



# BUDGET PANEL

**Tuesday, 10th September, 2013**

**7.00 pm**

**Town Hall, Watford**

**Publication date: 2 September 2013**

**CONTACT**

If you require further information or you would like a copy of this agenda in another format, e.g. large print, please contact Sandra Hancock in Democracy and Governance on 01923 278377 or by email to [legalanddemocratic@watford.gov.uk](mailto:legalanddemocratic@watford.gov.uk) .

Welcome to this meeting. We hope you find these notes useful.

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# COMMITTEE MEMBERSHIP

Councillor J Dhindsa (Chair)

Councillor S Rackett (Vice-Chair)

Councillors J Aron, S Counter, G Derbyshire, S Greenslade, R Martins, P Taylor and M Turmaine

## AGENDA

### PART A - OPEN TO THE PUBLIC

1. **APOLOGIES FOR ABSENCE/COMMITTEE MEMBERSHIP**
2. **DISCLOSURE OF INTERESTS (IF ANY)**
3. **MINUTES**

The minutes of the meeting held on 10 July 2013 to be submitted and signed. *(All minutes are available on the Council's website.)*

4. **REVENUES AND BENEFITS FINANCE** (Pages 1 - 8)

Report of the Head of Revenues and Benefits

This report provides an overview of the Financial aspects of Revenues and Benefits, with particular reference to Benefit Subsidy, Council Tax and Business Rate Collection Rates.

5. **NON DOMESTIC RATES - REVIEW OF DISCRETIONARY RATE RELIEF**  
(Pages 9 - 22)

Report of the Revenues Manager

This report sets out the various types of relief available to businesses to help them towards their business rates.

6. **REVISED MEDIUM TERM FINANCIAL STRATEGY 2013 / 2018** (Pages 23 - 36)

Report of the Shared Director of Finance

This report provides an overview of financial issues affecting the Council over the period up till March 2018 and enables a strategy to be developed to achieve a sustainable budget and set a Council Tax for 2014/15.

**7. FINANCE DIGEST** (Pages 37 - 56)

Report of Finance

The Finance Digest monitors the Council's expenditure and income throughout the financial year. It includes the budgetary variances as at the end of July 2013.

Budget Panel is asked to review the Finance Digest.

**8. WORK PROGRAMME AND TRAINING** (Pages 57 - 58)

Budget Panel is asked to review the work programme and discuss any training requirements.

**9. DATES OF NEXT MEETINGS**

- Tuesday 29 October 2013
- Tuesday 26 November 2013
- Wednesday 15 January 2014

# Agenda Item 4

**Report to:** Budget Panel  
**Date of meeting:** 10 September 2013  
**Report of:** Head of Revenues & Benefits  
**Title:** Revenues & Benefit Finances

## 1.0 SUMMARY

1.1 This report provides an overview of the Financial aspects of Revenues & Benefit with particular reference to Benefit Subsidy, Council Tax and Business Rate Collection Rates

## 2.0 RECOMMENDATIONS

2.1 The report is noted and members invited to comment on its contents

### **Contact Officer:**

For further information on this report please contact Phil Adlard, Head of Revenues & Benefits, telephone extension 8023, email [phil.adlard@watford.gov.uk](mailto:phil.adlard@watford.gov.uk)

## 3.0 INTRODUCTION

3.1 The following report highlights the financial aspects of Revenues & Benefits and the implications for Watford Borough Council. The report concentrates on three specific areas; Benefit Subsidy, Council Tax Collection and Business Rate Collection.

## 4.0 BENEFIT SUBSIDY

4.1 The Revenues & Benefits Service is responsible for the payment of Housing Benefit in the region of £36 million (2012/13) and Council Tax Benefit of £6 million (2012/13).

This expenditure is claimed back from Central Government at a starting rate of £1 per £1.

In certain aspects where the Government wishes to restrict expenditure, it will pay subsidy at a reduced rate (usually ranging from 0% to 60%) and this cost falls on the authority.

The Subsidy Return for 2012/13 has been submitted to the Department of Work & Pensions and is now subject to audit by the authority's external auditors, Grant Thornton, who will verify that the expenditure claimed has been lawfully incurred. The final, audited claim, has to be submitted to the Department of Work & Pensions by 30 November 2013.

Grant Thornton has the power to qualify or reduce subsidy claimed if errors are found.

- 4.2 The aim is to maximise subsidy so that it is as close to 100% as possible although this is not always possible as there are certain elements of expenditure (War Pensioners, Overpayments due to "claimant error" and "Exempt Accommodation" where we will always receive less subsidy than we pay.

Past performance of Subsidy claimed as a comparison to Housing Benefit expenditure is shown in the following table:

	2012/13	2011/12	2010/11
Rent Allowances	£36,595,125	£33,879,350	£31,576,927
Subsidy Claimed	£35,305,003	£32,769,228	£30,822,362
Gross Cost	£1,290,122	£1,110,122	£754,565
Percentage Recovered	96.47%	96.72%	97.61%

- 4.3 The significant areas of expenditure that attract a reduced level of expenditure are:

- Overpayments of Housing Benefit or Council Tax Benefit classed as "local authority error":

Subsidy is paid at either 100%, 40% or 0% depending on the volume of overpayments as a percentage of total expenditure.

- Overpayments as a consequence of "claimant error"

Subsidy is paid at 40%

- Overpayments of Council Tax Benefit classed as "Technical Overpayments"

Subsidy is paid at 0%

#### 4.3.1 **Overpayment of Housing Benefit or Council Tax Benefit classed as “local authority error”**

For an overpayment to be classed as “local authority error”, it has to be caused by the authority by an act, error or omission. This includes delay in dealing with a change in circumstances that may lead to an overpayment.

As payments are usually made every two weeks to a tenant (four weeks to a landlord), it is inevitable that there will be an element of overpayments classed as local authority error, if there is the slightest delay in dealing with a change.

To allow for this, the subsidy that can be claimed is tiered, based on its relationship to total expenditure.

The subsidy rates that can be paid are:

100% if the total of local authority error overpayments is below 0.48% of total expenditure (lower threshold)

40% if the total of local authority error overpayments is above the lower threshold but below 0.54% of total expenditure (upper threshold).

0% if the total of local authority error overpayments is above the upper threshold.

In cash terms, the lower threshold for 2012/13 was £198,025 and the upper threshold £222,778.

The authority still has the power to recover these overpayments by requesting that the sums be paid back.

#### 4.3.2 **Mitigation**

The impact on the authority of Local Authority Error overpayments can be addressed in two ways:

- a) reducing the delay in dealing with changes in circumstances, and
- b) greater uses of powers to suspend payment of Housing Benefit when we are aware that a notified change will lead to an overpayment of Housing Benefit

#### 4.4 **Overpayment as a consequence of Claimant Error**

People in receipt of Housing Benefit have to advise us of a change in their circumstances that may affect the level of Housing Benefit that they receive such as a wage increase or a change to their tax credits.

If we subsequently become aware of these new circumstances, we will amend the Housing Benefit paid and if this means that the claimant is due to receive less Housing Benefit, the overpayment of benefit for this period will be classed as “claimant error” and can be recovered.

If the failure to notify us of a change is significant, an investigation may be undertaken to establish whether this was a fraudulent act.

In cash terms, overpayments of Housing Benefit as a consequence of “claimant error” amounted to £1,564,604.

We only received 40% of this in subsidy, £625,841 so the cost to the authority was £938,763.

The authority has the power to recover these overpayments and takes action to see that they are repaid.

The cost to the authority is offset by the fact that almost £1.9 million of overpaid Housing Benefit was recovered during 2012/13 relating to that and subsequent years.

##### 4.4.1 Mitigation

The impact on the Local Authority of Claimant Error Overpayments can be addressed in two ways:

a) a more proactive approach by the Revenues & Benefits Service in contacting claimants in advance of predicted changes, i.e. known events such as annual pension upratings or wage rises, and

b) efficient and effective recovery of overpaid Housing Benefit within the restricted parameters set out in legislation

#### 4.5 **Overpayment of Council Tax Benefit classed as “Technical Overpayment”**

The correct term for overpayments of Council Tax Benefit is “excess benefit” but for clarity’s sake they are described in this report as overpayments.

It is worth pointing out that the Council Tax legislation requires an authority to issue a bill on the assumption that the circumstances that are present on the date of issue will subsist throughout the year. The consequence of this is that when a bill is issued, it is done so on the assumption that the



Council Tax Benefit calculated will be in payment for the entire year.

If there is a change in circumstances mid-way through the year that means the Council Tax Benefit is to be reduced, the amount of benefit originally due, but now to which there is no entitlement, is classed as an overpayment. If this relates to a future period, then that overpayment is classed as a technical overpayment. No subsidy is paid in respect of this overpayment for the reason that no Council Tax Benefit has actually been paid.

This can be best explained by the following example:

Mr A is awarded £1000 Council Tax Benefit for 2013/14 and this is used to reduce his Council Tax bill. On 1 July, he advises us that he is moving out of Watford and will no longer be liable for Council Tax.

The Council Tax Liability is reduced as there is no Council Tax due from 1 July and consequently the Council Tax Benefit is also reduced (by £750.00) as with no liability to Council tax, there is no entitlement to Council Tax Benefit.

The Council Tax Benefit that had been awarded for the period from 1 July (amounting to £750.00) is an overpayment and has to be classed as a “technical overpayment” and attracts no subsidy.

There is no way that this can be mitigated against. However, a new liability will be raised for the new occupier and their liability will be either collected or covered by a new award of Council Tax Benefit (and subsidy claimed)

## **5.0 Council Tax Collection**

- 5.1 Watford Borough Council is a billing authority and will collect Council Tax for its own purposes as well as precepting authorities; Herts County Council and Hertfordshire Police Authority (now Police and Crime Commissioner)
- 5.2 Out of each £1 of Council Tax, £0.74 is paid to Herts County Council and £0.10 to the Police & Crime Commissioner. In total this amounts to £32.91m to Herts County Council and £4.35m to the Police & Crime Commissioner with £7.35m required for Watford BC purposes.
- 5.3 These payments have to be made to the relevant bodies irrespective of whether we have collected that money from a Council Tax payer which heightens the importance of efficient tax collection on our part to ensure that there is no detrimental effect on our cashflow.
- 5.4 To mitigate against any issues caused by non-payment, two principle actions are taken.

Initially, when setting the Council Tax each year, the tax base is calculated. This is an assessment of all domestic property in Watford and results in a figure assuming that all property is assessed as a Council Tax Band “D” property.

