



FINANCE DIGEST 2015/16

Financial Monitoring at

Period 05

August 2015

Prepared By : Finance Shared Service

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Contents

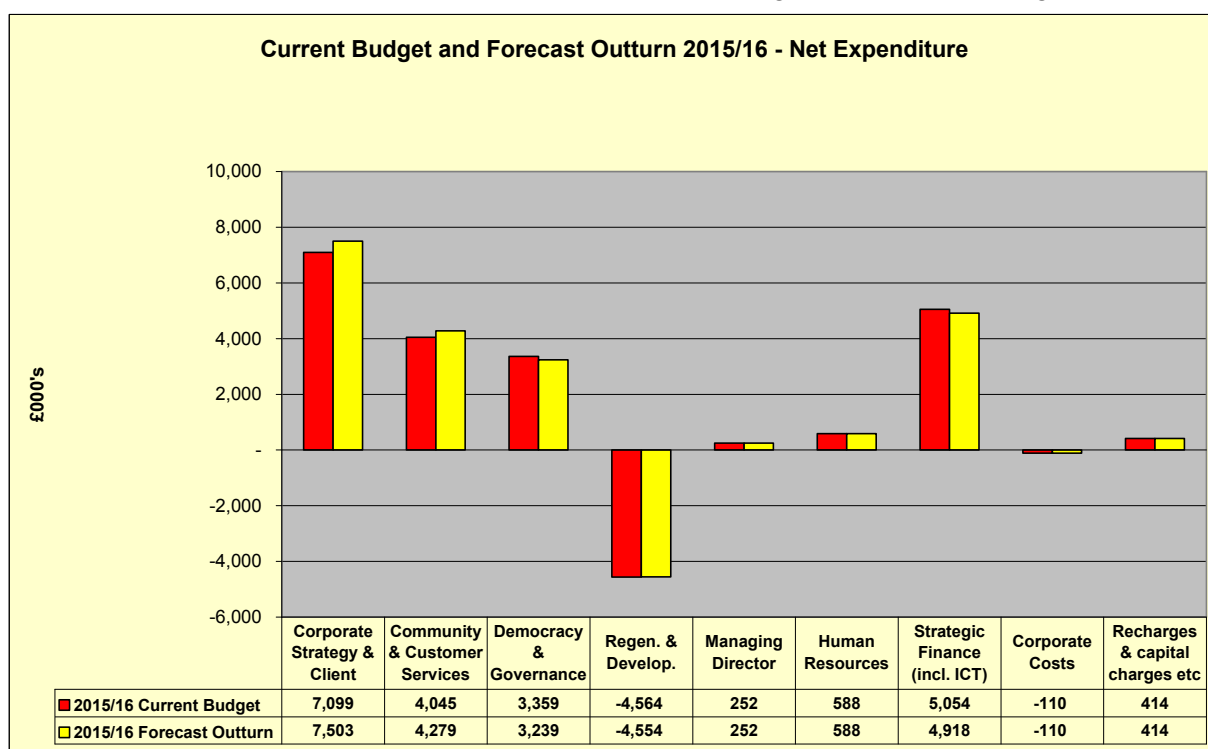
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1 Introduction

- 1.1 The monthly Finance Digest is the Council's key tool for monitoring the financial performance of the organisation. It is designed to be used by Members, officers and to provide an overview to our customers and residents.
- 1.2 It is essential that the Council monitors its budgets throughout the year to ensure that it is meeting its strategic objectives and that corrective action is taken where necessary.
- 1.3 This document shows the expected financial position at the end of the financial year, based on the actual performance at the end of August 2015 (Period 05).
- 1.4 This document brings together a range of information which ultimately impacts on the Council's financial performance. This includes budget monitoring and also financial performance indicators which will help the Council predict its position at the end of the financial year.

2 Revenue Budget – Net Expenditure

- 2.1 This section outlines the expected year end position for the Council's revenue budget. This takes into account both the expenditure incurred and the income received for the running of the day to day services e.g. waste collection, leisure and housing services.
- 2.2 The original 2015/16 budget of £15,176,500 was agreed at Full Council on 28th January 2015. Cabinet agreed carry forward budgets of £1,611,580 of which £961,580 were for revenue, thus increasing the current budget to £16,138,080.
- 2.3 The forecast outturn for the end of the year, as at the end of August 2015, is predicted to be £16,530,000. This leaves an overall unfavourable variance of £392,000. Last month there was an unfavourable variance of £564,000. Therefore a favourable variance of £172,000 is reported this month. The forecast outturn compared with the current budget is shown in the graph below and further details can be found in **Appendices 1 to 3**. These figures exclude indirect expenditure and income i.e. internal support recharges and capital charges.



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

	2015/16 Current Budget	2015/16 Forecast Outturn	Variance
	£000's	£000's	£000's
Corporate Strategy & Client Services	7,099	7,503	404
Community & Customer Services	4,045	4,279	234
Democracy & Governance	3,359	3,239	(120)
Regeneration & Development	(4,564)	(4,554)	11
Managing Director	252	252	0
Human Resources	588	588	0
Strategic Finance (including ICT)	5,054	4,918	(137)
Corporate Costs (interest earned less interest paid)	(110)	(110)	0
Recharges, capital charges and accounting adjustments	414	414	0
Total	16,138	16,530	392

2.5 The period 05 favourable variance is £172,000. Those key variances over £20,000 are shown below. Further details of variances can be found at **Appendix 2**.

