

# FINANCE DIGEST

## 2019/20

### BUDGET MONITORING



## Quarter 1 (as at 30 June)



## Executive Summary

The Budget monitoring report is a key tool in scrutinising the Council's financial performance and is designed to provide an overview to all relevant stakeholders. It is essential that the council monitors its budgets throughout the year to ensure that it is meeting its strategic objectives within its resource limits and, where necessary, corrective action is taken. A key principle of budgetary control is to align the budget holders' financial and management responsibilities.

The budget of **£12.696 million** for 2019/20 was approved by Council on 29 January 2019. The latest budget is **£13.998 million**, which includes approved budget carry forwards of £1.302M from 2018/19.

This Finance Digest shows the expected financial position (forecast outturn) for the current financial year based on the Council's actual financial performance at the end of Quarter 1 (June) 2019 set against the latest budget. In light of the level of carry forwards identified towards the end of the financial year in 2018/19 a number of improvements are being made to the budget monitoring process for 2019/20:

- The level of vacancies being carried by service areas is reported as part of the budget monitoring.
- An extended section on risk will highlight specifically those areas where service heads expect expenditure to vary from budget but where there is insufficient certainty to declare an underspend /overspend at that point.
- Operational Leadership Team will have a key and enhanced role in providing corporate scrutiny over spend to date, and forecasts compared to budget and challenge colleagues accordingly.

### Revenue summary

The 2019/20 forecast outturn is estimated to be **£13.960 million**. This gives a favourable variance of **£0.038 million**, when compared to the latest budget of £13.998 million. The forecast outturn figure, however, includes the planned use of reserves totalling £0.168 million as shown below.

<u>Variance</u>	<u>£ 000</u>	
<b><u>Planned use of Reserves:</u></b>		
Projects & Programme Management – On Demand Transport	27	
Projects & Programme Management – Green Waste	49	
Economic Impact – Watford 2020	<u>92</u>	168
<b><u>Quarter 1 Variances</u></b>		
Cost of closing Centre Point Community Centre	29	
Houses in Multiple Occupation - additional income from mandatory licensing	(40)	
Staffing costs for Croxley Park	44	
Temporary cover for legal workload	12	
Net change in Commercial property rental income	(275)	
Additional cost of legal fees for ongoing court case (prosecution for failure to adhere to health & safety regulations)	20	
Other smaller variances (individual <£20,000)	<u>4</u>	(206)
<b>Total service variance Quarter 1 (April – June)</b>		<b><u>(38)</u></b>

The in-year annual budget is revised in January and it is anticipated that any variances will be managed through reserves. The current unplanned variation of (£0.206M) is shown against the Economic Impact Reserve. The table below shows a summary of the position on the Council's funding and reserves for 2019/20.

<b>Medium Term Financial Strategy</b>	<b>2019/20 £ 000</b>
Latest Budget	13,998
Variances this period (Appendix 2)	(38)
<b>Forecast Outturn</b>	<b>13,960</b>
Funding (income from business rates, grants and council tax)	(13,764)
Budgeted use of reserves	(234)
Planned use of reserves included in total variance	(168)
Additional contribution to / (from) reserves	206
<b>Total funding and use of reserves</b>	<b>13,960</b>

### **Capital summary**

The 2019/20 capital budget is **£69.545 million**. Services are forecasting an outturn position of **£70.121 million** resulting in a variance of **£0.576 million**. The programme is funded as per the table below:

<b>Medium Term Financial Strategy</b>	<b>2019/20 £ 000</b>
Latest Budget (including rephased schemes from 2018/19)	69,545
Variances this period (Appendix 3)	576
<b>Forecast Outturn</b>	<b>70,121</b>
<b>Funding the capital programme</b>	
Grants & contributions, S106 & CIL	4,132
Reserves	1,022
Capital Receipts	12,272
Borrowing – Internal/External	52,695
<b>Total Funding</b>	<b>70,121</b>

It is expected that there will be some rephasing between 2019/20 and future years, however at this stage in the year this has not yet been identified. Further rephasing is expected in Q2.

### **Reserves summary**

The effect of both the revenue and capital variances upon on each reserve is shown in the table below. A list of reserve balances is shown at **Appendix 9**.

<b>Description</b>	<b>Balance at 1 April 2019</b>	<b>Planned use of Reserves in MTFS</b>	<b>Movement in Year</b>	<b>Balance at 31 March 2020</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Capital Reserves	(991)	0	0	(991)
Earmarked Reserves	(18,500)	234	(38)	(18,304)
General Fund	(2,000)	0	0	(2,000)
<b>Total</b>	<b>(21,491)</b>	<b>234</b>	<b>(38)</b>	<b>(21,295)</b>

The impact of the completion of Croxley Park is not reflected in reserves as this took place in Q2 and will be reflected in the Q2 Finance Digest in November.

A glossary of financial terms is shown at **Appendix 10**

## 1.0 Revenue Budget

1.1 The latest budget is **£13.998 million**, which includes approved budget carry forwards of £1.032M from 2018/19. The services' prediction of forecast outturn is now estimated to be **£13.960 million** which results in a favourable service variance of **£0.038 million**.

1.2 The table below compares the latest budget to the forecast outturn and shows the variance against each service. The figures in the table relate to direct costs for each service.

Revenue Account 2019/20			
Service Area	Latest Budget	Forecast Outturn	Variance
	£000	£000	£000
Service Transformation	4,361	4,503	142
Community & Environmental	9,098	9,098	0
Democracy & Governance	1,995	2,049	54
Place Shaping & Performance	(5,646)	(5,892)	(246)
Corporate Strategy & Communications	1,029	1,041	12
Human Resources	656	656	0
Strategic Finance	2,505	2,505	0
<b>Net Expenditure</b>	<b>13,998</b>	<b>13,960</b>	<b>(38)</b>

1.3 Details of the latest budget, spend to date, forecast outturn and an explanation for the variance by service is shown at **Appendix 1**. Services with significant forecast outturn variances have provided the narratives below:

- **Service Transformation**

The Watford 2020 programme will make the council customer focused, digitally enabled and commercially minded. The Council approved the Outline Business Case at its meeting on 10 July 2018, and the current MTFS includes a recurring saving of £1.0 million per annum from 2020/21. The service transformation team are progressing well with the review of services and identifying efficiencies and additional income. The table below shows the latest forecast of savings against the budget in the MTFS.

Table 2 Watford 2020 - Costs & Savings

Year	Latest Forecast		Savings in MTFS		Shortfall	
	In - Year	Cumulative	In - Year	Cumulative	In - Year	Cumulative
	£000	£000	£000	£000	£000	£000
2019/20	677	677	0	0	677	677
2020/21	(1,128)	(451)	(1,000)	(1,000)	(128)	549
2021/22	(1,224)	(1,674)	(1,000)	(2,000)	(224)	329
2022/23	(1,257)	(2,931)	(1,000)	(3,000)	(257)	69

The table above shows that by 2022/23 there will be a small shortfall in cumulative savings of £69k.

Savings of £92k identified in 2018/19 for the use of Watford 2020 in 2019/20 were transferred to the Economic Impact reserve. These have now been allocated to the service in Q1. The Programme Management Board has allocated £48.5k to fund resources in the implementation of Green waste - Firmstep / ECHO support resource.

- Community & Environmental**  
 Centre Point Community Centre has now closed down. The additional costs are expected to be £29k for restoration works. The storage costs and legal fees relating to a prosecution for health & safety breaches is forecasted at £35k. The new national extended mandatory licensing scheme for HMO has generated an additional £40k to support the administration of the scheme.
- Democracy & Governance**  
 The cost of recruiting a solicitor to work on the Croxley Park scheme is expected to cost £44k. Additional agency spend of £12k has been incurred to cover current work load.
- Place shaping & Performance**  
 Agreed use of PMB budgets for responsive demand transport of £27k.  
 Net favourable change in commercial rental income of £275k – primarily due to vacant rent reviews and the letting of vacant properties.

