

BUDGET SETTING

2019/20 to 2022/23

Medium Term Financial Strategy



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Executive Summary

The Medium Term Financial Strategy (MTFS) provides Members with information on the overall financial position of the Council over the next three years, and brings together the previous budget set by Council in January 2019, the budget monitoring activities carried out during the current year and the latest developments in funding, legislation and service delivery. The strategy revises the 2019/20 budget and sets the budget for financial year 2020/21 and shows indicative budgets for the following two years (2021/22 and 2022/23).

Regular budget monitoring reports are presented to both the Council's Strategic Leadership Team and Finance Scrutiny Committee throughout the year. The latest budget monitoring report (Finance Digest) is available as at the end of November (Period 8).

Each year the Council is required to set a realistic, achievable in-year budget and indicative budgets for the following two years. With the removal of revenue support grant funding Group Heads of Service have been encouraged to remain within budgets, find efficiency savings, achieve additional income and minimise service growth in order to continue to provide value for money services to the public.

Table 1 shows the impact on this 'budget gap' over a three year period, 2020/21 to 2022/23, based on the current understanding of likely financial impacts and the longer term major projects.

The table highlights that the cumulative overall gap for the next three years amounts to approximately **£3.4 million**. After taking account of the funding changes, which are predominantly due to a forecast 2% year on year increase in council tax from 2020/21, the cumulative gap amounts to **£1.0 million**.

Table 1 Budget Gap

Revenue Account	MTFS				
	2019/20	2020/21	2021/22	2022/23	Total Gap over MTFS 3 Years
	£000	£000	£000	£000	£000
Gap in MTFS at 1 April (approved in January 2019)	1,184	700	235	(127)	808
<u>In year changes</u>					
Service changes through budget monitoring	242	0	0	0	0
Demand Responsive Transport		741	0		741
Borrowing costs		500	0	0	500
Changes by Service (Growth & Savings)					
Corporate Strategy & Communications		30	30	30	90
Strategic Finance		0	0	0	0
Place Shaping & Performance		305	447	227	979
Service Transformation		0	0	0	0
Community & Environmental		300	189	162	651
Democracy & Governance		0	0	0	0
HR Shared Service		0	0	0	0
Total Growth & savings		635	666	419	1,720
Other Changes					
Changes to Business Rates on Council Property		42	38	48	128
Changes to Fees & Charges		25	25	25	76
Changes to Staff Costs		479	727	1,085	2,291
Changes from Shared Services		(134)	(59)	15	(179)
Watford 2020	721	(168)	(234)	(339)	(741)
Riverwell		0	0	(1,000)	(1,000)
Garden Waste Charging		(295)	(445)	(445)	(1,185)
Environmental Health Contract		(154)	(164)	(164)	(481)
PIB Income Target Reduction		400	0	(400)	0
Borrowing Costs		0	120	710	830
Leisure Contract Management fee		0	0	(60)	(60)
Revenue impact of Capital bids		0	2	2	4
Net changes	963	2,072	676	(104)	2,645
Revised gap	2,147	2,772	911	(231)	3,453
Funding Changes					
New Homes Bonus	0	(134)	0	0	(134)
Business rates	0	0	150	150	300
Council tax	0	(263)	(451)	(736)	(1,449)
Additional Government Funding	0	(400)	0	0	(400)
Sub Total	0	(796)	(301)	(586)	(1,683)
Change to planned use of reserves	(445)	(1,317)	(134)	764	(687)
<i>Carry Forward (DRT & Borrowing)</i>		<i>(1,251)</i>	<i>0</i>	<i>0</i>	<i>(1,251)</i>
<i>Riverwell(rephased)</i>		<i>0</i>	<i>0</i>	<i>1,000</i>	<i>1,000</i>
<i>Pension - lump sum increases</i>		<i>(66)</i>	<i>(134)</i>	<i>(236)</i>	<i>(436)</i>
Revised gap	1,702	659	477	(52)	1,083

Appendix 1 shows the MTFS

1. Revenue

1.1. The gap in the MTFS is shown above. The high level numbers from it and their impact are summarised below.

1.2. Base budget changes. These are adjustments to the base budget through:

- A. In year changes. These are changes to the base budgets that have been identified and reported in the Finance Digest throughout the 2019/20 financial year. These changes amount to an increase of **£0.242 million**. These are shown at **Appendix 2**
- B. Pay & Salary changes. The net result is a total increase of **£2.291 million** over the three year period. This variance includes an anticipated additional 1% pay award each year (pending the employer's final offer) and amounts to approx. **£0.750 million** over the MTFS. 1% was already included within the base budgets giving a total allowance for the pay award of 2%. Should the pay award be greater than this, this will represent an additional budget pressure of £0.750million, over the three year period, per additional 1%.
- C. It should also be noted that the increase also includes the additional lump sum payable to the pension authority after its triennial review. These amount to £0.066million in 2020/21, £0.134 million in 2021/22 and £0.234 million in 2022/23, (totalling **£0.434 million** over the MTFS) however, this will not impact the budget gap as these will be met from the Pension reserve. The remaining variance relates to changes brought about by increments & restructures, of which **£0.480 million** is compensated for by additional income relating to the Environmental Health contract with Three Rivers DC.

1.3. Growth & Efficiency savings

This is growth that has been put forward by service areas in conjunction with their Portfolio Holders and includes growth in relation to enhanced services and increases due to unavoidable pressures such as statutory legislation, contractual uplift and changes in demand for services due to demographics. The efficiency savings are reductions in the base budget from efficiency measures within the council and do not affect the provision of services to local residents. Over the MTFS, the total growth is £1.912 million and total efficiency savings are £0.192 million resulting in net growth of **£1.720 million**. Details of both are listed in detail at **Appendix 3**.

1.4. Fees and charges

Each year the Council reviews its fees and charges in conjunction with its agreed income charging policy and adjusts the anticipated income accordingly. The individual fees and charges are listed in the annual budget setting report, variations to projected fees and charges amount to **£0.076 million** over the MTFS. **Appendix 4** shows a summary of the implications of the 2020/21 fees & charges proposals. The Council's income charging policy is at **Attachment 2** with individual charges listed by service area.

1.5. Changes to Business Rates on Council Properties

This relates to the business rates levied on the properties/sites that the Council uses in its provision of its services these are predominantly the Town Hall and car parks. The increase amounts to **£0.128 million** over the MTFS.