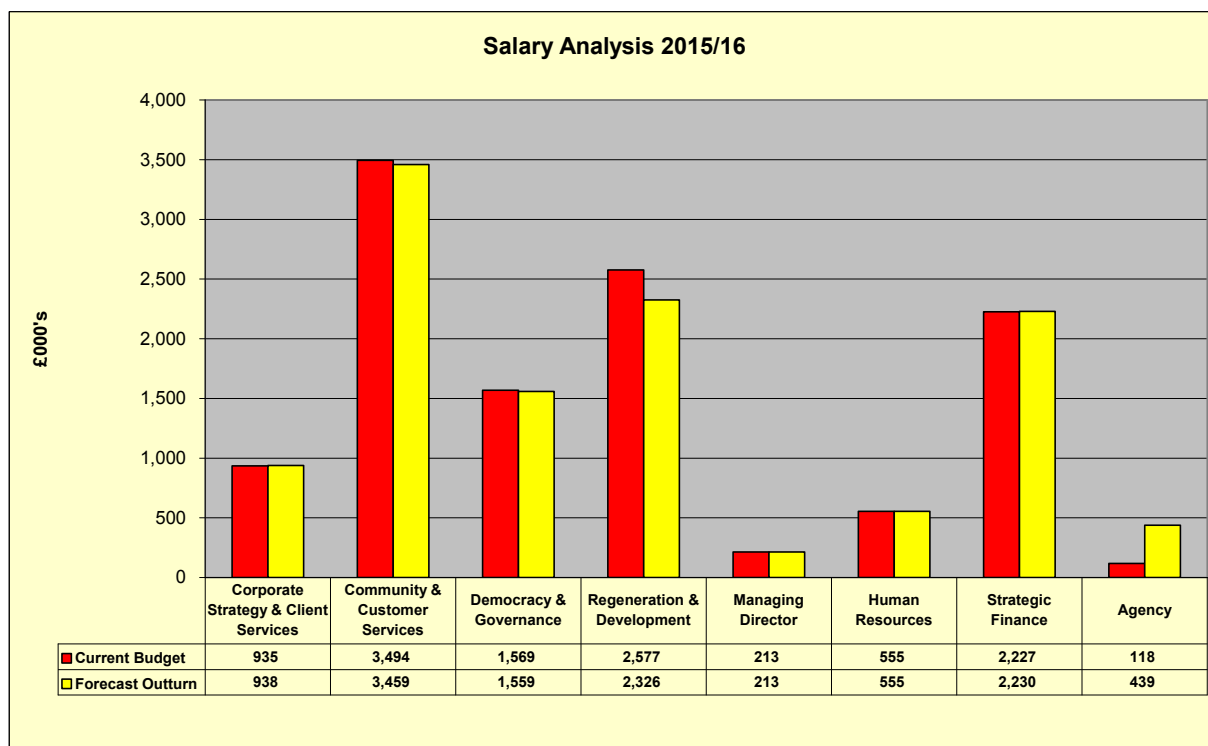
Favourable variances

- £218,000 Increase commercial property rent received
- £33,000 Funding received for Individual Election Registration
- £30,000 Underspend due to having combined elections

Unfavourable variances

- £50,000 Increase in the provision of temporary accommodation for the homeless
- £31,000 Agency cost for Interim Head of Communications

2.6 Overall staff costs remain close to budget as permanent vacancies are being covered in the short term through agency staff in order to deliver the required level of service. Further information can be found in **Appendix 4**, where salaries for employees and agency staff for cover have been reported separately for each service.



3 Funding and Reserves

Funding

- 3.1 Overall the Council's government funding position compared to the current budget has not changed. Full details of the current funding position can be seen in **Appendix 5**.

Reserves

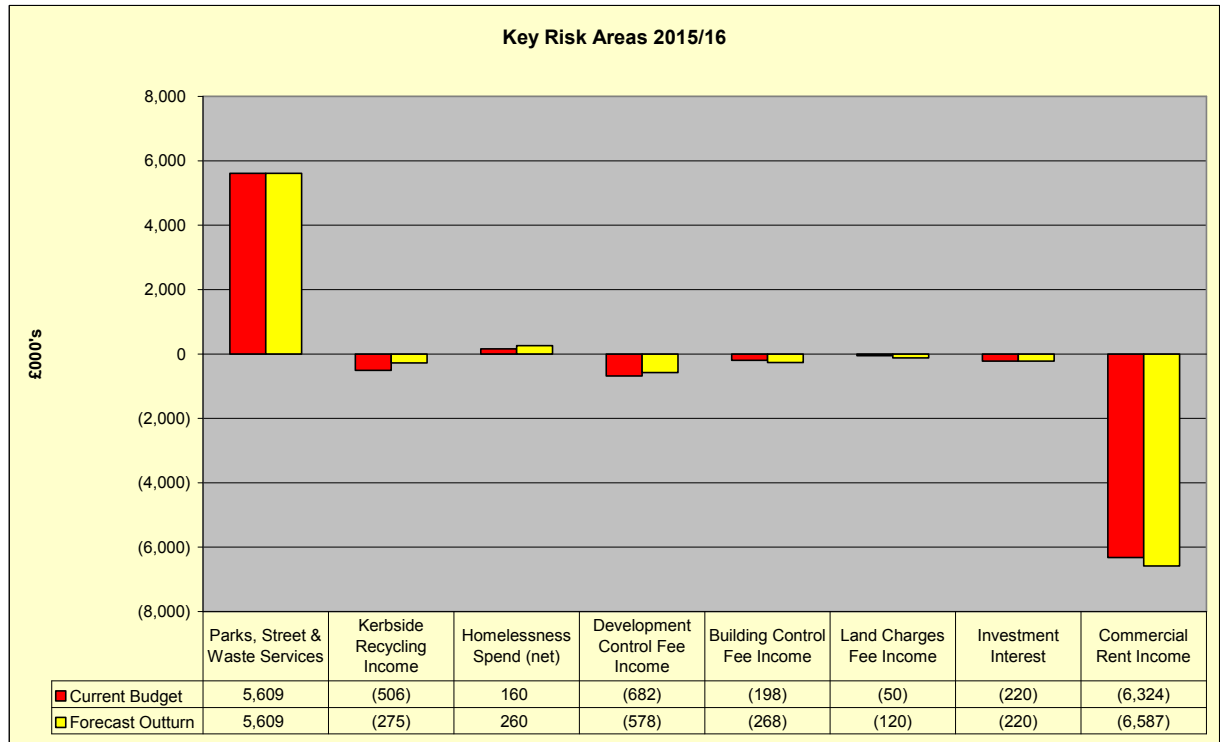
- 3.2 The Council's reserves position can be seen in the table below, and further details can be found in **Appendix 6**.