#### 1.4 Spend to Date

The table below shows the net spend to date and the percentage for each service area when compared to the latest budget at Quarter 1. The total overall percentage spend is **32%** at Q1.

Revenue Account 2019/20			
Service Area	Latest Budget £000	Spend to Date £000	Percentage spend to date %
Service Transformation	4,361	1,524	35
Community & Environmental	9,098	1,579	17
Democracy & Governance	1,995	512	26
Place Shaping & Performance	(5,646)	(2,328)	41
Corporate Strategy & Communications	1,029	243	24
Human Resources	656	167	25
Strategic Finance	2,505	2,769	110
<b>Net Expenditure</b>	<b>13,998</b>	<b>4,466</b>	<b>32</b>

1.4.1 The council would expect to have spent approximately 25% (£3,500million) of net expenditure by the end of Q1. The reasons for the **significant** variances of each service is explained below;

- Service Transformation**  
 The Shared services recharge for ICT amounting to £101k for Q1 will be billed in Q2. £226k has been incurred on licencing costs in Q1. Majority of these costs cover the whole year.
- Community & Environmental**  
 Contractor invoice for Veolia for £592k relating to Q1 was received in July (Q2).

- **Place shaping & Performance**  
Grant income carried forward from 2018/19 yet to be spent on projects including Rough sleepers and Homelessness.  
Business Rates relating to properties have been paid in full at the beginning of the year amounting to £103k.
- **Strategic Finance**  
The Employers pension liability of £2.4m to reduce the deficit is paid in full at Q1.

## 1.5 Staff Vacancy Monitoring

- 1.5.1 A major risk of non-delivery of service is where key staff leave the Council's employ and there is a delay or difficulty in recruiting suitable candidates to fill the vacant post. Although the Council budgets on a full establishment, it will experience 'churn' within the financial year and therefore an annual vacancy provision of (£95,000), equivalent to 1% of the salary bill was allowed for in the budget. The table below summarises the level of vacancies at the end of June 2019 with a detailed analysis provided by HR at **Appendix 2**.

Service	Number of Vacant Posts
Service Transformation	9
Community & Environmental	6
Democracy & Governance	1
Place Shaping & Performance	1
Corporate Strategy & Communications	1
HR	0
<b>Total</b>	<b>22</b>

- 1.5.2 The percentage of vacant posts at the end of Q1 is 9% when compared against the total number of 254 Council posts. In some cases, vacant posts will be covered by agency staff to ensure service delivery. At this stage, it is too early to forecast the financial impact for the year. A council – wide revised salary exercise will be conducted in the autumn, where any savings (after taking into account any cover arrangements and recruitment costs) will be set against the vacancy provision.

## 2.0 Capital Programme

- 2.1 The Council has an approved capital investment programme that is designed to support its core services. The original capital programme for 2019/20 (as approved by Council in January 2019) was **£58.057 million**. Following re-phasing from 2018/19 as approved by Cabinet on 1 July 2019, the latest budget is **£69.545 million**.
- 2.2 The forecast outturn is estimated to be **£70.121 million** which is **£0.576 million** higher than the latest budget. This is mainly due to the Brown development site (Social rented housing). It is expected that there will be some rephasing between 2019/20 and future years, however at this stage in the year this has not yet been identified. Further rephasing is expected in Q2.
- 2.3 The Council's medium term capital investment programme for 2019-2022 is shown at summary level in **Appendix 3** and by each scheme at **Appendix 4**, together with an update

on each scheme. As at end of June services have spent **£3.055 million** against the latest budget of £69.545 million, which represents 4% of this budget. The major schemes where little or no expenditure has been incurred in Q1 include, Riverwell, Town Hall redevelopment, Temporary accommodation, Oxhey Park and Hart Homes.

### ***Funding the Approved Capital Programme***

2.4 The capital programme is mainly supported by three income streams; capital receipts (derived from the sales of assets), grants and contributions, and the use of reserves. Services can also make a contribution to capital from surplus revenue funds if needed. In addition the Council may borrow to fund its capital programme.

2.5 The table below shows the forecasted position of the capital receipts reserve as it supports the capital spending. Details of each funding stream are shown at **Appendix 4**. Any decision on borrowing will be taken if and when it is required, which depends on the progression of all the 2019/20 schemes.

<b>Capital Receipts Reserve</b>	<b>2019/20 £000</b>
Balance at 1 April 2019	0
In Year Receipts	(5,664)
Used to Finance Capital Spend	5,644
<b>Balance at 31 March 2020</b>	<b>0</b>

## **3.0 Key Risk Areas**

### **3.1 Emerging Budget Risks**

3.1.2 Resources are allocated in the revenue and capital budgets to support the achievement of The Council's corporate plan. The Council's budget is exposed to risks that can potentially Impact on service level provision. The key risks highlighted as part of this quarters monitoring are;

- **Borrowing Costs**  
The capital Programme is likely to slip based on past performance, so not all borrowing will occur.
- **Income from Hart Homes**  
The Council is currently in joint venture with Watford Community Housing to develop a mixture of affordable, social and open market housing. The Council will receive interest on its investment loans to the companies and this will amount to £5.004 million gross over the MTFS four year period.
- **Croxley Park**  
The Council completed its acquisition of Croxley Park in July 2019. As a result the Council is committed to paying the headlease rental of £9.2m per annum, increasing by RPI annually capped at 5%. The Council will receive rent from tenants which is modelled to provide over the 40 year term an additional £1.5 million per annum income within the revenue budget. As part of the deal the Council received £24 million in respect of rental top ups and £68 million towards the planned maintenance programme.
- **Bike Share Project**  
A Mayoral priority to improve cycling provision. The preferred bidder will be recommended to Cabinet in September. There is likely to a budget saving against the total budget provision in the current MTFS.



- **Demand Responsive Transport**  
A Mayoral priority to improve local public transport needs. Contract negotiations are currently being held and a further update to the forecast will be made once final bids are known. The launch date is expected to be in spring 2020.
- **Town Hall Development**  
Cabinet on 4 July 2019 approved the consultation on the Northern Hub Masterplan. If the Masterplan is implemented as proposed, this will have implications for the Town Hall site and require the relocation of council staff to a new town centre location. As a result the previous town hall development plans have been put on hold. The reduction in rental income within the MTFS will still apply.
- **Waste Contract (extension based on current service levels)**  
The waste contract is due to be extended and the contract price will increase to reflect changes to the contract. The current MTFS includes the sum of £300k pa as the expected additional cost from 2020/21. Negotiations with the contractor continue and at this stage the £300k remains a realistic target.
- **Waste Disposal Costs** A further risk is the increase in costs associated with processing mixed dry recycles. This is largely due to a change in policy of China's import restrictions. All Districts within the County are in a similar position.
- **Watford 2020.** The service transformation team are progressing well with the review of services and identifying efficiencies and additional income. A detailed review of the projected savings for 2019/20 for Watford 2020 has taken place and each project has been given a RAG risk rating. For projects assessed as a red risk, 50% of the total savings are deemed at risk and, for projects assessed as an amber risk, 25% of the total savings are deemed at risk. These translate as Red £210k, at risk £105k and Amber £444k at risk £111k, totalling £216k.

3.1.3 The key risks matrix table shown at **Appendix 6** calculates the level of financial risk, which currently shows a favourable sums for revenue (£0.268 million) and capital (£2.085 million).