1.6 Changes from Shared Services

The Council shares its human resources, ICT, finance, revenues and benefits services with Three Rivers District Council (TRDC) under a lead authority model whereby WBC are the lead for ICT and HR and TRDC are the lead for finance and revenues & benefits. The change represents a net increase in the charge to TRDC in respect of staffing costs. This amounts to **(£0.179) million** over the MTFS.

1.7 Garden Waste Charging

The MTFS at Table 1 includes the proposal to charge for the garden waste collection agreed by Cabinet on 6th January 2020. In consultation with the waste contractor, the current proposal assumes that 60% of households have a garden and 60% of these households will join the collection service. The cost to a household is estimated at £45 per annum, reducing to £40 pa if paying by direct debit. The table below shows the financial impact of introducing the annual charge from July 2020.

Table 2 Garden Waste

Garden Waste	2020/21	2021/22	2022/23	Total
	£000	£000	£000	£000
Net income (60% take up of eligible households at £45 pa)	(295)	(445)	(445)	(1,185)

1.8 Environmental Health Contract

The Council entered into a contract to provide Three Rivers DC with a commercial health standards service from May 2019. This has resulted in additional income of **(£0.480 million)** over the MTFS and provides a small surplus when offset against the costs which are predominantly staffing costs.

1.9 Riverwell

Due to a delay in part of the works on this large project. The Councils equity income share of has been re-phased, resulting in a net **£1.0 million** reduction to 2019/20 and a corresponding increase in 2022/23.

1.10 Watford 2020

This transformation 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 is 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 3 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 amount already identified and removed from service budgets to date is £0.167 million in 2019/20 and £0.465 million in future years.

1.11 Sustainable Transport Schemes

Both the ***Demand Responsive Transport (DRT)*** and the ***Bike Share Project*** are Mayoral priorities to improve local public transport and cycling capability. The tender process for both schemes has been completed and contracts awarded. Both projects are intended to be launched in spring of 2020. £0.741m of the total scheme budget for 2019/20 will be rephased into future years.

1.12 PIB Income target reduction

The Council has a large property portfolio which generates a rental income stream. This is estimated to be £8.0 million per annum (including rents from garages). The current MTF5 contains a target of 5% annual income growth derived from the Council's property portfolio through reinvesting the proceeds from the disposal of low income and high maintenance properties into better yielding properties. PIB has reviewed the growth target as a result of re-development and reduced scope for reinvestment within the current portfolio and £0.400 million has been removed although new income from Watford Business Park will compensate for this in future years.

1.13 Borrowing costs

Based on the proposed capital programme it is currently predicted that the Council may need to prudentially borrow over the MTF5. The additional revenue cost of the debt financing for this borrowing is estimated to be **£0.830 million**, based on allowing for the payment of interest on both longer term borrowing for the councils direct investment in assets and shorter term borrowing for the joint ventures along with the repayment of debt for the councils direct investments in assets over a forty year period. The final cost will depend upon the agreed capital programme along with factors such as the phasing of the capital programme and any additional contributions from outside bodies. **£0.500 million** of the budgeted 2019/20 borrowing costs has been rephased for use in 2020/21.

1.14 Impact of capital growth bids

When the Council sets its annual capital programme, there are often revenue impacts from this investment in the form of on-going revenue maintenance or an income stream. These total **£0.004 million** over the MTF5. (See **Appendix 5**).

1.15 Leisure Management Contract

The Council entered into a new leisure management contract in July 2018. Under the terms of the contract the Council receive an annual management fee. The income is not linear and the schedule provides an increase in 2022/23 of **(£0.060 million)**.

1.16 Impact of funding changes

The Council receives its income from various sources to fund its revenue expenditure on the services it provides. These are subject to fluctuation. The table below shows the adjustments to the budgets for the funding streams over the MTF5. This totals an increase of **(£1.683 million)** over the MTF5. It should be noted that the Government has postponed implementation of changes to local government funding to 2021/22. The proposed changes will establish new baseline funding levels for each local authority, which will be based on the spending control totals for 2020-21 and the distribution formulas that will be put in place through the Fair Funding Review. The allocations for the New Homes Bonus have been announced and included, which results in a single year increase of **(£0.134 million)** over the MTF5.

Table 4 Changes in Funding Against Budget

Change in Funding against Budget	2020/21	2021/22	2022/23	Total
	£'000	£'000	£'000	£'000
Increase in New Homes Bonus allocation	(134)	0	0	(134)
Growth in Council Tax base	(83)	(84)	(175)	(343)
2.0% Change in Council Tax	(179)	(366)	(560)	(1,106)
Additional Government Funding in Lieu of RSG	(400)	0	0	(400)
Business Rates	0	150	150	300
TOTAL	(797)	(301)	(586)	(1,683)

- 1.17 The MTFs shown in Appendix 1 indicates that the total Net Expenditure of the Council in 2020/21 is **£15.863 million**. The Council needs to set a budget that gives an acceptable level of council tax, and is sustainable in the medium term using the balances it has at its disposal.
- 1.18 The number of properties (known as the Council Tax Base) is calculated by adjusting for banding (so that a total number of Band D properties are known) and the effects of the Local Council Tax Reduction Scheme. The analysis of dwellings in **Appendix 6** for the 2020/21 Council Tax Base results in a figure of **33,480.7** after allowing for the Council Tax Reduction Scheme and a collection rate of 97%.
- 1.19 The average Band D Council Tax charge for 2020/21 will be **£273.59**. This means that the Council expects to receive **£9.160 million** of Council Tax income in 2020/21. Each one percentage increase in the Council Tax rate generates approximately an **£0.090 million** increase in Council Tax revenue.

2.0 Capital Investment Programme

- 2.1 The Capital Investment Programme relates to the three different types of scheme – business as usual (regular improvements and replacement of key Council assets such as buildings, vehicles and ICT), existing schemes, and new schemes. Much of the capital expenditure which relates to major projects will be returned to the Council in future years as capital receipts.
- 2.2 Services have put forward proposals for new capital schemes for 2020-23 which will assist the Council in delivering its corporate objectives and improving services for residents. Table 5 includes all the new capital proposals and the impact on the capital programme over a five-year period based on the current understanding of the likely financial impact of these large scale projects. Funding the capital programme is shown at Table 7. Further detail on the proposed growth is shown at **Appendix 7**.

