

# FINANCE DIGEST

## 2019/20

### BUDGET MONITORING



## Period 8 (as at 30 November)



## 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 £1.302 million 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 Period 8 (November) 2019 set against the latest budget. A glossary of financial terms is shown at **Appendix 10**

### Revenue summary

The 2019/20 forecast outturn is estimated to be **£14.240 million**. This gives an unfavourable variance of **£0.242 million**, when compared to the latest budget of £13.998 million. The forecast outturn figure, however, includes the planned use of reserves totalling £0.094 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 – Website redesign	20	
Projects & Programme Management – OLT project resource	30	
Projects & Programme Management – Green Waste	49	
Projects & Programme Management - Colosseum	60	
Projects & Programme Management – Project Managers	67	
Re-phasing of Riverwell Development Dividend	1000	
Re-phasing of borrowing costs	(500)	
Economic Impact Reserve – Watford 2020	92	
Rephasing – Environmental Health & Sustainable Transport	(751)	94
<b><u>Quarter 2 Variances</u></b>		
Professional legal fees on Housing court cases	132	
Reversal of deposits held on account, not due to be paid out	(201)	
Salary provision for year adjusted – P8 salary reviews	95	
Houses in Multiple Occupation - additional income from mandatory licensing	(40)	
Staffing costs for Croxley Park	44	
Increase in income from car parks – rent reviews	(44)	
Net change in Commercial property rental income	(528)	
Lower parking income from Cassiobury	100	
Increase in S106 & CIL income	(82)	
Lower borrowing costs due to rephasing on the capital programme	(250)	
Croxley Park – part year impact	500	
Additional contract costs - Veolia	300	
Other Variances (<£20,000)	122	148
Total Service Variance Period 8 (April – November)		242

The in-year annual budget is revised in January and it is anticipated that any variances will be managed through reserves. The current unplanned unfavourable variation of £0.148M 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)	242
<b>Forecast Outturn</b>	<b>14,240</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	(94)
Additional contribution to / (from) reserves	(148)
<b>Total funding and use of reserves</b>	<b>(14,240)</b>

### **Capital summary**

The 2019/20 capital budget is **£69.545 million**. Services are forecasting an outturn position of **£42.045 million** resulting in a variance of **£27.500 million**, most of which is rephasing into next year. 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)	(27,500)
<b>Forecast Outturn</b>	<b>42,045</b>
<b>Funding the capital programme</b>	
Grants & contributions, S106 & CIL	3,799
Reserves	1,022
Capital Receipts	12,271
Borrowing – Internal/External	24,953
<b>Total Funding</b>	<b>42,045</b>

It is expected that there may be further rephasing between 2019/20 and future years in the last quarter of the year however at this stage this has not yet been identified.

### **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>Movement in Year</b>	<b>Balance at 31 March 2020</b>
	<b>£000</b>		<b>£000</b>
Earmarked Reserves	(18,500)	918	(17,583)
General Fund	(1,414)	(586)	(2,000)
<b>Total</b>	<b>(19,914)</b>	<b>(504)</b>	<b>(19,583)</b>

## 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 **£14.240 million** which results in an unfavourable service variance of **£0.242 million**. However, after the planned use of reserves of £0.094M, this gives an unfavourable variance of £0.148M.

1.1 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 £000	Forecast Outturn £000	Variance £000
Service Transformation	4,361	4,776	414
Community & Environmental	9,098	9,420	322
Democracy & Governance	1,995	1,970	(25)
Place Shaping & Performance	(5,646)	(6,478)	(831)
Corporate Strategy & Communications	1,029	1,087	58
Human Resources	656	627	(29)
Strategic Finance	2,505	2,838	332
<b>Net Expenditure</b>	<b>13,998</b>	<b>14,240</b>	<b>242</b>

1.2 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	721	721	0	0	721	721
2020/21	(1,168)	(447)	(1,000)	(1,000)	(168)	553
2021/22	(1,234)	(1,681)	(1,000)	(2,000)	(234)	319
2022/23	(1,339)	(3,020)	(1,000)	(3,000)	(339)	(20)

The table above shows that by 2022/23 there will be a small shortfall in cumulative savings of £20k.

Savings of £92k identified in 2018/19 for the use of Watford 2020 in 2019/20 were transferred to the Economic Impact reserve. These were 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. Budget savings of £59.7k identified across services as part of Watford2020 have been allocated to service transformation as agreed for the project. Insurance budget of £38.9k has been transferred to Strategic Finance. Increase in salary budget of £108k, this is due to service realignment and corresponding savings are in property services.

- ***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. Agreed PMB funding of £60k to fund works at the Colosseum. Insurance budget of £84k has been transferred to Strategic Finance. Car parking income from Cassiobury is expected to be lower by £100k. Agency spend on environmental health will be lower by £40k. The service has request a £10k budget carry over to 2020/21 on a delayed project. An additional £300k is required in year to cover costs as part of the Veolia contract.

- ***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. Savings of £47.3k as identifies by Watford2020 review and insurance budget of £15.2k has been transferred to Strategic Finance.

- ***Place shaping & Performance***

Agreed use of PMB budgets for responsive demand transport of £27k.

Net favourable change in commercial rental income of £529k – primarily due to rent reviews and the letting of vacant properties. Lower income of £500k from Croxley Park as not acquired at the beginning of the year. The Demand Responsive Transport project is expected to slip in to 2020/21 amounting to £750k being carried forward. Additional income of £82k from S106 and CIL income. Insurance budget of £49.7k has been transferred to Strategic Finance. Additional spend of £132k on professional legal fees on court cases relating to housing. Increase costs of £40k on rates due to vacant properties. £108k of staffing budget transferred to Service Transformation due to service realignment.

- ***Corporate Strategy and Communications***

Project managers funding allowance of £66.9k as approved by the PMB board.

- ***Human Resources***

Savings of £19.6k as identified by the Watford2020 review. Insurance budget of £9.2k has been transferred to Strategic Finance.

- ***Strategic Finance***

Lower interest payments of £750k due to less borrowing because of slippage on the capital programme, £500k of which is being carried forward into 2020/21. Interest income of £1,000k will not materialise due to selling of Woodlands Block E rather than redeveloping the asset. Insurance costs to be held centrally, with a transfer of £203.6k from service budgets and a revised tender has resulted in a savings of £45k. £200k of

deposits held for payment are now reversed as not expected to be paid out. Salary provision for the year of £95k has now been reversed and £30k has been allocated from PMB for OLT project resourcing.

