



# BUDGET PANEL

**Wednesday, 8th February, 2012**

**7.00 pm**

**Town Hall, Watford**

Publication date: 31 January 2012

**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 Legal and Property Services on 01923 278377 or by email to [legalanddemocratic@watford.gov.uk](mailto:legalanddemocratic@watford.gov.uk) (Minicom available on 01923 278499).

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

## **ACCESS**

Access to the Town Hall after 5.15 pm is via the entrance to the Customer Service Centre from the visitors' car park.

Visitors may park in the staff car park after 4.00 p.m. and before 7.00 a.m. This is a Pay and Display car park; the current charge is £1.50 per visit.

The Committee Rooms are on the first floor of the Town Hall and a lift is available. Induction loops are available in the Committee Rooms and the Council Chamber.

## **FIRE/EMERGENCY INSTRUCTIONS**

In the event of a fire alarm sounding, vacate the building immediately following the instructions given by the Democratic Services Officer.

- Do not use the lifts
- Do not stop to collect personal belongings
- Go to the assembly point at the Pond and wait for further instructions
- Do not re-enter the building until authorised to do so.

## **MOBILE PHONES**

Please ensure that mobile phones are switched off before the start of the meeting.

# COMMITTEE MEMBERSHIP

Councillor J Dhindsa (Chair)

Councillor T Poole (Vice-Chair)

Councillors S Counter, G Derbyshire, S Greenslade, R Martins, M Meerabux, S Rackett and M Watkin

## 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 11 January 2012 to be submitted and signed.  
*(All minutes are available on the Council's website.)*

4. **FINANCE DIGEST 2011/ 2012: PERIOD 9 (END OF DECEMBER)** (Pages 1 - 30)

This report informs the Budget Panel of the reported budgetary variances as at end of December 2011.

5. **WORK PROGRAMME AND ANNUAL REPORT 2011/12** (Pages 31 - 44)

This report provides an update on the current work programme for 2011/12. The Panel is also requested to consider the information it might wish to be included in the Annual Report 2011/12.

This page is intentionally left blank

# Agenda Item 4

**Report to:** Budget Panel  
**Date of meeting:** 8<sup>th</sup> February 2012  
**Report of:** Head of Strategic Finance  
**Title:** Finance Digest 2011/ 2012: Period 9 (end of December)

## **1.0 SUMMARY**

1.1 This report informs the Budget Panel of the reported budgetary variances as at end of December 2011.

## **2.0 RECOMMENDATIONS**

2.1 To consider the Finance Digest as at the end of period 9.

### **Contact Officer:**

For further information on this report please contact Bernard Clarke, Head of Strategic Finance, telephone extension 8189, email [bernard.clarke@watford.gov.uk](mailto:bernard.clarke@watford.gov.uk)

### **3.0 INTRODUCTION**

3.1 The Finance Digest monitors the Council's expenditure and income throughout the financial year. The position as at Period 9 includes detailed monitoring of all the Council's major income and expenditure cost centres.

### **4.0 SUMMARY OF REVENUE FORECAST**

4.1 The attached Digest includes the latest snapshot of the Council's income and expenditure and indicates that circa £575k will need to be drawn down from the Economic Impact Reserve to mainly cover a shortfall in commercial rent income; additional costs of homelessness; and decisions taken not to implement in full the proposed service prioritisation savings scheduled for 2011/2012. This is an improvement upon the Period 8 Forecast where £706k was anticipated to be drawn down.

### **5.0 FINANCIAL IMPLICATIONS**

5.1 These have been included within the report.

### **6.0 LEGAL IMPLICATIONS**

6.1 There are no legal implications arising out of this report.

### **7.0 POTENTIAL RISKS**

<b>Potential Risk</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Overall Score</b>
That the Council's Budget is overspent at year end and the use of unplanned reserves is the consequence	2	3	6

### **8.0 EQUALITIES**

8.1 There are no equality implications arising out of the period 9 Finance Digest.

## **Appendices**

Finance Digest Period 9 (end of December)



# **FINANCE DIGEST**

**General Fund**

**Financial Monitoring**

**Period 9**

**(December 2011)**

## **Foreword**

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

If you have any comments or queries on its contents and presentation, or a suggestion for an item to be included, please contact Nigel Pollard (727198) or Gilbert Mills (727437).

The Finance Digest brings together the key indicators that describe Watford's financial health. It provides a regular update on the progress of spend against the Council's revenue and capital budgets including performance within a number of discrete areas.

### **Part 1 - Budgetary Control**

This 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. The Digest includes information on key risks and volatile budgets including any action taken to mitigate their impact. Revenue spend is forecast monthly whereas capital updates are normally provided on a quarterly basis.

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

This section provides the latest performance information.



# Contents

	<b>Pages</b>
<b>Part 1 - Budgetary Control</b>	
General Fund Revenue	
Summary General Fund (incl Table 1)	4 - 6
Detailed Variances by Service area - Table 2	7 - 15
Salaries Analysis - Table 3	16
Key Risk Analysis - Table 4	17 - 18
Capital Programme	19 - 22
<b>Part 2 - Performance Indicators</b>	
Treasury Management Performance	23
NNDR & Council Tax Collection Rates	24
Creditor Payment Monitoring	25
Debtor Monitoring	26
Key Business Indicators	26 - 27

## 1 - General Fund Revenue

1.1 This report provides an update, in summary form, of the latest position as at 31st December 2011 on the Council's budget for the current financial year.

1.2 The forecast out-turn net expenditure for 2011/12 at the end of period 9 is predicted to be £15,652k and needs to be reconciled back to the net budget requirement agreed at the start of the year of £14,718k. The difference of (£934k) comprises the following :-

	£k
* Use of 2010/11 Carry Forward Reserve	(349)
* Use of Invest To Save Reserve (Resilience Officer & V4 Consultancy)	(59)
* Anticipated use of Invest To Save Reserve (Licensing Review)	(18)
* Contribution to Vehicle Replacement Reserve	150
* Use of LABGI Reserve (funding for 'Watford for You', 'Imagine Watford')	(45)
* Anticipated use of LABGI Reserve (Unmet Demand Survey Re : Taxis)	(9)
* Anticipated use of Recycling Reserve (Purchase of 2 x Bartec Cab Devices)	(6)
* Use of Economic Impact Reserve (funding 'Watford Learning Partnership')	(23)
* Anticipated use of Economic Impact Reserve up to period 9	(575)
<b>Sum of reserve movements up to period 9 affecting General Fund Revenue</b>	<b>(934)</b>
* Use of LABGI Reserve (funding <u>capital</u> for 'Indoor Guest Market')	(10)
Sum of total reserve movements up to period 9	<u>(944)</u>

### 1.3 Carry Forward Reserve (£349k)

In closing the final accounts for 2010/2011 there were a number of specific expenditure programmes which had been delayed and for which an under spend was being reported. The Leadership Team considered all proposals and agreed that budgets could be carried forward into 2011/2012. These proposals totalled £349k and a specific reserve was set up to enable the expenditure to be financed and, as a consequence, the Current Budget for 2011/2012 has been increased accordingly. Full detail of all carry forward proposals has been itemised on individual service variance sheets. As of the Period 4 Digest onwards, only the total of carry forwards will be reported.

### Invest to Save Reserve (£77k)

The Mayor has approved the funding of a two year appointment of a Resilience Officer (£38k), employed by the CVS, who will have responsibility for supporting voluntary sector organisations to become sustainable in the future and less reliant on the council as a source of funding. In addition to this, the Council is currently utilising the services of V4 Consultancy (£21k as at period 8) to prepare an outline business case for Parks, Street Cleansing & Waste Services as well as Value Adding.com Ltd (£18k) to carry out a review of licensing.

#### Vehicle Replacement Reserve £150k

This budgeted reserve was created to finance future vehicle acquisitions, notably refuse and recycling freighters used within Environmental Services.

#### Local Authority Business Growth Incentive (LABGI) Reserve (£64k)

This reserve is being utilised to develop opportunities that exist through programmes connected with 'Imagine Watford' (£20k) and 'Watford for You' (£25k). It is also funding capital costs associated with the Indoor Guest Market at Charter Place (£10k) and the 'Unmet Demand Survey' of circa (£9k) approved at Licensing Committee.