Once this figure has been calculated, an allowance for non-payment is applied, as with all prudent organisations. Cabinet approved the figure of 97% at its meeting on 21 January 2013 (minute 63)

Secondly, the Revenues & Benefits department will effect all reasonable methods to collect the Council Tax due. Taxpayers can pay over 10 or 12 monthly instalments but if these instalments are not paid then reminder notices or final notices are issued. If payments are not brought up to date then a summons for non-payment is issued enabling the authority to apply for a “liability order” at the Magistrates’ Court

To this end, 10,349 reminders or final notices have been issued (some taxpayers may received more than one) and 2847 summons issued to date.

The additional costs incurred by the authority in dealing with these cases are added to the debt. We will levy a fee of £100.00 in relation to each summons issued to cover these costs and also the costs charged on us by the Magistrates’ Court.

If a liability order is obtained, this allows the authority to use further powers for recovery such as the use of a bailiff, attachment to earnings, attachment to benefits, charging order, bankruptcy or ultimately committal to prison.

However, throughout this process, if a mutually agreed arrangement is accepted, this will be used to avoid further action listed.

## **6.0 Non-Domestic Rates – Collection**

6.1 The introduction of the Business Rate Retention Scheme has placed an increased importance on the collection of Business Rates at a local level. It is no longer a case of collection Business Rates on behalf of Central Government.

Business Rates now are a key part to local authority finances.

6.2 As with Council Tax a loss on collection is assessed and for 2013/14, this is 2.5%

6.3 The nature of Business Rates Retention is that Watford Borough Council now gets to keep a portion of the increase in Business Rates due to growth in the Borough and it is important to its finances to collect that increase. We have not reported on this position in this report due to still waiting for clarity from the Government on how certain items are to be treated when

calculating the amount which will be retained by the Council, but we are keeping the situation under review.

- 6.4 To ensure that collection rates remain high, the same recovery methods are used as for Council Tax and where accounts have not been paid, a summons will be issued with associated costs.
- 6.5 429 debts remain outstanding in relation to 2012/13 with 121 of those currently with a bailiff for collection
- 6.6 97% of the Business Rates due in 2012/13 was collected in that year.

The latest collection rate (as at 31 July) for 2013/14 was 42.3%, up on the same point as last year when it was 41.8%

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# Agenda Item 5

**Report to:** Budget Panel  
**Date of meeting:** 10<sup>th</sup> September 2013  
**Report of:** Revenues Manager  
**Title:** Non Domestic Rates – Review of Discretionary Rate Relief

## 1.0 SUMMARY

- 1.1 This report sets out the various reliefs available to businesses to help them towards their business rates.

## 2.0 RECOMMENDATION

- 2.1 That the report is noted.

### **Contact Officer:**

For further information on this report please contact Kevin Stewart, Revenues Manager, telephone extension 8134, email [kevin.stewart@watford.gov.uk](mailto:kevin.stewart@watford.gov.uk)

## 3.0 DETAILED PROPOSAL

- 3.1 The various business rates reliefs available to businesses in Watford Borough's area are:
- Mandatory Relief
  - Discretionary Top Up Relief
  - Discretionary Relief
  - Registered Sports Clubs (CASC's)
  - Small Business Rate Relief
  - Empty Property Rate Relief
  - Partly Occupied Relief (s44a)
  - Hardship Relief (s49)
- 3.2 Mandatory Relief of 80% must be awarded to any registered charity. The Council has no discretion not to award. Until April 2013 the cost of this relief was fully met by the Business Rates Pool. This meant that there was no cost to the Council. However from April 2013 there are potential costs for the Council.
- 3.3 Discretionary Top Up Relief of up to 20% may be awarded to any charity or registered sports club (CASC) receiving the 80% mandatory relief. How much relief is awarded for this is entirely up to the Council. Until April 2013 the Council funded 75% of this relief. The way that this is funded from April 2013 is different.
- 3.4 Discretionary Relief of up to 100% may be awarded to any non profit making organisation. How much relief is awarded for this is entirely up to the Council.

- Until April 2013 the Council funded 25% of this relief. The way that this is funded from April 2013 is different.
- 3.5 Mandatory Relief of 80% must be awarded to any registered sports club (CASC). The Council has no discretion not to award. Until April 2013 the cost of this relief was fully met by the Business Rates Pool. This meant that there was no cost to the Council. However from April 2013 there are potential costs for the Council.
  - 3.6 Small Business Rates Relief will be awarded automatically to any business with a rateable value of less than £12,000 if specific nationally agreed criteria is met. The amount of relief depends on the rateable value. Businesses with a rateable value of £18,000 will pay less rates per year due to the rates they pay being calculated on a smaller rate in the pound. Until April 2013 the cost of this relief if any was fully met by the Business Rates Pool. This meant that there was no cost to the Council. However from April 2013 there are potential costs for the Council.
  - 3.7 Empty Property Relief will be awarded automatically to any business if specific nationally agreed criteria is met. Until April 2013 the cost of this relief was fully met by the Business Rates Pool. This meant that there was no cost to the Council. However from April 2013 there are potential costs for the Council. Empty Property Rate Relief is being monitored closely by Council Officers due to recent examples of possible rates avoidance.
  - 3.8 Partly Occupied Rate Relief (section 44a) is awarded at the discretion of the Council. This will see the rates reduced for any part of the building not currently being used. Until April 2013 the cost of this relief was fully met by the Business Rates Pool. This meant that there was no cost to the Council. However from April 2013 there are potential costs for the Council.
  - 3.9 Hardship Relief (section 49) may be awarded by the Council for any business suffering hardship. It does not necessarily need to be financial hardship. Any award is at the discretion of the Council but the interests of the Council Tax Payers must be taken into account in making the decision. Until April 2013 the Council funded 25% of this relief. The way that this is funded from April 2013 is different.
  - 3.10 Members should be aware that the Cabinet reviewed the procedures previously adopted for considering applications for discretionary rate relief and hardship relief on the 19<sup>th</sup> March 2007 and agreed the criteria to be used in determining such applications for 2008/09 onwards. The current procedures for considering applications for discretionary rate or hardship relief are set out in Appendix A.
  - 3.11 The rating regulations require a Billing Authority to give one year's written notice if the level of discretionary rate relief is to be reduced or to be discontinued. Such decisions can only take effect from the commencement of a financial year. The Regulations restrict, therefore, any such reductions from taking effect until at least the 1<sup>st</sup> April 2015 if notice is given by the 31<sup>st</sup> March 2013. No notice is required of an increase in rate relief.

## 4.0 IMPLICATIONS

### Financial

- 4.1 The total cost of these awards over the last 4 years including the current year to date can be seen in the table below:

	2010/11	2011/12	2012/13	2013/14
	£	£	£	£
Mandatory Relief	£1,937,622	£2,295,115	£2,173,108	£2,436,865
Discretionary Top Up Relief	£171,090	£263,857	£282,327	£272,828
Discretionary Relief	£33,494	£33,083	£32,031	£29,283
Registered Sports Clubs (CASC's)	£0	£0	£0	£0
Small Business Rate Relief	£0	£0	£40,487	£17,716
Empty Property Rate	£3,000,286	£2,347,471	£2,940,684	£2,714,277
Partly Occupied Relief (s44a)	£156,305	£18,058	£155,561	£64,681
Hardship Relief (s49)	£0	£0	£0	£0

- 4.2 As identified above (Section 3) the award of some of the reliefs is mandatory and the Council has no control over this. But some of the reliefs are at the Council's discretion. If the Council wishes to change the awarding of any of the discretionary relief there would be a financial impact to the Council of 40% of the individual award that was changed. This means that if the total value of awards was increased the Council would lose 40% of this value in income from business rates. If the total value of awards was reduced then the Council would gain 40% of the value of this through increased business rates income.

### 4.3 Legal

None.

### Background Papers

No background papers were used in the preparation of this report.

### Appendix

Appendix A – Procedures for approving discretionary or hardship relief.

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## Policy & Guidelines

Mandatory & Discretionary Rate Relief

Revenues & Benefits Services

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**Policy & Guidelines for Organisations applying for Mandatory and Discretionary Rate Relief**

**1. Charities**

Mandatory Charity relief, Local Government Finance Act 1988

- i) Where a property is occupied by a charity or trustees for a charity and is wholly or mainly used for charitable purposes an 80% reduction is applicable.
- ii) Where a property is empty and it appears that when next in use the property will be wholly or mainly used for charitable purposes an 80% reduction is applicable.

Discretionary Charity relief - Local Government Finance Act 1988

- iii) Where an 80% reduction has been granted for mandatory rate relief, the council has the power to grant up to a further 20% discretionary rate relief.

**1a. Charity Shops**

Mandatory Charity relief, Local Government Finance Act 1988

- i) Where a shop is occupied and wholly or mainly used for the sale of the goods given to the charity, and the proceeds of the sale are used for the purposes of the charity, an 80% reduction is applicable.

Discretionary Charity relief - Local Government Finance Act 1988

- ii) Where an 80% reduction has been granted for mandatory rate relief, the council has the power to grant up to a further 20% discretionary rate relief.

**1b. Guidelines and considerations – Charities and Charity shops**

- i) Entry in the register of charities maintained by the charity commission is conclusive evidence that an organisation is a charity. These cases are entitled to an automatic 80 % reduction.

- ii) Applications are by completing the relevant form available from Revenues & Benefits Services.
- iii) Relief can only be granted with effect from the year in which it is made, i.e. it cannot be backdated to an earlier year
- iv) Local charity shops (local to Watford) will be entitled to a further 10% discretionary rate relief.

## **2. Other Organisations**

Discretionary rate relief, Local Government Finance Act 1988

- i) If a property is occupied by an institution or organisation which is not established or conducted for profit and whose main aims are; philanthropic, religious, concerned with social welfare, science, literature or the fine arts, the council can grant up to 100% discretionary rate relief.
- ii) If a property is occupied for the purposes of a club, society or other organisation and is not established or conducted for profit, the council can grant up to 100% discretionary rate relief.

### **2a Guidelines and considerations – Other organisations**

- i) The following criteria are to be considered when deciding whether to grant relief, and if so, how much.

*Access*

- a) Is membership open to all sections of the community? Are there any restrictions?
- b) Does the organisation encourage membership from particular groups in the community?
- c) How much are the membership fees? What concessions are available?
- d) Are the facilities available to non members?

