15 Forecast Outturn	2014/15 Variance Current Budget to Forecast Outturn	2014/15 Previously Reported Variances	2014/15 Forecast Variance Period 10	Reason for variance
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
Commercial Projects	(5,795)	(5,512)	(5,274)	(5,510)	2	0	2	Favourable Commercial Property rents change for Intu shopping centre (£56k) & new market (£5k) and adverse for miscellaneous properties £10k, new market set up costs & income £27k, vacant property costs £19k and reduced income from licences at Watford Business Park £5k
Development Section	449	123	(323)	105	(18)	0	(18)	Increase in land charges search fees net of payments passed over to Hertfordshire CC (£35k). Increased partnership income (£1k). Increase in consultancy £25k funded by additional planning fees (£62k). Balance of Building Control efficiency savings target for 2014/15 that cannot be met this year £49k. Increase in standby payments £7k.
Policy Team	278	292	470	292	0	0	0	
Economic Development	513	520	485	531	10	0	10	Increase in grant payments for consultant assessment paid to Hertfordshire CC for Ascot Road
Transport And Infrastructure	23	179	99	179	0	0	0	
<b>Total</b>	<b>(4,532)</b>	<b>(4,397)</b>	<b>(4,542)</b>	<b>(4,402)</b>	<b>(5)</b>	<b>0</b>	<b>(5)</b>	

Managing Director	2014/15 Original Budget	2014/15 Current Budget	2014/15 Actuals to date	2014/15 Forecast Outturn	2014/15 Variance Current Budget to Forecast Outturn	2014/15 Previously Reported Variances	2014/15 Forecast Variance Period 10	Reason for variance
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
Corporate Management	257	248	192	248	0	0	0	
<b>Total</b>	<b>257</b>	<b>248</b>	<b>192</b>	<b>248</b>	<b>0</b>	<b>0</b>	<b>0</b>	

Human Resources	2014/15 Original Budget	2014/15 Current Budget	2014/15 Actuals to date	2014/15 Forecast Outturn	2014/15 Variance Current Budget to Forecast Outturn	2014/15 Previously Reported Variances	2014/15 Forecast Variance Period 10	Reason for variance
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
HR Client	667	154	95	154	0	0	0	
HR Shared Services	425	433	449	433	0	0	0	
<b>Total</b>	<b>1,092</b>	<b>587</b>	<b>545</b>	<b>587</b>	<b>0</b>	<b>0</b>	<b>0</b>	

Strategic Finance	2014/15 Original Budget	2014/15 Current Budget	2014/15 Actuals to date	2014/15 Forecast Outturn	2014/15 Variance Current Budget to Forecast Outturn	2014/15 Previously Reported Variances	2014/15 Forecast Variance Period 10	Reason for variance
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
Finance & Resources	247	219	74	219	0	0	0	Contribution to Finance Director will be processed at year end.
Finance Services Client	897	859	36	859	0	0	0	Payment to TRDC for Shared Services will be processed at year end
Revenues And Benefits Client	885	878	(1,718)	878	0	0	0	Payment to TRDC for Shared Services will be processed at year end
Corporate Costs	28	4	(175)	4	0	0	0	Contingency, provisions and professional fees (all totalling £247k) have not yet been spent. The contingency remains for any unforeseeable costs between now and the end of the year. Actual will be processed at year end.
Finance Shared Service	848	0	0	0	0	0	0	Three Rivers is now the lead authority
Revs & Bens Shared Service	1,834	0	0	0	0	0	0	Three Rivers is now the lead authority
ICT Service	1,575	897	1,072	1,007	110	0	110	Saving on Electoral Services software (£9k), additional Microsoft licences and Win7 desktop estate following Microsoft audit £72k, increase in IT budget requirement net of emergency budget for non Capita items & refund from Capita £33k and WBC website cost £14k.
Adjustments Under Statute	(6,309)	(6,562)	0	(6,562)		0	0	Year end accounting adjustments
<b>Total</b>	<b>6</b>	<b>(3,704)</b>	<b>(710)</b>	<b>(3,594)</b>	<b>110</b>	<b>0</b>	<b>110</b>	

**Salary Analysis - Direct Employee Expenses**

Employees represent one of the highest revenue expenditure items for the Council. The table below shows the total direct employee costs (includes salaries, superannuation, national insurance etc but excludes IAS19 adjustments) at service level and variances between the revised budget at period 8 (November) and the forecast outturn at period 10 (January).