Table 5 MTFS - Capital

MTFS - Capital	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £0003	Total £000
Original Capital Programme as Approved at Council (January 2019)	58,057	53,765	32,395	11,005	155,222
Approved rephasings and budget approvals	11,488	0	0	0	11,488
Latest Budget	69,545	53,765	32,395	11,005	166,710
Changes through budget monitoring to Q3	-27,500	26,851	-11	600	-59
Forecast	42,045	80,616	32,384	11,605	166,651
Growth Items					
Corporate Strategy		25	0	0	25
Community & Environmental		1,823	1,118	60	3,001
Place Shaping		36,924	2,500	4,000	43,424
Service Transformation		350	500	600	1,450
Total Growth		39,122	4,118	4,660	47,900
Total Potential Programme	42,045	119,738	36,502	16,265	214,550

2.3 The 2019-23 Capital Investment Programme is presented for approval, is shown in the table below with further details shown in **Appendix 8**.

2.4 The Capital Programme includes £29.9M for the provision of the Multi-Storey Car Park at Riverwell. It has been agreed that the car park will be provided through a joint venture between the Council and Kier. The Capital Programme allows for the funding of both the Council's equity share at £3.3M and for the Council to provide debt funding of £26.6M. The detailed financial model is currently being developed along with soft-market testing to establish the availability and cost of external debt funding. At this point the Council will be required to make a decision as to whether to provide the debt funding itself in place of the external funder, this will depend upon the balance of potential risk and reward. The MTFS is based upon the investment being revenue neutral at this stage.

Table 6 Capital Programme

Service Area	2019/20	2020/21	2021/22	2022/23
	Revised Budget	Draft Budget 2020/21	Draft Budget 2021/22	Draft Budget 2022/23
	£	£	£	£
Service Transformation	2,668	14,314	1,430	1,530
Community & Environmental	10,760	12,625	4,506	825
Place Shaping & Performance	27,637	92,093	29,885	13,228
Strategic Finance	979	679	681	682
Corporate Strategy & Comms	0	25	0	0
TOTAL CAPITAL PROGRAMME	42,045	119,738	36,502	16,265
Total over MTFS	214,550			

Funding the Capital Investment Programme

- 2.4 The Council funds its capital programme from its reserves, capital receipts, and any capital grants and contributions. Subject to prudential and affordable limits, the Council may also borrow to support its capital aspirations.
- 2.5 It is anticipated that over time the Capital outlay from projects such as the Watford Riverwell and Property Investment Board will be recouped from the receipts received in terms of return of equity investment and the disposal of land and property.
- 2.6 Where the Council does not have sufficient contributions, receipts, reserves or revenue available to finance long term investment, it may use prudential borrowing to do so. This is subject to the affordability and prudential limits set out at a high level by the Government and in detail by the Council in its strategies. This borrowing may be from external providers, or internally from cash the Council holds day to day and its own reserves.
- 2.7 The Council's ambitious programme of major projects and investment in service delivery means that it expects to have a borrowing requirement in 2020/21. The Council's Capital Strategy including the Treasury Management policy for 2020/21 is shown at **Attachment 3**. The table below shows how the capital programme is to be funded:

Table 7 Funding the Capital Programme

Funding Type	2019/20 Revised Budget £000	2020/21 Draft Budget £000	2021/22 Draft Budget £000	2022/23 Draft Budget £000
Grants & Contributions	3,799	6,989	1,000	0
Reserves	1,022	0	0	0
Capital Receipts	11,938	18,870	3,402	6,643
Borrowing	24,953	93,879	29,100	9,622
S106/ CIL contributions	333	0	3,000	0
TOTAL CAPITAL FINANCING	42,045	119,738	36,502	16,265

An update on all major projects is shown at Appendix 9

3.0 Reserves

- 3.1 The Council has set aside specific amounts as reserves for future policy purposes and to cover contingencies. The full schedule of reserves and the anticipated position is attached at **Appendix 10**. The proposed use of reserves for revenue in 2020-23 is as follows:
- £01.034 million - The Council has set aside funds to cover the costs of future pension payments. Some of these funds are to be applied to the additional payments required by the scheme actuary for 2020/21, 2021/22 and 2022/23.
 - Where there is a gap remaining this is expected, for the time being, to be filled from the Economic Impact Reserve.
 - The general fund working balance has been maintained at a prudent level of **£2.0 million**.

4.0 Key Risk Areas

4.1 The Council's budget is exposed to risks that can potentially impact on service level provision and financial stability. Officers have identified some key risks pertinent to the information and forecasts in this paper. These are:

- **Pay Award.** The MTFS includes provision for a 2% pay award in each financial year, any pay award above this level will create an in year budget pressure.
- **Croxley Park.** The report to Council outlined the risks the Council was taking on as part of the lease arrangement. There is a substantial cash pot that the Council has received to mitigate risks around rental shortfalls and planned programmed maintenance. The retention of this pot against these risks was taken into account in the Council decision.
- **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 and would also impact adversely on some the Council's partners.
- **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.

4.2 The key consequences of risks associated with the projects outlined in this report are:

- Project overruns
- Cost overruns, including inflation
- Delays in project initiation
- Capital receipts and Interest /dividends are deferred
- Returns are lower than expected, and
- Risks relating to partners and collaboration.

4.3 The matrix shows that there is an element of risk in setting the budget, and in particular for undertaking the large scale capital projects. The Council has a risk management framework and strong governance arrangements in place e.g. Property Investment Board, Major Projects Board, Audit Committee and Finance Scrutiny Committee to monitor these risks. Each project will have its own detailed risk matrix and risk management strategy.

4.4 The consequences of the key risks are shown at **Appendix 11** together with a risk matrix that shows the likelihood and impact of each consequence if they were to materialise.

4.5 Under section 25 of the Local Government Act 2003 there is a duty on the Chief Finance Officer to report on the robustness of the estimates and the adequacy of reserves when

considering the budget requirement and for Members to have regard to this advice. **The Director of Finance confirms the estimates have been correctly calculated under the assumptions used and that balances and reserves are adequate.**

- 4.6 The General Fund balance is a general reserve providing a working balance to cushion the impact of uneven cash flows, avoid unnecessary temporary borrowing and provide a contingency to meet unexpected events and emergencies.
- 4.7 The external auditors, as part of their wider responsibilities, consider whether the Council has adequate arrangements with regard to balances and reserves. The Council's Director of Finance considers that a prudent minimum balance on the general fund should be £2.0 million.