### 1.3 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 Period 8. The total overall percentage spend is 94%

Revenue Account 2019/20			
Service Area	Latest Budget £000	Spend to Date £000	Percentage spend to date %
Service Transformation	4,361	3,277	75
Community & Environmental	9,098	5,966	66
Democracy & Governance	1,995	993	50
Place Shaping & Performance	(5,646)	(2,825)	50
Corporate Strategy & Communications	1,029	821	80
Human Resources	656	326	50
Strategic Finance	2,505	4,661	186
<b>Net Expenditure</b>	<b>13,998</b>	<b>13,219</b>	<b>94</b>

1.3.1 The council would expect to have spent approximately 66% (£9,300 million) of net expenditure by the end of Period 8. The reasons for the **significant** variance of each service is explained below;

- Service Transformation**  
Licences have been fully paid for the year 2019/20. These have been higher than budgeted and the forecast has been changed to reflect this. Spend on Watford2020 costs vary and income realised is subject to service consultations being completed. Increase in salary budget of £108k, this is due to service realignment and corresponding savings are in property services.
- Community & Environmental**  
Spend on target as at Period 8.
- Democracy & Governance**  
Lower spend on election costs to date. Additional grant income received for 2019 voter ID pilot expected to be spent in Q3. Neighbourhood forums expenditure is lower by £21k at period 8.
- 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.  
Income from Croxley Park will not be for the full year, the forecast has been revised to reflect this. Commercial property rental income from LSH varies due to actual receipts they collect and a timing difference to when monies are transferred.

Grant income received by policy team amounting to £150k yet to be allocated to various projects. Spend on sustainable transport project has been delayed, the forecast has been revised to reflect this. Planning application fees at P8 are £193k higher compared to profile.

- **Strategic Finance**

The Employers pension liability of £2.4m to reduce the deficit was paid in full in Q1. Interest income from Riverwell and Hart Homes is expected to materialise in Q4. Spend on borrowing has been revised at P8 due to capital project expenditure delayed until 2020/21.

#### 1.4 **Staff Vacancy Monitoring**

1.4.1 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. The table below summarises the level of vacancies at the end of November 2019 with a detailed analysis provided by HR at **Appendix 2**.

Service	Number of Vacant Posts
Service Transformation	9
Community & Environmental	5
Democracy & Governance	3
Place Shaping & Performance	6
Corporate Strategy & Communications	1
HR	1
<b>Total</b>	<b>25</b>

1.4.2 The percentage of vacant posts at the end of period 8 is 10% 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.

#### 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 **£42,045 million** which is **£27,500 million** lower than the latest budget. This is mainly due to the rephasing of the Riverwell project (£11.9Million) and the rephasing of the budgets for the redevelopment of the Town Hall site including the Colosseum (£12.2Million).

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 November services have spent £8,933 million against the latest forecast, which represents 21%. The major schemes where little or no expenditure has been incurred in Q3 include, Watford Business Park, 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. Details of each funding stream are shown at **Appendix 5**. Any decision on borrowing will be taken if and when it is required, which depends on the progression of all the 2019/20 schemes.

### **3.0 Key Risk Areas**

#### **3.1 Emerging Budget Risks**

3.1.1 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;

- **Potential Underspend**  
Projects not completed by year end will require their budgets to be carried into the next financial year. At present time it is anticipated to be around £0.500 million.
- **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.
- **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 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. Each project has been given a RAG risk rating for 2019/20. 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 £36k, at risk £18k and Amber £160k at risk £40k, totalling £58k.



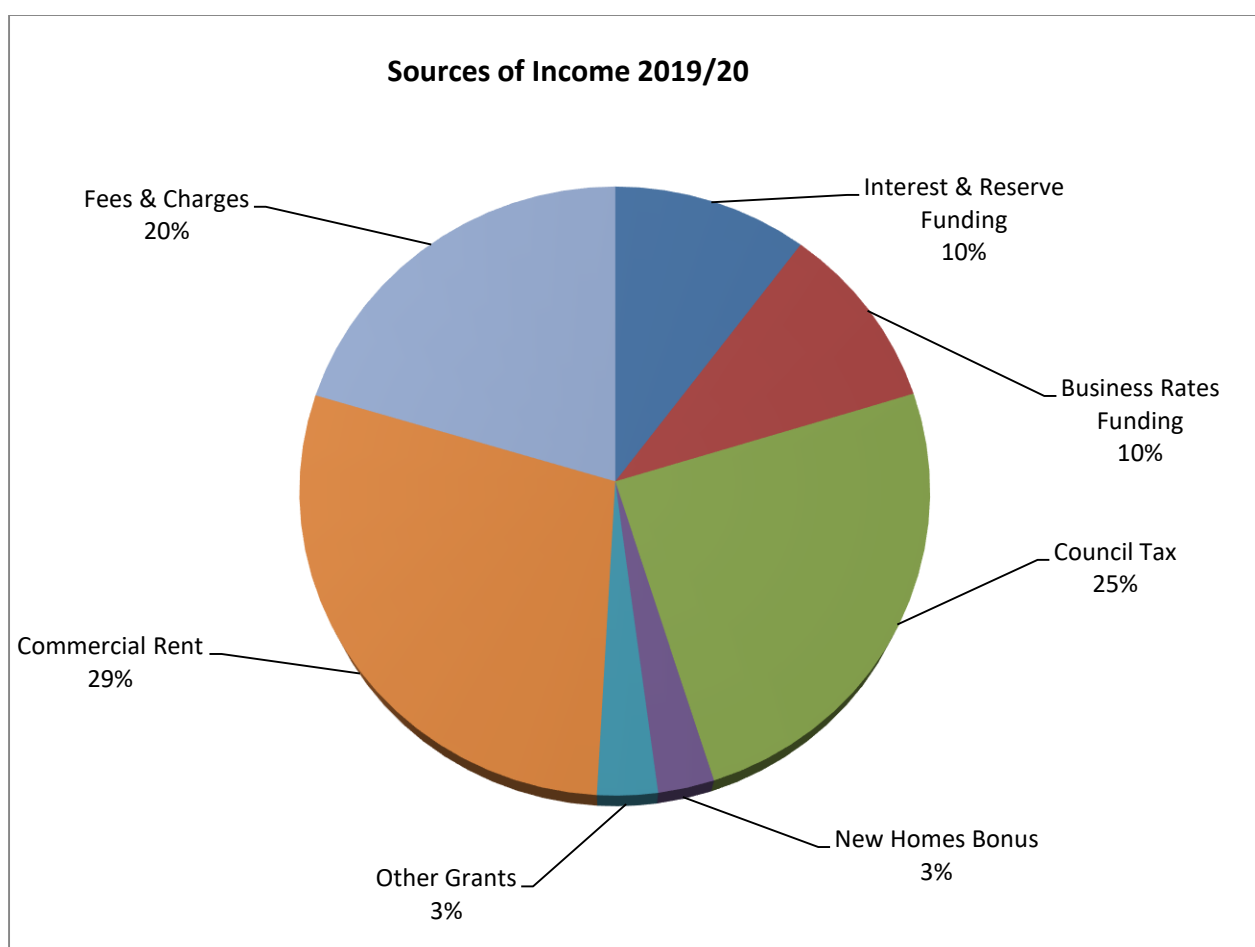
3.1.2 The key risks matrix table shown at **Appendix 6** calculates the level of financial risk, which currently shows a favourable sums for revenue (£0.172 million) and capital (£0.313 million).