#### Recycling Reserve (£6k)

This reserve is being utilised to purchase 2 additional Bartec in cab devices used to monitor waste collection data and freighter movements within the Waste & Recycling service.

#### Economic Impact Reserve (£23k)

Aggregated funds held on behalf of the local strategic partnership under the 'Watford Learning Partnership' (£23k) are to be utilised from this reserve.

#### Anticipated Use of Economic Impact Reserve (£575k)

The major cause of the use of this reserve is the forecast shortfall in commercial rent income (and this was comprehensively reported within the Period 8 Digest). Since that date, Peacocks has fallen into administration which could further affect the Council's income from commercial rents. In this case however, Peacock's has been trading profitably and it is its current indebtedness (circa £750m) that has caused its insolvency. It is anticipated that a buyer will emerge to keep Peacocks in operation after a Pre-Pack administration has been agreed. This rather dubious practice enables all debt to be 'dumped' with the company starting with a clean bill of health. Should this occur then the Council is unlikely to suffer any loss of commercial rent income.

The anticipated drawing of £575k from the reserve has fallen from the previous forecast of £706k at Period 8 and it is anticipated that this will further reduce before the year end as Leadership Team seek to manage budgets down.

**Table 1 - General Fund summary**

**General Fund Variance Summary for 2011/12 Period 9**

Service Area	Original Budget	Current Budget	Forecast Variance @ Period 8	Forecast Variance This Month	Total Forecast Variance	Forecast Outturn	Variance	
	£000's	£000's	£000's	£000's	£000's	£000's	%	☺
Corporate Services	473	636	(48)	(3)	(51)	585	(8.0)	☺
Community Services	8,701	8,752	9	0	9	8,761	0.1	☹
Environmental Services	6,199	6,213	10	13	23	6,236	0.4	☹
Planning	2,305	2,335	20	0	20	2,355	0.9	☹
Corporate Management	1,360	1,360	0	0	0	1,360	0.0	☺
Legal and Property Services	(3,576)	(3,420)	706	(120)	586	(2,834)	17.1	🔔
Shared Services Implementation	30	30	0	0	0	30	0.0	☺
Shared Services	3,881	3,889	58	0	58	3,947	1.5	☹
Strategic Finance	(4,792)	(4,739)	(34)	(15)	(49)	(4,788)	(1.0)	☺
<b>NET GENERAL FUND</b>	<b>14,581</b>	<b>15,056</b>	<b>721</b>	<b>(125)</b>	<b>596</b>	<b>15,652</b>	<b>4.0</b>	<b>☹</b>
Transfer To/(From) Reserves	150	(339)	(720)	125	(595)	(934)		
Transfer To/(From) Working Balance	(13)	0	0	0	0	0		
<i>Rounding Adjustment</i>		1	(1)		(1)			
<b>NET BUDGET REQUIREMENT</b>	<b>14,718</b>	<b>14,718</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>14,718</b>		
General Fund working Balance								
Opening Balance	1,350	1,350	0	0	0	1,350		
Transfer To/(From) Working Balance	(13)	0	0	0	0	0		
<b>CLOSING WORKING BALANCE</b>	<b>1,337</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 Area	Original Budget	Agreed Budget Change	Current Budget	Forecast Variance @ Period 8	Forecast Variance This Month	Total Forecast Variance	Forecast Outturn	Comments regarding This Month's Forecast Variances
	£000's			£000's	£000's		£000's	
<b>Corporate Services</b>								
Partnerships & Performance	473	98	571	14	(3)	11	582	Income from 'filming' within the Borough anticipated to produce a (£3k) favourable variance.
Customer Services	0	10	10	(81)	0	(81)	(71)	
Corporate Projects	0	56	56	18	0	18	74	
<i>Rounding Adjustment</i>			(1)	1	0	1		
<b>Total for Corporate Services</b>	<b>473</b>	<b>164</b>	<b>636</b>	<b>(48)</b>	<b>(3)</b>	<b>(51)</b>	<b>585</b>	

**Variance Analysis by Service and Cost Centre (contd.)**

Notes to Agreed Budget Changes.

Reason for Agreed Budget Change

**Agreed Budget Changes reported  
in Finance Digest Period 8**

**164**

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

Service Area	Original Budget	Agreed Budget Change	Current Budget	Forecast Variance @ Period 8	Forecast Variance This Month	Total Forecast Variance	Forecast Outturn	Comments regarding This Month's Forecast Variances
	£000's			£000's			£000's	
<b>Community Services</b>								
Parks and Open Spaces	2,075	7	2,082	52	0	52	2,134	
Sports and Arts	4,297	44	4,341	(163)	0	(163)	4,178	
Housing	2,329	0	2,329	122	0	122	2,451	
<i>Rounding Adjustment</i>							(2)	
<b>Total for Community Services</b>	<b>8,701</b>	<b>51</b>	<b>8,752</b>	<b>11</b>	<b>0</b>	<b>11</b>	<b>8,761</b>	

Notes to Agreed Budget Changes.

Reason for Agreed Budget Change

**Agreed Budget Changes reported  
in Finance Digest Period 8**

**51**

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

Service Area	Original Budget	Agreed Budget Change	Current Budget	Forecast Variance @ Period 8	Forecast Variance This Month	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	
<b>Environmental Services</b>								
Environmental Health & Licensing	1,604	2	1,606	10	0	10	1,616	
Street Cleansing	2,068	5	2,073	0	0	0	2,073	
Waste & Recycling	2,527	7	2,534	0	13	13	2,547	Funding of £6k from Recycling Reserve to fund 2 x additional Bartec devices as well as other net adverse variances totalling £7k relating to various operational matters including income generation and direct costs.
<b>Total for Environmental Services</b>	<b>6,199</b>	<b>14</b>	<b>6,213</b>	<b>10</b>	<b>13</b>	<b>23</b>	<b>6,236</b>	

Notes to Agreed Budget Changes.

Reason for Agreed Budget Change

**Agreed Budget Changes reported  
in Finance Digest Period 8**

**14**

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

Service Area	Original Budget	Agreed Budget Change	Current Budget	Forecast Variance @ Period 8	Forecast Variance This Month	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	
<b>Planning Services</b>								
Development Section	1,070	2	1,072	(37)	0	(37)	1,035	
Transport and Infrastructure	667	8	675	56	0	56	731	
Policy Team	568	20	588	0	0	0	588	
Economic Development	0	(0)	0	0	0	0	0	
<i>Rounding Adjustment</i>				1	0	1	1	
<b>Total for Planning Services</b>	<b>2,305</b>	<b>30</b>	<b>2,335</b>	<b>20</b>	<b>0</b>	<b>20</b>	<b>2,355</b>	

Notes to Agreed Budget Changes

Reason for Agreed Budget Change

**Agreed Budget Changes reported  
in Finance Digest Period 8**

**30**



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

Service Area	Original Budget	Agreed Budget Change	Current Budget	Forecast Variance @ Period 8	Forecast Variance This Month	Total Forecast Variance	Forecast Outturn	Comments regarding This Month's Forecast Variances
	£000's			£000's	£000's		£000's	
<b>Corporate Management</b>								
Corporate Management	1,360	0	1,360	0	0	0	1,360	
<b>Total for Corporate Management</b>	<b>1,360</b>	<b>0</b>	<b>1,360</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,360</b>	

Notes to Agreed Budget Changes

Reason for Agreed Budget Change

**Agreed Budget Changes reported in Finance Digest Period 8**

**0**

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

Service Area	Original Budget	Agreed Budget Change	Current Budget	Forecast Variance @ Period 8	Forecast Variance This Month	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	
<b>Legal and Property Services</b>								
Legal and Democratic	1,810	12	1,822	18	0	18	1,840	
Property	(5,816)	0	(5,816)	657	0	657	(5,159)	
Buildings and Projects	430	144	574	31	(120)	(89)	485	Favourable variance of (£120k) expected within the corporate component failure budget managed and co-ordinated by Buildings & Projects.
<b>Total for Legal and Property Services</b>	<b>(3,576)</b>	<b>156</b>	<b>(3,420)</b>	<b>706</b>	<b>(120)</b>	<b>586</b>	<b>(2,834)</b>	