Service Area	2014/15 Original Budget £000's	2014/15 Current Budget £000's	2014/15 Actuals to date £000's	2014/15 Forecast Outturn £000's	2014/15 Variance Current Budget to Forecast Outturn £000's	2014/15 Previously Reported Variances £000's	2014/15 Forecast Variance Period 10 £000's	Reason for variance
Corporate Strategy & Client Services	801	823	687	823	0	0	0	
Community & Customer Services	3,431	3,207	2,668	3,204	(3)	0	(3)	Reduction in weekend working and overtime in Play Management (£4k) and increase in overtime in Watford Museum £1k.
Democracy & Governance	1,535	1,516	1,306	1,516	0	0	0	
Regeneration & Development	2,493	2,250	1,889	2,257	7	0	7	Increase in standby payments in Building Control.
Managing Director	212	206	171	206	0	0	0	
Human Resources	442	573	397	573	0	0	0	
Strategic Finance (including ICT)	75	113	94	113	0	0	0	
<b>Total</b>	<b>8,988</b>	<b>8,688</b>	<b>7,213</b>	<b>8,692</b>	<b>4</b>	<b>0</b>	<b>4</b>	



**Other Costs - Agency Staff**

The table below shows the cost of agency staff at service level and variances between the current budget at period 8 (November) and the forecast outturn at period 10 (January).

<b>Service Area</b>	2014/15 Original Budget £000's	2014/15 Current Budget £000's	2014/15 Actuals to date £000's	2014/15 Forecast Outturn £000's	2014/15 Variance Current Budget to Forecast Outturn £000's	2014/15 Previously Reported Variances £000's	2014/15 Forecast Variance Period 10 £000's	Reason for variance
Corporate Strategy & Client Services	0	47	49	49	2	0	2	Additional cover for restructure in Communications
Community & Customer Services	21	148	167	168	20	0	20	Additional cover for vacancies in Housing & Environmental Health
Democracy & Governance	0	22	8	22	0	0	0	
Regeneration & Development	35	100	65	87	(14)	0	(14)	Reduction in agency staff employed for the Old Market scheme
Managing Director	0	3	3	3	0	0	0	
Human Resources	0	0	0	0	0	0	0	
Strategic Finance (including ICT)	289	71	49	50	(21)	0	(21)	Reduction in agency staff in IT Client
<b>Total</b>	<b>345</b>	<b>392</b>	<b>342</b>	<b>379</b>	<b>(13)</b>	<b>0</b>	<b>(13)</b>	

**Funding Analysis**

This table shows the individual funding streams that support the Council's revenue budget. The table below shows there are no variances between the current budget at period 8 (November) and the forecast outturn at period 10 (January).

Funding Stream	2014/15 Original Budget	2014/15 Current Budget	2014/15 Actuals to date	2014/15 Forecast Outturn	2014/15 Variance Current Budget to Forecast Outturn	2014/15 Previously Reported Variances	2014/15 Forecast Variance Period 10	Reason for variance
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
<b>Government Grants</b>								
Revenue Support Grant	(2,575)	(2,575)	(1,130)	(2,575)	0	0	0	
Redistributed Business Rates	(2,331)	(2,331)	(1,943)	(2,331)	0	0	0	
<b>Council Tax Receipts</b>	(7,523)	(7,523)	(6,269)	(7,523)	0	0	0	
<b>Other Government Funding</b>								
Council Tax Freeze Grant	(369)	(369)	(66)	(369)	0	0	0	
Homeless Grant	(276)	(276)	(230)	(276)	0	0	0	
Funding-New Homes Bonus	(1,731)	(1,731)	(1,602)	(1,731)	0	0	0	
Funding-Business Rate Reduction/(Growth)	175	186	0	186	0	0	0	
<b>Total</b>	<b>(14,631)</b>	<b>(14,620)</b>	<b>(11,240)</b>	<b>(14,620)</b>	<b>0</b>	<b>0</b>	<b>0</b>	

Key Financial Risk Areas

The Council is exposed to risks in certain key areas. These risks include economic conditions, demographics and dependency on demand. The table below shows those risks that are closely monitored each month and the variances between the current budget at period 8 (November) and the forecast outturn at period 10 (January).