Description	Bal B/F as @ 1-Apr-2015	Agreed use of reserves	Previously Reported Movement	Movement Period 05	Total Movement	Forecast Bal. as @ 31-Mar-2016
General Fund Working Balance	-1,350,000	0	0	0	0	-1,350,000
Capital Financing Reserve	-604,000	4,870	0	0	4,870	-599,130
Earmarked Reserves	-7,481,000	1,612,000	0	0	1,612,000	-5,869,000
General Reserves	-13,049,000	411,840	564,000	-172,000	803,840	-12,245,160
Total Revenue Reserves (including GFWB)	-22,484,000	2,028,710	564,000	-172,000	2,420,710	-20,063,290

4 Key Financial Risk Areas

4.1 The Council's budget is exposed to some key risk areas; these are generally areas of expenditure where the Council is not in control of the demand for that service, or where there have been income assumptions built into the budget. These risks are regularly monitored and the difference between the latest position and the current budget is shown in the chart below. Further details can be found in **Appendix 7**.

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



5 Debtors

5.1 The table shows the total outstanding debt as at 31 August 2015 was £1,673,053 of which 71% is less than one month old and it is anticipated that this will be recovered. The table also identifies that 18% of the outstanding debt is over three months old.

5.2 The "over 12 months" category is significant because these amounts are not easily recovered. Further investigation into these balances is being undertaken.

Invoices Outstanding from 1st April 2015 to 31st August 2015									
Service Area	No. of Invoices	Invoices outstanding by age of debt						Instalment Plan	Grand Total
		0 - 1 month	2 - 3 months	4 - 6 months	7 - 9 months	10 - 12 months	over 12 months		
		£	£	£	£	£	£	£	
Corporate Strategy & Client Service	28	226,607	0	0	0	0	17,041	0	243,648
Community & Customer Service	828	87,297	29,426	12,841	12,214	5,088	51,060	3,045	200,971
Democracy and Governance	2	900	0	0	0	0	900	0	1,800
Regeneration and Development	160	841,571	145,239	16,856	16,565	16,860	151,168	0	1,188,259
Managing Director	0	0	0	0	0	0	0	0	0
Human Resources	0	0	0	0	0	0	0	0	0
Strategic Finance (including ICT)	46	38,375	0	0	0	0	0	0	38,375
Grand Total	1,064	1,194,750	174,665	29,697	28,779	21,948	220,169	3,045	1,673,053
Percentage of Amount Outstanding		71.41%	10.44%	1.78%	1.72%	1.31%	13.16%	0.18%	100.00%

Commercial Property Rents

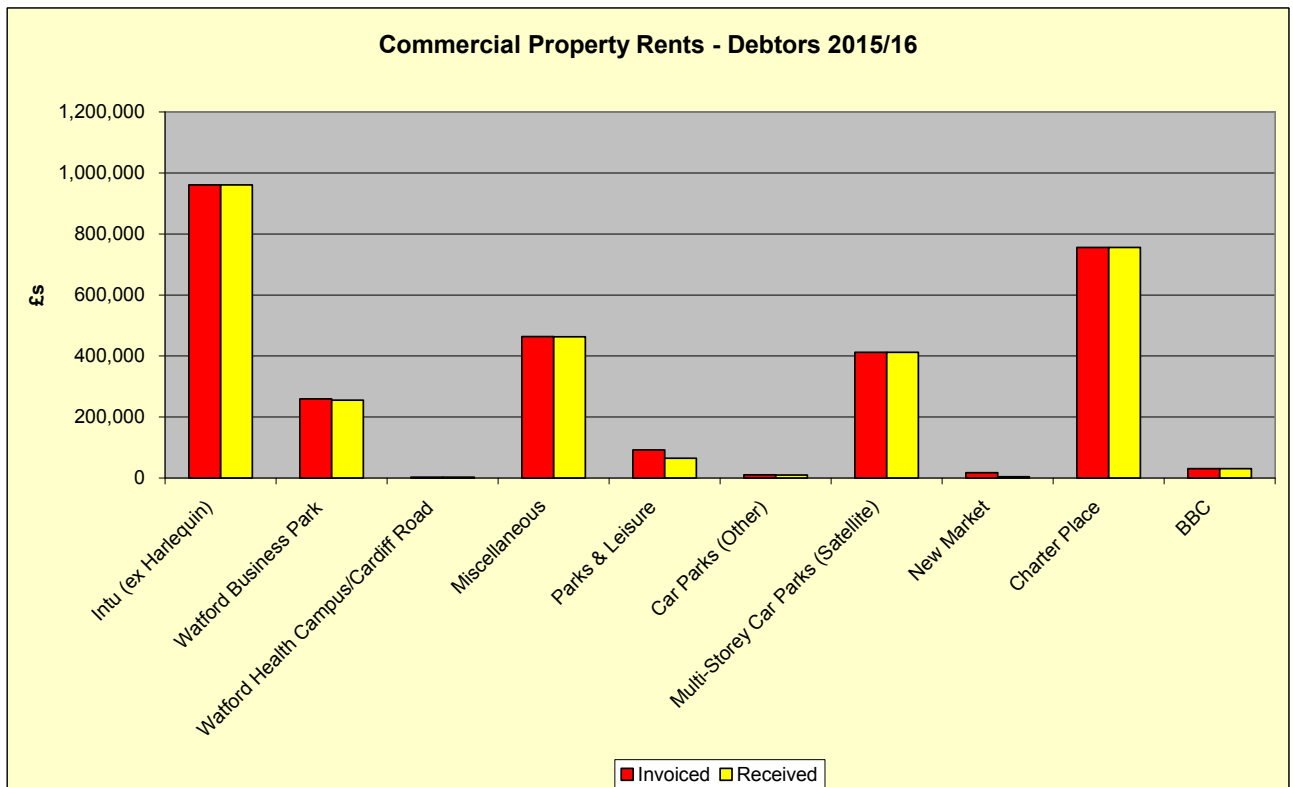
5.3 The commercial rent portfolio forms a large part of the Council's total income and it is important that the Council closely monitors this income stream. A detailed breakdown is included in the table below.