*Provision of facilities*

- e) Does the organisation provide training or education for its members?
- f) Are there schemes for particular groups to develop their skills?
- g) Have the facilities available been provided by self help or grant aid?
- h) Does the organisation run a bar?
- i) Does the organisation provide facilities which indirectly relieve the council of the need to do so?

*Other Considerations*

- j) Does the organisation make the buildings available for community use throughout the year?
  - k) Is the organisation affiliated to local or national organisations? E.g. local sports or arts councils, national representative bodies
- ii) Applications are by completing the relevant form available from Revenues & Benefits Services.
- iii) When considering discretionary rate relief we should be mindful of the Council's Policy on Voluntary Sector Support. **Cases for organisations that receive or apply to Watford Borough Council for funding/grants** must be passed to the Head of Revenues & Benefits Service. Such cases will be referred to and discussed with the Head of Leisure (and the Leisure Portfolio Holder) and recommendations submitted to CMB who will consider the funding/grant application having regard to the discretionary rate relief.

**3. Community Amateur Sports Clubs (CASC)**

Mandatory Rate Relief - Local Government Act 2003

- (i) Registered CASC's are entitled to 80% relief from rates on any non-domestic property that is wholly or mainly used for the purposes of that club.

Discretionary rate relief - Local Government Act 2003

- ii) Where an 80% reduction has been granted for mandatory CASC relief, the council has the power to grant up to a further 20% discretionary rate relief.
- (iii) To be eligible to register as a CASC a club must have a formal constitution (eg memorandum and articles of association, club rules etc) and its own membership.

- (iv) A club must also be able to meet all the following conditions:
- be open to whole community
  - be organised on an amateur basis
  - have as its main purpose the provision of facilities for and promotion of participation in eligible sports.
- (v) Further details about eligibility are available from the HM Revenue & Customs website (sports club unit)

**3a. Guidelines and considerations – Community Amateur Sports Clubs (CASC)**

- i) Applications are by completing the relevant form on the HM Revenue & Customs website (sports club unit).
- ii) Proof of registration is conclusive evidence that an organisation is a CASC and an 80% rate relief must be granted, once we have a copy of the registration certificate.
- iii) Registration as a Community Amateur Sports Club (CASC) enables amateur sports clubs to benefit from a range of tax reliefs, including Gift Aid, Corporations tax, and Capital Gains tax.

**4. Hardship Relief, Local Government Finance Act 1988**

The council has the discretion to reduce or remit business rates where we are satisfied that the ratepayers would sustain hardship if we did not do so, and it is reasonable for the council to do so, having regard to the interests of out local council taxpayers.

**4a. Guidelines and considerations – Hardship Relief**

- i) Applications must be in writing to the Head of Revenues & Benefits Services, who will consider and deal with the application for hardship relief. Each case must be considered on its merits – there can be no blanket decisions or policy
- ii) An application for hardship relief must include the following;
- Outline of the organisation and what it does
- Details of the current and past financial position of the organisation (copies of accounts)

## Revenues & Benefits Services

Details of how other bills are being paid eg electricity, gas or arrangements with other creditors

Any other information requested that will assist the council in reaching a decision.

- iii) Factors to be considered by the council
  - a) Reduction or remission of rates must be an exception not a rule
  - b) The test of hardship need not be confined to financial hardship. All relevant factors affecting the ability of a business to meet its liability for rates should be taken into account.
  - c) The “interests” of local council tax payers may go wider than direct financial interest.
  - d) Where the granting of relief would have an adverse effect on the financial interests of local council tax payers, the case for a reduction or remission of rates may still on balance outweigh the cost to local council tax payers.

**Financial Implications for the Council**

Property	Type of Relief	Amount of Relief	Financial Implications	
			Proportion offset against payments into the NNDR Pool	Proportion borne locally by council tax payers
Where a property is occupied by a charity or trustees for a charity and is wholly or mainly used for charitable purposes (includes Charity Shops)	Mandatory	80%	100%	
	Discretionary	Up to a further 20%	25%	75%
<p>Property is occupied by an institution or organisation which is not established or conducted for profit and whose main aims are; philanthropic, religious, concerned with social welfare, science, literature or the fine arts</p> <p>Property is occupied for the purposes of a club, society or other organisation and is not established or conducted for profit</p>	Discretionary	Up to 100%	75%	25%
Community Amateur Sports Clubs	Mandatory	80%	100%	
	Discretionary	Up to a further 20%	25%	75%
Hardship relief	Discretionary	Up to 100%	75%	25%



**Guide to calculate amounts to be granted for discretionary rate relief (not top up)**

*Internal use only*

<b>Criteria</b>	<b>Score available</b>	<b>Criteria met – Yes/No</b>	<b>Actual Score</b>
Is membership open to all sections of the community?	10%		
Does the Organisation encourage Membership from particular groups in the Community?	10%		
Are concessions available on membership fees?	10%		
Are the facilities available to non members?	10%		
Does the organisation provide training or education for its members?	10%		
Are there schemes for particular groups to develop their skills?	10%		
Does the organisation provide facilities which indirectly relieve the council of the need To do so?	10%		
Does the organisation make the buildings available for community use throughout the Year?	10%		
Is the organisation local (based/originates within the Borough of Watford)	10%		
Does the organisations activities meet 2 or more of the councils corporate priorities	10%		
<b>Total</b>	100%		

Cases for organisations that receive or apply to Watford Borough Council for funding/grants must be referred to the Head of Revenues & Benefits Services. See notes on page 4.

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# Agenda Item 6

**Report to:** Budget Panel  
**Date of meeting:** 10th September 2013.  
**Report of:** Shared Director of Finance  
**Title:** Revised Medium Term Financial Strategy 2013 / 2018

## **1.0 SUMMARY**

1.1 This report provides an overview of financial issues affecting the Council over the period up till March 2018 and enables a strategy to be developed to achieve a sustainable budget and set a Council Tax for 2014/15.

## **2.0 RECOMMENDATIONS**

2.1 To consider the attached report.

### **Contact Officer:**

For further information on this report please contact Joanne Wagstaffe, Shared Director of Finance, telephone extension 8189, email [joanne.wagstaffe@watford.gov.uk](mailto:joanne.wagstaffe@watford.gov.uk)

### 3.0 INTRODUCTION

3.1 The Medium Term Financial Strategy (MTFS) provides an overview of the main components of Watford's revenue expenditure and available finance. For the document to be meaningful for financial planning it is necessary to forecast likely scenarios over a medium term perspective (four years 2018). The current policy of the Council is to produce a sustainable budget by the end of that four year period.

Cabinet at its meeting on 8<sup>th</sup> July considered an update on the MTFS and which included a number of actions that needed to take place between July and September.

This paper indicates the progress that has been made and provides a position statement that must be further reviewed as budget planning evolves.

The revised MTFS is attached at **Appendix 1**.

3.2 This is an up-dated version of the MTFS following recent government announcements. This is not the finished product and will be refined during the Autumn as more information becomes available.

The MTFS reflects the current expenditure base and then applies any year on year variances. So, for example, the very first item at Appendix 1 (ICT Capita Outsource) indicates a £136k reduction to our base estimates in 2014/2015 (which is then reflected within the opening base estimate for 2015/2016). In 2015/2016 there is a further £97k saving, so that we commence the 2016/2017 with a cumulative base reduction of £233k.

With regard to the Funding Section of the MTFS, each year is treated separately so that it is straightforward to see the profile of our funding streams over a four year period.

### 3.3 Expenditure Projections

The MTFS included at Appendix 1 includes a number of variations to expenditure projections. These are detailed below:

ICT: The current MTFS assumes that there will be a savings in this service due to changes in service provision. However, these savings will not materialise in 2013/2014 because it was identified during the tendering process that no improvement to the ICT service would be possible without considerable up front investment. WBC's contribution to this improvement will be £317k drawn from the Invest to Save Reserve as a one off funding source. This can be seen in the Month 4 Finance digest which is elsewhere on this agenda.

Council Road Map Efficiencies: a target £2m saving had been set from various initiatives (albeit a £350k contingency for non achievement had

been built into the MTFS). A number of initiatives have now been achieved and these will be analysed in the context of the £2m target. There is however undoubtedly a case to continue to identify further savings (and indeed to review support costs in the light of all outsource activity). A target £400k to be achieved in 2015/2016 has been included within the MTFS at this time.

Waste: this reflects the reduced cost of the service provision compared to the existing budget due to a change in the service provision arrangements.  
DCLG Grant: this is due to cease in 2015/16.

Commercial Rents have been estimated to increase by £330k in 2013/2014, but reducing by £100k in 2014/2015 primarily due to Health Campus development which will impact on Cardiff Road businesses.

Reduced investment interest has been included due to the continuing low interest rates and profile of capital programme.

Building Control: It is anticipated that a saving of £150K can be achieved through a change in service provision of this service.

Indoor/ Outdoor Market: it is estimated that there will be a saving of £230K from 2013/14 following a change in provision of these services.

The CCTV Relocation is anticipated to generate a saving of £120k in 2014/15.

Elections: reflects the cyclical nature of elections.

Watford Business Park – the anticipated savings of the pay and display scheme.

Housing Related – savings anticipated to be achieved through retendering exercises and other savings.

Shared Services Operating Costs—this reflects a paper that went to Shared Services Joint Committee in November 2012 and includes £250k for additional resource (one year only) for Revenue and Benefits staffing/ agency.

Revenues and Benefits Client Account: Additional costs related to the provision of this service.

Pay Inflation – A 1% year on year increase. Should a pay award exceed 1% then the current vacancy levels may need to be reviewed.

Employers Superannuation - there will be an actuarial review as at March 2013 (results in December 2013) and the MTFS has assumed an effective 2% increase in employer rates in 2014/2015.

Contracts/ Fuel - this will need to be reviewed in more detail through the Autumn.

Fees and Charges - a nominal £20k per annum additional income has been built into the MTFS in 2014 onwards - but this needs to be reviewed throughout the Autumn.

West Hertfordshire Crematorium: It is anticipated that the service will be able to generate a £50k per annum surplus to each constituent authority - commencing in 2014/2015.

Ongoing Procurement Saving: a feature of the 2012/2013 Outturn was a significant procurement saving - particularly on gas and electricity. This should result in a permanent base adjustment of £200k.

Borrowing Costs, Minimum Revenue Provision: this reflects the Councils anticipated costs of borrowing to fund capital expenditure.