Service Area	2014/15 Original Budget	2014/15 Current Budget	2014/15 Actuals to date	2014/15 Forecast Outturn	2014/15 Variance Current Budget to Forecast Outturn	2014/15 Previously Reported Variances	2014/15 Forecast Variance Period 10	Comments
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
Parks, Street & Waste Services	5,652	5,707	4,267	5,707	0	0	0	Regular meetings between the client monitoring team and operational representatives from Veolia Environmental Services are held to ensure the contract is being delivered as specified.
Kerbside Recycling Income	(457)	(477)	(123)	(502)	(25)	0	(25)	Awaiting quarter 3 income from Herts County Council and payment for the County wide scheme to reduce landfill volumes which is received at year end. Increase in recycling credits (£45k) and lower AFM income £20k
Homelessness Spend (net)	110	280	234	280	0	0	0	This consists of expenditure and income relating to the hire and occupation of accommodation for the Homeless. This service is demand led and volatile.
Development Control Fee Income	(297)	(517)	(563)	(579)	(62)	0	(62)	Planning fee income has increased (£62k). Note: the consultancy expenditure has increased by £25k as a result of the additional work.
Building Control Fee Income	(198)	(248)	(219)	(248)	0	0	0	Building Control fee income remains unchanged
Land Charges Fee Income	(80)	(80)	(86)	(120)	(40)	0	(40)	Income has increased (£40k). Note: an increase in expenditure of £5k for fees paid to Hertfordshire CC.
Investment Interest	(240)	(240)	(202)	(240)	0	0	0	Interest rates continue to be depressed. See appendix 7 - Treasury Management Performance
Commercial rent income	(6,578)	(6,270)	(5,304)	(6,369)	(99)	0	(99)	This generates a large income stream for the Council and is equal to approximately 60% of the income (sales, fees & charges and rent income not grant income) to the Council. Favourable variances Intu (£56k) & overage at Market (£5k) & Market rent (£48k). Adverse variance for miscellaneous properties £10k.

**FORECAST REVENUE RESERVE BALANCES AT PERIOD 10****2014/15**

Description	Bal B/F as @ 1-Apr-2014	Agreed use of reserves	Movement Period 10	Total Movement	Forecast Bal as @ 31-Mar-2015
<b>General Fund Working Balance</b>	-1,350,000				-1,350,000
<b>REVENUE</b>					
<b><i>Capital Financing Reserves</i></b>					
Multi-Storey Car Pk Rep Reserve	-181,000	0	0	0	-181,000
Leisure Structured Maintenance Reserve	-423,000	0	0	0	-423,000
<b><i>Earmarked Reserves</i></b>					0
Car Parking Zones Reserve	-630,000	0	0	0	-630,000
Charter Place Tenants Reserve	-160,000	0	0	0	-160,000
Le Marie Centre Repair Reserve	-12,000	0	0	0	-12,000
Rent Deposit Guarantee Scheme	-100,000	0	0	0	-100,000
Homeless Prevention Reserve	-113,000	0	0	0	-113,000
Budget Carry Forwards Reserve	-338,950	338,950	0	338,950	0
Climate Change Reserve	-57,000	0	0	0	-57,000
Recycling Reserve	0	0	0	0	0
NNDR Collection Fund Reserve	-4,661,000	0	0	0	-4,661,000
Parks Waste & Street Strategy	-60,000	0	0	0	-60,000
<b><i>General Reserves</i></b>		0	0	0	
Exam In Public - LDF Reserve	-233,000	0	0	0	-233,000
Housing Benefit Subsidy Reserve	-996,000	0	0	0	-996,000
Invest To Save Reserve	-839,000	80,000	0	80,000	-759,000
Future Pension Funding Reserve	-2,249,000	0	0	0	-2,249,000
Insurance Fund Reserve	0	0	0	0	0
LA Business Growth Incentive Reserve	-570,000	0	0	0	-570,000
Area Based Grant Reserve	-85,000	0	0	0	-85,000
Performance Reward Grant Resrv	-32,000	0	0	0	-32,000
Housing & PDG Reserve	-266,000	0	0	0	-266,000
Economic Impact Reserve	-1,927,000	-1,048,845	-482,020	-1,530,865	-3,457,865
High Street Innovation Reserve	-90,000	0	0	0	-90,000
PRG Capital Grants-One Watford Reserve	-191,000	0	0	0	-191,000
<b>Revenue Reserves</b>	<b>-14,213,950</b>	<b>-629,895</b>	<b>-482,020</b>	<b>-1,111,915</b>	<b>-15,325,865</b>
<b>Total Reserves incl GFWB</b>	<b>-15,563,950</b>				<b>-16,675,865</b>