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	Commercial Rent	(9,205)	(9,347)	(142)	Increase due to letting at the Coleshill and Waterfields sites and various rent reviews
	Car Parking Charges	(1,340)	(1,340)	0	On Target
	Development Control Fees	(780)	(795)	(15)	Increase in pre-applications advice
	Building Control Fees	(280)	(260)	20	Inspection fees expected to be lower
Community & Environmental	Licensing	(273)	(278)	(5)	Minor increase

### ***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 November 2019 the total outstanding value of debt (excluding council tax, business rates and government grants) was **£0.863 million** of which £0.487 million (56) is less than one month old and therefore it is anticipated that this will be recovered. Outstanding debt over a year old is £0.267 million and equates to 31% of the total. This mainly 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**.

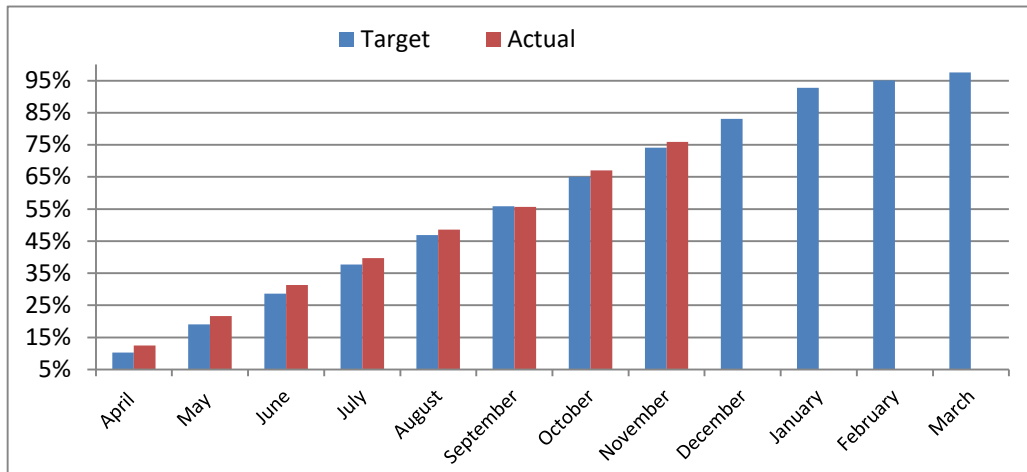
Aged Debtors At the end of November	Under 1 Month	Over 1 month to Year	Over a Year	Total
Service	£000	£000	£000	£000
Community & Environmental	187	9	32	228
Democracy & Governance	0	2	0	2
Place Shaping & Performance	111	96	232	440
Human Resources	0	0	0	0
Strategic Finance	188	4	2	193
<b>Total</b>	<b>486</b>	<b>111</b>	<b>266</b>	<b>863</b>

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

#### **Council Tax Collection**

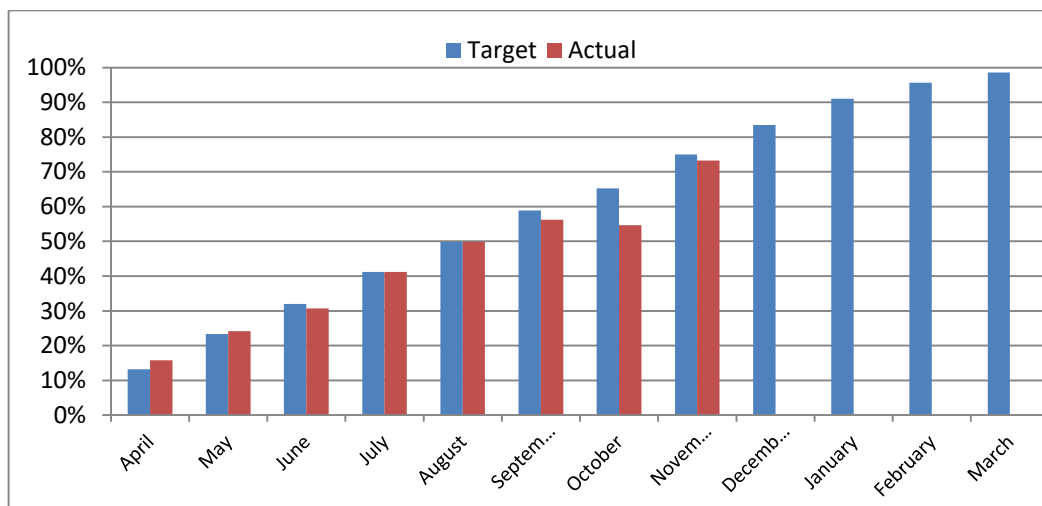
4.6 The Council's performance in the collection of **council tax** can be seen in the following chart. It shows the collection % to date along with the target for the year. The actual income collected as at 30 November 2019 is 75.9% of the annual target which is marginally

higher than the profiled target of 74.1%



### 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 November 2019 is 73.29% of the annual target which is slightly below the profiled target of 75%.



### 5.0 Treasury Management

- 5.1 The interest earned on the investments made by the Council supports the funding of the services it provides.
- 5.2 The Council set a budget of **£150,000** on investment interest for 2019/20. The amount earned up to the end of November was £58.4k. Any change to the forecast will be assessed alongside the capital financing charges at Period 8 and any projected variations will be reported accordingly.
- 5.3 The Council works with its Treasury Management advisers to invest in the sinking fund received in relation to Croxley Park taking into account the need to balance the inherent

risks and the planned drawdown profile required in relation to voids and maintenance and refurbishment.