3.1.4 In addition to these specific risks the Council faces a number of on-going more general risks to its budget;

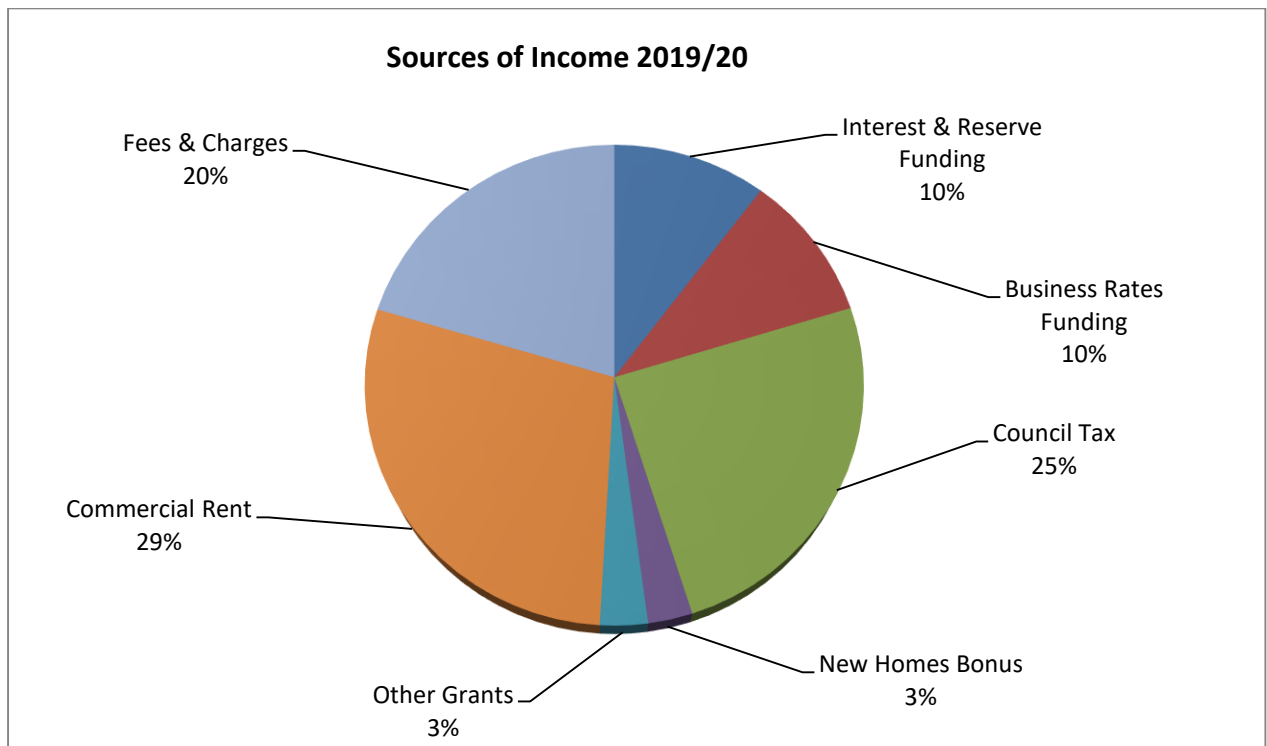
- **Inflation risk - rates start to rise.** As many of the Council's major contracts have inflationary uplifts contractually agreed, this could mean pressure on future budgets. The MTFS does already includes inflationary uplifts on contractual obligations and salaries.
- **Brexit.** There is much uncertainty around the impact of Brexit. It is not possible to assess this at this stage, but the fact a risk could exist should be noted.
- **Rental Income (voids etc.).** With all rental properties, there is risk of the property becoming empty and a void period occurring. The rental incomes work on a 5% void (eg: 95% occupancy), but if there is a downturn in the economy this may be more. Similarly with a change of tenant there is usually a 'rent-free' incentive period agreed.
- **Development risk (changes in the market).** If the market changes, then some of the development projects may not materialise and offer the benefits envisaged.

3.2 The Council's overall key financial risk matrix is shown at **Appendix 7**. These are reported and monitored and reviewed by the Council's Audit Committee on a quarterly basis.

## 4.0 Council Income

4.1 In providing its services to the public, the Council receives income from the Government, its local tax payers, customers who pay for using chargeable Council services and income from commercial rents and investments.

4.2 The total of all these sources of income for 2019/20 is **£35.5 million**. The three biggest sources of income are council tax, commercial property rents and service fees and charges. It should be noted that the Council no longer receives any Revenue Support Grant. The chart below shows the percentage of the total amount of income for each source of income.



## 4.3 Service Income Risk Areas

4.3.1 Particular income generating items can fluctuate depending on the economic climate, popularity and affordability. The main risks that are considered the most critical and their financial position are shown in the table below.

Service Area	Income Stream	Latest Budget 2019/20	Forecast 2019/20	Variance	Comments
		£000	£000	£000	
Place Shaping & Performance	Commercial Rent	(9,205)	(9,480)	(275)	Increase due to letting at the Coleshill and Waterfield sites
	Car Parking Charges	(1,340)	(1,340)	0	On Target
	Development Control Fees	(720)	(720)	0	On Target
	Building Control Fees	(280)	(280)	0	On Target
Community & Environmental	Licensing	(275)	(275)	0	On Target

### **Debtors (invoicing)**

4.4 The Council charges its customers for various services by raising a debtor invoice. The customer is given 21 days to pay and unless there is a dispute, a reminder is issued. If the debt remains outstanding, then a variety of recovery methods are employed including: rearranging the payment terms; stopping the provision of the service or pursuing the debt through legal recovery processes.

4.5 As at the 30 June 2019 the total outstanding value of debt (excluding council tax, business rates and government grants) was **£0.648 million** of which £0.303 million (47%) is less than one month old and therefore it is anticipated that this will be recovered. Outstanding debt over a year old is £0.266 million and equates to forty one per cent of the total. This relates to temporary accommodation charges and Watford Indoor Bowls Club, where an agreement has been reached in relation to paying the debt outstanding.

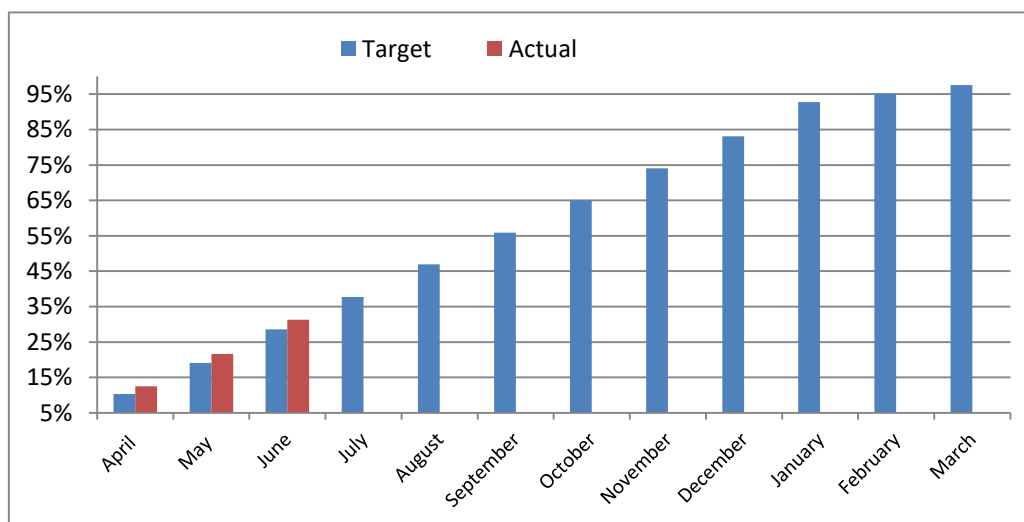
The table below shows a summary of the outstanding debt by the three main aged categories and further detail can be found at **Appendix 8**.