Commercial Property Rents

AREA/Zone/Site	Current Budget for 2015/16	Invoiced to 31/08/2015	Received to 31/08/2015	Forecast rent for 2015/16	Previously Reported Variances	Forecast Variances Period 05
	£	£	£	£	£	£
Intu (ex Harlequin)	(910,000)	(960,845)	(960,845)	(1,100,000)	56,080	(246,080)
Watford Business Park	(676,210)	(259,100)	(254,975)	(743,510)	(69,800)	2,500
Watford Health Campus/Cardiff Road	(56,400)	(2,727)	(2,727)	(56,400)	0	0
Miscellaneous	(1,131,460)	(463,480)	(463,186)	(1,037,915)	70,365	23,180
Parks & Leisure	(182,260)	(92,308)	(64,507)	(203,360)	(20,000)	(1,100)
Car Parks (Other)	(13,400)	(10,242)	(9,771)	(21,005)	(7,605)	0
Multi-Storey Car Parks (Satellite)	(868,000)	(412,388)	(412,388)	(910,000)	(42,000)	0
New Market	(45,000)	(17,500)	(4,125)	(27,500)	17,500	0
Charter Place	(2,380,000)	(755,771)	(755,771)	(2,426,250)	(50,000)	3,750
BBC	(61,000)	(30,500)	(30,500)	(61,000)	0	0
Total	(6,323,730)	(3,004,860)	(2,958,795)	(6,586,940)	(45,460)	(217,750)

For the period 1 April to 31 August 2015 the Council has invoiced £3,004,860 with £46,065 of that outstanding. There is a favourable forecast variance for period 05 of £217,750 due largely to the increased forecast for Intu (based on the actual received for the first quarter and a full year forecast received from Intu).

The chart below shows the value of the rent invoiced compared to the rent received for commercial properties. This shows that 98% of the rent that has been invoiced in 2015/16 has been received.



6 Creditors

- 6.1 In period 05, the Council paid 97.36% of undisputed invoices within 30 days and for the year to date is 97.76%.
- 6.2 A breakdown of payments by department at period 05 is shown in the table below.

Service Area	Monthly Undisputed Invoices Paid	Late Payments	Payments On Time	% Payments On Time Period 05	% Payments On Time YTD
Corporate Strategy & Client Services	51	1	50	98.04	98.95
Community & Customer Services	124	1	123	99.19	98.52
Democracy & Governance	128	3	125	97.66	97.41
Regeneration & Development	72	4	68	94.44	96.47
Managing Director	1	0	1	100.00	100.00
Shared Services (including ICT)	41	2	39	95.12	98.00
Total	417	11	406	97.36	97.76

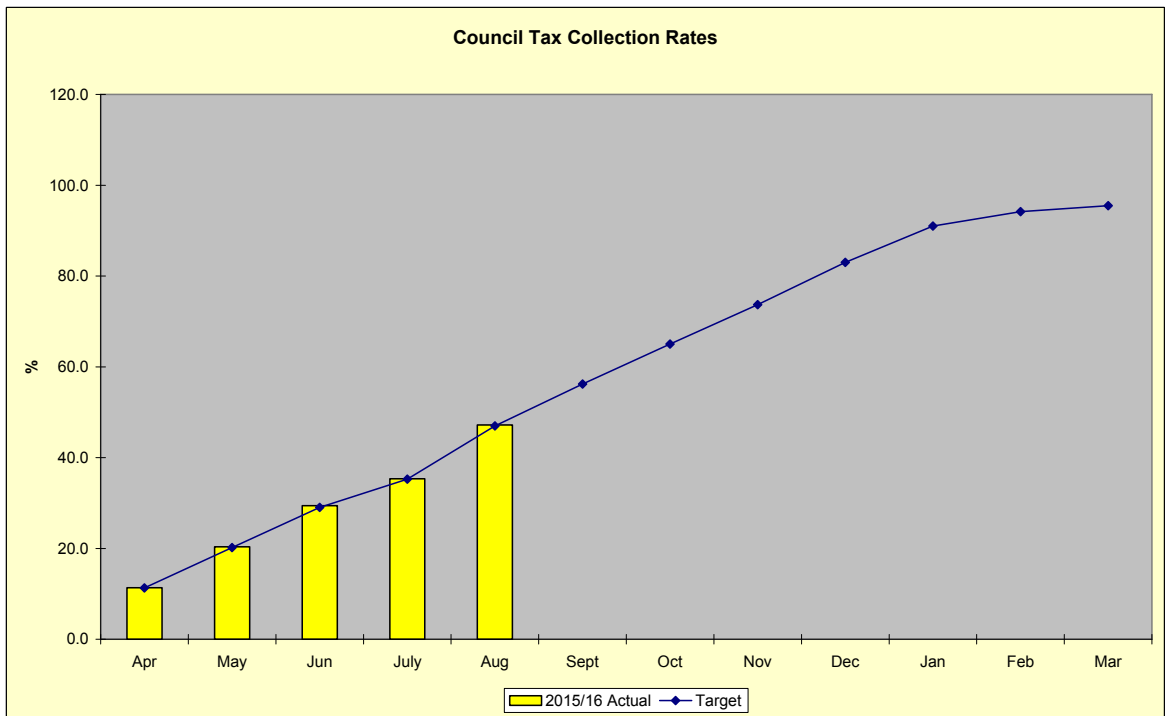
- 6.3 The number of payments made by BACS for the month was 99.53% and for the year to date is 99.55% (against a target of 98%).