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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 PERIOD 8

	Budget & Forecast at 30 Nov P8			% Spend - Actual to Latest Budget	
Service Area	Latest Budget	Forecast Outturn	Variance	Actual	% Spend of Latest Budget
	£	£	£	£	£
<b>Service Transformation</b>					
Customer Services	897,265	924,553	27,288	597,168	67
ICT Services	1,212,444	1,268,654	56,210	903,744	75
Buildings And Projects	1,493,109	1,586,591	93,482	1,002,864	67
Service Transformation	758,752	996,220	237,468	773,370	102
<b>Totals - Service Transformation</b>	<b>4,361,570</b>	<b>4,776,018</b>	<b>414,448</b>	<b>3,277,146</b>	<b>75</b>
<b>Community &amp; Environmental</b>					
Contract Monitoring	371,455	646,135	274,680	271,286	73
Parks And Open Spaces	1,400,084	1,518,945	118,861	1,190,185	85
Leisure	198,375	270,462	72,087	(2,416)	(1)
Grants	747,879	736,789	(11,090)	514,139	69
Environmental Hlth & Licensing	1,350,983	1,283,143	(67,840)	677,517	50
Culture & Play	973,448	908,499	(64,949)	593,958	61
Street Cleansing	1,995,330	1,995,330	0	1,172,074	59
Waste And Recycling	2,060,670	2,060,670	0	1,548,964	75
<b>Totals - Community &amp; Customer Service</b>	<b>9,098,224</b>	<b>9,419,973</b>	<b>321,749</b>	<b>5,965,707</b>	<b>66</b>
<b>Democracy &amp; Governance</b>					
Legal And Democratic	1,994,567	1,969,787	(24,780)	993,434	50
<b>Totals - Democracy &amp; Governance</b>	<b>1,994,567</b>	<b>1,969,787</b>	<b>(24,780)</b>	<b>993,434</b>	<b>50</b>
	Budget & Forecast at 30 Nov P8			% Spend of Latest Budget	
Service Area	Latest Budget	Forecast Outturn	Variance	Actual	% Spend of Latest Budget
	£	£	£	£	£
<b>Place Shaping &amp; Performance</b>					
Housing	1,429,086	1,454,214	25,128	297,354	21
Property Management	(210,218)	693,888	904,106	528,740	(252)
Investment Assets Outsourced	(8,365,599)	(9,347,451)	(981,852)	(4,381,908)	52
Investment Assets Retained	(156,947)	(150,211)	6,736	(133,361)	85
Operational Assets - Owner Occupied	(287,703)	(285,531)	2,172	(32,410)	11
Community Assets	(19,530)	(19,530)	0	(13,545)	69
Development Section	171,714	70,384	(101,330)	(183,053)	(107)
Transport And Infrastructure	1,102,337	383,607	(718,730)	856,121	78
Policy Team	690,431	722,911	32,480	236,638	34
<b>Totals - Place Shaping &amp; Performance</b>	<b>(5,646,429)</b>	<b>(6,477,719)</b>	<b>(831,290)</b>	<b>(2,825,425)</b>	<b>50</b>
<b>Corporate Strategy &amp; Comms</b>					
Corporate Management	266,381	265,291	(1,090)	201,847	76
Partnerships & Performance	762,560	821,817	59,257	619,270	81
<b>Totals - Corporate Strategy &amp; Comms</b>	<b>1,028,941</b>	<b>1,087,108</b>	<b>58,167</b>	<b>821,117</b>	<b>80</b>
<b>Human Resources</b>					
Human Resources Client	159,360	140,080	(19,280)	48,415	30
HR Shared Service	496,418	486,818	(9,600)	277,988	56
<b>Totals - Human Resources</b>	<b>655,778</b>	<b>626,898</b>	<b>(28,880)</b>	<b>326,403</b>	<b>50</b>
<b>Strategic Finance</b>					
Finance & Resources	241,969	240,629	(1,340)	100,060	41
Finance Services Client	845,676	1,005,076	159,400	571,656	68
Revenues And Benefits Client	1,105,736	1,105,736	0	1,192,036	108
Corporate Costs	311,937	486,317	174,380	2,797,475	897
<b>Totals - Strategic Finance</b>	<b>2,505,318</b>	<b>2,837,758</b>	<b>332,440</b>	<b>4,661,226</b>	<b>186</b>
<b>GRAND TOTALS</b>	<b>13,997,969</b>	<b>14,239,823</b>	<b>241,854</b>	<b>13,219,607</b>	<b>94</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
		Allocation as part of savings identified in services - Watford2020 review	95,350
		Use of PMB funds for the green waste programme - Funding of additional resource to work on Firmstep and ECHO	48,500
	Customer Service Centre	Post allocation to CSC as part of Watford2020 services review	52,000
		Website redesign costs - PMB funded (2019/20 apportionment)	20,000
	CAM Budgets	Salary budget alignment as part of service review from property services	108,680
	Print	Print income projected to be lower for 2019/20	14,000
	Various	Insurance budgets transferred to strategic finance - to be held centrally	(38,940)
		Other Variances	23,130
		<b>TOTAL</b>	<b>414,448</b>
Community & Environmental	Environmental Health Team	Evidence storage costs in fatality investigation	15,000
		Legal fees as part of an ongoing court case	20,000
		Budget C/F request for projects delayed	(10,000)
		Agency costs lower than previously projected	(40,000)
		Additional income from the issuing of export food certificates	(6,000)
	Leisure	PMB funded - Coliseum works	60,000
	Parks & Open Spaces	Income revision from café & additional sponsorship income	(36,000)
		Lower income expected from Cassiobury car park	100,000
	Contract Monitoring	Additional costs on the Veolia contract	300,000
	Culture & Play	Firework income - part of Watford2020 review	(8,450)
	Housing Standards	HMO income to facilitate scheme delivery	(40,000)
	Centre Point Community Centre	Expected final costs as part of closing down the centre operationally	28,800
Various	Insurance budgets transferred to strategic finance - to be held centrally	(84,080)	
	Other Variances	22,479	
		<b>TOTAL</b>	<b>321,749</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)
	Democratic Services	Watford2020 employee costs review	(47,395)
	Various	Insurance budgets transferred to strategic finance - to be held centrally	(15,520)
	Other Variances	(11,765)	
		<b>TOTAL</b>	<b>(24,780)</b>