Notes to Agreed Budget Changes

Reason for Agreed Budget Change

**Agreed Budget Changes reported  
in Finance Digest Period 8**

**156**

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

Service Area	Original Budget	Agreed Budget Change	Current Budget	Forecast Variance @ Period 8	Forecast Variance This Month	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	
<b>Shared Services Implementation</b> Shared Services Implementation	30	0	30	0	0	0	30	
<b>Total for Shared Services Implementation</b>	30	0	30	0	0	0	30	

Notes to Agreed Budget Changes

Reason for Agreed Budget Change

**Agreed Budget Changes reported  
in Finance Digest Period 8**

**0**

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

Service Area	Original Budget	Agreed Budget Change	Current Budget	Forecast Variance @ Period 8	Forecast Variance This Month	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	
<b>Shared Services</b> Revenues and Benefits	1,538	0	1,538	26	0	26	1,564	
ICT	875	(0)	875	91	0	91	966	
Human Resources	493	9	502	(11)	0	(11)	491	
Finance	975	0	975	(49)	0	(49)	926	
<i>Rounding Adjustment</i>			(1)					
<b>Total for Shared Services</b>	<b>3,881</b>	<b>9</b>	<b>3,889</b>	<b>57</b>	<b>0</b>	<b>57</b>	<b>3,947</b>	

Notes to Agreed Budget Changes

Reason for Agreed Budget Change

**Agreed Budget Changes reported  
in Finance Digest Period 8**

**9**

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

Service Area	Original Budget	Agreed Budget Change	Current Budget	Forecast Variance @ Period 8	Forecast Variance This Month	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	
<b>Strategic Finance</b>								
Finance and Resources	216	0	216	0	0	0	216	
Finance Services Client	(895)	40	(855)	0	0	0	(855)	
Revenues and Benefits Client	198	0	198	(44)	0	(44)	154	
ICT Services Client	(875)	0	(875)	0	0	0	(875)	
Human Resources Client	(493)	53	(440)	(30)	0	(30)	(470)	
Procurement	0	0	0	0	0	0	0	
Corporate costs	3,151	(40)	3,111	40	(15)	25	3,136	Favourable variance of (£15k) relating to interest receivable due to higher than anticipated cash balances available for investment.
Capital & FRS17 Adjustments	(6,094)	0	(6,094)	0	0	0	(6,094)	
<b>Total for Strategic Finance</b>	<b>(4,792)</b>	<b>53</b>	<b>(4,739)</b>	<b>(34)</b>	<b>(15)</b>	<b>(49)</b>	<b>(4,788)</b>	

Notes to Agreed Budget Changes

Reason for Agreed Budget Change

**Agreed Budget Changes reported  
in Finance Digest Period 8**

**53**

**Table 3 - Salary Breakdown**

**Salaries Variance Analysis (Excl. IAS19)**

Service Area	Previous Year Final	Original Budget	Agreed Budget Change	Current Budget	Forecast Variance @ Period 8	Forecast Variance This Month	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 Services	1,754	1,434	146	1,580	(66)	0	(66)	1,514	(4.2)	☺	
Community Services	3,507	3,269	95	3,364	(163)	0	(163)	3,201	(4.8)	☺	
Environmental Services	4,821	4,724	0	4,724	0	(5)	(5)	4,719	(0.1)	☺	Favourable net variance of (£5k) due to reduced overtime, review of agency budgets and vacant posts within Waste & Recycling.
Planning Services	2,043	2,078	0	2,078	(126)	0	(126)	1,952	(6.1)	☺	
Corporate Management	564	531	0	531	0	0	0	531	0.0	☺	
Legal and Property Services	2,606	2,450	(5)	2,445	57	0	57	2,502	2.3	☹	
Shared Services Implementation	298	43	0	43	0	0	0	43	0.0	☺	
Strategic Finance	145	204	(75)	129	0	0	0	129	0.0	☺	
Consultancy	437	274	(54)	220	10	0	10	230	4.5	☹	
<b>Total</b>	16,175	15,007	107	15,114	(288)	(5)	(293)	14,821	(1.9)	☺	

Notes to Agreed Budget Changes

Reason for Agreed Budget Change

**Agreed Budget Changes reported in Finance Digest Period 8**

**107**

**Table 4 - Key Financial Risk Areas (as at end of December 2011)**

Service Area	Original Budget	Current Budget	Forecast Variance @ Period 8	Forecast Variance This Month	Total Forecast Variance	Forecast Outturn	Variance		Current Assessment of Outturn Position	Mitigating Action Taken
	£000's	£000's	£000's	£000's	£000's	£000's	%			
Investment Interest	(346)	(346)	15	(15)	0	(346)	0.0	☺	Forecast higher cash balances available for investment and volatility in financial markets resulting in a 'flight to safety' with the maturity profile being shorter.	Dependent upon Eurozone countries resolving the issues around sovereign debt.
Commercial Property Income	(6,870)	(6,870)	640	0	640	(6,230)	9.3	☹	Reviewed by the Interim Property Manager as the economic situation continues to be challenging.	Routine monitoring due to exposure to the wider economic environment.
Charter Place Market	(485)	(485)	79	0	79	(406)	16.3	⚠	Vacancy levels are higher than budgeted resulting in a downward revision to income.	Marketing of vacancies is being actively pursued.
Bed and Breakfast homelessness cost increase	6	0	150	0	150	150	100.0	⚠	The Council is unable to accommodate all families deemed to be homeless without recourse to using bed and breakfast accommodation.	Options for commissioning additional temporary accommodation and more effective demand management being explored.
Development and Building Control Income	(635)	(635)	64	0	64	(571)	10.1	⚠	Economic downturn has affected the level of fee income.	Staffing levels savings more than compensate for loss of income to date.

Table 4 - Key Financial Risk Areas (as at end of December 2011) contd.

Service Area	Original Budget	Current Budget	Forecast Variance @ Period 8	Forecast Variance This Month	Total Forecast Variance	Forecast Outturn	Variance		Current Assessment of Outturn Position	Mitigating Action Taken
	£000's	£000's	£000's	£000's	£000's	£000's	%			
Land Charges Income	(40)	(40)	0	0	0	(40)	0.0	☺	The income budget has been reduced significantly due to a change in legislation. There could be the need to reimburse charges relating to previous years.	
Trade Refuse Income	(710)	(710)	0	57	57	(653)	8.0	☹	A fall off in demand for this competitive service is being endured resulting in a sizeable adverse variance (customers invoiced bi-annually each April and October).	A review of the trade refuse service may need to be carried out.
Kerbside Recycling Income	(607)	(607)	0	(8)	(8)	(615)	(1.3)	☺	Income forecast(s) reviewed reflecting tonnage changes and increased recycling credits.	
Council Tax and Rent Allowance Net Expenditure (Client cost that includes relevant shared service operating costs detailed below)	1,716	1,716	(7)	0	(7)	1,709	(0.4)	☺	This is potentially the greatest risk area facing the Council. Increased demand for this service and increased risks of overpayment could significantly affect this budget.	There needs to be a very rigorous quality control process in place to ensure all benefit claims are properly validated.
Shared Service Operating Costs :-										
Finance	975	975	(49)	0	(49)	926	(5.0)	☺	Reviewed and monitored monthly by the appropriate Head of Service and updated via approved forecast changes agreed at Shared Services Board.	
Human Resources	493	502	(11)	0	(11)	491	(2.2)	☺		
ICT	875	875	91	0	91	966	10.4	⚠		
Revenues & Benefits	1,538	1,538	26	0	26	1,564	1.7	☹		



## Capital Programme

The position is summarised below and broken down on the following tables.