REPORT PREPARED BY: Nigel Pollard – Section Head (Accountancy)
Alison Scott - Head of Finance
Devrim Marriott – Finance Manager (Projects)
Pritesh Shah - Finance Manager


BACKGROUND PAPERS:

2019/20 Finance Digests
Cabinet Reports
2019-23 Financial Planning Report

APPENDICES:

Appendix 1	Medium Term Financial Strategy 2020 - 23
Appendix 2	In Year Base budget changes
Appendix 3	Growth & Savings
Appendix 4	Summary Fees & Charges 2020/21
Appendix 5	Capital bids including revenues impacts
Appendix 6	Council Tax base and calculation 2020/21
Appendix 7	Details on new proposed capital schemes
Appendix 8	Capital programme 2019-2023
Appendix 9	Major Projects update
Appendix 10	Reserves and balances
Appendix 11	Risk Matrix

Medium Term Financial Strategy (MTFS) 2020-2023

 WATFORD BOROUGH COUNCIL BE BOLD	2019/20 Original	2019/20 Revised	2020/21 Draft	2021/22 Draft	2022/23 Draft
	£000s	£000s At Period 8	£000s	£000s	£000s
Corporate Strategy & Communications	1,029	1,087	1,042	1,057	1,057
Place Shaping & Performance	(5,825)	(6,228)	(6,397)	(6,522)	(6,522)
Strategic Finance	2,193	2,276	2,292	2,255	2,255
Service Transformation	2,538	4,776	2,773	2,820	2,820
Community & Environmental	8,925	9,411	8,970	9,060	9,060
Democracy & Governance	3,468	1,970	1,992	2,011	2,011
HR Shared Service	656	627	661	666	666
Net cost of services	12,984	13,919	11,333	11,346	11,346
Corporate Budgets					
Dividends & Interest earned	(3,254)	(2,254)	(1,304)	(2,251)	(3,251)
Vacancy provision	(95)	(95)	(95)	(95)	(95)
Apprentice Levy	30	30	30	30	30
Internal support to capital programme	(677)	(677)	(677)	(677)	(677)
Contingency	216	816	214	210	210
Interest payable & borrowing costs	1,042	292	1,730	2,230	2,230
Pension Fund deficit payments	2,449	2,449	2,449	2,449	2,449
Sub-Total	(288)	562	2,348	1,897	897
Financial Planning					
Salary Changes (Including Employers Lump Sum)	0	0	479	727	1,085
Changes from Shared Services	0	0	(134)	(59)	15
Growth	0	0	672	729	510
Income & Efficiencies	0	0	(37)	(63)	(92)
Changes to Business Rates on Council Property W2020	0	721	(168)	(234)	(339)
Garden Waste charging	0	0	(295)	(445)	(445)
Environmental Health Contract	0	0	(154)	(164)	(164)
Demand Responsive Transport	0	(741)	741	0	0
Croxley Park	0	500	0	0	0
PIB income target reduction	0	0	400	0	(400)
Net effect of Fees & Charges	0	0	25	25	25
Impact of Capital Programme	0	0	0	2	2
Leisure Contract Management fee	0	0	0	0	(60)
Additional Borrowing costs	0	0	500	120	710
Sub-Total	0	480	2,072	676	896
Total Net Expenditure	12,696	14,961	15,753	13,919	13,139
Planned Use of Reserves					
Contributions to reserves	2,782	1,782	157	157	1,000
Contributions from reserves- Incl W2020 & Carry forward Reserve	(530)	(1,277)	(1,517)	(334)	(641)
Sub-Total	2,252	505	(1,360)	(177)	359
Funding					
Council Tax	(8,809)	(8,809)	(9,160)	(9,437)	(9,722)
Business Rates	(3,552)	(3,552)	(3,152)	(3,002)	(3,002)
New Homes Bonus	(753)	(753)	(772)	(577)	(577)
(Surplus)/Deficit on collection fund	(250)	(250)	(250)	(250)	(250)
Additional Government Funding	(400)	(400)	(400)	0	0
Sub-Total	(13,764)	(13,764)	(13,734)	(13,265)	(13,550)
Total Funding & Use of Reserves	(11,512)	(13,259)	(15,094)	(13,442)	(13,191)
Gap	1,184	1,702	658	477	(53)
Reserves - opening balances	(12,683)	(18,501)	(19,006)	(17,646)	(17,469)
Planned use of reserves	(2,252)	(505)	1,360	177	(359)
Gap funded from reserves	1,184	1,702	658	477	(53)
Reserves - closing balances	(13,751)	(17,304)	(16,988)	(16,992)	(17,881)
Council Tax Rate Calculation					
Council tax base	32,840.6	32,840.6	33,480.0	33,814.8	34,152.9
Council tax charge for band D	£ 268.23	£ 268.23	£ 273.59	£ 279.07	£ 284.65
£	8808.97	8808.97	9159.95	9436.58	9721.56

In Year Base Budget Changes

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 Funded from PMB	20,000
		Salary Realignment - CAM	108,680
	Print	Lower income	14,000
		Software licences costs on CRM system	0
	Various	Insurance budgets transferred to strategic finance - to be held centrally	(38,940)
		Other Variances	23,130
TOTAL			414,448
Community & Environmental	Environmental Health Team	Evidence storage costs in fatality investigation	15,000
		Budget c/f on delayed project	(10,000)
		Agency costs lower than expected	(40,000)
	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)
	Leisure	PMB funded - Colosseum works	60,000
	Culture & Play	Firework income - part of Watford2020 review	(8,450)
	Housing Standards	HMO income to facilitate scheme delivery	(40,000)
	Parks & Open spaces	Income from café in the park & sponsorship	(36,000)
	Parks & Open spaces	Lower car park income from Cassiobury park	100,000
	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)
Waste Contract	Additional cost of Veolia contract	300,000	
	Other Variances	13,262	
TOTAL			312,532
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)	
TOTAL			(24,780)

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
	Transport & Infrastructure	DRT project has been delayed, will commence 2020/21	(741,000)
	Development Control	Additional income received from S106 & CIL	(82,000)
	Property services	Salary Realignment - CAM	(108,680)
	Policy Team	Contractor with TRDC cancelled	38,490
	Housing	Lower expenditure on property mtce	(39,000)
	Housing	Increase for court case	132,000
	Various	Insurance budgets transferred to strategic finance - to be held centrally	(49,780)
	Net increase on rates payable	39,753	
	Other Variances	(10,866)	
	TOTAL	(822,073)	
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	
	TOTAL	58,167	
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)
	TOTAL	(28,880)	
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	Vacancy Provision	95,180
		Deposits no longer for payment	(200,800)
		OLT project resourcing	30,000
	Insurance	Savings on the insurance contract for 2019/20	(45,000)
Budgets reallocated from services		203,060	
	TOTAL	332,440	
	GRAND TOTAL	241,854	