Health Campus: this reflects the anticipated returns from this scheme.

#### **3.4 Central Government General Support.**

For 2013/2014 the MTFS included the receipt of £5,724k by way of Formula Grant/ NNDR and Council Tax Reduction Grant (£4,765k; and £958k respectively).

The Chancellor of the Exchequer announced on 26<sup>th</sup> June 2013 public expenditure targets for 2015/2016 (one year only, to be reviewed for future years after a General Election). For local authorities the headline figure was a further 10% reduction in government support and which can only be assumed will include a reduction in the council tax benefit reduction element which has now been subsumed within the general external support.

Further information has emerged and there are a number of exemplifications available which model projected settlement figures based on the technical consultations for the 2015/16 local government financial settlement. For Watford the reduction in funding is estimated to be 14.6% if the full impact of the changes materialises. This compares to an 8% reduction included in the previously reported MTFS update. The MTFS has therefore been revised to reflect these increased funding reductions. This 2014/15 funding figure is therefore estimated to be £4915K, which is £48K less than originally anticipated. There have been similar reductions in 2015/16 funding which are estimated to be approximately £400K worse than previously reported.

Following on from this the funding reduction for 2016 onwards have also been increased and are based on a 20% reduction in Revenue Support Grant. As the Business Rates income has been fixed, any further reduction in government support must come solely from the Revenue

Support Grant. However, this will be kept under review.

### 3.5 **Business Rates Retention**

One of the major changes to local government funding has been the incentive for local authorities to grow their business rates base. Formerly all business rates income was collected on behalf of central government and then redistributed back to authorities on the basis of need. This however provided no incentive for local authorities to seek to maximise business rates income or indeed improve their collection rates.

The Business Rates Retention system has now been set and cannot be changed. There are a number of risks which have been transferred to local authorities as a result of the new system. The financial impact of some of these risks may be large and could have a significant impact on the MTFS. The Government have set a maximum exposure level for local authorities, 7.5% of their original 'baseline' position. However, whether these risks will materialise is still to be seen.

Watford is currently involved in a number of large scale redevelopment projects, which may in the short term, have an adverse impact on the level of business rates payable. These have been estimated and are built into the MTFS.

As a result there is a short term reduction in business rates included in the MTFS. This situation will be kept under review and as we get more clarity over the actual position the MTFS will be updated.

### 3.6 **New Homes Bonus Grant**

The government has set a priority to build more homes and to encourage authorities to make more land available / and to facilitate development. As a consequence, a significant amount of funding has been made available for authorities that produce a net increase in available homes in any one year. The funding to be distributed and called 'New Homes Bonus Grant' and the size of any individual distribution to be related to past achievement in the previous year.

The available funding is not 'new' money but has been generated by top slicing it from general Revenue Support Grant. This redistribution has not been appreciated by the less prosperous parts of the country (typically the north east) where there is little residential development actually being constructed. The south east has been the main beneficiaries with Watford having received significant amounts of NHB.

It is necessary to review our current model relating to the future receipt of NHB and this will involve firstly an internal review to determine the net number of additional units ( this is effectively those properties coming on stream less those properties lying empty). There is also a premium if the

units are deemed 'affordable' so that needs to be evaluated at the same time.

The current MTFS has been based upon historic data and needs to be revisited (for example, the net number of housing completions in 2012/2013 was 541 homes whereas the NHB model has assumed 408 net completions. Any review needs to involve the Planning Policy Team, the Housing Division, a representative from Revenues, and financial back up. Ideally the results of this review should feed through to the revised MTFS in September.

The Chancellor's statement on 26<sup>th</sup> June 2013 was silent regarding the New Homes Bonus but made much play of the fact that £2bn is to be made available in 2015/2016 onwards for the creation of a Single Local Growth Fund with funding for transport, skills, and housing and to be allocated through the Local Enterprise Partnerships. Subsequent clarification has been received that £400m of this £2bn is to be top sliced from New Homes Bonus (estimated at 30% of total NHB). This is extremely disturbing news for Watford as the £2bn may well be redistributed from the South East and this again will need to be reflected within the revised MTFS.

A consultation paper has been issued which identifies how the 'top slice' may operate. As specific details have not been announced no amendment to the NHB figures have been made at this stage. We will update the figures once it is clearer what the size of the top slice will be. Therefore the NHB figure is likely to be overstated.

### **3.7 Council Tax Freeze grant**

The current situation is that the MTFS in 2014/2015 includes £204k of freeze grant that relates to the initial freeze guarantee made in 2011 that if authorities froze council tax in 2011/2012 they would receive freeze grant equivalent to a 2.5% increase in council tax for the four years 2011/2015.

In the 2013/14 settlement and confirmed by the 2015/16 settlement technical consultation the original Council Tax freeze grant has been included in the 'Start Up Funding Assessment' and has therefore been rolled up into the Revenue Support Grant and the Business Rates Baseline and will continue past 2014/15. We have therefore extended the period in which this money will be received through to the end of the MTFS period.

The 2015/16 settlement consultation also indicates that for authorities which chose to freeze their council Tax in 2013/14 there will be an extension of the funding. We have also extended the timeframe over which we estimate this grant will be received through to the end of the MTFS period. This grant is equivalent to a 1% council tax increase.

The Chancellor of the Exchequer, in a statement to the House of Commons on 26<sup>th</sup> June, announced that grant would be available for councils freezing council tax in 2014/2015 and 2015/2016 and will almost certainly be geared



to a 1% tax increase (£80k using new tax base). This needs clarification however as it is uncertain whether there will be a further grant in 2014/2015 in addition to what has been assumed and also the cumulative position in 2015/2016. We have not included anything in the MTFS in relation to this grant for this as a decision on Council Tax levels still needs to be made. However, we have assumed a nil increase in Council Tax for planning purposes.

The Chancellor also announced that council tax capping will continue to apply and that a referendum will be required should the council tax increase by more than 2% (assumed to affect 2014/2015 as well as 2105/2016). It is probable that some authorities will actually test the 'will of the people' in 2014/2015.

### **3.8 Council Tax Base, Collection Fund and Collection Levels**

Within the current MTFS, the council tax base for 2013/2014 was estimated to be 29,418 Band D equivalents with annual increase of 350/ 350/ 250 in the three years 2014/2017. The latest schedule of council tax indicates that the base for 2013/2014 will actually be 30,007 and shows a 589 (Band D equivalent) increase to the base and equates to an additional £147k income for Watford services (and which will be ongoing throughout the MTFS period).

Whilst this is a reliable starting point, it is important that future projections of growth in the council tax base mirror assumptions within the Planning Policy Division regarding future residential development projects (including the Health Campus).

The Collection Fund is a statutory account which charts the amount of council tax anticipated to be collected against the amounts actually collected. The MTFS has made no assumptions for either surpluses or deficits on this Fund throughout the four year period. This needs to be reviewed (the outturn for 2012/2013 indicates a £189k surplus was recorded (£31k to Watford, the rest to the preceptors).

Finally the MTFS needs to review collection levels of council tax to seek to establish are they still realistic (97% collection rates has been assumed throughout the four year period).

### **3.9 Salaries and Associated Costs**

The total salary and agency bill in 2012/2013 was circa £14.5m but, paradoxically, is often one of the easiest to control. If the budgets were forecast to overspend then a recruitment freeze can be introduced. The current MTFS has assumed a 1% vacancy level across most services .

The MTFS also has to make provision for future pay awards and had allowed for an effective 2% award in 2013/2014 and 1% a year thereafter.

It is likely that local government trade unions will accept a 1% award from 1<sup>st</sup> April 2013 (with an additional 1.4% for the lowest paid). Watford has no staff that fall within the definition of 'low paid' so we are likely to have a 1% cushion within our revenue budget.

The Chancellor of the Exchequer announced on June 26<sup>th</sup> that the public sector would be limited to a 1% pay award in 2015/2016 (which although not binding on local government, does generally set a benchmark). The Chancellor has also announced that there will be no automatic progression (increments) permitted in future for the civil service, schools, hospitals, prisons and the police. Again he has no direct control over local government but the Secretary of State at the DCLG may adjust government funding to achieve the same effect. In reality, for Watford, most staff are on the top point of their grades so the financial effect would be limited either way.

Of far greater concern however is the future effect upon the salaries bill of potential changes to employers contributions to national insurance where government pronouncements need to be carefully analysed as no additional cost has been reflected within the MTFS.

Similarly, there is to be an actuarial review of all local authorities pension schemes as at 31<sup>st</sup> March 2013 (results known in December 2013) and it is widely anticipated that current deficits will have increased due to the combination of people living longer and poor investment returns due to the 'low interest rate' environment. Watford has always followed the HCC actuary's advice which aims to cover any deficit over a 20 year perspective. The current MTFS had anticipated an increase in employer contribution rates by 1% in April 2014 and again by a further 1% in April 2016. The April 2016 increase may have to be brought forward to April 2014 and this needs further evaluation.

### 3.10 **Goods and Services**

The MTFS has generally expected Heads of Service to live within cash limited budgets (if inflation goes up, volumes must go down). In reality improved procurement and consequent lower unit costs has meant this has not been a pressure area.

This cash freeze has not been applied to energy/ fuel costs where a 10% a year increase has been built in. Similarly business rates on our own properties has been allowed (2.6% for 2013/2014) and welfare payments such as housing benefit has also taken into account annual uplifts; and finally where there are outsourced contracts with an inflation factor then this has been applied.

### 3.11 **Cost of Welfare Benefits**

Unquestionably the most volatile, uncertain and high risk area of the Council's revenue budgets. Recent changes include a reduction in subsidy

for council tax benefits, implementation of a benefit cap, and withdrawal of an element of benefit where there is an under occupation of bedrooms. For the future, there will be the phased implementation of universal credit with the transfer of responsibility for administration from local authorities to the HMRC. This could well affect levels of staffing but the current timescales may well slip. An evaluation does need to take place as the potential effects of universal credit have not been factored into the MTFS. However, the anticipated national roll out of Universal Credit in October 2013 has been delayed and the full impact of this is not yet known, as such no changes to the income or expenditure for this service have been included in the MTFS.

This position will be updated once a clearer picture is available.

### 3.12 **Reserves**

The estimates included at Appendix 1 indicate that there will be approximately £3.0M drawn down from general fund Reserves over the period 2013-2018.