Capital Programme Financing	6 Year £	2009/10 Actual £	2010/11 Actual £	2011/12 Budget £	2011/12 As At P9 £	2012/13 Budget £	2013/14 Budget £	2014/15 Budget £
<b>Spend</b>								
General Fund Spend	45,081,374	8,547,566	9,587,500	9,763,155	6,572,567	6,181,320	7,407,709	3,594,124
Section 106 Schemes	7,757,218	116,443	724,303	1,676,037	721,390	4,303,435	604,500	332,500
<b>Total Spend</b>	<b>52,838,592</b>	<b>8,664,009</b>	<b>10,311,803</b>	<b>11,439,192</b>	<b>7,293,957</b>	<b>10,484,755</b>	<b>8,012,209</b>	<b>3,926,624</b>
<b>Funding</b>								
Grants and Contributions	2,040,443	576,096	564,347	300,000	348,009	200,000	200,000	200,000
Reserves	926,609	250,150	276,459	100,000	29,566	100,000	100,000	100,000
Capital Receipts	42,114,322	7,721,320	8,746,694	9,363,155	6,194,993	5,881,320	7,107,709	3,294,124
Section 106 Schemes	7,757,218	116,443	724,303	1,676,037	721,389	4,303,435	604,500	332,500
<b>New Resources</b>								
Reserves (CPZ)	0	0	0	0	0	0	0	0
Section 106 Schemes	0	0	0	0	0	0	0	0
<b>Total Funding</b>	<b>52,838,592</b>	<b>8,664,009</b>	<b>10,311,803</b>	<b>11,439,192</b>	<b>7,293,957</b>	<b>10,484,755</b>	<b>8,012,209</b>	<b>3,926,624</b>

Available Funding - Capital Receipts	2011/12 Budget £	2011/12 As At P9 £	2012/13 Budget £	2013/14 Budget £	2014/15 Budget £
Balance Bought Forward	19,413,307	19,413,307	11,550,152	8,668,832	3,061,123
Used for Financing	(9,363,155)	(6,194,993)	(5,881,320)	(7,107,709)	(3,294,124)
New Receipts	1,500,000	668,121	3,000,000	1,500,000	1,500,000
<b>Balance Carried Forward</b>	<b>11,550,152</b>	<b>13,886,435</b>	<b>8,668,832</b>	<b>3,061,123</b>	<b>1,266,999</b>

Available Funding - S106	2011/12 Budget £	2011/12 As At P9 £	2012/13 Budget £	2013/14 Budget £	2014/15 Budget £
Balance Bought Forward	5,898,141	5,898,141	4,767,945	905,725	568,094
Used for Financing	(1,676,037)	(721,389)	(4,303,435)	(604,500)	(332,500)
New Receipts	500,000	493,852	375,000	250,000	125,000
Interest @ 1.2%	45,841	45,841	66,215	16,869	9,817
<b>Balance Carried Forward</b>	<b>4,767,945</b>	<b>5,716,445</b>	<b>905,725</b>	<b>568,094</b>	<b>370,411</b>

Capital Investment Programme Schemes	6 Year Cost £	2009/10 Actual £	2010/11 Actual £	2011/12 Budget £	2011/12 As At P9 £	2012/13 Budget £	2013/14 Budget £	2014/15 Budget £
<b>General Fund Schemes</b>								
<b>Key Projects</b>								
Cardiff Rd Campus	4,981,961	281,961	525,624	2,724,376	1,168,427	1,450,000	0	0
Green Spaces Strategy	1,248,080	336,648	123,932	366,500	256,357	210,500	210,500	0
Colosseum Refurbishment	5,799,000	232,351	3,190,794	2,375,855	2,375,303	0	0	0
Cultural Quarter Ph 1	4,358,950	0	67,920	145,295	86,244	202,962	2,553,279	1,389,494
Colosseum Roof	191,280	0	2,375	188,905	188,408	0	0	0
Contribution to Croxley Rail Link	2,000,000	0	0	0	0	0	2,000,000	0
<b>Environmental Services</b>								
Refuse Collection Freighters	1,495,100	0	1,495,100	0	0	0	0	0
Recycling Boxes	127,465	20,125	27,340	20,000	0	20,000	20,000	20,000
Street Recycling Bins	32,800	16,800	16,000	0	0	0	0	0
Trade Waste Recycling Bins	124,306	0	44,306	20,000	1,550	20,000	20,000	20,000
Change Bins in Communal Props.	40,828	0	40,828	0	0	0	0	0
Additional Green Waste Bins	54,060	0	18,060	18,000	0	18,000	0	0
Vehicle Weight Sensors	7,800	0	7,800	0	0	0	0	0
Snow / Emergency Preparations	20,800	0	20,800	0	0	0	0	0
Kerbside Recycling Vehicles	360,000	0	0	0	0	360,000	0	0
Handhelds for Street Cleansing	28,000	0	0	0	0	28,000	0	0
Renovation Grants - General	832,894	56,390	138,208	238,296	72,064	200,000	200,000	0
Environmental Services Schemes	43,070	26,041	0	17,029	16,946	0	0	0
Energy Grants (Carbon Management)	319,524	11,524	0	24,000	9,834	207,000	77,000	0
Environmental Services Schemes	39,520	26,545	0	12,975	12,975	0	0	0
Empty Properties (CPOS)	723,282	565,399	157,883	0	(19,358)	0	0	0

Capital Investment Programme Schemes	6 Year Cost £	2009/10 Actual £	2010/11 Actual £	2011/12 Budget £	2011/12 As At P9 £	2012/13 Budget £	2013/14 Budget £	2014/15 Budget £
<b>General Fund Schemes</b>								
<b>Community &amp; Leisure Services</b>								
Woodside Fence	7,210	7,210	0	0	0	0	0	0
Woodside Pole Vault Beds	21,644	43,287	(21,643)	0	0	0	0	0
Woodside Access Improve. Ph1	226,000	0	2,100	223,900	203,380	0	0	0
Woodside Stadium Toilet Refurb	42,495	0	2,000	40,495	40,495	0	0	0
Resurface Woodside Stad Track	157,439	142,439	15,000	0	0	0	0	0
Holywell Community Centre	490,796	10,780	480,016	0	0	0	0	0
Waterfield Rec Ground Car Park	15,000	0	0	15,000	1,068	0	0	0
Leisure Centres Retention Monies	238,092	197,227	40,865	0	0	0	0	0
Callowland Demolition	49,850	49,453	397	0	0	0	0	0
Cassiobury Park Depot	160,000	0	0	0	0	160,000	0	0
Property & Services	0			0	(33)	0	0	0

Capital Investment Programme Schemes	6 Year Cost £	2009/10 Actual £	2010/11 Actual £	2011/12 Budget £	2011/12 As At P9 £	2012/13 Budget £	2013/14 Budget £	2014/15 Budget £
<b>General Fund Schemes (contd.)</b>								
<b>Housing Services</b>								
Stand Alone Prop to Decent Std	156,500	0	0	2,683	2,683	153,817	0	0
York House to Decent Std	85,000	0	0	85,000	0	0	0	0
Mand Disabled Facilities Grant	3,432,010	719,010	552,700	510,300	294,913	550,000	550,000	550,000
Emergency Disabled Fac'y Grant	50,000	0	0	50,000	0	0	0	0
Affordable Housing	1,250,000	0	15,260	99,740	38,331	635,000	250,000	250,000
Private Sect Stock Cond Survey	100,270	76,270	3,125	0	0	20,875	0	0
<b>Parking Service</b>								
Replace Pay And Display Machines	125,650	56,549	4,101	65,000	0	0	0	0
Replace Matchday CPZ Signage	243,324	0	138,324	0	0	35,000	35,000	35,000
CPZ in Nascot and Cassiobury	53,785	0	53,785	0	0	0	0	0