Growth & Savings

	Notes / Comments	2020/21		2021/22		2022/23		Notes / Comments
		GROWTH	SAVINGS	GROWTH	SAVINGS	GROWTH	SAVINGS	
		£	£	£	£	£	£	
Community & Environmental	Allotment Officer	19,000	0	20,000	0	21,000	0	Allotment Officers to develop and take care of vacant allotment plots. It will require a contract variation with Veolia
Community & Environmental	Oxhey Activity Park - Temporary Ranger	20,000	0	0	0	0	0	A significant capital investment will be completed in summer 2020 which will see a £4 million development of Oxhey Activity Park. A new skate park, pump track, play facilities and café will see an influx of users into Oxhey Park. From the outset, to manage the facility as well as cover all aspects of usage, potential ASB, working with partners, a temporary park ranger post is required that will be based at the park but working with Veolia from Wiggshall depot. The post is for 6 months only.
Community & Environmental	Voluntary Sector Commissioning Framework	30,000	0	30,000	0	30,000	0	The Mayor has requested that Homestart join the Voluntary Sector Commissioning Framework (VSCF) from 2020. The Women's centre is also seeking accommodation support. These two organisations are uniquely outside of the Framework given their roles and Officers will work with the organisations to develop a new SLA and KPIs linked to the specific service aims.
Community & Environmental	Climate Emergency Fund	50,000	0	50,000	0	50,000	0	To provide a fund to deliver against the WBC Climate Emergency declaration. Would be able to cover investment in income generating projects (such as solar farms); cover any staff resources (either contracted in or WBC); and act as incentives to emission reducing projects.
Community & Environmental	Secret Garden	30,000	0	0	0	0	0	The 'Secret Garden' is an area of WBC land that has over the years become a problematic spot for drug use / ASB and recently resulted in a rough sleeper encampment that then became a large fire. It is between West Herts Sports Ground and Rickmansworth Road, with a large block of private flats to the side. The erection of a suitable security fence will deter use of this area and any use of this area would then be more easily removed given that it would no longer have ready public access.
Community & Environmental	Oxhey Activity Park - Sports Activators.	50,000	0	40,000	0	40,000	0	Oxhey Activity Park - Sports Activators. The post holders will develop activity and marketing plans for the facility to encourage greater participation rates from residents and key target groups.
Community & Environmental	Market	80,000	0	80,000	0	80,000	0	Cabinet approved the new 3 yr. management contract for Watford Market in September 2019 with MAM. A budget of £80k was provided in 2019-20. The financial assessment directed officers to submit a growth bid for years 2020-2023. The figure of £80k does not cover the full year cost of piloting Monday opening of the market and Sunday visiting markets which is taking place currently. If these prove successful further funding will be identified.
Community & Environmental	Environmental Health	0	(36,870)	0	(36,870)	0	(36,870)	Combined savings on costs and additional income
Community & Environmental	Environmental Health	47,770	0	0	(26,400)	0	(55,000)	Net change in the Environmental Health Commercial contract with TRDC

	Notes / Comments	2020/21		2021/22		2022/23		Notes / Comments
		GROWTH	SAVINGS	GROWTH	SAVINGS	GROWTH	SAVINGS	
		£	£	£	£	£	£	
Community & Environmental	Environmental Health	10,400	0	32,400	0	32,400	0	To enable a resilient workforce by recruiting a graduate apprentice. The EHO post is identified by HR as a difficult to recruit post. Developing on lead authority work being carried out by the department, which provides income to contribute to support service charges in excess of £40k pa. Post will provide an option to restructure work as the apprentice gains experience. £22k will be provided by the apprenticeship levy to cover costs of training and assessment.
Place Shaping & Performance	CIL review	15,000	0	80,000	0	0	0	CIL review - programme officer. CIL examination £80k subject to complexity of examination.
Place Shaping & Performance	Local Plan Legal support	15,000	0	0	0	0	0	Local Plan Legal support £15k subject to conplexity of examination.
Place Shaping & Performance	Local Plan examination over 2 years.	0	0	100,000	0	0	0	Local Plan examination - Planning Inspectorate subject to complexity of examination.
Place Shaping & Performance	CCTV - control room	8,000	0	0	0	0	0	Control room equipment to include servers and contol systems also wall monitors - currently an inventory survey is being completed to identify status of equipment
Place Shaping & Performance	EV chargers expansion	40,000	0	40,000	0	0	0	EV chargers expansion
Place Shaping & Performance	Complex Needs Scheme	75,000	0	75,000	0	75,000	0	Up to £75k per annum may be required for the Complex Needs Scheme. The project will be tendered in Novemembr/December 2019 for an April 2020 start. We will not know exactly what additional contributions are required for this project (if any) until the tenders are returned. It is envisaged in future years HCC would be able to contribute to the additional funds required.
Place Shaping & Performance	Commercial Property Management Fee	32,000	0	32,000	0	32,000	0	Kicker Fee £32k LSH contractual payment required due to increase in value of property portfolio.
Place Shaping & Performance	Head of Commercial	120,000	0	120,000	0	120,000	0	New role -Head of Commercial
Place Shaping & Performance	Senior Commerical Asset Manager - Croxley Park	68,000	0	69,000	0	70,000	0	New role - Senior Commerical Asset Manager (band 10) Croxley Park
Place Shaping & Performance	Top Up Fund Investment Advice - Croxley park	25,000	0	25,000	0	25,000	0	Costs of monitoring investment of top up fund for Croxley Park
Place Shaping & Performance	Legal Assistant - Croxley Park	55,000	0	56,000	0	57,000	0	New role - Legal Assistant - Croxley Park (band 8) Croxley Park
Place Shaping & Performance	Croxley Park	(148,000)		(150,000)		(152,000)		Croxley Park
Corpoarte Strategy	Pay review	30,000	0	30,000	0	30,000	0	For Members for Group Heads and Heads of service
	Total	672,170	(36,870)	729,400	(63,270)	510,400	(91,870)	
	Net Effect		635,300		666,130		418,530	

SERVICE	2020/21	2021/22	2022/23	Total
	£	£	£	£
Service Transformation	0	0	0	0
Community & Environmental	300,300	189,130	161,530	650,960
Democracy & Governance	0	0	0	0
Place Shaping & Performance	305,000	447,000	227,000	979,000
Corporate Strategy & Comms	30,000	30,000	30,000	90,000
Human Resources	0	0	0	0
Strategic Finance	0	0	0	0
TOTAL	635,300	666,130	418,530	1,719,960