The anticipated position on Reserves as at the end of 2013/14 is attached at Appendix 2, this is the estimated position before any drawing down to meet any budget shortfalls. The Appendix also shows future 'commitments' which include:

- £380k being the winding up of the Charter Place Tenants Reserve
- £317k to fund up front Capita ICT work
- £1,542k being first tranche of £3m towards Health Campus LABV
- £1,500k to fund the New Market
- £313k to fund vehicle and plant
- £285k from Veolia to also fund vehicle and plant.

Should we need to draw circa £3m from Reserves in 2013/2018 then our reserves will be reduced to £7.5m (plus a General Fund Balance of £1.350m). Some of these reserves are specifically earmarked ( CPZ).

A full review of reserves should be undertaken in the next few months to ensure that they are still required for purpose for which they were created.

It is important to emphasise that the use of reserves can only be considered as a short term expedient and that, at some point, the need to balance expenditure and available ongoing funding will be of critical importance to the financial resilience and health of any local authority.

### 3.13 **Conclusion**

The aim of the MTFS is to provide a reliable forecast over a four year planning timescale to enable a sustainable financial environment to be in

place where ongoing expenditure and income are in tandem. The MTFS can only be as good as the assumptions and realism reflected within it. Should an over optimistic view be taken then, in the fullness of time, shortfalls in funding will appear and reserves or knee jerk service reductions will be necessary. Equally however an overly pessimistic view will probably result in a greater degree of service reductions being imposed. It is a balancing act and that is why the MTFS should be reviewed on a regular basis.

The MTFS will be kept under review during the autumn and will be further refined as we move towards setting the Council Tax so as to provide as accurate a forecast as possible in terms of further income and expenditure projections.

#### **4.0 FINANCIAL IMPLICATIONS**

4.1 Included in the report.

#### **5.0 LEGAL IMPLICATIONS**

5.1 There are no legal implications included in the report.

#### **6.0 POTENTIAL RISKS**

Potential Risk	Likelihood	Impact	Overall Score
That the Medium Term Financial Strategy will be based upon unreliable data	2	4	8

#### **7.0 EQUALITIES**

7.1 Watford Borough Council is committed to equality and diversity as an employer, service provider and as a strategic partner. In order to fulfil this commitment and its duties under the Equality Act 2010 it is important to demonstrate how policies, practices and decisions impact on people with different protected characteristics. It is also important to demonstrate that the Council is not discriminating unlawfully when carrying out any of its functions.

The reporting of issues that need to be reflected within a review of the Medium Term Financial Strategy does not equate to actually making any firm proposals and will not therefore have equality implications.

### **Appendices**

- Appendix 1 - Revised Medium Term Financial Plan 2013-2018
- Appendix 2 - Reserves

**MEDIUM TERM FINANCIAL STRATEGY: AUGUST 2013**  
**General Fund Budget Projections 2013/14 - 2017/18 as at 29 August 2013**

	2012/13 Actual	2013/14	2014/15	2015/16	2016/17	2017/18
<b>Base</b>	<b>14,838,011</b>	<b>15,021,480</b>	<b>14,357,539</b>	<b>14,389,131</b>	<b>14,488,599</b>	<b>14,317,599</b>
ICT Capita Outsource	-	-	(136,000)	(97,000)	(11,000)	(7,000)
Council Roadmap Efficiencies	-	-	-	(400,000)	-	-
Waste Outsource	-	-	(331,329)	(79,482)	-	(146,000)
DCLG-Waste Grant	-	(273,941)	(201,029)	474,970	-	-
Commercial Rents	-	(330,000)	100,000	-	-	-
Reduced Investment Interest	-	-	-	30,000	-	-
Building Control	-	-	(150,000)	-	-	-
Indoor Market	-	(230,000)	-	(40,000)	-	-
CCTV Relocation	-	-	(120,000)	-	-	-
Elections - cyclical profile	-	-	120,000	(50,000)	10,000	(80,000)
Watford Business Park -pay and display	-	-	(40,000)	-	-	-
Housing Prevention- hostels and bed and breakfast	-	(30,000)	-	-	-	-
Shared Services - Operating Costs / Phase 2	-	-	(101,050)	40,980	-	-
Revenues and Benefits Client Account	-	400,000	-	-	-	-
Pay Inflation / Increments	-	-	150,000	150,000	150,000	150,000
Employer's Superannuation Contributions	-	-	320,000	-	-	-
Contract / Utilities / Fuel Inflation / C Tax	-	-	100,000	100,000	100,000	100,000
Fees and charges review	-	-	(20,000)	(20,000)	(20,000)	(20,000)
West Herts Crematorium	-	-	(50,000)	-	-	-
Ongoing Procurement Savings	-	(200,000)	-	-	-	-
Cultural Quarter running expenses	-	-	33,000	-	-	-
Interest Payable on PWLB Loan	-	-	168,000	-	-	-
Borrowing Cost-Minimum Revenue Provision	-	-	160,000	-	-	-
Health Campus-Interest & Dividends	-	-	-	-	(400,000)	(600,000)
<b>Net Expenditure</b>	<b>14,838,011</b>	<b>14,357,539</b>	<b>14,389,131</b>	<b>14,488,599</b>	<b>14,317,599</b>	<b>13,714,599</b>
<b>Funded By:</b>						
Grant Settlement	5,418,738	4,765,718	4,915,341	4,191,343	4,020,466	3,899,941
Council Tax Support Grant	-	958,370	-	-	-	-
Grant in Lieu of New Homes Bonus	-	-	-	-	-	1,000,000
Business Rate Grant Changes	-	(534,000)	(386,000)	(43,000)	77,000	205,000
CT Benefit Transitional Relief	-	26,000	-	-	-	-
CLG Grant for Council Tax Freeze	206,462	204,688	204,688	204,688	204,688	204,688
CLG Grant for Council Tax Freeze	-	82,349	82,349	82,349	82,349	82,349
New homes bonus	1,393,476	2,111,178	2,416,110	1,845,320	1,995,950	Grant ceases
New homes bonus to capital	-	(1,000,000)	(1,000,000)	(457,503)	-	-
Planned contribution to Earmarked Reserves	(150,000)	(150,000)	-	-	-	-
(To)/From Reserves	(318,758)	346,288	597,234	1,043,534	252,817	588,325
Collection Fund Surplus	29,632	50,000	-	-	-	-
	6,579,550	6,860,591	6,829,722	6,866,730	6,633,270	5,980,302
<b>Council Tax Requirement</b>	<b>8,258,461</b>	<b>7,496,948</b>	<b>7,559,409</b>	<b>7,621,869</b>	<b>7,684,329</b>	<b>7,734,297</b>
CTR target	8,258,461	7,496,948	7,559,409	7,621,869	7,684,329	7,734,297
Council Tax Base	33,055	30,007	30,257	30,507	30,757	30,957
<b>Council Tax % increase</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Average charge	249.84	249.84	249.84	249.84	249.84	249.84
Collection rate used (as a percentage)	-	97.00	97.00	97.00	97.00	97.00

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## Reserves 2013/14

Cost Centre	Description	Bal B/F 01-Apr-13 £	Net Reserve Move £	Commitments	Bal C/F £
VHF000	General Fund	-1,350,000	0		-1,350,000
<b>Earmarked Reserves</b>					
VFD000	Car Parking Zones Reserve	-596,935	0		-596,935
VGH000	Charter Place Tenants Reserve	-379,850	0	379,850	0
VGU000	Le Marie Centre Repair Reserve	-12,868	0		-12,868
VHL000	Rent Deposit Guarantee Scheme	-100,000	0		-100,000
VHM000	Homeless Prevention Reserve	-112,238	0		-112,238
VLU000	Budget Carry Forward Reserve	-234,910	234,910		0
VNL000	Climate Change Reserve	-36,133	-20,000		-56,133
VNN000	Recycling Reserve	-11,700	0		-11,700
<b>General Reserves</b>					
VHK000	Exam In Public - LDF Reserve	-232,722	0		-232,722
VHN000	Housing Benefit Subsidy Reserve	-996,616	300,000		-696,616
VLL000	Invest To Save Reserve	-1,254,289	-200,000	317,000	-1,137,289
VLN002	Future Pension Funding Reserve	-1,375,000	0		-1,375,000
VLN003	Market Promotions Reserve	0	-20,000		-20,000
VLP000	LA Business Growth Incentive Reserve	-613,270	20,000		-593,270
VLR000	Area Based Grant Reserve	-86,050	0		-86,050
VLS000	Performance Reward Grant Reserve	-59,528	0		-59,528
VLT000	Housing & PDG Reserve	-300,934	35,000		-265,934
VLV000	Economic Impact Reserve	-1,866,769	-60,000		-1,926,769
VLX000	High Street Innovation Reserve	-100,000	0		-100,000
VLY000	PRG Capital Grants-One Watford Reserve	-191,404	0		-191,404
<b>Capital Financing Reserves</b>					
VG0000	Multi-Storey Car Pk Rep Reserve	-180,646	-1,310,324		-1,490,970
VHG000	Leisure Structured Maintenance Reserve	-422,514	0		-422,514
VLW000	Development Sites - Decontamination Reserve	-1,310,324	1,310,324		0
VLQ000	New Homes Bonus Reserve	-542,497	-1,000,000	1,542,497	0
VLM000	Capital Fund Reserve	-2,182,642	0	1,500,000	-682,642
VLN004	Vehicle Replacement Reserve	-575,000	-150,000	312,954	-412,046
<b>Other Reserve</b>					
	Veolia- Vehicle Purchase Capital Receipt	0	-285,000	285,000	0
<b>Total Reserves</b>		<b>-13,774,838</b>	<b>-1,145,090</b>	<b>4,337,301</b>	<b>-10,582,627</b>

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## **FINANCE DIGEST**

**Revenue Financial Monitoring at**

**Period 4**

**(July 2013)**

**Prepared By : Finance Shared Services**

**Date : 29th August 2013**

## **Foreword**

The monthly Finance Digest is a key tool for raising awareness of financial issues throughout the Council at both member and officer level.

The Finance Digest shows the key indicators that describe Watford's financial health. It provides an update on the Council's budget including effect on reserve balances as well as performance within a discrete number of service areas. Variances to budgets are reflected in the forecast outturn for 2013/14 which are loaded on to the Council's financial management system that continue to be monitored throughout the financial year.

### **Part 1 - Budget Monitoring**

The digest reflects the Council's latest forecast of its financial position for the year, assessing expected spend against the agreed budget and split into service area. It also includes information on key risks and volatile budgets (I.E. income streams subject to economic conditions) including any action taken to mitigate their impact. Revenue spend is forecast monthly whereas capital updates are provided on a quarterly basis.