Capital Investment Programme Schemes	6 Year Cost £	2009/10 Actual £	2010/11 Actual £	2011/12 Budget £	2011/12 As At P9 £	2012/13 Budget £	2013/14 Budget £	2014/15 Budget £
<b>Asset Management</b>								
Watford Business Incubator	102,696	0	102,696	0	0	0	0	0
Charter Place Consultancy	718,744	165,960	252,784	100,000	72,885	100,000	100,000	0
Feasibility Studies	400,000	0	0	0	0	200,000	200,000	0
Improve Orbital Community Centre	19,749	0	9,325	10,424	10,424	0	0	0
Events Market	160,004	0	13,333	146,671	59,133	0	0	0
Depot Refurbishment	1,199,250	0	113,870	1,085,380	884,716	0	0	0
Backlog Repairs To Council Buildings	2,004,715	0	15,139	489,576	267,520	500,000	500,000	500,000
Council Chamber Sound System	80,700	0	700	80,000	59,677	0	0	0
High St Building Refurbishment	1,004,499	20,111	931,588	52,800	52,768	0	0	0
Indoor Guest Market	10,000	0	0	10,000	7,141	0	0	0
Stripling Way Cycle Path	8,000	0	0	8,000	0	0	0	0
Charter Place CCTV	136,661	134,134	2,527	0	(25,001)	0	0	0
Planning and Development	1,313	0	1,313	0	0	0	0	0
Planning and D-Property & Services	0	0	0	0	3,109	0	0	0
Other Projects	246,613	216,746	29,867	0	0	0	0	0
Capitalised Refurbishment Work	55,656	7,557	48,099	0	0	0	0	0
Town Hall Drainage	35,327	0	35,327	0	0	0	0	0
Town Centre CCTV	5,626	4,426	1,200	0	0	0	0	0
Civic Core Regeneration	187,902	187,902	0	0	0	0	0	0
64a Rickmansworth Road	2,163	0	2,163	0	0	0	0	0

Capital Investment Programme Schemes	6 Year Cost £	2009/10 Actual £	2010/11 Actual £	2011/12 Budget £	2011/12 As At P9 £	2012/13 Budget £	2013/14 Budget £	2014/15 Budget £
<b>General Fund Schemes (contd.)</b>								
<b>ICT</b>								
ICT-Hardware Replacement Prog	298,000	45,137	40,116	43,487	35,450	99,260	70,000	0
ICT-Customer Relationship	40,110	110	0	25,924	25,924	14,076	0	0
ICT-eDemocracy	46,176	100	18,052	16,024	16,024	6,000	6,000	0
ICT - DMP	15,000	0	0	0	0	15,000	0	0
ICT-Env Health	194,420	3,105	56,315	(19,372)	(19,372)	109,372	45,000	0
Asset Management System	92,914	27,639	34,275	25,177	9,577	5,823	0	0
ShS Thin Client Refresh	70,000	0	0	0	0	70,000	0	0

Capital Investment Programme Schemes	6 Year Cost £	2009/10 Actual £	2010/11 Actual £	2011/12 Budget £	2011/12 As At P9 £	2012/13 Budget £	2013/14 Budget £	2014/15 Budget £
<b>Shared Services Joint Cttee</b>								
HR & Payroll System	80,146	80,146	0	(475)	(475)	475	0	0
ShS - Server Replacement	120,000	0	0	21,231	36,661	98,769	0	0
ShS Govt Connect Sec XtraNet	55,563	0	7,563	0	0	48,000	0	0
Shared Services Hardware Replace Prog	20,352	0	2,352	16,889	16,665	1,111	0	0
Shared Services Imp New San	256,620	0	256,620	0	0	0	0	0
Shared Services HR CPD Module	5,973	0	5,973	0	0	0	0	0
Shared Services E-Academy	0	0	0	0	0	0	0	0
Shared Services Income Management	0	0	0	0	0	0	0	0
Revs & Bens System	1,985	0	1,985	0	0	0	0	0
Connectivity	123,753	82,436	41,317	0	0	0	0	0
<b>Corp Serv / Project Mgt</b>								
Support Services-General Fund	2,471,910	0	400,000	408,070	310,154	543,280	550,930	569,630
<b>Old Capital Schemes</b>	4,696,049	4,696,049	0	0	0	0	0	0
<b>New Schemes Requiring Approval</b>								
Replacement Domestic Bins	60,000	0	0	0	0	20,000	20,000	20,000
Kerbsider Vehicles x 2	240,000	0	0	0	0	0	0	240,000
Property Asset Management System	14,000	0	0	0	0	14,000	0	0
Voice Automated Telephony	30,000	0	0	0	0	30,000	0	0
Ascot Road Regearing Valuation Support	35,000	0	0	0	0	35,000	0	0
<b>Total General Fund Schemes</b>	45,081,374	8,547,567	9,587,499	9,763,155	6,572,567	6,181,320	7,407,709	3,594,124

Capital Investment Programme Schemes	6 Year Cost £	2009/10 Actual £	2010/11 Actual £	2011/12 Budget £	2011/12 As At P9 £	2012/13 Budget £	2013/14 Budget £	2014/15 Budget £
<b>Section 106 Schemes</b>								
Cassio Pk Shepherds Rd Entranc	85,000	0	0	0	0	85,000	0	0
Cassio Park Imp Tea Pavillion	140,000	0	0	0	0	140,000	0	0
Cassio Park Toilet Improvement	240,000	0	0	0	0	240,000	0	0
Croxley Rail Link	536,000	0	0	0	0	536,000	0	0
Stamford Road Rec Play Area	17,000	0	0	17,000	16,896	0	0	0
St Johns Road Play Area	31,000	0	0	31,000	0	0	0	0
Stripling Road Play Area Improvements	10,000	0	0	10,000	0	0	0	0
Courtlands Close Play Area	40,000	0	0	40,000	0	0	0	0
Oxhey Green Play Area	10,000	0	0	10,000	0	0	0	0
Goodwood Rec Play Area Improvements	30,000	0	0	30,000	0	0	0	0
Riverside Recreation Ground	330,000	0	0	0	0	330,000	0	0
Colne River Project	991,432	0	0	241,432	0	250,000	250,000	250,000
Fern Way Play Area Landscaping	15,000	0	0	15,000	0	0	0	0
Knutsford Road	100,000	0	0	100,000	0	0	0	0
Local Park Improvements	250,000	0	0	62,500	0	62,500	62,500	62,500
Wiggenhall Allotments	75,000	0	0	75,000	46,874	0	0	0
Local Nature Reserves	80,000	0	0	20,000	0	20,000	20,000	20,000
Watford Museum	76,435	0	0	2,500	2,659	73,935	0	0
Allotments Green Toilets	23,156	3,156	10,000	10,000	0	0	0	0
Colne Valley Improvments	108,921	1,224	39,129	28,568	21,993	20,000	20,000	0
Oxhey Park	138,917	9,102	61,836	67,979	67,979	0	0	0
King George V Nature Reserve	45,609	3,156	37,453	5,000	5,006	0	0	0
Cow Lane Improvements	23,000	0	0	23,000	0	0	0	0
Woodside Playing Fd Green Flag	202,113	11,572	156,541	34,000	24,935	0	0	0
Multi Use Games At Meriden	123,156	3,156	0	0	0	120,000	0	0
Cassio Park Ph 2 Consultation	8,000	0	0	8,000	0	0	0	0
Cassiobury Park Signage	9,016	3,156	0	5,860	0	0	0	0
Cassiobury Pk Study Facilities	30,016	3,156	7,878	18,982	17,427	0	0	0
Town Centre Cycle Way	15,460	2,056	13,404	0	(3)	0	0	0
Townscheme Enhancements Ph2	46,832	5,714	13,168	27,950	29,116	0	0	0
Changing Facs Knutsfd Play Fds	494,356	9,356	54,412	430,588	400,091	0	0	0
Westfield & Rec Knutsford PG	160,000	0	0	160,000	6,039	0	0	0
Oxhey Village Green	25,000	0	0	25,000	25,000	0	0	0