7 Treasury Management

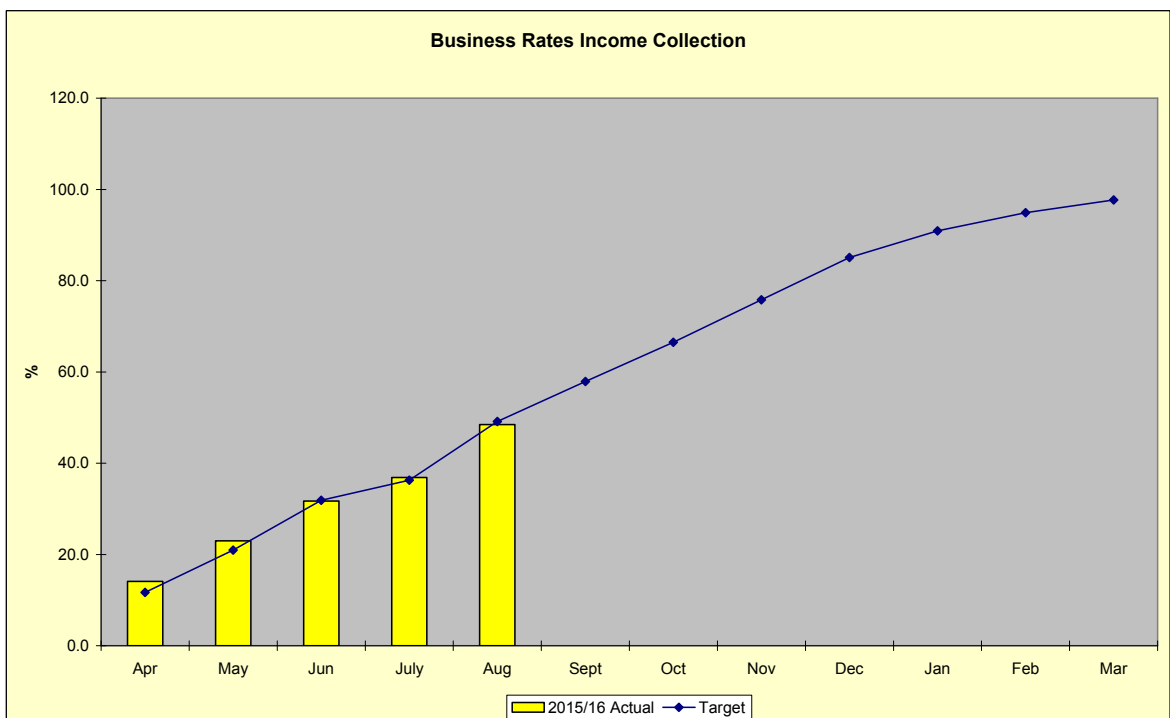
- 7.1 Treasury Management is kept under close review and currently the return on the Council's investments shows an average annualised return of 0.67% against a benchmark rate of 0.62%. Further information can be found in **Appendix 8**.

8 Council Tax and Business Rates Collection

- 8.1 The Council's performance in the collection of Council Tax can be seen in the following graph. The actual income collected as at 31st August 2015 is 47.2% which is just above the target of 47.0%. Payments received between 28th and 31st August did not appear on the system until 1st September. This shows that the collection rates for the year are slightly better than the profiled target. Further information can be found in **Appendix 9**.



8.2 The Council’s performance in relation to business rates is shown in the following graph. The actual income collected as at 31st August 2015 is 48.5% which is just below the target of 49.1%. Payments received between 28th and 31st August did not appear on the system until 1st September. The collection rates for the year are close to the profiled target. Further information can be found in **Appendix 9**.



Section 1 - Budget Monitoring

Summary Revenue Account

The tables below show, at sub service level, the variances between the current budget and the forecast outturn as at period 05 (August). The figures in this table for each sub service exclude recharges, capital charges and accounting adjustments: these are all shown on the line above the NET EXPENDITURE total.

Service Area	2015/16 Original Budget	2015/16 Current Budget	2015/16 Actuals to Date	2015/16 Forecast Outturn	2015/16 Variance Current Budget to Forecast Outturn	2015/16 Previously Reported Variances	2015/16 Forecast Variance Period 05
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Corporate Strategy & Client Services	6,949	7,099	2,866	7,503	404	354	50
Community & Customer Services	3,677	4,045	1,648	4,279	234	171	63
Democracy & Governance	3,215	3,359	1,329	3,239	(120)	(28)	(92)
Regeneration & Development	(4,797)	(4,564)	(2,063)	(4,554)	11	204	(193)
Managing Director	252	252	117	252	0	0	0
Human Resources	574	588	306	588	0	0	0
Strategic Finance (including ICT)	5,002	5,054	2,532	4,918	(137)	(137)	0
Net Cost of Services	14,872	15,833	6,735	16,225	392	564	(172)
Corporate Costs (interest earned less interest paid)	(110)	(110)	(12)	(110)	0	0	0
Recharges, capital charges and accounting adjustments under statute	414	414	0	414	0	0	0
NET EXPENDITURE	15,177	16,138	6,723	16,530	392	564	(172)
Funded By :-							
Council tax and Government Grants (see appendix 4)	(15,156)	(15,156)	(6,690)	(15,156)	0	0	0
Surplus / (Deficit) - Transfer to / (from) reserves	(21)	(982)	0	(1,374)	(392)	(564)	172
NET BUDGET REQUIREMENT	(15,177)	(16,138)		(16,530)	(392)	(564)	172

The variances included in this appendix include those previously reported. Where there has been more than one variance for a particular area of service, these have been aggregated. The main reasons for the £392,000 overall unfavourable variance are detailed below:

Favourable variances

- £263,000 Increase commercial property rent received from Intu.
- £192,000 Improved collection rates for overpayment of rent allowances.
- £65,000 Increase payment expected for recycling credits.
- £33,000 Funding received for Individual Election Registration.
- £30,000 Underspend due to having combined elections.

Unfavourable variances

- £180,000 Decline in recycling material market values (nil cost now £15 per tonne).
- £116,000 Kerbside Recycling budget removed.
- £100,000 Reduction in planning fee income.
- £100,000 Increase in net cost of Bed and Breakfast Accommodation for the homeless.
- £92,000 Increase cost of scanning documents for planning portal.
- £75,000 Increase in legal costs for Land Charges.
- £68,000 Expenditure on Economic Development.
- £31,000 Agency cost for Interim Head of Communications.
- £30,000 Additional cost for Housing Section Head for 6 months.
- £20,000 Expenditure on corporate initiatives.

Variances funded from reserves

- £190,000 Increase in expenditure for the Council's major projects -Temporary staff £70,000, Hostel Accommodation £50,000, Consultants £40,000 and Branding Review £30,000. These are funded from the Projects and Programme Management Reserve.

Changes in funding

- There are no changes in funding this month.

The total of the variances above is (£419,000). Other unfavourable variances total £27,000.

Detailed revenue variances by service area

The table below shows at summary service level the original 2015/16 budget, current 2015/16 budget and variances that have occurred in the year to provide a forecast outturn at 31st August. The reasons for these variances are shown below. The budgets are for direct expenditure and income only and exclude internal support charges and capital charges.