Explanation of Revenue Outturn Variance 2019/20			
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)
		Addition income due to new lettings, rent reviews and uplifts	(440,688)
		Lower income - Croxley Park project as part year only	500,000
		LSH contract and general management costs for commercial property lettings	187,100
	Property Management	Salary budget alignment as part of service review from property services	(108,680)
	Transport & Infrastructure	DRT project has been delayed, will commence 2020/21	(750,000)
	Development Control	Additional income received from S106 & CIL	(82,000)
	Policy Team	Contract with TRDC has been cancelled from April 2019	38,490
	Housing	Lower expenditure on property maintenance	(39,000)
		Increase costs on professional legal fees - court cases	132,000
Various	Net increase on rates payable	39,753	
	Insurance budgets transferred to strategic finance - to be held centrally	(49,780)	
	Other Variances	(11,083)	
		<b>TOTAL</b>	<b>(831,290)</b>
Corporate Strategy & Comms	Partnership & Performance	Income from Town centre WIFI not achievable, budget set too high	12,000
		Project manager costs - as agreed by PMB	66,907
		Savings as identified by Watford2020 review	(16,730)
	Various	Insurance budgets transferred to strategic finance - to be held centrally	(5,460)
		Other Variances	1,450
		<b>TOTAL</b>	<b>58,167</b>
Human Resources	HR	Savings as identified by Watford2020 review	(14,600)
	Corporate Employee Expenses	Savings as identified by Watford2020 review	(5,000)
	Various	Insurance budgets transferred to strategic finance - to be held centrally	(9,280)
		<b>TOTAL</b>	<b>(28,880)</b>
Strategic Finance	Interest Paid	Lower payment on borrowing due to slippage on the Capital programme	(750,000)
	Interest Earned	Interest not receivable due to selling Woodlands block E rather than develop the asset	1,000,000
	Budget Strategy Items	2019/20 Salary provision service - revised salaries at P8	95,180
		Deposits held are now required to be paid out - Reversal confirmed by Legal Services	(200,800)
		OLT project resourcing - PMB funded project	30,000
	Insurance	Savings on the insurance contract for 2019/20	(45,000)
Budgets reallocated from services		203,060	
		<b>TOTAL</b>	<b>332,440</b>
		<b>GRAND TOTAL</b>	<b>241,854</b>

## STAFF VACANCIES

Service	Job Title	Date Vacant	FTE	Additional comments
Corp Strategy & Client Services	Corp Strategy & Client Services Co-ordin	05/05/2019	1.00	Not currently advertised
Service Transformation	CSC Advisor	18/04/2019	1.00	Hours being covered by other team members working additional
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	LLPG & GIS Officer	11/10/2019	1.00	Awaiting interview
Democracy & Governance	Democratic Services Officer	30/11/2019	1.00	Just Vacant
Place Shaping & Performance	Technical Support Officer	31/05/2019	0.81	Not currently advertised - service undergoing 2020 review
Place Shaping & Performance	Applications Casework Manager	30/06/2019	1.00	Not currently advertised - service undergoing 2020 review
Place Shaping & Performance	Principal Planning Officer	07/06/2019	1.00	Not currently advertised - service undergoing 2020 review
Place Shaping & Performance	Principal Surveyor	31/12/2017	1.00	Unsuccessful recruitment campaign Oct 2018, not yet readvertised
Community Protection	Environmental Health Officer	18/02/2019	1.00	Filled by Agency to July 2020
Community Protection	Environmental Health Manager	31/07/2019	1.00	Internally covered
Community Protection	Environmental Crime Officer	11/06/2018	1.00	Not currently advertised
Community Protection	Business Compliance Officer		0.32	Not currently advertised
Community Protection	Environmental Health Officer & Compliance Officer	N/A New role	1.00	Filled by Agency to March 2020
Community Protection	Support Officer	14/09/2018	0.50	Filled by Agency to March 2020
Community Protection	Safeguarding Manager	N/A New role	0.41	Covered by contractor to March 2020
Democracy & Governance	GDPR Officer	25/10/2019	0.50	No currently advertised.
Place Shaping & Performance	Apprentice Housing Solutions Officer	11/01/2019	1.00	not currently advertised
Human Resources	HR Business Partner (OD)	30/09/2019	0.5	Currently being advertised
Service Transformation	Quantity Surveyor / Project Manager	31/05/2019	1.00	100% recharge to Capital
Service Transformation	Facilities & Resilience Manager	03/09/2019	1.00	Filled by contractor
Service Transformation	Surveyor (M&E)	30/06/2018	1.00	Service to be reviewed
Service Transformation	Surveyor	31/12/2016	1.00	Recruitment cycle in August 2019 was unsuccessful. Currently on hold
Service Transformation	Head of CAM	30/11/2019	1.00	Vacant
Democracy & Governance	Principal Solicitor	08/11/2019	1.00	Not yet advertised
Place Shaping & Performance	Property Surveyor	19/09/2018	1.00	TBC - 2020 team moving to Transformation
Corp Strategy & Client Services	Project Manager	30/11/2019	1.00	Just Vacant



**CAPITAL INVESTMENT PROGRAMME – SUMMARY**

Service Area	Service Provision	Latest Budget 2019/20	Forecast Outturn	Actual to date	Previously Reported Variances	Variances for Period 8 only	Cumulative Variance @ Period 8	Latest Budget 2020/21	Latest Budget 2021/22	Latest Budget 2022/23
		£	£	£	£	£	£	£	£	£
Service Transformation	Customer Services	47,741	47,741	0	0	0	0	0	0	0
	ICT Shared Services	240,715	516,000	357,410	275,285	0	275,285	185,000	45,000	45,000
	ICT Client Services	1,131,331	421,046	175,238	(660,285)	(50,000)	(710,285)	730,000	485,000	485,000
	Corporate Asset Management	13,950,907	1,683,435	365,036	(12,267,472)	0	(12,267,472)	13,049,472	400,000	400,000
Community & Environmental	Waste & Recycling (inc Veolia)	2,736,935	2,736,935	363,529	0	0	0	96,810	98,260	100,230
	Parks & Open Spaces	4,939,700	5,055,655	2,081,878	80,000	35,955	115,955	248,680	285,000	265,000
	Cemeteries	1,504,779	754,779	149,244	0	(750,000)	(750,000)	555,000	0	0
	Leisure & Play	1,587,614	787,614	872,715	0	(800,000)	(800,000)	7,475,000	2,405,000	100,000
	Culture & Heritage	1,118,948	791,948	21,747	0	(327,000)	(327,000)	727,000	300,000	0
	Environmental Health	300,000	150,000	27,070	(175,000)	25,000	(150,000)	400,000	300,000	300,000
	Community Projects	1,190,000	483,000	0	0	(707,000)	(707,000)	1,300,000	0	0
Place Shaping & Performance	Watford Business Park	4,982,506	4,982,506	135,407	0	0	0	7,800,000	300,000	0
	Watford Riverwell	15,403,000	3,550,000	1,364,335	0	(11,853,000)	(11,853,000)	20,245,000	2,855,003	8,878,000
	Housing	285,872	5,582	5,580	0	(280,290)	(280,290)	330,290	50,000	50,000
	Transport & Infrastructure	4,024,850	3,809,060	2,656,004	16,450	(232,240)	(215,790)	2,649,000	5,400,000	300,000
	Development Control	80,000	80,000	0	0	0	0	0	0	0
	Property Investment Board	66,230	66,230	13,655	0	0	0	50,000	50,000	0
	Property Management	14,973,982	15,143,982	265,977	730,000	(560,000)	170,000	24,095,000	18,730,000	0
Strategic Finance	Capital Support Services	979,470	979,470	70,174	0	0	0	679,470	680,740	682,020
<b>TOTAL CURRENT CAPITAL PROGRAMME</b>		<b>69,544,580</b>	<b>42,044,983</b>	<b>8,932,499</b>	<b>(12,001,022)</b>	<b>(15,498,575)</b>	<b>(27,499,597)</b>	<b>80,615,722</b>	<b>32,384,003</b>	<b>11,605,250</b>