Capital Investment Programme Schemes	6 Year Cost £	2009/10 Actual £	2010/11 Actual £	2011/12 Budget £	2011/12 As At P9 £	2012/13 Budget £	2013/14 Budget £	2014/15 Budget £
<b>Section 106 Schemes (contd.)</b>								
Stamford Road Playground	25,000	0	0	25,000	25,000	0	0	0
Aspen Park Drive Playground	24,869	0	24,869	0	0	0	0	0
Norbury Avenue Playground	25,000	0	6,632	18,368	18,368	0	0	0
Jellicoe Road Playground	25,000	0	13,690	11,310	11,310	0	0	0
Oxhey Park Bridge	350,707	38,414	210,293	102,000	2,700	0	0	0
Harwoods Rec Play Area	145,000	0	0	0	0	145,000	0	0
Central Primary School Play Area	40,000	0	0	0	0	40,000	0	0
North Watford Playing Fields Area	51,000	0	0	0	0	51,000	0	0
Himalayan Way Play Area	100,000	0	0	0	0	100,000	0	0
Jellicoe Road Play Area Improvements	11,000	0	0	0	0	11,000	0	0
Estcourt Road Improvements	15,000	0	0	0	0	15,000	0	0
Watford Fields Play Area	20,000	0	0	20,000	0	0	0	0
East Drive Play Area	120,000	0	0	0	0	120,000	0	0
Harebreaks Rec Ground Play Area	121,000	0	0	0	0	121,000	0	0
Waterfields Rec Play Area	100,000	0	0	0	0	100,000	0	0
Meriden Park Play Area	100,000	0	0	0	0	100,000	0	0
Callowland Recreation Ground	460,000	0	0	0	0	460,000	0	0
Oxhey Park	550,000	0	0	0	0	550,000	0	0
King George V Playing Field	350,000	0	0	0	0	350,000	0	0
Radlett Road MUGA	30,000	0	0	0	0	30,000	0	0
Leavesden Green Rec MUGA	50,000	0	0	0	0	50,000	0	0
North Watford Cemetery	75,000	0	0	0	0	75,000	0	0
Vicarage Road Cemetery	75,000	0	0	0	0	75,000	0	0
Cherry Tree Allotments	33,000	0	0	0	0	33,000	0	0
Skate Park Improvements	30,000	0	0	0	0	0	30,000	0
Berry Avenue Play Area	60,000	0	0	0	0	0	60,000	0
Southwold Road Play Area	50,000	0	0	0	0	0	50,000	0
Ridgehurst Avenue Play Area	50,000	0	0	0	0	0	50,000	0
Garston Park	62,000	0	0	0	0	0	62,000	0
Town Scheme Enhancements	20,777	20,777	0	0	0	0	0	0
Victoria Passage Phase 2 & 3	1,224	1,224	0	0	0	0	0	0
Hempstead Road Toucan	1,224	1,224	0	0	0	0	0	0
St Johns Road Playground	25,000	0	25,000	0	0	0	0	0
Chater School Playground	25,000	0	25,000	0	0	0	0	0
Lea Farm Playground	25,000	0	25,000	0	0	0	0	0
<b>Total Section 106 Schemes</b>	<b>7,757,220</b>	<b>116,443</b>	<b>724,305</b>	<b>1,676,037</b>	<b>721,390</b>	<b>4,303,435</b>	<b>604,500</b>	<b>332,500</b>
<i>Rounding Adjustments</i>	(2)	(1)	(1)					
<b>Total Capital Investment Programme</b>	<b>52,838,592</b>	<b>8,664,009</b>	<b>10,311,803</b>	<b>11,439,192</b>	<b>7,293,957</b>	<b>10,484,755</b>	<b>8,012,209</b>	<b>3,926,624</b>

## 2 - Performance Indicators

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

### 2.1 Treasury Management Performance

The performance of the council's treasury management function for the period ending 31st December 2011 shows an average annualised return on investments of 1.17% (compared to an estimate of 1.3%). Interest received as at 31st December 2011 (after allowing for previous year accruals) equates to £255k.

The current estimate of interest returns for 2011/12 is:

	<b>2011/12</b>
Best case	1.2 %
Central case	1.15 %
Worst case	1.1 %

Interest base rates (0.5%) are not now expected to rise until January 2014.

The revised forecast outturn for investment interest is £346k which is in line with the original estimate.

## 2.2 Council Tax and NNDR

For the 9 months ending 31st December 2011, for Council Tax and NNDR collection rates are as follows:

<b>Council Tax Collection rates</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	<b>Target</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
End April	9.3	10.8	10.7	8.3
End May	18.3	17.8	19.7	16.6
End June	27.4	27.2	28.5	24.9
End July	36.5	35.8	37.6	37.0
End August	45.4	45.0	46.5	46.0
End September	54.7	54.1	55.0	55.0
End October	63.9	62.8	64.0	64.0
End November	73.0	71.9	73.2	73.0
End December	81.7	80.4	82.1	82.0
End January	90.6	88.9		91.0
End February	94.8	92.8		94.0
End March	96.7	95.3		96.0

<b>NNDR Collection rates</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	<b>Target</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
End April	10.3	9.6	13.7	10.9
End May	20.7	17.2	23.5	21.0
End June	30.2	27.2	33.4	30.5
End July	39.7	37.2	41.6	40.0
End August	48.3	51.7	50.5	50.0
End September	58.5	57.9	60.2	60.0
End October	67.7	68.9	68.9	70.0
End November	77.0	80.2	77.8	80.0
End December	87.2	87.2	88.6	89.5
End January	94.2	93.5		96.0
End February	94.5	95.7		97.0
End March	95.9	96.3		98.0

The general improvement in collection rates in 2011/2012 are very encouraging and reflect an improved recovery performance from the Revenues Division.

67% of council tax is paid by direct debit which is the cheapest and most reliable form of collection.

## 2.3 Creditor Payment Monitoring

For 2011/12, and in particular the month of December 2011, the Council paid 94.82% of undisputed invoices within 30 days (against an Audit Commission target of 100%)

The number of payments made by BACS for December 2011 is currently 85.84% (cumulative figure is 85%) against a target of 90%.

### Creditor Payment Monitoring Statistics By Service Area

	Total Undisputed Invoices	Late Payments	Payments On Time	% Payments On Time (This Month)	% Payments On Time (Yr to date)
Corporate Services	31	1	30	96.77	97.65
Community Services	97	1	96	98.97	97.39
Environmental Services	211	1	210	99.53	98.88
Planning	28	2	26	92.86	95.16
Corporate Management	6	1	5	83.33	96.84
Legal and Property	156	15	141	90.38	84.88
Shared Services	89	11	78	87.64	85.83
<b>Total</b>	<b>618</b>	<b>32</b>	<b>586</b>	<b>94.82</b>	<b>93.37</b>

### Cumulative Percentages of Payments Made On Time

	2009/10	2010/11	2011/12
April	N/A	N/A	98.45
May	98.15	63.77	95.11
June	96.59	69.79	93.27
July	96.07	71.77	93.23
August	95.35	74.62	92.63
September	94.06	81.59	92.49
October	93.58	84.61	92.65
November	93.60	86.45	93.22
December	93.23	87.59	93.37
January	92.40	87.91	
February	92.03	87.94	
March	92.22	89.16	

The April figure has not been reported separately in past years so a historic comparison is not possible.

As can be seen above, the cumulative position at the end of December 2011 indicates 93.37% of invoices were paid within 30 days.

## 2.4 Debtors

A summary of debtors raised / paid is shown in the table below.

### General Debtor Invoices Raised to the end of December 2011

Invoices Raised from 1st April 2011 to 31st December 2011					
Service Area	No. Invoices	Total Raised £	Collected £	Outstanding	
				£	%
Corporate Services	23	49,208	49,208	0	0.00
Community Services	1,354	430,374	408,338	22,036	5.12
Environmental Services	3,169	1,333,011	1,224,844	108,167	8.11
Planning	215	605,482	599,997	5,485	0.91
Corporate Management	24	18,014	5,482	12,532	69.57
Legal and Property	5,383	9,403,581	8,959,866	443,715	4.72
Human Resources	4	1,464	1,223	241	16.45
Housing	122	190,949	175,343	15,606	8.17
Finance	123	1,250,492	1,173,718	76,775	6.14
ICT	1	1,163	1,163	0	0.00
Revenues & Benefits	748	25,265	11,275	13,990	55.37
<b>Total</b>	<b>11,166</b>	<b>13,309,003</b>	<b>12,610,457</b>	<b>698,546</b>	<b>5.25</b>

Of the outstanding debt of £698,546, the amount between 0 to 3 months old is £401,664 (57.5%)

## 2.5 Key Business Indicators

### Monthly indicators at the end of December 2011 (Period 9):

Occupancy rates at Market	69% (target 75%)
Occupancy rates-Commercial	98% (target 99%)
Repair & Maintenance Programme (incl Yr 4 capitalised budget)	29.0% underspent
Procurement Efficiencies	On target (only £50k assumed for the year)



Capital Programme	Figures included on agenda
Capital Programme Section 106	Figures included on agenda
Internal Audit Plan – productive days	3.10% under achieved
Average time to process housing benefits	41.76 days (against a target of 30 days).
Average time for change of circumstances	56.78 days (against a target of 20 days)
Sickness Levels	6.30 days at end of December 2011 (5.70 days is profiled target)
Staff Appraisals completed on time	95.4% (against a target of 100%)
CSC - all calls answered	99% (against a target of 95%)
Complaints resolved at Stage 1	71% (against a target of 90%)
% of valid bins missed	0.047% (target <0.1%) - exceptionally good performance
ICT service availability	99.86% during month (target 99.5%)

This page is intentionally left blank

## PART A

**Report to:** Budget Panel  
**Date of meeting:** 8 February 2012  
**Report of:** Head of Legal and Property Services  
**Title:** Work Programme and Annual Report 2011/12

### 1.0 SUMMARY

1.1 This report provides an update on the current work programme for 2011/12. The Panel is also requested to consider the information it might wish to be included in the Annual Report 2011/12.