Corporate Strategy and Client	2015/16 Original Budget	2015/16 Current Budget	2015/16 Actuals to Date	2015/16 Forecast Outturn	2015/16 Variance Current Budget to Forecast Outturn	2015/16 Previously Reported Variances	2015/16 Forecast Variance Period 05	Comments
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
Management & Support	117	117	41	113	(4)	0	(4)	£4,430 transferred to Communications (see below in Partnerships and Performance).
Contract Monitoring	303	303	568	306	3	3	0	Actuals include the Veolia invoices paid up to July but only April to June invoices have been recharged from here to the relevant cost centres.
Parks And Open Spaces	1,089	1,089	424	1,097	8	8	0	Actuals include the Veolia invoices for April to June only - see Contract Monitoring above.
Leisure	370	444	253	426	(18)	(18)	0	Actuals include two quarters management fees.
Grants	744	748	338	748	0	0	0	Actuals include two quarters funding payments.
Street Cleansing	1,838	1,855	494	1,855	0	0	0	Actuals include the Veolia invoices for April to June only - see Contract Monitoring above.
Waste And Recycling	1,967	1,967	539	2,198	231	231	0	Actuals include the Veolia invoices for April to June only - see Contract Monitoring above.
Partnerships & Performance	522	577	210	762	185	130	55	£30,620 Agency cost of Interim Head of Communications, £19,650 transferred from Economic Development for Corporate Initiatives and £4,430 transferred from Community Services Support (see above in Management and Support).
Total	6,949	7,099	2,866	7,503	404	354	50	

Community and Customer Services	2015/16 Original Budget	2015/16 Current Budget	2015/16 Actuals to Date	2015/16 Forecast Outturn	2015/16 Variance Current Budget to Forecast Outturn	2015/16 Previously Reported Variances	2015/16 Forecast Variance Period 05	Comments
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
Customer Services	815	837	326	837	0	0	0	
Housing	588	687	389	892	204	154	50	Increase in the provision of temporary accommodation for homeless families due to increasing caseload.
Environmental Health & Licensing	1,159	1,286	379	1,304	18	5	13	£6,000 Court costs for Housing Standards and Envirocrime (Flytipping) prosecutions: income from costs may follow. £3,000 Specialist technical consultancy required for air quality management. £2, 000 Lower pest control income for wasps treatment at the end of the season. £2,000 Fewer adult gaming licenses issued £2,000.
Culture & Play	1,115	1,235	554	1,247	12	12	0	
Total	3,677	4,045	1,648	4,279	234	171	63	

Democracy and Governance	2015/16 Original Budget	2015/16 Current Budget	2015/16 Actuals to Date	2015/16 Forecast Outturn	2015/16 Variance Current Budget to Forecast Outturn	2015/16 Previously Reported Variances	2015/16 Forecast Variance Period 05	Comments
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
Legal And Democratic	1,831	1,875	617	1,792	(83)	9	(92)	(£33,000) Individual Electoral Registration funding received, (£30,000) underspend on Borough election due to combined elections, (£16,800) European election settlement for 14/15 election, (£10,000) underspend on professional legal fees and (£2,000) underspend on printing and stationery.
Buildings And Projects	1,359	1,459	711	1,421	(38)	(38)	0	Actuals include business rates for the whole year for the Town Hall.
Procurement	25	25	1	27	2	2	0	
Total	3,215	3,359	1,329	3,239	(120)	(28)	(92)	

Regeneration And Development	2015/16 Original Budget	2015/16 Current Budget	2015/16 Actuals to Date	2015/16 Forecast Outturn	2015/16 Variance Current Budget to Forecast Outturn	2015/16 Previously Reported Variances	2015/16 Forecast Variance Period 05	Comments
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
Commercial Projects	(5,815)	(5,582)	(3,024)	(5,781)	(200)	17	(218)	(£217,750) variance made up of increased commercial property rent from Intu (£246,080) and reduced commercial property rent from Miscellaneous properties £28,330.
Development Section	181	181	(100)	307	126	102	23	£23,250 Software maintenance for Exacom system for Community Infrastructure Levy.
Transport And Infrastructure	206	206	719	214	10	10	0	Actuals include expenditure for traffic management projects that will be funded by Hertfordshire County Council.
Policy Team	481	481	183	469	(12)	(14)	2	£2,000 Employment Tribunal costs.
Economic Development	150	150	159	237	87	88	(1)	£19,000 Subscription to Chamber of Commerce for Inward Investment, funded from the Local Authority Business Growth Incentive Reserve. (£19,650) transferred to Partnerships and Performance for Corporate Initiatives.
Total	(4,797)	(4,564)	(2,063)	(4,554)	11	204	(193)	

Managing Director	2015/16 Original Budget	2015/16 Current Budget	2015/16 Actuals to Date	2015/16 Forecast Outturn	2015/16 Variance Current Budget to Forecast Outturn	2015/16 Previously Reported Variances	2015/16 Forecast Variance Period 05	Comments
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
	252	252	117	252	0	0	0	
Total	252	252	117	252	0	0	0	

Human Resources	2015/16 Original Budget	2015/16 Current Budget	2015/16 Actuals to Date	2015/16 Forecast Outturn	2015/16 Variance Current Budget to Forecast Outturn	2015/16 Previously Reported Variances	2015/16 Forecast Variance Period 05	Comments
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
HR Client	153	153	53	153	0	0	0	
HR Shared Services	421	435	254	435	0	0	0	Actuals do not include Three Rivers contribution which is invoiced at the year end.
Total	574	588	306	588	0	0	0	

Strategic Finance	2015/16 Original Budget	2015/16 Current Budget	2015/16 Actuals to Date	2015/16 Forecast Outturn	2015/16 Variance Current Budget to Forecast Outturn	2015/16 Previously Reported Variances	2015/16 Forecast Variance Period 05	Comments
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
Finance & Resources	2,262	2,262	2,138	2,299	37	37	0	Actuals include lump sum payment of £2.1M to reduce pension deficit.
Finance Services Client	867	889	163	889	0	0	0	Actuals do not show contract payment to Three Rivers which is not paid until year end.
Revenues And Benefits Client	966	966	(402)	789	(177)	(177)	0	Actuals do not show contract payment to Three Rivers which is not paid until year end.
Revenues And Benefits Shared Service	0	0	7	0	0	0	0	
ICT Service	907	937	627	940	3	3	0	Actuals include software licences that have been paid for the whole year and do not include the contribution from Three Rivers which is received at the year end.
Total	5,002	5,054	2,532	4,918	(137)	(137)	0	