### **Part 2 - Performance Indicators**

This section provides up to date performance data regarding various service areas of the Council including both front line services and support services.

If you have any comments, please contact the following Finance staff for assistance :-

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## Part 1 - Budget Monitoring

### 1 - General Fund Revenue

- 1.1 This report which reflects the new structure that was implemented on 1st July provides an update, in summary form, of the latest position of the Council's revenue budget as at 31st July 2013 (period 4).
- 1.2 The 2013/14 original net general fund budget requirement was £15,021k prior to movements in reserves (the current budget which includes approved virements is £15,585k). However, the forecast outturn for net expenditure at the end of period 4 is predicted to be £15,490k (see page 5).

A reconciliation between all these balances can be detailed as follows :-

<b>2013/14 Original Budget</b> requirement prior to movements in reserve	<u>Total</u> £15,021k
<b>Add</b>	
Approved virements from usable reserves (see table below) :-	
Local Authority Business Growth Incentive Reserve	£20k
Housing & Planning Delivery Grant Reserve	£35k
Budget Carry Forward Reserve	£235k
Sub Total	<u>£15,311k</u>
<b>Add</b>	
Additional DCLG revenue funding for maintaining weekly domestic collections	£274k
<b>2013/14 Current Budget</b> requirement including approved virements	<u>£15,585k</u>
<b>Add</b>	
Anticipated usable movements from reserve (see below table) :-	
Invest to Save Reserve	£317k
<b>Less</b>	
In year forecast variances affecting Economic Impact Reserve (see table on page 4)	<u>(£412k)</u>
<b>2013/14 Forecast Outturn</b> for net expenditure	<u>£15,490k</u>

### 1.3 Usable Reserves

2013/14 Table of Reserve Movements						
Reserve	Original Budget	In year movement only				Comments
		Reserve Mov'ment as @ Period 3	Period 4 movement		Reserve Mov'ment as @ Period 4	
			Virement	Anticipated Movement		
Local Authority Business Growth Incentive (LABGI)	£0k	(£20k)	£0k	£0k	(£20k)	Utilised to part fund the 'Imagine Watford' festival that took place in June 2013
Housing & Planning Delivery Grant	£0k	(£35k)	£0k	£0k	(£35k)	As per Cabinet (Sept 2012), funding for investment in United Sustainable Energy Agency
Budget Carry Forward	£0k	(£235k)	£0k	£0k	(£235k)	Established to carry over unused 2012/13 revenue budget required for 2013/14
Sub total	£0k	(£290k)	£0k	£0k	(£290k)	
Invest to Save	£0k	£0k	£0k	(£317k)	(£317k)	Utilised to fund Yr 1 ICT contract costs. Savings expected in future years.
Vehicle Replacement	£150k	£0k	£0k	£0k	£0k	Reserve created to fund future vehicle acquisitions
Economic Impact (see table below)	(£735k)	£412k	£0k	£0k	£412k	Utilised in part to fund current expenditure as well as absorb any unplanned forecast variances reported by services during the current financial year.
<b>Total</b>	<b>(£585k)</b>	<b>£122k</b>	<b>£0k</b>	<b>(£317k)</b>	<b>(£195k)</b>	

**Note** ( ) illustrate a decrease in reserve balances

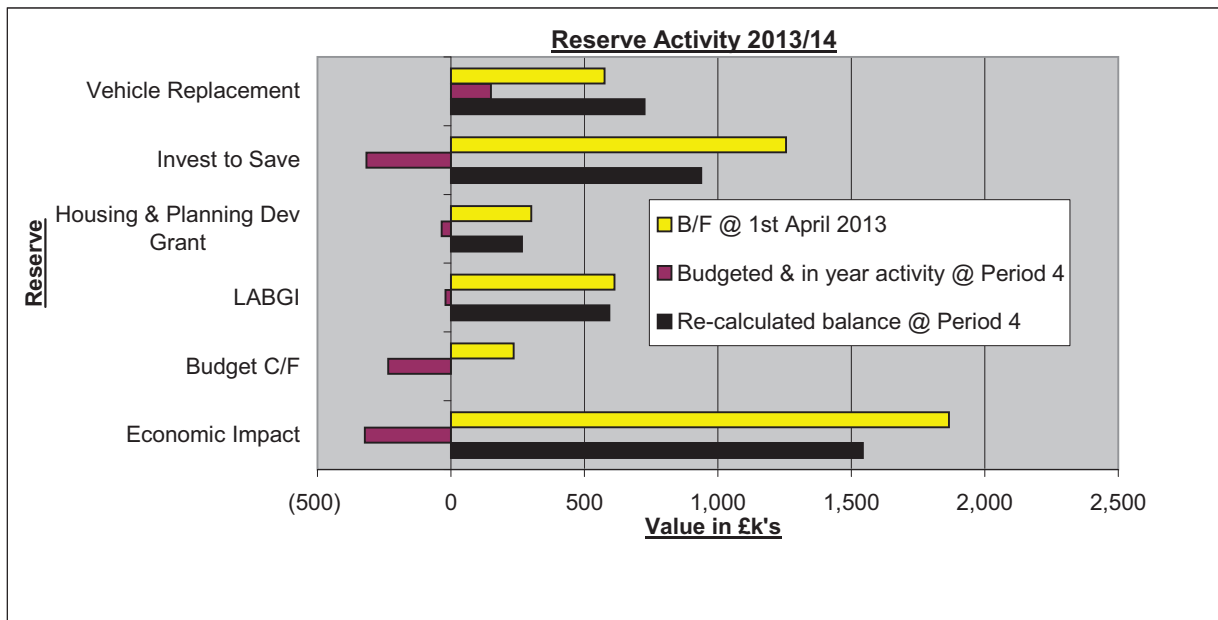
Anticipated Net Movement on Economic Impact Reserve

The in year movement of £412k is the current unplanned forecast underspend for 2013/14 and can be summarised as follows :-

Original Budget	In year forecast variations affecting Economic Impact Reserve	Overspend / Underspend	Page Nos	@ Period 3 £k	This Month £k	Total £k
(735)	As per Original Budget 2013/14					
	As outlined in Period 3 Finance Digest	Underspend	N/A	412	0	412
	Forecast variances from services as reported for period 4			0	0	0
(735)	Total			412	0	412

Note : the above table indicates a reduction in the balance due from the Economic Impact Reserve at year end as a result of current underspends as reported by services up to Period 4.

Reserve activity in 2013/14 has been illustrated graphically to reflect the year end carried forward balance on these reserves as at 31st March 2013 including the table of reserve movements as shown on page 3.



## Table 1 - General Fund Summary

### General Fund Variance Summary for 2013/14 as @ Period 4 (July 2013)

Service Area	Original Budget	Current Budget	Forecast Variance up to Period 3	Forecast Variance Period 4	Total Forecast Variance	Forecast Outturn	Variance	
	£000's	£000's	£000's	£000's	£000's	£000's	%	Icon
Corporate Strategy & Client Services	9,513	9,628	0	317	317	9,945	3.3	⊗
Community & Customer Services	4,861	5,052	(32)	0	(32)	5,020	(0.6)	☺
Democracy & Governance	1,762	1,715	0	0	0	1,715	0.0	☺
Regeneration & Development	(558)	(587)	(560)	0	(560)	(1,147)	(95.4)	☺
Managing Director	1,377	1,377	0	0	0	1,377	0.0	☺
Human Resources	0	(39)	0	0	0	(39)	0.0	☺
Strategic Finance	(1,934)	(1,561)	180	0	180	(1,381)	11.5	🔔
<b>NET GENERAL FUND</b>	<b>15,021</b>	<b>15,585</b>	<b>(412)</b>	<b>317</b>	<b>(95)</b>	<b>15,490</b>	<b>(0.6)</b>	☺
Budgeted Transfer To/(From) Reserves	(585)	(585)	0	0	0	(585)		
In Year Transfer To/(From) Reserves	0	(290)	412	(317)	95	(195)		
<b>NET BUDGET REQUIREMENT</b>	<b>14,436</b>	<b>14,710</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>14,710</b>		
<u>Financed By :-</u>								
Revenue Support Grant (including re-distributed NNDR)	(4,765)	(4,765)	0	0	0	(4,765)		
Council Tax receipts	(7,350)	(7,350)	0	0	0	(7,350)		
Other central government funding	(2,321)	(2,321)	0	0	0	(2,321)		
Additional DCLG revenue funding (Re : maintaining weekly domestic collection)	0	(274)	0	0	0	(274)		
<b>TOTAL FINANCING</b>	<b>(14,436)</b>	<b>(14,710)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(14,710)</b>		
<u>General Fund Working Balance</u>								
Opening Balance	1,350	1,350	0	0	0	1,350		
<b>CLOSING WORKING BALANCE</b>	<b>1,350</b>	<b>1,350</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,350</b>		

### Icons

Icons have been used to indicate the severity of the variation against budget.

The key is as follows:

☺ Forecast net expenditure is within budget

☹ Forecast net expenditure is as per budget

⊗ Forecast net expenditure is over budget but there is no cause for concern at this stage.

🔔 Forecast net expenditure is more than 10% and £50k over budget which is a cause for concern.