Summary Fees & Charges

Service	(A) 2019/20 Original Budget £	(B) 2020/21 Draft Budget already included in MTFS £	(C) 2020/21 Proposed Budget £	(C) - (B) Variance Draft to Proposed £	Comments
COMMUNITY & ENVIRONMENTAL					
Parks, Pitches & Woods	(16,260)	(16,260)	(15,950)	310	
Cemeteries	(368,500)	(368,500)	(368,500)	0	
Cheslyn	(1,000)	(1,000)	(1,000)	0	
SLM	(749,485)	(1,065,877)	(1,065,877)	0	
Waste	(59,380)	(59,460)	(59,460)	0	
Specials & Street Cleansing	(51,130)	(51,130)	(51,130)	0	
Arts, Events and Heritage	(24,000)	(24,000)	(24,000)	0	
Licenses	(151,800)	(158,800)	(153,000)	5,800	
Other Licenses	(32,860)	(32,860)	(31,370)	1,490	
Gaming Licenses	(96,627)	(96,627)	(96,377)	250	
Stray Dogs	(2,400)	(2,400)	(1,400)	1,000	
Pests	(35,150)	(35,150)	(37,180)	(2,030)	
Environmental Abandoned Vehicles	(1,200)	(1,200)	(1,200)	0	
Environmental Miscellaneous	(34,096)	(34,096)	(45,564)	(11,468)	Now includes TRDC EPA income.
	(1,623,888)	(1,947,360)	(1,952,008)	(4,648)	
SERVICE TRANSFORMATION					
Customer Services (including Information Unit)	(12,500)	(12,500)	(12,500)	0	
Town Hall Facilities	(214,300)	(40,300)	(40,300)	0	
	(12,500)	(12,500)	(12,500)	0	
PLACE SHAPING					
Housing	(445,285)	(445,285)	(415,468)	29,817	Annual rent roll £603,440.24. New contract sees managing agent keep 8.2 % not 5% giving WBC 91.8% = £553,958.14. Currently we have 50% voids so only get half that, however we expect Tibble Close to be filled by complex need project in May 2020 which will reduce voids to 25%. This has been factored into the 20/21 budget
Parking - Controlled Parking Zones (see below)	(1,420,900)	(1,420,900)	(1,420,900)	0	
Parking - Other (incl. Avenue, Longspring & Town Hall)	(231,000)	(231,000)	(231,000)	0	
Building Control	(291,000)	(291,000)	(291,000)	0	
Development Control (including Policy Team)	(785,000)	(785,000)	(785,000)	0	
Land Searches	(120,000)	(120,000)	(120,000)	0	
	(3,293,185)	(3,293,185)	(3,263,368)	29,817	
DEMOCRACY & GOVERNANCE					
Elections Unit	(4,000)	(4,000)	(4,000)	0	
	(4,000)	(4,000)	(4,000)	0	
STRATEGIC FINANCE					
Council Tax (Single Person Discount)	(2,000)	(2,000)	(2,000)	0	
	(2,000)	(2,000)	(2,000)	0	
Sub Total	(4,935,573)	(5,259,045)	(5,233,876)	25,169	
Less :					
Parking - Controlled Parking Zones (v see above)	1,420,900	1,420,900	1,420,900	0	
Total	(3,514,673)	(3,838,145)	(3,812,976)	25,169	

Capital Growth Bids and Revenue Impact

Department	Project Details	Capital				Annual Revenue Costs /		
		Budget 2020/21 £	Budget 2021/22 £	Budget 2022/23 £	Budget 2023/24 £	Budget 2020/21 £	Budget 2021/22 £	Budget 2022/23 £
Corporate Strategy & Comms	TOWN BOUNDARY SIGNAGE : The borough has a number of entry signs, which mark borough boundaries. These are now very old - they are the old / outdated logo and many are faded and in a bad state of repair.	25,000	0	0	0	0	2000	2000

Council Tax Base and Calculation 2020/21

WATFORD	Properties by Band									
2020/21	Band A Disabled	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
1. Dwellings	0.0	518.0	4,374.0	14,732.0	12,842.0	3,623.0	2,178.0	1,904.0	81.0	40,252.0
2. Demolished	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3. Exemptions	0.0	43.0	105.0	200.0	126.0	33.0	19.0	17.0	1.0	544.0
4. Long Term Empty Premium	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5. Disabled Relief	0.0	2.0	25.0	25.0	-16.0	-18.0	1.0	14.0	-5.0	28.0
6. Chargeable Dwellings (H)	0.0	477.0	4,294.0	14,557.0	12,700.0	3,572.0	2,160.0	1,901.0	75.0	39,736.0
7. Discounts x 25% SPD	0.0	279.0	2,347.0	4,836.0	3,008.0	671.0	331.0	216.0	5.0	11,693.0
8. Discounts x 25%	0.0	3.0	45.0	180.0	140.0	26.0	25.0	11.0	0.0	430.0
9. Discounts x 50%	0.0	0.0	0.0	2.0	13.0	8.0	3.0	10.0	8.0	44.0
10. Discount Deduction (Q)	0.0	70.5	598.0	1,255.0	793.5	178.3	90.5	61.8	5.3	3,052.8
11. Additions/ Reductions	0.0	43.0	279.0	266.0	103.0	42.0	20.0	15.0	14.0	782.0
12. Total Adjustments (J)	0.0	43.0	279.0	266.0	103.0	42.0	20.0	15.0	14.0	782.0
13. Sub-Total (H-Q+J)	0.0	449.5	3,975.0	13,568.0	12,009.5	3,435.8	2,089.5	1,854.3	83.8	37,465.3
14. Reduction Scheme (Z)	0.0	69.8	852.8	1,608.6	995.5	168.1	37.9	15.0	0.0	3,747.7
15. Net Dwellings ((H-Q+J)-Z)	0.0	379.7	3,122.2	11,959.4	11,014.0	3,267.7	2,051.6	1,839.3	83.8	33,717.6
16. Band Proportion (F)	5.0	6.0	7.0	8.0	9.0	11.0	13.0	15.0	18.0	
17. Band D Proportion (G)	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	
18. Band D Equivalentents	0.0	253.1	2,428.4	10,630.6	11,014.0	3,993.8	2,963.4	3,065.4	167.5	34,516.2
TAX BASE CALCULATION										
Total Band D Equivalentents	34,516.2									
Collection Rate	97.00%									
Adjusted Band D	33,480.7									