<b>Aged Debtors At the end of June</b>	<b>Under 1 Month</b>	<b>Over 1 month to Year</b>	<b>Over a Year</b>	<b>Total</b>
<b>Service</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Community & Environmental	147	13	28	188
Democracy & Governance	1	0	3	4
Place Shaping & Performance	155	64	230	449
Human Resources	0	0	4	4
Strategic Finance	0	2	1	3
<b>Total</b>	<b>303</b>	<b>79</b>	<b>266</b>	<b>648</b>

### **Council Tax and Business Rates Collection**

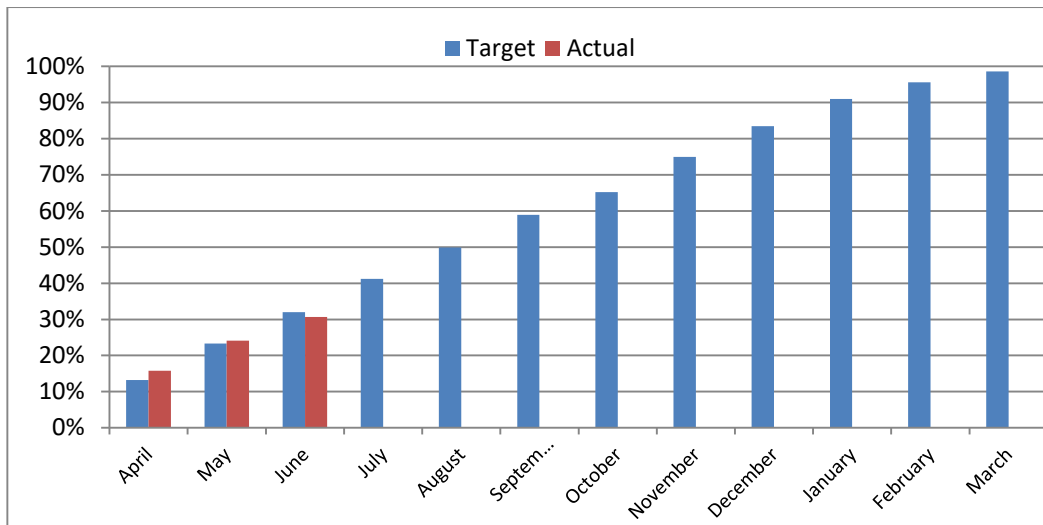
#### **Council Tax Collection**

4.6 The Council's performance in the collection of **Council Tax** can be seen in the following chart. It shows the collection % to date along with the target for the year. The actual income collected as at 30 June 2019 is 31.3% of the annual target which is marginally above the profiled target of 28.6%



## Business Rates Collection

- 4.7 The Council's performance for **business rates** collection is shown in the following chart. The actual income collected as at 30 June 2019 is 30.7% of the annual target which is slightly below the profiled target of 32%.



## 5.0 Treasury Management

- 5.1 The interest earned on the investments made by the Council supports the funding of the services it provides. Up to the end of June, the average annualised interest rate earned on investments was 0.76%.
- 5.2 The Council set a budget of **£150,000** on investment interest for 2019/20. The amount earned up to the end of June was £21.2k. Any change to the forecast will be assessed alongside the capital financing charges at Q2 and any projected variations will be reported accordingly.

Report prepared by: Pritesh Shah – Finance Manager

Report reviewed by: Alison Scott – Head of Finance

### Background Papers

2018/19 Outturn report

Budget returns from Heads of Service

Budget Report 'Financial Planning' 2019-2022

### APPENDICES

- Appendix 1 Revenue Summary – By Service and explanation of Variances
- Appendix 2 Staff Vacancies
- Appendix 3 Capital Programme (2019/20) Summary
- Appendix 4 Capital Programme (2019/20) Detail
- Appendix 5 Capital Funding
- Appendix 6 Emerging Budget Risks
- Appendix 7 Key Financial Risks
- Appendix 8 Aged Debtor Analysis
- Appendix 9 Reserves
- Appendix 10 Glossary of terms

**REVENUE SERVICES – FINANCIAL POSITION AT QUARTER 1**

	Budget, Forecast and Variance at 30 June Q1			
Service Area	Latest Budget	Spend to Date	Forecast Outturn	Variance
	£	£	£	£
<b>Service Transformation</b>				
Customer Services	897,265	271,861	897,265	0
ICT Services	1,212,444	468,790	1,212,444	0
Buildings And Projects	1,493,109	519,546	1,493,109	0
Service Transformation	758,752	263,700	900,870	142,118
<b>Totals - Service Transformation</b>	<b>4,361,570</b>	<b>1,523,896</b>	<b>4,503,688</b>	<b>142,118</b>
<b>Community &amp; Environmental</b>				
Contract Monitoring	371,455	596,764	371,455	0
Parks And Open Spaces	1,400,084	55,816	1,400,084	0
Leisure	198,375	93,143	227,175	28,800
Grants	747,879	185,802	747,879	0
Environmental Health & Licensing	1,350,983	137,088	1,321,383	(29,600)
Culture & Play	973,448	95,539	973,448	0
Street Cleansing	1,995,330	4,499	1,995,330	0
Waste And Recycling	2,060,670	410,086	2,060,670	0
<b>Totals - Community &amp; Customer Service</b>	<b>9,098,224</b>	<b>1,578,736</b>	<b>9,097,424</b>	<b>(800)</b>
<b>Democracy &amp; Governance</b>				
Legal And Democratic	1,994,567	511,622	2,048,742	54,175
<b>Totals - Democracy &amp; Governance</b>	<b>1,994,567</b>	<b>511,622</b>	<b>2,048,742</b>	<b>54,175</b>

	Budget, Forecast and Variance at 30 June Q1			
Service Area	Latest Budget	Spend to Date	Forecast Outturn	Variance
	£	£	£	£
<b>Place Shaping &amp; Performance</b>				
Housing	1,429,086	(517,345)	1,429,086	0
Property Management	629,678	(696,109)	629,678	0
Investment Assets Outsourced	(9,205,495)	(1,048,269)	(9,494,297)	(288,802)
Investment Assets Retained	(156,947)	(50,269)	(156,947)	0
Operational Assets - Owner Occupied	(287,703)	(39,809)	(287,703)	0
Community Assets	(19,530)	(4,475)	(19,530)	0
Development Section	171,714	(258,519)	171,714	0
Transport And Infrastructure	1,102,337	358,019	1,145,187	42,850
Policy Team	690,431	(71,581)	690,431	0
<b>Totals - Place Shaping &amp; Performance</b>	<b>(5,646,429)</b>	<b>(2,328,358)</b>	<b>(5,892,381)</b>	<b>(245,952)</b>
<b>Corporate Strategy &amp; Comms</b>				
Corporate Management	266,381	64,023	266,381	0
Partnerships & Performance	762,560	178,994	774,560	12,000
<b>Totals - Corporate Strategy &amp; Comms</b>	<b>1,028,941</b>	<b>243,017</b>	<b>1,040,941</b>	<b>12,000</b>
<b>Human Resources</b>				
Human Resources Client	159,360	(3,592)	159,360	0
HR Shared Service	496,418	171,069	496,418	0
<b>Totals - Human Resources</b>	<b>655,778</b>	<b>167,477</b>	<b>655,778</b>	<b>0</b>
<b>Strategic Finance</b>				
Finance & Resources	241,969	24,256	241,969	0
Finance Services Client	845,676	29,016	845,676	0
Revenues And Benefits Client	1,105,736	68,666	1,105,736	0
Corporate Costs	311,937	2,647,500	311,937	0
<b>Totals - Strategic Finance</b>	<b>2,505,318</b>	<b>2,769,438</b>	<b>2,505,318</b>	<b>0</b>
<b>GRAND TOTALS</b>	<b>13,997,969</b>	<b>4,465,828</b>	<b>13,959,510</b>	<b>(38,459)</b>