Corporate Costs	2015/16 Original Budget	2015/16 Current Budget	2015/16 Actuals to Date	2015/16 Forecast Outturn	Variance Current Budget to	Previously Reported Variances	Forecast Variance Period 05	Comments
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
Interest Earned	(220)	(220)	(13)	(220)	0	0	0	Actual (£13,000). See Appendix 7 - Treasury Management Performance: the interest including accruals is (£115,000).
Interest Paid	110	110	0	110	0	0	0	Actuals include S106 Earmarked Reserves and Finance Leases where interest is charged at the financial year end.
Accounting Adjustments	0	0	0	0	0	0	0	
Pension Adjustments In I&E	0	0	0	0	0	0	0	
Other Comprehensive Inc & Exp	0	0	0	0	0	0	0	
Cap Exp Not Adding Val-Leisure	0	0	0	0	0	0	0	
Cap Exp Not Adding Val-Property	0	0	0	0	0	0	0	
Total	(110)	(110)	(12)	(110)	0	0	0	

Salary Analysis - Direct Employee Costs

Employees represent one of the highest revenue expenditure items for the Council. The table below shows the total direct employee costs (includes salaries, superannuation, national insurance etc but excludes IAS19 adjustments) at service level and variances between the current budget and the forecast outturn at period 05 (August).

Service Area	2015/16 Original Budget £000's	2015/16 Current Budget £000's	2015/16 Actuals to Date £000's	2015/16 Forecast Outturn £000's	2015/16 Variance Current Budget to Forecast Outturn £000's	2015/16 Previously Reported Variances £000's	2015/16 Forecast Variance Period 05 £000's	Comments
Corporate Strategy & Client Services	933	935	363	934	(2)	3	(4)	Actuals reflect vacancies including Head of Communications and Engagement - see Agency table below.
Community & Customer Services	3,494	3,494	1,314	3,459	(35)	(35)	0	Savings due to vacancies in Environmental Health and Licencing previously reported. Cross reference to Agency Staff table below.
Democracy & Governance	1,569	1,569	662	1,559	(10)	(10)	0	Savings on vacancy in Elections offset by by expenditure on Agency staff. Cross reference to Agency Staff table below.
Regeneration & Development	2,577	2,577	884	2,326	(251)	(251)	0	Savings on vacant posts in Development Control (£100,000), Policy Team (£79,000), Building Control (£40,000) and Commercial Projects (£30,000) previously reported. Cross reference to Agency Staff table below.
Managing Director	213	213	88	213	0	0	0	
Human Resources	541	555	186	555	0	0	0	Actuals reflect savings on vacancies. The forecast will be amended as part of the revised budget process. Cross reference to Agency table below.
Strategic Finance	2,227	2,227	2,157	2,230	3	3	0	
Total	11,553	11,569	5,654	11,275	(294)	(290)	(4)	

Other Costs - Agency Staff

The table below shows the cost of agency staff at service level and variances between the current budget and the forecast outturn at period 05 (August).

Service Area	2015/16 Original Budget £000's	2015/16 Current Budget £000's	2015/16 Actuals to Date £000's	2015/16 Forecast Outturn £000's	2015/16 Variance Current Budget to Forecast Outturn £000's	2015/16 Previously Reported Variances £000's	2015/16 Forecast Variance Period 05 £000's	Comments
Corporate Strategy & Client Services	0	0	35	35	35	0	35	Actuals include agency staff to cover the Head of Communications and Engagement vacancy.
Community & Customer Services	21	21	118	103	82	82	0	Increase in agency staff to cover vacant posts previously reported. The forecast will be amended as part of the revised budget process to match the actual cost. Cross reference to Salary Analysis table above.
Democracy & Governance	0	0	15	0	0	0	0	Actuals cover full time employee working on the Atrium project (to be covered by a Capital budget) and a vacancy in elections offset by a saving in salaries (now a full time officer in post).
Regeneration & Development	35	35	108	243	208	208	0	Increase in agency staff to cover vacant posts in Development Control £100,000, Policy Team £70,000, Commercial Projects £30,000 and Building Control £8,000 previously reported. Cross reference to Salary Analysis table above.
Managing Director	0	0	0	0	0	0	0	
Human Resources	0	0	38	0	0	0	0	Actuals reflect cover for vacancies - see Salaries table above. The forecast will be amended as part of the revised budget process.
Strategic Finance - ICT	63	63	32	63	0	0	0	Actuals include costs to be reduced from December.
Total	118	118	345	443	325	290	35	

Funding Analysis

This table shows the individual funding streams that support the Council's revenue budget. The table below shows there are no variances between the current budget and the forecast outturn at period 05 (August).

Funding Stream	2015/16 Original Budget	2015/16 Current Budget	2015/16 Actuals to Date	2015/16 Forecast Outturn	2015/16 Variance Current Budget to Forecast Outturn	2015/16 Previously Reported Variances	2015/16 Forecast Variance Period 05	Comments
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
Government Grants								
Revenue Support Grant	(2,166)	(2,166)	(722)	(2,166)	0	0	0	
Redistributed Business Rates	(2,577)	(2,577)	(1,074)	(2,577)	0	0	0	
Council Tax Receipts	(7,696)	(7,696)	(3,207)	(7,696)	0	0	0	
Other Government Funding								
Council Tax Freeze Grant	(83)	(83)	(39)	(83)	0	0	0	
Funding-New Homes Bonus	(2,822)	(2,822)	(1,648)	(2,822)	0	0	0	
Funding-Business Rate Reduction/(Growth)	189	189	0	189	0	0	0	Actuals will be posted at year end when the accounts are closed.
Total	(15,156)	(15,156)	(6,690)	(15,156)	0	0	0	