### 2.0 RECOMMENDATION

2.1 that the latest version of the work programme be noted.

2.2 that the Panel's comments about the Annual Report be noted.

#### **Contact Officer:**

For further information on this report please contact: Sandra Hancock,  
Committee and Scrutiny Officer  
telephone extension: 8377 email: [legalanddemocratic@watford.gov.uk](mailto:legalanddemocratic@watford.gov.uk)

**Report approved by:** Carol Chen, Head of Legal and Property Services

### 3.0 DETAILED PROPOSAL

3.1 The latest version of the Budget Panel Work Programme is attached at Appendix 1 for Members' consideration. The Committee and Scrutiny Officer has updated the Programme taking into account Members' comments and decisions at previous meetings.

### 3.2 Annual Report 2011/12

3.3 Each year Watford Borough Council produces an Annual report which includes a synopsis of the scrutiny work undertaken throughout the year and commentaries from each of the Scrutiny Chairs.

- 3.4 An extract of the 2010/11 Annual Report is attached for information at Appendix 2.
- 3.5 Members are asked to consider what information should be included in the section dedicated to Budget panel.
- 3.6 The Committee and Scrutiny Officer will prepare a draft of the Budget Panel Section which will be circulated for Members' comments.
- 3.7 The Committee and Scrutiny Officer intends to present the final version of the Annual Report 2011/12 to Annual Council on 23 May 2012.

#### 4.0 **IMPLICATIONS**

##### 4.1 **Financial**

- 4.1.1 The Head of Strategic Finance comments that the implications of any detailed scrutiny review would need to be considered on an individual basis. It is unlikely however that any incidental expenditure could not be contained within existing estimates.

##### 4.2 **Legal Issues** (Monitoring Officer)

- 4.2.1 The Head of Legal and Property Services comments that there are no legal implications in this report.

##### 4.3 **Potential Risks**

- 4.3.1 None identified.

#### Appendices

Appendix 1 – Budget Panel Work Programme 2011/12

Appendix 2 – Extract of the 2010/11 Annual Report

#### Background Papers

Minutes of previous meetings

The Annual Report of Overview and Scrutiny in Watford Borough Council  
2010/11

#### File Reference

None



## **MEMBERSHIP 2011/12**

Councillor Jagtar Dhindsa (Chair)  
Councillor Tony Poole (Vice-Chair)  
Councillors Shirena Counter, George Derbyshire, Sue Greenslade, Rabi Martins,  
Malcolm Meerabux, Steve Rackett, Mark Watkin

# **Budget Panel Work Programme 2011/12**

## **BUDGET PANEL – PROGRAMME OF WORK 2011/12**

### **INTRODUCTION**

The work programme of the Budget Panel is a live document which will be managed throughout the year. Items may be added or deleted as the year progresses at the discretion of the Panel.

The Panel's work programme is based on:

- i. Reviewing spending priorities.
- ii. Value for money
- iii. Budget proposals and fees and charges
- iv. Examination of the Medium Term Financial Plan

### **HOW DO I RAISE AN ISSUE?**

If you would like to raise an issue with the Budget Panel, please contact  
Sandra Hancock, Committee and Scrutiny Officer  
Telephone: 01923 278377  
Email: [legalanddemocratic@watford.gov.uk](mailto:legalanddemocratic@watford.gov.uk)

**Meeting 1 – 22 June 2011**  
*Committee Room / 7.00 pm.*

<b>AGENDA ITEM AND REPORT PROVIDER</b>	<b>REASONS FOR INCLUSION ON AGENDA</b>	<b>EXPECTED OUTCOMES</b>	<b>REQUIREMENTS</b>	<b>FOLLOW UP / PROGRESS</b>
Committee Membership <i>(Committee and Scrutiny Officer)</i>	Update on membership of the Budget Panel		Verbal update	Councillor Meerabux replaced Councillor Mortimer on a permanent basis. Councillor Jeffree replaced Councillor Watkin for the meeting
Election of Vice-Chair <i>(Committee and Scrutiny Officer)</i>	To elect a Vice-Chair for the Panel		None	Councillor Poole was elected Vice-Chair
Corporate Process Improvement Programme <i>(Corporate Projects Section Head)</i>	To seek Budget Panel's views of the process put in place to identify further efficiency savings whilst either maintaining or improving current levels of service delivery.		Report	Members discussed the report. A further update to be provided to the Panel later in the year.
Value for Money – Harlow Study <i>(Head of Strategic Finance)</i>	To consider what conclusions should be drawn from the exercise.			Members discussed the findings of the Study. Information regarding the Council Tax for Watford, Stevenage and Harlow was requested. Information about the grass pitches and parks in the Borough was requested.
Value for Money – Housing Review <i>(Housing Section Head)</i>	To receive the report to Cabinet.			Members noted the report which had been presented to Cabinet. It was agreed that the report on Phase 2 would be considered before it was presented to Cabinet.
Work Programme <i>(Committee and Scrutiny Officer / Head of Strategic Finance)</i>	To agree the rolling work programme		Report and draft work programme	The draft work programme was agreed.

**Meeting 2 – 20 September 2011***Committee Room / 7.00 pm.*

<b>AGENDA ITEM AND REPORT PROVIDER</b>	<b>REASONS FOR INCLUSION ON AGENDA</b>	<b>EXPECTED OUTCOMES</b>	<b>REQUIREMENTS</b>	<b>FOLLOW UP / PROGRESS</b>
Training – Understanding Budgets				
Finance Outturn for 2010/11 ( <i>Head of Strategic Finance</i> )	Consideration of the Revenue and Capital outturn for 2010/11/		Report	The Panel discussed the report.
Finance Digest ( <i>Head of Strategic Finance</i> )	Review the Revenue and Capital budget forecast outturn for 2011/12 as at Period 4 (Period 5 is likely to be circulated prior to the meeting).		Report	The Panel discussed the report.
Medium Term Financial Strategy ( <i>Head of Strategic Finance</i> )	Consider the Medium Term Financial Strategy as reported to Cabinet in July.		Report	The Panel discussed the report.
Cost of Consultants/ Agency ( <i>Head of Strategic Finance</i> )	Information on the costs of Consultants/ Agency for 2010/2011 and first 4 months of 2011/2012 following a request at the meeting on 22 June 2011.		Report	The Panel discussed the report.
Work Programme ( <i>Committee and Scrutiny Officer</i> )	Update on the Panel's work programme.		Report and revised work programme	The Work Programme was agreed.