## VARIANCE ANALYSIS

Explanation of Revenue Outturn Variance 2019/20			
Service Area	Description	Details of Variances	£
Service Transformation	Watford 2020	Employee savings identified from services in 18/19, these are part of the agreed contributions from the Economic Impact reserve for use in 19/20 for the Watford 2020 projects.	91,728
		Use of PMB funds for the green waste programme - Funding of additional resource to work on Firmstep and ECHO	48,500
		Other Variances	1,890
<b>TOTAL</b>			<b>142,118</b>
Community & Environmental	Environmental Health Team	Evidence storage costs in fatality investigation	15,000
	Health & Safety at Work	Legal fees as part of an ongoing court case	20,000
		Additional income from the issuing of export food certificates	(6,000)
	Housing Standards	HMO income to facilitate scheme delivery	(40,000)
	Taxi Licencing (in Hackney)	Nett income from operators to keep the scheme operational	(17,600)
	Centre Point Community Centre	Expected final costs as part of closing down the centre operationally	28,800
<b>TOTAL</b>			<b>(800)</b>
Democracy & Governance	Legal Services	Recruitment of solicitor to work on Croxley Park	43,900
		Additional staffing costs to cover current heavy workload	12,000
		Savings on Thompson Reuters contract cost	(6,000)
		Other Variances	4,275
<b>TOTAL</b>			<b>54,175</b>
Explanation of Revenue Outturn Variance 2018/19			
Service Area	Description	Details of Variances	£
Place Shaping & Performance	Responsive Transport	Agreed use of PMB reserve to support the transport project	27,000
	Investment Assets Outsourced	Loss of income, revised as per expected income from Intu Watford	93,000
		Income as per lettings form Coleshill Industrial estate	(101,558)
		Income as per lettings form Waterfields Retail Park	(265,844)
	Other Variances		1,450
<b>TOTAL</b>			<b>(245,952)</b>
Corporate Strategy & Comms	Partnership & Performance	Income from Town centre WIFI not achievable, budget set too high	12,000
<b>TOTAL</b>			<b>12,000</b>
<b>GRAND TOTAL</b>			<b>(38,459)</b>

## STAFF VACANCIES

Service	Job Title	Date Vacant	FTE	Comments
Community & Environmental	Parks Assistant	N/A New role	1.00	New Role, to be advertised
Community & Environmental	Environmental Health Officer	18/02/2019	1.00	Filled by Agency staff to July 2020
Community & Environmental	Environmental Crime Officer	11/06/2018	0.50	Not currently advertised
Community & Environmental	Support Officer	14/09/2018	0.50	Filled by Agency to March 2020
Community & Environmental	IDOX Service Development Officer	N/A New role	1.00	Not currently advertised
Community & Environmental	Safeguarding Manager	N/A New role to cover TRDC service	0.41	Covered by Agency staff to March 2020
Corp Strategy & Client Services	Corp Strategy & Client Services Co-ordin	05/05/2019	1.00	Not currently advertised
Democracy and Governance	Electoral Services Officer	07/04/2019	1.00	Currently recruiting
Place Shaping & Performance	Principal Surveyor	31/12/2017	1.00	Unsuccessful recruitment campaign Oct 2018, not yet readvertised (Possible internal candidat
Place Shaping & Performance	Junior Surveyor	N/A New role	1.00	New Role, yet to be advertised
Place Shaping & Performance	Apprentice Housing Solutions Officer	11/01/2019	1.00	Not currently advertised
Place Shaping & Performance	Property Surveyor	19/09/2018	1.00	TBC - 2020 team moving to Transformation
Place Shaping & Performance	Representations Officer	03/05/2019	1.00	To be filled 22 July 2019
Service Transformation	CSC Advisor	18/04/2019	1.00	Hours being covered by other team members working additional hours
Service Transformation	CSC Apprentice	02/04/2019	1.00	Not currently advertised
Service Transformation	Desktop Support Engineer	16/05/2017	1.00	Fixed Term to March 2020
Service Transformation	Business Relationship Manager	02/04/2019	1.00	Not currently advertised - Charged to TRDC
Service Transformation	Quantity Surveyor / Project Manager	31/05/2019	1.00	Charged to Capital
Service Transformation	Facilities & Resilience Manager	01/05/2018	1.00	To be filled 28 August 2019
Service Transformation	Facilities Management Section Head	31/05/2018	1.00	To be filled 8 July
Service Transformation	Surveyor (M&E)	30/06/2018	1.00	Service to be reviewed
Service Transformation	Surveyor	31/12/2016	1.00	Service to be reviewed - post has not been advertised and not covered by temp



**CAPITAL INVESTMENT PROGRAMME – SUMMARY**

Service Area	Service Provision	Latest Budget 2019/20	Forecast Outturn	Actual to date	Latest Budget 2020/21	Latest Budget 2021/22	Latest Budget 2022/23
		£	£	£	£	£	£
Service Transformation	Customer Services	47,741	47,741	0	0	0	0
	ICT Shared Services	240,715	480,715	265,462	45,000	45,000	45,000
	ICT Client Services	1,131,331	891,331	3,016	485,000	485,000	485,000
Community & Environmental	Waste & Recycling (inc Veolia)	2,736,935	2,736,935	261,523	96,810	98,260	100,230
	Parks & Open Spaces	4,939,700	5,019,700	709,095	305,000	285,000	265,000
	Cemeteries	1,504,779	1,504,779	13,540	1,055,000	0	0
	Leisure & Play	1,587,614	1,587,614	197,822	6,675,000	2,405,000	0
	Culture & Heritage	1,118,948	1,118,948	8,747	400,000	300,000	0
	Environmental Health	300,000	300,000	2,927	300,000	300,000	100,000
	Community Projects	1,190,000	1,190,000	0	500,000	0	0
Democracy & Governance	Buildings & Projects	13,950,907	13,950,907	77,833	782,000	400,000	400,000
Place Shaping & Performance	Watford Business Park	4,982,506	4,982,506	0	7,800,000	300,000	0
	Watford Riverwell	15,403,000	15,403,000	255,626	8,392,000	2,855,003	8,878,000
	Housing	285,872	285,872	0	50,000	50,000	50,000
	Transport & Infrastructure	4,024,850	4,041,300	696,475	2,714,800	5,410,800	0
	Development Control	80,000	80,000	0	0	0	0
	Property Investment Board	66,230	66,230	2,899	50,000	50,000	0
	Property Management	14,973,982	15,453,982	560,050	23,435,000	18,730,000	0
Strategic Finance	Capital Support Services	979,470	979,470	0	679,470	680,740	682,020
<b>TOTAL CURRENT CAPITAL PROGRAMME</b>		<b>69,544,580</b>	<b>70,121,030</b>	<b>3,055,015</b>	<b>53,765,080</b>	<b>32,394,803</b>	<b>11,005,250</b>