### **Treasury Management Performance**

The Council held £39.8M of investments as at 31 January 2015 (see table below). This information is reported in the monthly Members Information Bulletin.

<b>Institution</b>	<b>Principal</b>
<b><u>Banks</u></b>	
Clydesdale	3,000,000
Lloyds	10,800,000
Nat West	8,000,000
<b><i>Total Banks</i></b>	<b>21,800,000</b>
<b><u>Building Societies</u></b>	
Leeds	2,000,000
Nationwide	6,000,000
Principality	5,000,000
Skipton	5,000,000
<b><i>Total Building Societies</i></b>	<b>18,000,000</b>
<b><i>Total</i></b>	<b>39,800,000</b>

The performance of the Council's treasury management strategy up to 31 January 2015 (excluding the investment of £7.9m for LABV) shows an average annualised return on investments of 0.60% against a benchmark rate of 0.62%.

Interest received at 31st January is £202K and the forecast remains unchanged at £240K for 2014/15.

## Appendix 8

<b>Council Tax and NNDR Collection Rates</b>															
The Council monitors these performance indicators as part of Managing the Business.															
Reference	Description														
<b>RB 1</b>	<b>Council Tax Collection</b>														
Indicator Definition	Percentage of current year council tax collected in year														
Watford		Annual	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	
	Target	95.5	11.0	19.9	28.5	37.4	46.2	55.0	64.4	73.1	82.0	90.1	93.4	95.5	
	2013/14 Actual	95.5	11.0	19.9	28.5	37.4	46.2	55.0	64.4	73.1	82.0	90.1	93.4	95.5	
	2014/15 Actual		11.0	20.2	29.0	38.3	47.0	56.2	65.0	73.7	83.0	91.0			
	Target Achieved?		☹️	😊	😊	😊	😊	😊	😊	😊	😊	😊	😊		
	Direction of Travel		↔️	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑		
Reference	Description														
<b>RB 2</b>	<b>NNDR Collection</b>														
Indicator Definition	Percentage of current year national non-domestic rates collected in year														
Watford		Annual	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	
	Target	97.3	13.3	23.9	32.4	42.3	51.4	60.0	70.4	80.1	87.6	93.8	96.4	97.3	
	2013/14 Actual	97.3	13.3	23.9	32.4	42.3	51.4	60.0	70.4	80.1	87.6	93.8	96.4	97.3	
	2014/15 Actual		10.6	21.1	32.0	41.5	49.3	57.9	66.5	75.8	85.1	90.9			
	Target Achieved?		☹️	☹️	☹️	☹️	☹️	☹️	☹️	☹️	☹️	☹️	☹️		
	Direction of Travel		↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓		
The reduction in collection rate for the year is primarily due to businesses taking up the option of spreading their instalments over 12 months instead of 10 months. The target will be reprofiled for 2015/16 to take account of this.															