**CAPITAL INVESTMENT PROGRAMME – DETAIL**

Cost Centre	Capital Scheme	Latest Budget 2019/20	Forecast Outturn	Forecast Variance	Actual 2019/20	Scheme Update
		£	£	£	£	
<b>WA5510</b>	<b>SERVICE TRANSFORMATION</b>					
	<b>Customer Services</b>					
WAA236	CSI Project	47,741	47,741	0	0	
	<b>ICT Shared Services</b>					
WAA946	ShS-Migration To The Cloud	156,000	16,000	(140,000)	0	Budget Rephased to 2020/21
WAA982	ShS-Hardware Replacement Programme	84,715	500,000	415,285	357,410	Budget Adjustment between capital cost centres
	<b>ICT Client Services</b>					
WAA109	ICT-Hardware Replacement Programme	317,621	317,621	0	172,438	
WAA111	ICT-Business Application Upgrade	613,710	48,425	(565,285)	2,800	Budget Adjustment between capital cost centres & budget rephased to 2020/21
WAA221	ICT-Project Management Provision	200,000	55,000	(145,000)	0	Budget Rephased to 2020/21
	<b>Corporate Asset Management</b>					
WAA905	Redevelopment Town Hall	8,767,472	250,000	(8,517,472)	(3,436)	Budget Adjustment between capital cost centres & budget rephased to 2020/21
WAA906	Colosseum	4,000,000	250,000	(3,750,000)	0	Budget Adjustment between capital cost centres & budget rephased to 2020/21
WAA995	Building Investment Programme	1,183,435	1,183,435	0	368,472	
<b>WA5520</b>	<b>COMMUNITY &amp; ENVIRONMENTAL</b>					
	<b>Waste &amp; Recycling (inc Veolia)</b>					
WAA161	Replacement Domestic Bins	42,185	42,185	0	0	
WAA197	Veolia Contract Fleet Requirements	2,525,000	2,525,000	0	306,995	
WAA975	Recycling Boxes	36,940	36,940	0	0	
WAA991	Veolia Capital Improvements	96,810	96,810	0	56,534	
WAA992	Additional Green Waste Bins	36,000	36,000	0	0	
	<b>Parks &amp; Open Spaces</b>					
WAA290	Callowland Allotment Enhancement	10,000	10,000	0	1,844	
WAA291	Whippendell Woods SSSI Enhancement	15,000	15,000	0	0	
WAA954	Green Spaces Strategy	158,311	209,631	51,320	128,975	Tender Higher than expected - budget reduced in 20/21
WAB966	Cassiobury Park HLF Project	186,876	166,511	(20,365)	29,925	Actual Underspend
WAB970	Oxhey Park North Enhancements	4,500	4,500	0	0	
WAB971	Oxhey Park North	3,518,658	3,518,658	0	1,205,276	
WAB972	Tree Planting Programme	15,000	15,000	0	6,612	
WAB974	River Colne Restoration	82,104	87,104	5,000	47,077	Overspend - budget reduction of £5k in 2020/21
WAB975	Cassiobury Park Car Park Imps	669,607	669,607	0	641,143	
WAB978	Garston Park Improvements	236,539	316,539	80,000	21,025	£80k S106 funding approved for play equipment
WAB979	Oxhey Park North Project Mgmt	43,105	43,105	0	0	

Cost Centre	Capital Scheme	Latest Budget 2019/20	Forecast Outturn	Forecast Variance	Actual 2019/20	Scheme Update
		£	£	£	£	
	<b>Cemeteries</b>					
WAB968	Cemetery Improvements	211,646	211,646	0	83,543	
WAB976	Cemetery Reprovision	91,000	91,000	0	0	
WAB977	North Watford Cemetery Imps	177,133	177,133	0	64,839	
WAB980	New Cemetery Provision	1,000,000	250,000	(750,000)	863	Budget reduced to 250K for 19/20 and 500k for 20/21 as project has been scaled down
WAB984	Vicarage Road Cemetery Feasibility Study	25,000	25,000	0	0	
	<b>Leisure &amp; Play</b>					
WAA219	Gaelic Football Relocation	38,558	38,558	0	0	
WAA301	Hérons F.C.	0	0	0	0	
WAA302	Leisure Centres (SLM)	135,837	135,837	0	331,293	
WAA303	Watford Tennis Partnership	25,000	25,000	0	0	
WAA304	Leisure Centres Loan (SLM)	0	0	0	225,000	
WAB945	Southwold Road Play Area	0	0	0	0	
WAB969	Tennis Courts Enhancement	0	0	0	0	
WAB981	Woodside Sports Village	988,219	188,219	(800,000)	(2,476)	Rephasing of budget to 2020/21
WAB982	Cassiobury Park Croquet Club	40,000	40,000	0	2,375	
WAB983	Play Area Improvements	360,000	360,000	0	316,522	
	<b>Culture &amp; Heritage</b>					
WAA195	Watford Museum HLF Matchfunding	255,788	8,788	(247,000)	8,747	Budget rephased to 2020/21
WAA912	Improvements Community Centres	33,160	33,160	0	13,000	
WAA983	Cultural Quarter Phase 1	30,000	0	(30,000)	0	Budget rephased to 2020/21
WAB973	Little Cassiobury Match Funding	50,000	0	(50,000)	0	Budget rephased to 2020/21
WAM000	Watford Market	750,000	750,000	0	0	
	<b>Environmental Health</b>					
WAI300	Decent Homes Assistance	100,000	50,000	(50,000)	27,927	Scheme take up increased more than anticipated
WAI310	Private Sector Housing Renewal	100,000	0	(100,000)	0	Budget rephased to 2020/21
WAI311	Street Improvement Programme	100,000	100,000	0	0	
WAI312	Social Care Project Fund	0	0	0	(857)	
	<b>Community Projects</b>					
WAI304	Cycle Hub	350,000	443,000	93,000	0	
WAI305	All Saints Churchyard Improvements	40,000	40,000	0	0	
WAI306	Paddock Road Depot Enhancements	800,000	0	(800,000)	0	Budget rephased to 2020/21