**CAPITAL INVESTMENT PROGRAMME – DETAIL**

Capital Scheme	Latest Budget 2019/20 £	Forecast Outturn £	Forecast Variance £	Actual 2019/20 £	Scheme Update
<b>SERVICE TRANSFORMATION</b>					
<b>Customer Services</b>					
CSI Project	47,741	47,741	0	0	
<b>ICT Shared Services</b>					
ShS-Migration To The Cloud	156,000	156,000	0	0	
ShS-Hardware Replacement Programme	84,715	324,715	240,000	265,462	Budget re-alignment based on 2019/20 expected spend.
<b>ICT Client Services</b>					
ICT-Hardware Replacement Programme	317,621	317,621	0	3,016	
ICT-Business Application Upgrade	613,710	373,710	(240,000)	0	Budget re-alignment based on 2019/20 expected spend.
ICT-Project Management Provision	200,000	200,000	0	0	
<b>COMMUNITY &amp; ENVIRONMENTAL</b>					
<b>Waste &amp; Recycling (inc Veolia)</b>					
Replacement Domestic Bins	42,185	42,185	0	0	
Veolia Contract Fleet Requirements	2,525,000	2,525,000	0	261,523	
Recycling Boxes	36,940	36,940	0	0	
Veolia Capital Improvements	96,810	96,810	0	0	
Additional Green Waste Bins	36,000	36,000	0	0	
<b>Parks &amp; Open Spaces</b>					
Callowland Allotment Enhancement	10,000	10,000	0	0	
Whippendell Woods SSSI Enhancement	15,000	15,000	0	0	
Green Spaces Strategy	158,311	158,311	0	42,874	
Cassiobury Park HLF Project	186,876	186,876	0	6,029	
Oxhey Park North Enhancements	4,500	4,500	0	0	
Oxhey Park North	3,518,658	3,518,658	0	145,335	
Tree Planting Programme	15,000	15,000	0	0	
River Colne Restoration	82,104	82,104	0	5,186	
Cassiobury Park Car Park Imps	669,607	669,607	0	509,671	
Garston Park Improvements	236,539	316,539	80,000	0	£80k S106 funding approved for play equipment.
Oxhey Park North Project Mgmt	43,105	43,105	0	0	
<b>Cemeteries</b>					
Cemetery Improvements	211,646	211,646	0	13,540	
Cemetery Re provision	91,000	91,000	0	0	
North Watford Cemetery Imps	177,133	177,133	0	0	
New Cemetery Provision	1,000,000	1,000,000	0	0	
Vicarage Road Cemetery Feasibility Study	25,000	25,000	0	0	

Capital Scheme	Latest Budget 2019/20	Forecast Outturn	Forecast Variance	Actual 2019/20	Scheme Update
	£	£	£	£	
<b>Leisure &amp; Play</b>					
Gaelic Football Relocation	38,558	38,558	0	0	
Leisure Centres (SLM)	135,837	135,837	0	112,816	
Watford Tennis Partnership	25,000	25,000	0	0	
Woodside Sports Village	988,219	988,219	0	0	
Cassiobury Park Croquet Club	40,000	40,000	0	0	
Play Area Improvements	360,000	360,000	0	85,006	
<b>Culture &amp; Heritage</b>					
Watford Museum HLF Matchfunding	255,788	255,788	0	8,747	
Improvements Community Centres	33,160	33,160	0	0	
Cultural Quarter Phase 1	30,000	30,000	0	0	
Little Cassiobury Match Funding	50,000	50,000	0	0	
Watford Market	750,000	750,000	0	0	
<b>Environmental Health</b>					
Decent Homes Assistance	100,000	100,000	0	2,927	
Private Sector Housing Renewal	100,000	100,000	0	0	
Street Improvement Programme	100,000	100,000	0	0	
Social Care Project Fund	0	0	0	0	
<b>Community Projects</b>					
Cycle Hub	350,000	443,000	93,000	0	Budget adjustment between capital cost centres
All Saints Churchyard Improvements	40,000	40,000	0	0	
Paddock Road Depot Enhancements	800,000	707,000	(93,000)	0	Budget adjustment between capital cost centres
<b>DEMOCRACY &amp; GOVERNANCE</b>					
<b>Buildings &amp; Projects</b>					
Redevelop Town Hall & Collos'm	12,767,472	12,767,472	0	0	
Building Investment Programme	1,183,435	1,183,435	0	77,833	
<b>PLACE SHAPING &amp; PERFORMANCE</b>					
<b>Watford Business Park</b>					
Watford Business Park	3,582,506	3,582,506	0	0	
Watford Business Park Phase 2	1,400,000	1,400,000	0	0	
<b>Watford Riverwell</b>					
Watford Riverwell Project	15,403,000	15,403,000	0	255,626	

Capital Scheme	Latest Budget 2019/20	Forecast Outturn	Forecast Variance	Actual 2019/20	Scheme Update
	£	£	£	£	
<b>Housing</b>					
Private Sector Stock Condition	36,850	36,850	0	0	
Retained Housing Stock	174,022	174,022	0	0	
York House Boiler Replacement	75,000	75,000	0	0	
<b>Transport &amp; Infrastructure</b>					
Intro Electric Vehicle Charging	25,058	25,058	0	1,500	
Public Realm (High Street)	9,333	9,333	0	2,948	
Public Realm (Cl'dn Rd-Palace)	0	0	0	0	
Public Realm (Cl'dn Rd Phase III)	1,989,000	1,989,000	0	688,837	
Transport App	200,000	200,000	0	0	
St Albans Rd Improvement Works	200,000	200,000	0	0	
Watford Junction Masterplan	13,548	13,548	0	0	
Watford 3D Planning Model	56,500	56,500	0	0	
Public Realm (Watford Junct'n)	183,548	199,998	16,450	0	Funded by use of PMB capital reserve.
High St Phase 2 (St Mary's)	295,668	295,668	0	3,190	
Upgrading/Resurfacing Car Parks	4,573	4,573	0	0	
Watford Junction Cycle Pk Hub	12,362	12,362	0	0	
Watford Cycle Hire Study	4,460	4,460	0	0	
Cycle Hire Scheme	730,800	730,800	0	0	
Cycle & Road Infrastructure Improvements	300,000	300,000	0	0	
<b>Development Control</b>					
CIL Review	80,000	80,000	0	0	
<b>Property Investment Board</b>					
PIB Investment Strategy	66,230	66,230	0	2,899	
<b>Property Management</b>					
New Market	4,365	4,365	0	0	
Non PIB-Strategy & Programme Disposal	0	0	0	355,800	
Temp Housing Accommodation	4,179,617	4,179,617	0	4,250	
Hart Homes Equity WDLLP	50,000	50,000	0	200,000	
Social Rented Housing	1,000,000	1,000,000	0	0	
Accelerating Housing Provision	1,380,000	1,380,000	0	0	
Land Transfer - Croxley View Phase 2	3,000,000	3,000,000	0	0	
Land Transfer - Rear Of High St	660,000	660,000	0	0	
Loan to Hart Homes WDLLP	4,000,000	4,000,000	0	0	
Loan to Hart Homes WDLTD	700,000	700,000	0	0	
Brown Development (Social Rented Housing)	0	480,000	480,000	0	Funded via use of S106 receipts totalling £300k (affordable housing) and grant from Homes England.

<b>Capital Scheme</b>	<b>Latest Budget 2019/20</b>	<b>Forecast Outturn</b>	<b>Forecast Variance</b>	<b>Actual 2019/20</b>	<b>Scheme Update</b>
	£	£	£	£	
<b>STRATEGIC FINANCE</b>					
<b>Capital Support Services</b>					
Support Services	552,470	552,470	0	0	
Major Projects - FBP and QS	127,000	127,000	0	0	
Investment Advisors	300,000	300,000	0	0	
<b>TOTAL CURRENT CAPITAL PROGRAMME</b>	<b>69,544,580</b>	<b>70,121,030</b>	<b>576,450</b>	<b>3,055,015</b>	

**CAPITAL INVESTMENT PROGRAMME – FUNDING**

<b>MEDIUM TERM FINANCIAL STRATEGY</b>	
<b>Medium Term Financial Strategy</b>	<b>2019/20</b>
Latest Budget (including carry forwards)	69,544,580
Variances previously reported	0
Variances this period (Appendix 3)	576,450
<b>Forecast Outturn</b>	<b>70,121,030</b>
Funded By :-	
Grants & Contributions, S106 & CIL	(4,132,361)
Reserves	(1,022,317)
Capital Receipts (PIB & non PIB)	(12,271,685)
Borrowing (Internal & External)	(52,694,668)
<b>Total Funding Used</b>	<b>(70,121,030)</b>