**Table 2 - Variance Analysis by Service and Cost Centre**

Service : Budget Owner :	<b>Corporate Strategy &amp; Client Services</b> <b>Lesley Palumbo</b>	Original Budget	Agreed Budget Change	Current Budget	Forecast Variance to Period 3	Forecast Variance Period 4	Total Forecast Variance	Forecast Outturn	Comments regarding This Month's Forecast Variances
		£000's	£000's	£000's	£000's	£000's	£000's	£000's	
	Management Support	0	(169)	(169)	0	0	0	(169)	No monthly forecast variances reported.
	Contract Monitoring	0	4,361	4,361	0	0	0	4,361	No monthly forecast variances reported.
	Parks and Open Spaces	2,122	(1,101)	1,021	0	0	0	1,021	No monthly forecast variances reported.
	Leisure	1,464	(1)	1,463	0	0	0	1,463	No monthly forecast variances reported.
	Grants	993	39	1,032	0	0	0	1,032	No monthly forecast variances reported.
	Street Cleansing	2,075	(1,336)	739	0	0	0	739	No monthly forecast variances reported.
	Waste and Recycling	2,629	(1,697)	932	0	0	0	932	No monthly forecast variances reported.
	Partnerships and Performance	229	47	276	0	0	0	276	No monthly forecast variances reported.
	ICT Service	0	(27)	(27)	0	317	317	290	WBC's % share of year 1 Capita contract costs totalling £317k funded from Invest to Save reserve.
	<i>Rounding Adjustment</i>	1	(1)	0	0	0	0	0	
	<b>Total : Corporate Strategy &amp; Client Services</b>	9,513	115	9,628	0	317	317	9,945	

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Notes to Agreed Budget Changes

	<u>Reason for Agreed Budget Change</u>
Grants	39 Approved virement from the Budget Carried Forward Reserve
Street Cleansing	5 Approved virement from the Budget Carried Forward Reserve
Partnerships and Performance	47 Approved virement (in total) from the Budget Carried Forward Reserve
Sub Total	91
Budget changes due to restructure & outsourcing	24 Net budget movement offset by additional DCLG revenue funding of (£274k)
<b>Corporate Strategy &amp; Client Services total as @ Period 4</b>	<u>115</u>

**Table 2 - Variance Analysis by Service and Cost Centre (continued)**

Service : Budget Owner :	Community & Customer Services Alan Gough	Original Budget	Agreed Budget Change	Current Budget	Forecast Variance to Period 3	Forecast Variance Period 4	Total Forecast Variance	Forecast Outturn	Comments regarding This Month's Forecast Variances
		£000's	£000's	£000's	£000's	£000's	£000's	£000's	
	Customer Services	0	0	0	0	0	0	0	No monthly forecast variances reported.
	Housing	1,907	0	1,907	(32)	0	(32)	1,875	No monthly forecast variances reported.
	Environmental Health and Licensing	1,772	63	1,835	0	0	0	1,835	No monthly forecast variances reported.
	Culture and Play	1,182	127	1,309	0	0	0	1,309	No monthly forecast variances reported.
	<i>Rounding Adjustment</i>	0	1	1	0	0	0	1	
	<b>Total : Community &amp; Customer Services</b>	4,861	191	5,052	(32)	0	(32)	5,020	

Notes to Agreed Budget Changes

	<u>Reason for Agreed Budget Change</u>
Environmental Health & Licensing	35 Approved virement from Housing & Planning Dev Grant Reserve Re : USEA funding
	30 Approved virement (in total) from the Budget Carried Forward Reserve
Sub Total	65
Culture and Play	20 Approved virement from LABGI Reserve Re : 'Imagine Watford'
Sub Total	85
Budget changes due to restructure & outsourcing	106 Net budget movement offset by additional DCLG revenue funding of (£274k)
<b>Community &amp; Customer Services total as @ Period 4</b>	<u>191</u>



**Table 2 - Variance Analysis by Service and Cost Centre (continued)**

Service : Budget Owner :	Democracy & Governance Carol Chen	Original Budget	Agreed Budget Change	Current Budget	Forecast Variance to Period 3	Forecast Variance Period 4	Total Forecast Variance	Forecast Outturn	Comments regarding This Month's Forecast Variances
		£000's	£000's	£000's	£000's	£000's	£000's	£000's	
	Legal and Democratic	1,525	33	1,558	0	0	0	1,558	No monthly forecast variances reported.
	Buildings and Projects	237	(81)	156	0	0	0	156	No monthly forecast variances reported.
	Procurement	0	0	0	0	0	0	0	No monthly forecast variances reported.
	<i>Rounding Adjustment</i>	0	1	1	0	0	0	1	
	<b>Total : Democracy &amp; Governance</b>	1,762	(47)	1,715	0	0	0	1,715	

Notes to Agreed Budget Changes

	<u>Reason for Agreed Budget Change</u>
Legal and Democratic	34 Approved virement (in total) from the Budget Carried Forward Reserve
Sub Total	34
Budget changes due to restructure & outsourcing	(81) Net budget movement offset by additional DCLG revenue funding of (£274k)
<b>Democracy &amp; Governance</b>	
<b>total as @ Period 4</b>	<u>(47)</u>

**Table 2 - Variance Analysis by Service and Cost Centre (continued)**

Service : <b>Regeneration &amp; Development</b> Budget Owner : <b>Jane Custance</b>	Original Budget	Agreed Budget Change	Current Budget	Forecast Variance to Period 3	Forecast Variance Period 4	Total Forecast Variance	Forecast Outturn	Comments regarding This Month's Forecast Variances
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
Commercial Projects (property portfolio)	(4,943)	(17)	(4,960)	(560)	0	(560)	(5,520)	No monthly forecast variances reported.
Development Section	1,080	2	1,082	0	0	0	1,082	No monthly forecast variances reported.
Transport and Infrastructure	2,676	7	2,683	0	0	0	2,683	No monthly forecast variances reported.
Policy Team	617	(20)	597	0	0	0	597	No monthly forecast variances reported.
Economic Development	12	0	12	0	0	0	12	No monthly forecast variances reported.
<i>Rounding Adjustment</i>	0	(1)	(1)	0	0	0	(1)	
<b>Total : Regeneration &amp; Development</b>	(558)	(29)	(587)	(560)	0	(560)	(1,147)	

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Notes to Agreed Budget Changes

	<u>Reason for Agreed Budget Change</u>
Transport and Infrastructure	13 Approved virement (in total) from the Budget Carried Forward Reserve
Sub Total	13
Budget changes due to restructure & outsourcing	(42) Net budget movement offset by additional DCLG revenue funding of (£274k)
<b>Regeneration &amp; Development total as @ Period 4</b>	<u>(29)</u>

**Table 2 - Variance Analysis by Service and Cost Centre (continued)**

Service : Budget Owner :	<b>Managing Director</b>		Original Budget	Agreed Budget Change	Current Budget	Forecast Variance to Period 3	Forecast Variance Period 4	Total Forecast Variance	Forecast Outturn	Comments regarding This Month's Forecast Variances
			£000's	£000's	£000's	£000's	£000's	£000's	£000's	
	Corporate Management		1,377	0	1,377	0	0	0	1,377	No monthly forecast variances reported.
	<b>Total : Managing Director</b>		1,377	0	1,377	0	0	0	1,377	

Notes to Agreed Budget Changes

**Managing Director  
total as @ Period 4**

Reason for Agreed Budget Change

0

**Table 2 - Variance Analysis by Service and Cost Centre (continued)**

Service : Budget Owner :	<b>Human Resources</b>		Original Budget	Agreed Budget Change	Current Budget	Forecast Variance to Period 3	Forecast Variance Period 4	Total Forecast Variance	Forecast Outturn	Comments regarding This Month's Forecast Variances
			£000's	£000's	£000's	£000's	£000's	£000's	£000's	
	Human Resources Client		0	(39)	(39)	0	0	0	(39)	No monthly forecast variances reported.
	HR Shared Service		0	0	0	0	0	0	0	No monthly forecast variances reported.
	<b>Total : Human Resources</b>		0	(39)	(39)	0	0	0	(39)	

Notes to Agreed Budget Changes

	<u>Reason for Agreed Budget Change</u>
Human Resources Client	30
Sub Total	30
Budget changes due to restructure & outsourcing	(69)
<b>Human Resources</b>	
<b>total as @ Period 4</b>	<u>(39)</u>

**Table 2 - Variance Analysis by Service and Cost Centre (continued)**

Service : <b>Strategic Finance</b> Budget Owner : <b>Jo Wagstaffe</b>	Original Budget	Agreed Budget Change	Current Budget	Forecast Variance to Period 3	Forecast Variance Period 4	Total Forecast Variance	Forecast Outturn	Comments regarding This Month's Forecast Variances
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
Finance and Resources	202	0	202	(20)	0	(20)	182	No monthly forecast variances reported.
Finance Services Client	123	(28)	95	0	0	0	95	No monthly forecast variances reported.
Revenues and Benefits Client	1,818	20	1,838	400	0	400	2,238	No monthly forecast variances reported.
Corporate Costs (including adjustments under statute)	(4,077)	381	(3,696)	(200)	0	(200)	(3,896)	No monthly forecast variances reported.
Finance Shared Service	0	0	0	0	0	0	0	No monthly forecast variances reported.
Revs and Bens Shared Service	0	0	0	0	0	0	0	No monthly forecast variances reported.
<b>Total : Strategic Finance</b>	<b>(1,934)</b>	<b>373</b>	<b>(1,561)</b>	<b>180</b>	<b>0</b>	<b>180</b>	<b>(1,381)</b>	

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Notes to Agreed Budget Changes

	<u>Reason for Agreed Budget Change</u>
Revenues and Benefits Client	38 Approved virement from the Budget Carried Forward Reserve
Sub Total	38
Budget changes due to restructure & outsourcing	335 Net budget movement offset by additional DCLG revenue funding of (£274k)
<b>Strategic Finance total as @ Period 4</b>	<u>373</u>

**Table 3 - Direct Salaries Analysis**

**Direct Salary Costs Variance Analysis (Incl Consultancy Costs but excluding Shared Services & IAS19)**

Service Area	Previous Year Final Restated	Original Budget	Agreed Budget Change	Current Budget	Forecast Variance to Period 3	Forecast Variance Period 4	Total Forecast Variance	Forecast Outturn	Variance		Comments regarding This Month's Forecast Variances
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	%	😊	
Corporate Strategy & Client Services	5,546	5,578	(3,486)	2,092	0	0	0	2,092	0.0	😊	No monthly forecast variances reported.
Community & Customer Services	3,523	3,580	92	3,672	0	0	0	3,672	0.0	😊	No monthly forecast variances reported.
Democracy & Governance	1,907	1,840	16	1,856	0	0	0	1,856	0.0	😊	No monthly forecast variances reported.
Regeneration & Development	2,745	2,952	(33)	2,919	0	0	0	2,919	0.0	😊	No monthly forecast variances reported.
Managing Director	369	240	0	240	0	0	0	240	0.0	😊	No monthly forecast variances reported.
Human Resources	9	17	0	17	0	0	0	17	0.0	😊	No monthly forecast variances reported.
Strategic Finance	1,089	169	0	169	0	0	0	169	0.0	😊	No monthly forecast variances reported.
Consultancy	225	134	0	134	0	0	0	134	0.0	😊	No monthly forecast variances reported.
<b>Total</b>	15,413	14,510	(3,411)	11,099	0	0	0	11,099	0.0	😊	