Capital Programme – Growth Bids

No	Department	Project Details	Capital			Annual Revenue Costs / (Savings)		
			Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2020/21	Budget 2021/22	Budget 2022/23
			£	£	£	£	£	£
1	Community & Environmental	Cassiobury Park "Performance Space" : construct a paved hard surfaced area with power supply by the iconic Cedar tree. This is the furthest point from any residential property and gives the team greater flexibility in managing events in Cassiobury Park.	40,000	0	0	0	0	0
2	Corporate Strategy & Comms	TOWN BOUNDARY SIGNAGE : The borough has a number of entry signs, which mark borough boundaries. These are now very old - they are the old / outdated logo and many are faded and in a bad state of repair.	25,000	0	0	0	2000	2000
3	Community & Environmental	Watford Cycle Hub : The original budget of £350k will be exceed by £100k and an additional £50k is requested as contingency in relation to an underground high voltage cable recently being found under the existing building (which will be under the footprint of the new building)	150,000	0	0	0	0	0
4	Community & Environmental	Garston Park Sculpture : Garston Park is undergoing substantial restoration in 2019/20. There is a local desire to see the introduction of public art to the park in a specific location at the top of the hill looking back across the park. This will be in the form of a large timber structure that will be artist designed and involve the local community. It already forms part of the agreed masterplan and has the support of ward councillors - <i>Funded from CIL</i>	30,000	0	0	0	0	0
5	Community & Environmental	Heritage Trail : this is a project that has been agreed to be delivered as part of the Cultural Strategy. Contributes to the community and well being, our rich heritage makes us proud and connected whether work, live or visit Watford. <i>Funded from CIL</i>	110,000	0	0	0	0	0
6	Community & Environmental	Lea farm Rec Improvements : A number of local parks now require investment due to deteriorating infrastructure including street furniture, planting, footpaths as well as opportunities for enhancing biodiversity. The capital project will see localised improvements to this open space and has been raised by ward councillors a priority. <i>Funded from S106</i>	50,000	50,000	0	0	0	0
7	Community & Environmental	Park Litter bin replacements : All litter bins were replaced in all parks 8 years ago funded through S106. These were Derby litter bins and many of these are now reaching the end of their useful life. Rusting is an issue due to dogs urinating on them so in key locations many are deteriorating. A capital budget is required to ensure a rolling programme of litter bin replacement.	10,000	10,000	10,000	0	0	0
8	Community & Environmental	Meriden Park Improvements : A number of local parks now require investment due to deteriorating infrastructure including street furniture, planting, footpaths as well as opportunities for enhancing biodiversity. The capital project will see localised improvements to this open space and has been raised by ward councillors as a priority for them. <i>£20k funded from S106</i> .	50,000	50,000	50,000	0	0	0
9	Community & Environmental	Oxhey Activity Park : as a result of significant extra works required to satisfy Environment Agency conditions, further tests were required including extra fees, boreholes, surveys and analysis as well as meant a delay in commencing works. This has put a pressure on the budget which is now overstretched and a capital budget is required to cover these extra works. Value engineering has been carried out by the design team and successful contractor.	100,000	0	0	0	0	0
10	Place Shaping & Performance	Places for People Scheme : Potential strategic purchase, £1 million required to develop the area surrounding Exchange road. To be funded by land swap New Hope Trust.	1,000,000	-1,000,000	0	0	0	0

No	Department	Project Details	Capital			Annual Revenue Costs / (Savings)		
			Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2020/21	Budget 2021/22	Budget 2022/23
			£	£	£	£	£	£
11	Place Shaping & Performance	Watford Business Park: take forward the development of the gateway site and other strategic development opportunities within WBP in accordance with Greenhills strategic report.	0	3,000,000	3,000,000	0	0	0
12	Place Shaping & Performance	Riverwell Car Park: The joint venture is obliged to build the MSCP. The current DBFO project looks unfeasible. It is likely that a JV with Keir will be required to build the project to be funded from car park income. Part funded from equity £3.3m (£3.3m Keir) and debt (£ 26.6m).	29,900,000	0	0	0	0	0
13	Place Shaping & Performance	Cultural Hub: Northern Masterplan. There is currently £8.7m in the capital programme for this scheme. Further work is required to ascertain the total requirement	Not Known	Not Known	Not Known	0	0	0
14	Service Transformation	Colosseum: There is currently £4m in the capital programme for this scheme. Additional funding is likely to be required	0	Not Known	0	0	0	0
15	Place Shaping & Performance	Pyramid Site: 50% match funding for LEP bid to acquire Pyramid site for development of transport hub. Whilst the full development is dependent on LEP grant funding, the allocation in the capital programme allows for the acquisition of the strategic site on its own to secure the long term potential of the scheme.	5,000,000	0	0	0	0	0
16	Place Shaping & Performance	Palace Theatre: Scenery Store- Redevelopment into community facility hub, final cost, phasing and funding to be determined	1,000,000	500,000	0	0	0	0
17	Community & Environmental	Vehicle Replacement Programme: This is the cost of the rolling vehicle replacement programme to facilitate the waste, streets and parks contract	1,184,000	1,008,000	0	0	0	0
18	Community & Environmental	Replacement work vehicles: We currently have 3 vans that are leased and their contract is due to expire in 20/21. We are advised by Finance that we should purchase vehicles as this is the most cost effective option. Lease costs will reduce as result of this growth.	74,000	0	0	0	0	0
19	Place Shaping & Performance	Clarendon Road Phase 3: Secure LEP funding to the total of 4.84m and required to match fund	0	0	1,000,000	0	0	0
20	Community & Environmental	Hoarding for Closed Derby Road Skate Park: When Oxhey Activity Park opens in July 2020 the skate park at Derby Road will be closed. This funding will enable the secure fencing of that facility ahead of WBC's decision on what to do with that land asset.	25,000	0	0	0	0	0
21	Place Shaping & Performance	CCTV Site Equipment: Upgrade costs for on site equipment to include cameras and wireless kit- inventory survey currently being completed to identify equipment that requires upgrade.	24,000	0	0	0	0	0
22	Service Transformation	The Community Asset Review: to assess the community asset portfolio (both community buildings and the council held housing stock) in order to understand the backlog repairs / maintenance liability and ongoing liability over the next ten years to maintain these assets in an appropriate manner.	350,000	500,000	600,000	0	0	0
		Total Capital Growth	39,122,000	4,118,000	4,660,000	0	2,000	2,000