<b>FUNDING THE APPROVED CAPITAL PROGRAMME</b>				
<b>FUNDING TYPE</b>	<b>Forecast Outturn 2019/20 £</b>	<b>Budget 2020/21 £</b>	<b>Budget 2021/22 £</b>	<b>Budget 2022/23 £</b>
Grants & Contributions	3,799,000	6,989,000	1,000,000	0
Reserves	1,022,317	30,000	0	0
Capital Receipts (PIB & non PIB)	12,271,685	24,291,000	10,114,000	0
Section 106 & CIL Contributions	333,361	0	3,000,000	0
Borrowing (Internal & External)	52,694,668	22,455,080	18,280,803	11,005,250
<b>TOTAL CAPITAL FUNDING APPLIED</b>	<b>70,121,030</b>	<b>53,765,080</b>	<b>32,394,803</b>	<b>11,005,250</b>

## EMERGING BUDGET RISKS

## APPENDIX 6

Risk Item	Risk	RAG rating	Value in 2019/20 Revenue Budget £000	Value at Risk (favourable variance)	Red Value	Amber value	Value in 2019/20 Capital Programme £000	Value at Risk (favourable variance)
Croxley Park	The Council completed the deal in July 2019. The budget included a full year income contribution, including a full years interest income to the sinking fund. The level of contribution to the 2019/20 budget will be assessed as part of the Q2 monitoring, alongside the expenditure forecast, once the base financial model has been updated for the actual completion date, latest rental figures and potential void information.	Red	(1,500)	500	500	0	0	0
Borrowing Costs	Capital programme is expected to slip based on past performance so not all borrowing will occur.	Red	912	(912)	(912)	0	0	0
Income from Hart Homes	Some slippage may occur on Hart Homes Schemes	Amber	(417)	417	0	417	0	0
Demand Responsive Transport	The current tender process, however, is working to a launch date in the Spring of 2020 so there is likely to be a delay in expenditure in 2019/2020 although it is also likely that there will be an additional cost in future years.	Red	575	(575)	(575)	0	0	0
Bike Share Project	The preferred bidder for the bike share contract is being recommended to Cabinet in September. This indicates a saving against budget and a delay in implementation compared to budget.	Red	290	(290)	(290)	0	0	0
Waste Disposal Costs	Waste disposal costs are likely to increase due to a reduction in gate prices for paper recycling	Red	100	100	100	0	0	0
Town Hall	The Capital Programme includes provision for the redevelopment of the Town hall site. Some of this budget will be required for progressing the Northern Hub Masterplan and a budget of £4M plus will be required for the Colosseum.	Amber	0	0	0	0	12,767	(8,000)
Waste Contract	Contract Fleet requirements - may increase depending on mapping of requirements	Amber	0	0	0	0	2,525	660
New Cemetery Provision	Depending on potential joint arrangements the £1m budget in 2019/20 and 2020/21 could be returned to the capital funding pot	Amber	0	0	0	0	1,000	(1,000)
		<b>Total</b>	<b>(40)</b>	<b>(760)</b>	<b>(1,177)</b>	<b>417</b>	<b>16,292</b>	<b>(8,340)</b>

### Revenue Budget

RAG Rating	Total Value at Risk £000	Probability of Occurrence	Probability Adjusted Value £000
Red	(1,177)	50%	(589)
Amber	417	25%	104
<b>Watford 2020</b>			216
<b>Total Probability Adjusted Value</b>			<b>(268)</b>

### Capital Programme

RAG Rating	Total Value at Risk £000	Probability of Occurrence	Probability Adjusted Value £000
Red	0	50%	0
Amber	(8,340)	25%	(2,085)
<b>Total Probability Adjusted Value</b>			<b>(2,085)</b>

Watford 2020 is separately risk assessed and reported against the same criteria, therefore the total risk adjusted impact is included as a separate line.

## APPENDIX 7

### KEY FINANCIAL & BUDGETARY RISKS

Risk No.	Type of Risk	Comment	Impact	Likelihood	Overall Score
1	Revenue balances insufficient to meet estimate pay award & pension increases	The medium term planning period takes into account a 1% increase for the period 2019/20 to 2021/22	2	2	4
2	Revenue balances insufficient to meet other inflationary increases	Other than contractual agreements, budgets have been cash limited where possible.	2	2	4
3	Interest rates resulting in significant variations in estimated interest income	The interest rate has a significant impact on the proceeds from capital receipts that are invested in the money market. The volatility of the global economy continues to place uncertainty on the investment strategy.	2	3	6
4	Inaccurate estimates of fees and charges income	Key income streams are shown in the latest Finance Digest	3	2	6
5	Revenue balances insufficient to meet loss of partial exemption for VAT	If the council's expenditure on functions for which it receives income that is exempt for VAT purposes exceeds 5% of its total vat able expenditure, then the Council may lose its ability to recover VAT on all of its exempt inputs.	3	2	6
6	The estimated cost reductions and additional income gains are not achieved	Savings identified and included in the budget will be monitored as part of the budget monitoring process	3	2	6
7	The income from commercial rents decreases	The property portfolio earns in excess of £8m. Properties that become void or are disposed of will impact on this key funding stream	4	2	8



<b>Risk No.</b>	<b>Type of Risk</b>	<b>Comment</b>	<b>Impact</b>	<b>Likelihood</b>	<b>Overall Score</b>
8	The Council is faced with potential litigation and other employment related risks	The Council has one outstanding litigation cases.	3	2	6
9	The amount of government grant is adversely affected	The grant settlement for 2019/20 and provisional settlements for 2020/21 and 2021/22 have been factored into the MTFS.	3	2	6
10	Fluctuations in Business Rates Retention	The Council is legally obliged to cover the first 7.5% loss on its pre- determined baseline level.	2	2	4
11	Delivery of the Watford 2020 Project	This is a major undertaking designed to transform the Council in becoming a customer focused, digitally enabled and a commercially minded organisation.	4	3	12

Note: 1= Very Low Risk 16= Very High Risk.

**AGED DEBT ANALYSIS**

Invoices outstanding from 1st July 2018 to 30th June 2019								
Service Area	Description	Invoices outstanding by age of debt						Grand Total
		0 - 1	2 - 3	4 - 6	7 - 9	10 - 12	Over 12	
Community & Environmental	Community and Customer Service	137,054	0	320	731	205	17,553	155,862
	Env Services-Premises Licence	1,865	629	4,540	920	0	10,872	18,826
	Environmental Health	8,122	0	506	711	4,175	0	13,514
Democracy and Governance	Democracy and Governance	818	0	0	0	0	3,176	3,994
Place, Shaping & Performance	Housing	6,621	2,212	5,063	4,749	3,181	4,617	26,443
	Property (exc. Commercial rent)	446	289	0	0	0	3	738
	Property - Commercial Rents	29,525	30,791	0	0	0	225,114	285,430
	Property - Parking Spaces	0	75	0	0	0	0	75
	Planning (exc. Inspection fees)	108,900	10,695	5,678	0	0	0	125,273
	Planning - Inspection Fees	9,655	275	380	0	440	0	10,750
Human Resources		345	0	0	0	0	3,872	4,218
Strategic Finance		250	0	418	525	1,046	842	3,081
<b>Grand Total</b>		<b>303,600</b>	<b>44,965</b>	<b>16,906</b>	<b>7,635</b>	<b>9,047</b>	<b>266,050</b>	<b>648,203</b>
<b>Percentage of Amount Outstanding</b>		<b>46.84%</b>	<b>6.94%</b>	<b>2.61%</b>	<b>1.18%</b>	<b>1.40%</b>	<b>41.04%</b>	<b>100.00%</b>