Cost Centre	Capital Scheme	Latest Budget 2019/20	Forecast Outturn	Forecast Variance	Actual 2019/20	Scheme Update
		£	£	£	£	
<b>WA5540</b>	<b>PLACE SHAPING &amp; PERFORMANCE</b>					
	<b>Watford Business Park</b>					
WAA185	Watford Business Park	3,582,506	3,582,506	0	135,407	
WAA186	Watford Business Park Phase 2	1,400,000	1,400,000	0	0	
	<b>Watford Riverwell</b>					
WA6541	Watford Riverwell Project	15,403,000	3,550,000	(11,853,000)	1,364,335	Scheme Rephased to 2020/21
WAA920	Campus-Client Side & Land Assembly	965,000	120,000	(845,000)	109,335	
WAA923	Campus-Equity-Infrastructure	0	950,000	950,000	290,000	
WAA929	Riverwell-Ind Zone South	0	0	0	0	
WAA930	Riverwell-Ind Zone South Loan	0	0	0	0	
WAA931	Riverwell-Woodlands	0	0	0	0	
WAA932	Riverwell-Waterside Phase 1	1,321,000	100,000	(1,221,000)	100,000	
WAA933	Riverwell-Waterside Phase 2	1,452,000	115,000	(1,337,000)	70,000	
WAA934	Riverwell-Mayfield	0	0	0	0	
WAA935	Riverwell-Island Site	10,000	0	(10,000)	0	
WAA936	Riverwell-Waterside Phase 3	108,000	45,000	(63,000)	45,000	
WAA937	Riverwell-Cardiff Rd North	0	0	0	0	
WAA938	Riverwell-Car Park	5,193,000	1,050,000	(4,143,000)	180,000	
WAA939	Riverwell-Farm Terrace Allotments	5,301,000	1,170,000	(4,131,000)	570,000	
WAA942	Riverwell-School	905,000	0	(905,000)	0	
WAA943	Riverwell-Administration	148,000	0	(148,000)	0	
	<b>Housing</b>					
WAA196	Private Sector Stock Condition	36,850	0	(36,850)	0	Budget rephased to 2020/21
WAA987	Retained Housing Stock	174,022	5,582	(168,440)	5,580	Budget rephased to 2020/21
WAA103	York House Boiler Replacement	75,000	0	(75,000)	0	Budget rephased to 2020/21
	<b>Transport &amp; Infrastructure</b>					
WAA194	Intro Electric Vehicle Charging	25,058	25,058	0	1,500	
WAA247	Public Realm (High Street)	9,333	9,333	0	3,304	
WAA249	Public Realm (Cl'dn Rd-Palace)	0	0	0	1,143,447	
WAA250	Public Realm (Cl'dn Rd Phase III)	1,989,000	1,989,000	0	1,008,767	
WAA251	Transport App	200,000	200,000	0	0	
WAA252	St Albans Rd Improvement Works	200,000	200,000	0	0	
WAA400	Watford Junction Masterplan	13,548	13,548	0	0	
WAA401	Watford 3D Planning Model	56,500	56,500	0	0	
WAA402	Public Realm (Watford Junct'n)	183,548	199,998	16,450	41,225	Funded by use of PMB capital reserve
WAA403	High St Phase 2 (St Mary's)	295,668	295,668	0	3,190	
WAA950	Upgrading/Resurfacing Car Parks	4,573	4,573	0	0	
WNC045	Watford Junction Cycle Pk Hub	12,362	12,362	0	5,252	
WNC046	Watford Cycle Hire Study	4,460	4,460	0	0	
WNC047	Cycle Hire Scheme	730,800	443,560	(287,240)	443,560	Underspend following tender exercise and approval of final supplier
WNC048	Cycle & Road Infrastructure Improvements	300,000	355,000	55,000	5,760	Increase in cost in 2019/20 met from reduction in budget in 2020/21

Cost Centre	Capital Scheme	Latest Budget 2019/20	Forecast Outturn	Forecast Variance	Actual 2019/20	Scheme Update
		£	£	£	£	
	<b>Development Control</b>					
WAA268	CIL Review	80,000	80,000	0	0	
	<b>Property Investment Board</b>					
WA6545	PIB Investment Strategy	66,230	66,230	0	13,655	
	<b>Property Management</b>					
WAA211	New Market	4,365	4,365	0	0	
WAA223	Non PIB-Strategy & Programme Disposal	0	0	0	(64,189)	
WAJ105	Temp Housing Accommodation	4,179,617	4,179,617	0	8,000	
WAJ106	Hart Homes Equity WDLLP	50,000	300,000	250,000	300,000	Change to reflect expected expenditure
WAJ107	Social Rented Housing	1,000,000	1,000,000	0	0	
WAJ108	Accelerating Housing Provision	1,380,000	1,380,000	0	0	
WAJ109	Land Transfer - Croxley View Phase 2	3,000,000	3,000,000	0	0	
WAJ111	Land Transfer - Rear Of High St	660,000	100,000	(560,000)	0	Budget rephased to 2020/21
WAJ114	Loan to Hart Homes WDLLP	4,000,000	4,000,000	0	0	
WAJ115	Loan to Hart Homes WDLTD	700,000	700,000	0	0	
WAJ116	Brow 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.
WAJ117	Hart Homes Development	0	0	0	6,000	
<b>WA5570</b>	<b>STRATEGIC FINANCE</b>					
	<b>Capital Support Services</b>					
WAA601	Support Services	552,470	552,470	0	0	
WAA602	Major Projects - FBP and QS	127,000	127,000	0	70,174	
WAA603	Investment Advisors	300,000	300,000	0	0	
WAA500	Financial Systems Upgrade	0	0	0	0	
WAA501	West Herts Crem Bedmond Road	0	0	0	7,500	
<b>WA4900</b>	<b>TOTAL CURRENT CAPITAL PROGRAMME</b>	<b>69,544,580</b>	<b>42,044,983</b>	<b>(27,499,597)</b>	<b>8,932,499</b>	

**CAPITAL INVESTMENT PROGRAMME – FUNDING**

<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	0	0	0
Capital Receipts (PIB & non PIB)	11,937,738	18,869,947	3,402,000	6,643,000
Section 106 & CIL Contributions	333,361	0	3,000,000	0
Borrowing (Internal & External)	24,952,567	54,756,775	24,982,003	4,962,250
<b>TOTAL CAPITAL FUNDING APPLIED</b>	<b>42,044,983</b>	<b>80,615,722</b>	<b>32,384,003</b>	<b>11,605,250</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)	Red Value	Amber value	
Borrowing Costs	Capital programme is expected to slip based on past performance so not all borrowing will occur.	Amber	162	(162)	0	(162)	0	0			
Income from Hart Homes	Some slippage may occur on Hart Homes Schemes	Amber	(417)	417	0	417	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			
Waste Contract	Contract Fleet requirements - may increase depending on mapping of requirements	Amber	0	0	0	0	2,525	1,000	0	1,000	
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	250	250	0	250	
		<b>Total</b>	<b>(790)</b>	355	<b>100</b>	<b>255</b>	15,542	<b>1,250</b>	0.000	1250.000	
		<b>Revenue Budget</b>				<b>Capital Programme</b>					
		<b>RAG Rating</b>	<b>Total Value at Risk £000</b>	<b>Probability of Occurrence</b>	<b>Probability Adjusted Value £000</b>	<b>RAG Rating</b>	<b>Total Value at Risk £000</b>	<b>Probability of Occurrence</b>	<b>Probability Adjusted Value £000</b>		
		Red	100	50%	50	Red	0	50%	0		
		Amber	255	25%	64	Amber	1,250	25%	313		
		<b>Watford 2020</b>				<b>Total Probability Adjusted Value</b>					
		<b>Total Probability Adjusted Value</b>				<b>Total Probability Adjusted Value</b>					
					58					313	
					172						