FORECAST REVENUE RESERVE BALANCES AT PERIOD 05 (August)**2015/16**

Description	Bal B/F as @ 1-Apr-2015	Agreed use of reserves	Previously Reported Movement	Movement Period 05	Total Movement	Forecast Bal as @ 31-Mar-2016
General Fund Working Balance	-1,350,000					-1,350,000
Capital Financing Reserves						
Leisure Structured Maintenance Reserve	-423,000	4,870			4,870	-418,130
Multi-Storey Car Pk Rep Reserve	-181,000				0	-181,000
Earmarked Reserves	0					0
Budget Carry Forwards Reserve	-1,612,000	1,612,000			1,612,000	0
Car Parking Zones Reserve	-707,000				0	-707,000
Charter Place Tenants Reserve	-160,000				0	-160,000
Climate Change Reserve	-56,000				0	-56,000
Homeless Prevention Reserve	-112,000				0	-112,000
Le Marie Centre Repair Reserve	-13,000				0	-13,000
NNDR Collection Fund Reserve	-4,661,000				0	-4,661,000
Parks Waste & Street Strategy	-60,000				0	-60,000
Recycling Reserve	0				0	0
Rent Deposit Guarantee Scheme	-100,000				0	-100,000
General Reserves						
Area Based Grant Reserve	-86,000				0	-86,000
Development Sites - Decontamination	-646,000				0	-646,000
Economic Impact Reserve	-1,330,000		374,000	-191,000	183,000	-1,147,000
Exam In Public - LDF Reserve	-178,000				0	-178,000
Future Pension Funding Reserve	-2,248,000				0	-2,248,000
High Street Innovation Reserve	-90,000				0	-90,000
Housing & PDG Reserve	-266,000				0	-266,000
Housing Benefit Subsidy Reserve	-997,000				0	-997,000
Insurance Fund Reserve	0				0	0
Invest To Save Reserve	-839,000				0	-839,000
LA Business Growth Incentive Reserve	-570,000			19,000	19,000	-551,000
New Homes Bonus	-3,612,000				0	-3,612,000
Performance Reward Grant Resrv	-28,000				0	-28,000
PRG Capital Grants-One Watford Reserve	-191,000	50,000			50,000	-141,000
Projects and Programmed Management	-1,000,000	150,000	190,000		340,000	-660,000
Vehicle Replacement	-725,000	211,840			211,840	-513,160
Weekly Collection Support - DCLG	-193,000				0	-193,000
West Herts Crematorium	-50,000				0	-50,000
Revenue Reserves	-21,134,000	2,028,710	564,000	-172,000	2,420,710	-18,713,290
Total Reserves incl GFWB	-22,484,000					-20,063,290

Key Financial Risk Areas

The Council is exposed to risks in certain key areas. These risks include economic conditions, demographics and dependency on demand. The table below shows those risks that are closely monitored each month and the variances between the current budget and the forecast outturn at period 05 (August).

Service Area	2015/16 Original Budget	2015/16 Current Budget	2015/16 Actuals to Date	2015/16 Forecast Outturn	2015/16 Variance Current Budget to Forecast Outturn	2015/16 Previously Reported Variances	2015/16 Forecast Variance Period 05	Comments
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
Parks, Street & Waste Services	5,609	5,609	1,806	5,609	0	0	0	Actuals include the Veolia invoices for April to June only.
Kerbside Recycling Income	(506)	(506)	(67)	(275)	231	231	0	Increase in cost of recycling material market values now £15 per tonne and loss of income previously received. Actuals include the Veolia invoices for April and June only.
Homelessness Spend (net)	160	160	237	260	100	50	50	Increase in the provision of temporary accommodation for homeless families due to increasing caseload.
Development Control Fee Income	(682)	(682)	(197)	(578)	104	104	0	Income fluctuates month on month, depending on the numbers and size of the fees received. The forecast outturn does not require changing, this month.
Building Control Fee Income	(198)	(198)	(115)	(268)	(70)	(70)	0	Income is on target.
Land Charges Fee Income	(50)	(50)	(52)	(120)	(70)	(70)	0	Income is on target
Investment Interest	(220)	(220)	(13)	(220)	0	0	0	See Appendix 3 - Treasury Management Performance: the interest including accruals is (£115,000).
Commercial rent income	(6,324)	(6,324)	(2,959)	(6,587)	(263)	(45)	(218)	(£217,750) variance made up of increased commercial property rent from Intu (£246,080) and reduced commercial property rent from Miscellaneous properties £28,330.

Treasury Management Performance

The Council held £39.9M of investments as at 31 August 2015 (see table below). This information is reported in the monthly Members Information Bulletin.

Institution	Principal
<u>Banks</u>	£
Clydesdale	3,000,000
Lloyds	12,950,000
Nat West	0
<i>Total Banks</i>	15,950,000
<u>Building Societies</u>	
Coventry	4,000,000
Leeds	2,000,000
Nationwide	4,000,000
Principality	6,500,000
Skipton	7,500,000
<i>Total Building Societies</i>	24,000,000
<i>Total</i>	39,950,000

The return on the Council's investments up to 31 August 2015 (excluding the investment of £4.9M for LABV) shows an average annualised return of 0.67% against a benchmark rate of 0.62%. Interest accrued at 31st August was £115,000. At this stage the forecast remains unchanged at £220,000 for 2015/16.

Council Tax and NNDR Collection Rates														
The Council monitors these performance indicators as part of Managing the Business.														
Reference	Description													
RB 1	Council Tax Collection													
Indicator Definition	Percentage of current year council tax collected in year													
Watford		Annual	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
	Target	95.5	11.3	20.2	29.0	35.3	47.0	56.2	65.0	73.7	83.0	91.0	94.2	95.5
	2014/15 Actual	96.2	11.0	20.2	29.0	38.3	47.0	56.2	65.0	73.7	83.0	91.0	94.2	96.2
	2015/16 Actual		11.4	20.3	29.4	35.4	47.2							
	Target Achieved?		😊	😊	😊	😊	😊							
Direction of Travel		↑	↑	↑	↑	↑								
Reference	Description													
RB 2	NNDR Collection													
Indicator Definition	Percentage of current year national non-domestic rates collected in year													
Watford		Annual	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
	Target	97.7	11.7	21.0	31.9	36.3	49.1	57.9	66.5	75.8	85.1	90.9	94.9	97.7
	2014/15 Actual	97.7	10.6	21.1	32.0	41.5	49.3	57.9	66.5	75.8	85.1	90.9	94.9	97.7
	2015/16 Actual		14.1	23.0	31.7	36.9	48.5							
	Target Achieved?		😊	😊	😞	😊	😞							
Direction of Travel		↑	↑	↓	↑	↓								