**REVENUE RESERVE BALANCES**

Description	Balance at 1 April 2019 £000	Movement in Year £000	Balance at 31 March 2020 £000	Purpose
<b>Earmarked Capital Reserves</b>				
Capital Fund	(615)	0	(615)	Funding key capital projects
Performance Reward Grant (Capital)	(141)	0	(141)	Grant allocated by Local Strategic Partnership
Vehicle Replacement	(182)	0	(182)	Funding replacement of vehicles
Weekly Collection Grant (Capital)	(53)	0	(53)	Supporting weekly collections of waste
<b>Total Earmarked Capital reserves</b>	<b>(991)</b>	<b>0</b>	<b>(991)</b>	
<b>Earmarked Revenue Reserves</b>				
Area Based Grant	(86)	0	(86)	Extremism and anti-social behaviour prevention
Budget Carry Forward	(1,302)	1,302	0	Budgets carried forward to subsequent years
Car Parking Zones	(640)	(157)	(797)	Statutory, ring fenced for parking costs
Charter Place Tenants	(93)	0	(93)	Tenants' contributions to major works
Climate Change	(56)	0	(56)	Energy saving initiatives
Crematorium	(150)	0	(150)	Funding repairs and maintenance
Economic Impact	(3,650)	1,401	(2,249)	Provide resources to offset economic downturn
Housing Benefit Subsidy	(1,435)	0	(1,435)	Equalisation fund to meet potential DWP clawback and fund the impact of surpluses/deficits on Housing Benefit
Housing Planning Delivery Grant	(266)	0	(266)	Improve planning outcomes and delivery of housing
Invest to Save	(689)	0	(689)	Supporting expenditure producing savings
Le Marie Centre Repairs	(11)	0	(11)	Funding Council obligations as landlord
Leisure Structured Maintenance	(423)	0	(423)	Funding maintenance not in contract
Local Development Framework	(178)	0	(178)	Supporting Local Plan production and inspection
Multi-Storey Car Park Repair	(181)	0	(181)	Funding repairs
Collection Fund	(2,521)	0	(2,521)	Equalisation fund to smooth impact of surpluses/deficits
Parks, Waste & Street Strategy	(60)	0	(60)	Supporting Street Projects
Pension Funding	(2,248)	200	(2,048)	Reduction of pension deficit
Performance Reward Grant (Revenue)	(28)	0	(28)	Grant allocated by Local Strategic Partnership
Project and Programme Management	(411)	75	(336)	Supporting major project work
Rent Deposit Guarantee Scheme	(100)	0	(100)	Assist in providing homelessness accommodation
Riverwell Project	(3,942)	(2,625)	(6,567)	Supporting project
Weekly Collection Grant (Revenue)	(30)	0	(30)	Supporting weekly collections of waste
<b>Total Revenue Earmarked Reserves</b>	<b>(18,500)</b>	<b>196</b>	<b>(18,304)</b>	
<b>Total Reserves</b>	<b>(19,491)</b>	<b>196</b>	<b>(19,295)</b>	
<b>General Fund Working Balance</b>	<b>(2,000)</b>	<b>0</b>	<b>(2,000)</b>	£2.0m is considered to be prudent minimum level balance
<b>Total Earmarked Reserves</b>	<b>(21,491)</b>	<b>196</b>	<b>(21,295)</b>	

**GLOSSARY OF TERMS**

<i>Accounting period</i>	The timescale during which accounts are prepared or reported on.
<i>'Accounts Payable'</i>	The section and/or system within the Council that is responsible for paying the Council's creditors and invoices raised against the Council.
<i>'Accounts Receivable'</i>	The section and/or system within the Council that is responsible for invoicing and collection from the Council's debtors and for invoices raised by the Council.
<i>Accrual</i>	The recording within the accounts of the Council the cost of goods or services received and for which an invoice has been received but for which payment has not yet been made.
<i>Accrual accounting</i>	The practice of accounting for goods and services when they are received/provided rather than when they are paid for/payment received.
<i>Asset</i>	a present, economic resource of the Council to which it has a right or other type of access that other individuals or organisations do not have.
<i>Balances</i>	A figure representing the difference between credits and debits in an account; the amount of money held in an account. Also known as 'financial reserves'.
<i>Base budget</i>	Estimate of the amount required to provide services at current levels. Can also be referred to as 'rollover budget'.
<i>Budget Monitoring</i>	The process comparing of actual income and expenditure against budget; used to support budgetary control.
<i>Business Rates/NDR*</i>	Rates are payable on non-domestic property including libraries, offices, schools. The level of business rates is set by the Government and collected by the District Councils on their behalf. The money is then re-allocated to authorities in accordance with resident population as part of the annual financial settlement.
<i>Capital Asset</i>	Capital or Fixed assets are long-term resources, such as plant, equipment and buildings.
<i>Capital Charges</i>	A charge to services to reflect the cost of fixed assets used in the provision of those services
<i>Capital expenditure</i>	Expenditure on items that create an asset which has a long-term benefit of more than one year.
<i>Carry forward [of budget]</i>	Budgets unspent in a prior year that have (once approved) been added to the current year budget. Strict control on 'carried forwards' apply.

<i>Chart of accounts</i>	The hierarchy of recording income and expenditure within the Council's accounts. The main distinctions are between fund e.g. County fund, Pension Fund; objective e.g. service or cost centre; subjective e.g. the classification of expenditure between salaries, equipment, stationery, fuel costs etc.
<i>Commitment</i>	A commitment to spend occurs when an order is raised
<i>Cost centre</i>	A collection of subjective codes ( <i>qv</i> ) linked to a particular service or sub-service area.
<i>Creditor</i>	A person or company to whom the Council owes money.
<i>Debtor</i>	A person or company who owes money to the Council
<i>Depreciation</i>	The accounting method of amortising the value of an asset over its useful life
<i>Ear marking</i>	Setting aside for specific purposes
<i>Financial Regulations</i>	Rules of financial management that apply to all officers and members of the Council. These can be found on the intranet.
<i>Financial Year</i>	Period of twelve months commencing on 1 April and ending 31 March the following year.
<i>Forecast Outturn</i>	A projection of anticipated expenditure incurred and income received to provide an estimate of the service position at the end of the year compared to the planned budget.
<i>Funding</i>	Source of income to support service expenditure – can be capital or revenue
<i>General Fund</i>	The main revenue account of the Council through which day to day transactions are conducted.
<i>Journal</i>	The transfer of income or expenditure from one ledger code to another.
<i>Medium Term Financial [Plan] [Strategy]</i>	The Council's plan for the management of its resources during the next 3 years, which remains under a rolling review and links to the service planning process.
<i>Liability</i>	The Council's financial debt or obligations that arise during the course of its business operations. Liabilities are settled over time through the transfer of economic benefits including money, goods or services.

<i>NDR</i>	Non-Domestic Rates – see business rates ( <i>qv</i> )
<i>Profile</i>	A term used to describe the pattern of expenditure or income that is expected to occur over a period of time
<i>[The] Prudential code</i>	The authority which enables the Council to set its own borrowing limits as part of the budget making processes.
<i>Reserves</i>	Amounts set aside for general contingencies and to provide for working balances, or can be earmarked for specific future expenditure.
<i>Resources</i>	Includes cash, staff, equipment, property, stocks, etc.
<i>Revenue expenditure</i>	Expenditure on ‘day-to-day’ items required to support the running of the Council services
<i>Subjective Code</i>	A code describing expenditure or income by type e.g. salaries costs, premises costs. Can also be called “accounting code”
<i>Ultra Vires</i>	A Latin term meaning ‘beyond the powers’.
<i>Variance</i>	Difference between budget and actual income or expenditure. May be favourable (more income or lower spend than budgeted) or unfavourable/adverse (less income or more spend than budgeted)
<i>Virement</i>	Formal transfer of funds from one budget to another. Does not change the Council’s overall budget.

r