**KEY FINANCIAL & BUDGETARY RISKS**

<b>Risk No.</b>	<b>Type of Risk</b>	<b>Comment</b>	<b>Impact</b>	<b>Likelihood</b>	<b>Overall Score</b>
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

**AGED DEBT ANALYSIS**

Invoices outstanding from 1st December 2018 to 30th November 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	99,413	0	0	2,610	528	17,222	119,773
	Env Services-Premises Licence	29,933	350	580	1,000	1,169	11,050	44,083
	Environmental Health	57,100	1,521	735	0	737	4,040	64,133
Democracy and Governance	Democracy and Governance	0	0	2,000	98	0	0	2,098
Place, Shaping & Performance	Housing	8,396	1,100	3,415	1,870	7,098	17,265	39,143
	Property (exc. Commercial rent)	4,600	21	151	198	289	3	5,261
	Property - Commercial Rents	2,775	13,643	0	21,345	0	214,498	252,261
	Property - Parking Spaces	0	133	0	308	0	0	441
	Planning (exc. Inspection fees)	91,918	9,547	19,051	6,678	9,200	0	136,394
	Planning - Inspection Fees	3,733	1,145	440	0	275	565	6,158
Human Resources		0	0	0	0	0	0	0
Strategic Finance		188,161	0	3,152	74	393	1,561	193,342
<b>Grand Total</b>		<b>486,029</b>	<b>27,460</b>	<b>29,524</b>	<b>34,181</b>	<b>19,689</b>	<b>266,204</b>	<b>863,087</b>
<b>Percentage of Amount Outstanding</b>		<b>56.31%</b>	<b>3.18%</b>	<b>3.42%</b>	<b>3.96%</b>	<b>2.28%</b>	<b>30.84%</b>	<b>100.00%</b>

**REVENUE RESERVE BALANCES**

Description	Balance at 1 April £000	Movement 2019/20 £000	Balance at 31 March £000	Movement 2020/21 £000	Balance at 31 March £000	Movement 2021/22 £000	Balance at 31 March £000	Movement 2022/23 £000	Balance at 31 March £000	Purpose
<b>Revenue Reserves</b>										
Area Based Grant	(86)	0	(86)	0	(86)	0	(86)	0	(86)	Extremism and anti-social behaviour prevention
Budget Carry Forward	(1,302)	51	(1,251)	1,251	0	0	0	0	0	Budgets carried forward from prior years
Car Parking Zones	(640)	(157)	(797)	(157)	(954)	(157)	(1,111)	207	(904)	Ring fenced for parking projects
Charter Place Tenants	(93)	0	(93)	0	(93)	0	(93)	0	(93)	Tenants' contributions to major works
Climate Change	(56)	0	(56)	0	(56)	0	(56)	0	(56)	Energy saving initiatives
Crematorium	(150)	0	(150)	0	(150)	0	(150)	0	(150)	Funding repairs and maintenance
Economic Impact	(3,651)	2,209	(1,442)	42	(1,400)	(1,079)	(2,479)	(1,390)	(3,869)	Provide resources to offset economic downturn
Housing Benefit Subsidy	(1,435)	0	(1,435)	0	(1,435)	0	(1,435)	0	(1,435)	Provision if Dept for Work & Pensions claw back funds
Housing Planning Delivery Grant	(266)	0	(266)	0	(266)	0	(266)	0	(266)	Improve planning outcomes and delivery of housing
Invest to Save	(689)	0	(689)	0	(689)	0	(689)	0	(689)	Support expenditure producing savings
Le Marie Centre Repairs	(11)	0	(11)	0	(11)	0	(11)	0	(11)	Funding Council obligations as landlord
Leisure Structured Maintenance	(423)	0	(423)	0	(423)	0	(423)	0	(423)	Funding unforeseen maintenance not covered in contract
Local Development Framework	(178)	0	(178)	0	(178)	0	(178)	0	(178)	Support local plan production and inspection
Multi-Storey Car Park Repair	(181)	0	(181)	0	(181)	0	(181)	0	(181)	Funding major structural works
Parks, Waste & Street Strategy	(60)	0	(60)	0	(60)	0	(60)	0	(60)	Support Street Projects
Pension Funding	(2,248)	200	(2,048)	266	(1,782)	334	(1,448)	434	(1,014)	Reduction of pension deficit
Performance Reward Grant (Revenue)	(28)	0	(28)	0	(28)	0	(28)	0	(28)	Grant allocated by Local Strategic Partnership
Project and Programme Management	(411)	240	(171)	0	(171)	0	(171)	0	(171)	Support major project work
Rent Deposit Guarantee Scheme	(100)	0	(100)	0	(100)	0	(100)	0	(100)	Assist in providing homelessness accommodation
Riverwell Project	(3,942)	(1,625)	(5,567)	0	(5,567)	0	(5,567)	(1,000)	(6,567)	To cover any guarantees, repayments of outstanding loans and fund future investment.
Weekly Collection Support Grant	(30)	0	(30)	0	(30)	0	(30)	0	(30)	Supporting weekly collections of waste
Collection fund	(2,521)	0	(2,521)	0	(2,521)	0	(2,521)	0	(2,521)	Equalisation fund to smooth impact of surplus/deficit
<b>Total</b>	<b>(18,501)</b>	<b>918</b>	<b>(17,583)</b>	<b>1,402</b>	<b>(16,181)</b>	<b>(902)</b>	<b>(17,083)</b>	<b>(1,749)</b>	<b>(18,832)</b>	
<b>General Fund Working Balance</b>	<b>(1,414)</b>	<b>(586)</b>	<b>(2,000)</b>	<b>0</b>	<b>(2,000)</b>	<b>0</b>	<b>(2,000)</b>	<b>0</b>	<b>(2,000)</b>	Prudent balance

**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.