**Meeting 3 – 25 October 2011***Committee Room / 7.00 pm.*

<b>AGENDA ITEM AND REPORT PROVIDER</b>	<b>REASONS FOR INCLUSION ON AGENDA</b>	<b>EXPECTED OUTCOMES</b>	<b>REQUIREMENTS</b>	<b>FOLLOW UP / PROGRESS</b>
Housing Value for Money Review – Phase 2 ( <i>Head of Community Services</i> )	To consider Phase 2 of the review and to forward any comments to Cabinet	To determine whether Year 2 efficiency savings will be achieved	Report	
Local Government Resource Review: Business Rates Retention Consultation ( <i>Head of Strategic Finance</i> )	To inform the Panel of the changes to the financing of local government.		Report	
Service prioritisation Review ( <i>Head of Strategic Finance</i> )	To monitor the service prioritisation efficiency savings for 2011/12.	To determine whether the budget for 2011/2012 will be achieved	Report	
Finance Digest/ Budget Monitor at half year (Period 6) ( <i>Head of Strategic Finance</i> )	Is the Council on target to meet budget expectations or is an overspend/ under spend being forecast	Budget Panel may wish to recommend corrective action	Report	
Income Policy ( <i>Head of Strategic Finance</i> )	To review the income policy and consider any increases to fees and charges for 2012/13.		Report	

**Meeting 4 – 29 November 2011***Committee Room / 7.00 pm.*

<b>AGENDA ITEM AND REPORT PROVIDER</b>	<b>REASONS FOR INCLUSION ON AGENDA</b>	<b>EXPECTED OUTCOMES</b>	<b>REQUIREMENTS</b>	<b>FOLLOW UP / PROGRESS</b>
Consideration of the 'Roadmap' for the future shape of the Council <i>(Managing Director)</i>	This report will be looking ahead beyond 2012/2013 and will be essential for any true medium term planning.	To consider the shape of a future Council.	Report	
Corporate Process Improvement Programme – Progress Update <i>(Partnerships and Performance Section Head)</i>	This report will update the Panel on the Corporate Process Improvement Programme		Report	
Housing Value for Money Phase 2 <i>(Head of Community Services)</i>	Further report following on from the previous meeting.		Report	
Review of Trade Refuse Account <i>(Heads of Strategic Finance/ Environment Services )</i>	Consideration of trading position	Whether the In House provision of the service is sustainable	Report	
Review of CPZ <i>(Head of Strategic Finance/Head of Planning)</i>	Reference from Cabinet to consider the ongoing balance of the reserve.	Whether the continuous freezing of charges/ permits is sustainable	Report	
Finance Digest: Period 7 <i>(Head of Strategic Finance)</i>	To review the latest Finance Digest.		Report	

**Meeting 5 – 11 January 2012***Committee Room / 7.00 pm.*

<b>AGENDA ITEM AND REPORT PROVIDER</b>	<b>REASONS FOR INCLUSION ON AGENDA</b>	<b>EXPECTED OUTCOMES</b>	<b>REQUIREMENTS</b>	<b>FOLLOW UP / PROGRESS</b>
Review of CPZ ( <i>Head of Strategic Finance/Head of Planning</i> )	Further report following on from the previous meeting.		Report	
Draft Revenue and Capital Estimates for 2012/2015 ( <i>Head of Strategic Finance</i> )	To consider medium term financial strategy, revenue and capital estimates, fees and charges schedule, use of reserves and level of council tax. All recommendations to be referred to Cabinet.	Cabinet will closely consider Budget Panel recommendations.	Report	
Finance Digest at Period 8 (end of November) ( <i>Head of Strategic Finance</i> )	Will provide a context with which to consider detailed estimates	Will confirm MTFS is on target.	Report	

**Meeting 6 – 8 February 2012***Committee Room / 7.00 pm.*

<b>AGENDA ITEM AND REPORT PROVIDER</b>	<b>REASONS FOR INCLUSION ON AGENDA</b>	<b>EXPECTED OUTCOMES</b>	<b>REQUIREMENTS</b>	<b>FOLLOW UP / PROGRESS</b>
Finance Digest: Period 9 ( <i>Head of Strategic Finance</i> )	To review the latest Finance Digest		Report	
Work Programme Review and Annual Report ( <i>Committee and Scrutiny Officer</i> )	To review the work carried out throughout the year and suggest comments for inclusion in the Annual report.		Report and updated work programme	

This page is intentionally left blank

## Extract from the Annual Report 2010/11

**4. Budget Panel****Membership:**

Councillor Mortimer (Chair)

Councillor Bell (Vice-Chair)

Councillors Derbyshire, Greenslade, Martins, Poole and Watkin

**4.1 The panel's work programme for 2010/11**

The panel met on eight occasions during 2010/11. Aside from its core work of scrutinising the council's budget proposals the panel also looked at value for money and monitored budget spending through periodic reports.

At its eight meetings the panel:

- Looked at the medium term financial strategy, the panel noted the projections of savings required and asked for report on how they will be achieved at a later date.
- Considered the asset management plan and capital strategy, their purpose and how well they meet the council's needs.
- Scrutinised spending against budget through the monthly monitoring report to determine whether income and spending are in line with plans and whether profiled expenditure is accurately managed.
- Examined the savings headlines for 2008/09 and how the council performed against forecast.
- Worked with officers on Value for Money (VfM) investigations relating to fees and charges, trade waste and planning and enforcement. Points for consideration were, how do Watford's services compare with other local authorities in terms of quantity and quality and does the borough need to take any action to reduce costs or improve standards? This area of scrutiny did not progress as planned because the panel modified its programme to accommodate discussion of service prioritisation. It is proposed that VfM will feature in next year's work programme.
- Looked at growth and savings projected for 2010/11 and considered whether savings are being realised and if growth in line with plans. The panel noted a satisfactory position.
- Scrutinised fees and charges for 2010/11.
- Scrutinised the draft budget proposals and draft revenues and capital estimates for 2010/11 at its December meeting and the final revenue and capital budgets in January.
- Considered the outcome of public consultation on the 2011/12 budget.

**4.2 Review of work carried out in 2010/11**

At the end of each year panel members and support officers indulge in a spot of navel gazing to review their performance and consider issues and topics for scrutiny in the following year. This year members concluded –

The view of panel members, supported by comments received from officers and other members, is that the panel works well and has continued to develop. This development can be attributed to well informed members and good support from

officers. Member attendance has been high and members have shown a high level of interest in the subject matter.

The panel welcomes the support of the cabinet member. Conclusions from panel meetings have been taken to cabinet and many taken up by cabinet.

The early reports on service prioritisation received by the panel provided a useful introduction to the consideration of budget proposals. There were good outcomes from the services prioritisation work. The concept of zero-based budgeting which emerged as part of service prioritisation should be considered as a standard format for all services.

Value for money (VfM) is an important issue and should be considered by all services when setting budgets. The Budget Panel should include VfM as a priority item in its 2011/12 work programme.

This year savings have been concentrated on reducing central support costs and this has been effective. In 2011/12 the panel should examine ideas for economies in front line services.

#### **4.3 Training**

Training was informative and useful to panel members in their scrutiny role. However, the attendance of other members who are not on the Budget Panel was poor and this is disappointing. The timing of training sessions may be an issue and sessions next year will be included in the main agenda. It will be suggested that the training programme for the year is included in the members' bulletin and the council consider providing on-line finance training.

It is recommended that training continues routinely in 2011/12.

#### **4.4 Chair's/Vice Chair's commentary**

This year's Budget Panel work has been dominated not surprisingly by "service prioritisation" and the efforts made by Heads of Service and the Director of Finance in conjunction with the Managing Director to be as transparent as possible with the financial options available to the Council at this time of national economic problems.

We had 3-Part B meetings where members were free to express views "off the record" taking into account the advice given by Bernard Clarke.

It was the most rigorous examination of the individual spending plans since I have been on the Budget panel and I think all members would agree that it was an effective exercise.

While we can always learn more how to be more effective at scrutinising the Budget process (and we have improved steadily over the last three or four years) this year has been a good example.

Sadly, value for money work has suffered, but we hope that this will be rectified in the new council year.

We have had regular updates from Bernard on the finance digest and the medium term financial strategy as finances changed throughout the year.

We pay tribute to Bernard for his excellent preparation, especially this year his clear explanation of the comprehensive spending review, and other officers who have provided reports and help throughout this difficult year.

Finally a particular mention to Mike Thomas for his valued and vital work over the last five years and we wish him all the best in the future.

Councillors Andrew Mortimer and Nigel Bell  
Chair and Vice-Chair, Budget Panel

This page is intentionally left blank