Notes to Agreed Budget Changes

Democracy & Governance	16	Approved virement from the Budget Carried Forward Reserve
Sub Total	16	
Budget changes due to restructure & outsourcing	(3,427)	Salary budget movements largely driven by outsourcing to Veolia Env'l Services
<b>Total as @ Period 4</b>	<u>(3,411)</u>	

**Table 4 - Key Financial Risk Areas (as at end of July 2013)**

Service Area	Original Budget	Current Budget	Forecast Variance to Period 3	Forecast Variance Period 4	Total Forecast Variance	Forecast Outturn	Variance		Comments
	£000's	£000's	£000's	£000's	£000's	£000's	%	☺	
Commercial Rental Income (incl Parks & Leisure properties and Multi Storey Car Parks)	(3,283)	(3,283)	(240)	0	(240)	(3,523)	(7.3)	☺	A detailed review of the Council's commercial property portfolio is routinely carried out by Property in consultation with Finance.
Housing Benefit Client :-									
Grant Income	(34,348)	(34,348)	400	0	400	(33,948)	1.2	☹	Extremely high risk area due to demands on the service including claimant volumes and central government changes to entitlements. Regular reviews are carried out within the service to ensure all claims are properly processed and validated.
Rent Allowance Payments	33,884	33,921	0	0	0	33,921	0.0	☺	
Shared Services (Operating Costs) :-									
Finance	821	901	0	0	0	901	0.0	☺	Reviewed and monitored by the appropriate Head of Service and agreed via the Shared Services Joint Committee. A review of the Revenues & Benefits section is anticipated during 2013/14.
Human Resources	506	506	0	0	0	506	0.0	☺	
ICT	847	847	0	317	317	1,164	37.4	☹	
Revenues & Benefits	1,733	1,733	0	0	0	1,733	0.0	☺	
Parks, Street & Waste Services (Net costs Re: Veolia outsourcing)	0	4,275	0	0	0	4,275	0.0	☺	These services comprise one third of Council net expenditure and need to be regularly monitored. The newly appointed client team meet regularly with the appointed contractor, Veolia Environmental Services to ensure the contract specification is being met.

**Table 4 - Key Financial Risk Areas (as at end of July 2013) (continued)**

Service Area	Original Budget	Current Budget	Forecast Variance to Period 3	Forecast Variance Period 4	Total Forecast Variance	Forecast Outturn	Variance		Comments
	£000's	£000's	£000's	£000's	£000's	£000's	%	☺	
Business Rates Retention	Circa 62,000	Circa 62,000	0	0	0	Circa 62,000	0.0	☺	Changes introduced by central government has meant that any shortfall in collection is split 50% to government, 40% by WBC and 10% by HCC. The Council now has a financial incentive to maximise income from this source.
Development Control / Building Control and Land Charges Income	(554)	(554)	0	0	0	(554)	0.0	☺	Depressed state of the economy has affected these income generators. Legislation has also affected the ability to charge for Land Charge services. The Council continues to look at operational cost savings via outsourcing which can be evidenced by the current review of Building Control.
Homelessness Spend (net)	120	120	(30)	0	(30)	90	(25.0)	☺	B&B costs are regularly reviewed by the Housing Section Head and reported through the Head of Service. The service is also looking to streamline the number of temporary accommodation suppliers it uses to drive down cost.
Investment Interest	(270)	(270)	0	0	0	(270)	0.0	☺	Forecast higher cash balances available for investment offset by very low rates of interest. Investment with local authorities is also being considered.
Kerbside Recycling Income	(464)	(464)	0	0	0	(464)	0.0	☺	The council retains significant interest and risk in recycling income post outsourcing to Veolia. The change in service to co-mingling in Nov 2013 is also an area under review by the client team.



## **Part 2 - Performance Indicators**

### **2 - Performance Indicators**

The following analysis identifies performance on the Council's key 'financial health' and key business indicators.

#### **2.1 Treasury Management Performance**

The performance of the council's treasury management strategy for the period ending 31st July 2013 shows an average annualised return on investments of 0.80% which is below the original estimate of 1.0%. The size of the Council's investment portfolio is larger than anticipated so budgeted interest receivable for the year therefore remains unchanged at £240k.

The current estimate of interest returns for 2013/14 is:

	<b><u>2013/14</u></b>
Best case	1.00 %
Central case	0.80 %
Worst case	0.60 %

## 2.2

**Creditor Payment Monitoring @ Period 4 (July 2013)**

The Council paid 94.63% of undisputed invoices within 30 days (against an Audit Commission target of 100%). Under government legislation, invoices not paid within 30 days are subject to interest charges (excluding those invoices that are in dispute).

The number of payments made by BACS for the month was 92.12% (cumulative figure is 90.26%) against a target of 90%.

**Creditor Payment Monitoring Statistics By Service Area**

Service Area	Total Undisputed Invoices	Late Payments	Payments On Time	% Payments On Time (This Month)	% Payments On Time (Yr to date)
Corporate Strategy & Client Services	47	0	47	100.00	97.36
Community & Customer Services	186	12	174	93.55	95.95
Democracy & Governance	345	19	326	94.49	96.42
Regeneration & Development	70	1	69	98.57	96.18
Managing Director	12	0	12	100.00	92.16
Shared Services	103	9	94	91.26	91.55
<b>Total</b>	<b>763</b>	<b>41</b>	<b>722</b>	<b>94.63</b>	<b>95.61</b>

**Cumulative Percentages of Payments Made On Time**

Month	2012/13 Actual %	2013/14 Actual %
April	94.67	96.22
May	92.09	95.91
June	91.69	95.94
July	90.91	95.61
August	90.78	
September	90.32	
October	90.32	
November	91.18	
December	92.07	
January	92.26	
February	92.60	
March	92.93	

### 2.3 Debtors Monitoring @ Period 4 (July 2013)





Debtors monitoring statistics by service area is as follows :-





Invoices Raised from 1st April 2013 to 31st July 2013					
Service Area	No. Invoices	Total Raised £	Collected £	Outstanding	
				£	%
Corporate Strategy & Client Services	1,373	728,645	692,673	35,972	4.94
Community & Customer Services	225	284,015	250,626	33,389	11.76
Democracy & Governance	0	0	0	0	N/A
Regeneration & Development	2,203	8,785,980	8,493,832	292,149	3.33
Managing Director	8	6,027,621	6,003,141	24,480	0.41
Human Resources	2	783	498	285	36.40
Strategic Finance	355	680,100	646,214	33,886	4.98
<b>Total</b>	<b>4,166</b>	<b>16,507,144</b>	<b>16,086,983</b>	<b>420,162</b>	<b>2.55</b>

Of the outstanding debt of £420,162, the amount between 0 to 3 months old totals £232,055 (55.23%).

## 2.4

**Council Tax and NNDR Collection Rates**

Reference	Description														
<b>RB 1</b>	<b>Council Tax Collection</b>														
Indicator Definition	Percentage of current year council tax collected in year														
		Annual	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	
Watford	Target	96.0	10.8	19.8	28.6	37.8	46.7	55.2	64.3	73.5	82.4	90.6	94.0	96.0	
	2012/13 Actual	95.6	11.1	19.6	28.1	36.8	46.0	54.7	64.0	72.8	81.7	90.0	93.4	95.4	
	2013/14 Actual		11.0	19.9	28.5	37.4									
	Target Achieved?														
	Direction of Travel		↓	↑	↓	↓									
Comment on Performance															
The average in-year collection rate for English Shire Districts in 2012/13 was 97.4%. Targets for 2013/14 have been adjusted in the light of 2012/13 recovery rates and April 2013 changes eg reductions in benefits.															

Reference	Description														
<b>RB 2</b>	<b>NNDR Collection</b>														
Indicator Definition	Percentage of current year national non-domestic rates collected in year														
		Annual	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	
Watford	Target	97.0	13.7	23.5	33.4	41.6	50.5	60.1	68.8	77.7	88.4	92.7	94.8	96.5	
	2012/13 Actual	96.7	13.5	23.0	32.6	41.8	50.3	56.6	69.6	79.0	86.7	93.9	95.6	97.0	
	2013/14 Actual		13.3	23.9	32.4	42.3									
	Target Achieved?														
	Direction of Travel		↓	↑	↓	↑									
Comment on Performance															
The average in-year collection rate for English Shire Districts in 2012/13 was 97.7%. Targets for 2013/14 have been adjusted in the light of 2012/13 recovery rates. The 2012/13 collection and 2013/14 collection to date takes account of rates deferral (a manual calculation is currently done for it as the system cannot yet deal with it).															

# Agenda Item 8

## Budget Panel Rolling Work Programme

2013/2014

### Committee Membership

**Chair** Councillor Jagtar Dhindsa  
**Vice-Chair** Councillor Steve Rackett  
**Councillors** Jeanette Aron, Shirena Counter, George Derbyshire, Sue Greenslade, Rabi Martins, Peter Taylor and Matt Turmaine

<b>Date of Meeting</b>	<b>Item for agenda</b>	<b>Officer</b>
<b>10 July 2013</b>	Final Outturn	Head of Strategic Finance and Shared Services
	Medium Term Financial Strategy	Head of Strategic Finance and Shared Services
	Work Programme	Committee and Scrutiny Officer
<b>10 September 2013</b>	Medium Term Financial Strategy	Shared Director of Finance
	Revenues and Benefits – Financial performance	Head of Revenues and Benefits
	Business Rate Relief - availability	Head of Revenues and Benefits / Shared Director of Finance
	Finance Digest 2012/2013: Period 4 (end of July)	Shared Director of Finance
	Work Programme and Training	Committee and Scrutiny Officer
<b>29 October 2013</b>	CPZ analysis and ward by ward breakdown	Head of Regeneration and Development
	Analysis of Commercial rents / profile for the future	Head of Regeneration and Development / Shared Director of Finance
	Finance Digest: Period 6	Shared Director of Finance

July 2013

<b>Date of Meeting</b>	<b>Item for agenda</b>	<b>Officer</b>
<b>26 November 2013</b>	Fees and Charges Review	Shared Director of Finance
	Finance Digest 2012/2013: Period 7 (end of October)	Shared Director of Finance
<b>15 January 2014</b>	Draft Revenue and Capital Estimates 2014/2017	Shared Director of Finance
	Medium Term Financial Strategy	Shared Director of Finance
<b>26 February 2014</b>	Finance Digest	Shared Director of Finance
	Work Programme	Committee and Scrutiny Officer
	Annual Report	Committee and Scrutiny Officer

**Training to be added**