Capital Programme 2019 - 2023

Capital Scheme	Revised Budget 2019/20	Draft Budget 2020/21	Draft Budget 2021/22	Draft Budget 2022/23
	£	(incl rephasings & growth) £	(incl rephasings & growth) £	(incl rephasings & growth) £
SERVICE TRANSFORMATION				
Customer Services				
CSI Project	47,741	0	0	0
ICT Shared Services				
ShS-ICT Modernisation	0	0	0	0
ShS-Migration To The Cloud	16,000	140,000	0	0
ShS-Hardware Replacement Programme	500,000	45,000	45,000	45,000
ICT Client Services				
ICT-Hardware Replacement Programme	317,621	300,000	200,000	200,000
ICT-Business Application Upgrade	48,425	165,000	165,000	165,000
ICT-Project Management Provision	55,000	265,000	120,000	120,000
Corporate Asset Management				
Redevelopment Town Hall	250,000	8,899,472	0	0
Colosseum Project	250,000	3,750,000	0	0
Building Investment Programme	1,183,435	400,000	400,000	400,000
COMMUNITY & ENVIRONMENTAL				
Waste & Recycling (inc Veolia)				
Replacement Domestic Bins	42,185	0	0	0
Veolia Contract Fleet Requirements	2,525,000	0	0	0
Recycling Boxes	36,940	0	0	0
Veolia Capital Improvements	96,810	96,810	98,260	100,230
Additional Green Waste Bins	36,000	0	0	0
Parks & Open Spaces				
Callowland Allotment Enhancement	10,000	0	0	0
Whippendell Woods SSSI Enhancement	15,000	15,000	20,000	0
Green Spaces Strategy	209,631	198,680	250,000	250,000
Colne River Project	0	0	0	0
Cassiobury Park HLF Project	166,511	0	0	0
Oxhey Park North Enhancements	4,500	0	0	0
Oxhey Park North	3,518,658	0	0	0
Tree Planting Programme	15,000	15,000	15,000	15,000
River Colne Restoration	87,104	20,000	0	0
Cassiobury Park Car Park Imps	669,607	0	0	0
Garston Park Improvements	316,539	0	0	0
Oxhey Park North Project Mgmt	43,105	0	0	0

Capital Scheme	Revised Budget 2019/20	Draft Budget 2020/21	Draft Budget 2021/22	Draft Budget 2022/23
		(incl rephasings & growth)	(incl rephasings & growth)	(incl rephasings & growth)
	£	£	£	£
Cemeteries				
Cemetery Improvements	211,646	0	0	0
Cemetery Reversion	91,000	50,000	0	0
North Watford Cemetery Imps	177,133	0	0	0
New Cemetery Provision	250,000	500,000	0	0
Vicarage Road Cemetery Feasibility Study	25,000	5,000	0	0
Leisure & Play				
Gaelic Football Relocation	38,558	0	0	0
Hérons F.C.	0	0	0	0
Leisure Centres (SLM)	135,837	250,000	0	0
Watford Tennis Partnership	25,000	0	0	0
Woodside Sports Village	188,219	6,800,000	2,150,000	0
Cassiobury Park Croquet Club	40,000	0	0	0
Play Area Improvements	360,000	425,000	255,000	100,000
Culture & Heritage				
Watford Museum HLF Matchfunding	8,788	247,000	0	0
Improvements Community Centres	33,160	0	0	0
Cultural Quarter Phase 1	0	30,000	0	0
Little Cassiobury Match Funding	0	50,000	0	0
Watford Market	750,000	0	0	0
Delivery of Cultural Plan	0	400,000	300,000	0
Environmental Health				
Decent Homes Assistance	50,000	100,000	100,000	100,000
Private Sector Housing Renewal	0	200,000	100,000	100,000
Street Improvement Programme	100,000	100,000	100,000	100,000
Social Care Project Fund	0	0	0	0
Community Projects				
Cycle Hub	443,000	0	0	0
All Saints Churchyard Improvements	40,000	0	0	0
Paddock Road Depot Enhancements	0	1,300,000	0	0
PLACE SHAPING & PERFORMANCE				
Watford Business Park				
Watford Business Park	3,582,506	0	0	0
Watford Business Park Phase 2	1,400,000	7,800,000	300,000	0

Capital Scheme	Revised Budget 2019/20 £	Draft Budget 2020/21 (incl rephasings & growth) £	Draft Budget 2021/22 (incl rephasings & growth) £	Draft Budget 2022/23 (incl rephasings & growth) £
Watford Riverwell				
Campus-Client Side & Land Assembly	120,000	1,341,000	320,003	0
Campus-Equity-Infrastructure	950,000	(950,000)	0	0
Riverwell-Waterside Phase 1	100,000	1,221,000	0	0
Riverwell-Waterside Phase 2	115,000	2,888,000	1,999,000	0
Riverwell-Island Site	0	96,000	454,000	8,800,000
Riverwell-Waterside Phase 3	45,000	4,023,000	0	0
Riverwell-Car Park	1,050,000	5,708,000	0	0
Riverwell-Farm Terrace Allotments	1,170,000	4,131,000	0	0
Riverwell-School	0	1,557,000	0	0
Riverwell-Administration	0	230,000	82,000	78,000
Housing				
Private Sector Stock Condition	0	36,850	0	0
Retained Housing Stock	5,582	218,440	50,000	50,000
York House Boiler Replacement	0	75,000	0	0
Transport & Infrastructure				
Intro Electric Vehicle Charging	25,058	0	0	0
Public Realm (High Street)	9,333	0	0	0
Public Realm (Cl'dn Rd Phase III)	1,989,000	1,989,000	5,000,000	0
Transport App	200,000	0	0	0
St Albans Rd Improvement Works	200,000	100,000	100,000	0
Watford Junction Masterplan	13,548	0	0	0
Watford 3D Planning Model	56,500	15,000	0	0
Public Realm (Watford Junct'n)	199,998	0	0	0
High St Phase 2 (St Mary's)	295,668	300,000	0	0
Upgrading/Resurfacing Car Parks	4,573	0	0	0
Watford Junction Cycle Pk Hub	12,362	0	0	0
Watford Cycle Hire Study	4,460	0	0	0
Cycle Hire Scheme	443,560	0	0	0
Cycle & Road Infrastructure Improvements	355,000	245,000	300,000	300,000
Development Control				
CIL Review	80,000	0	0	0
Property Investment Board				
PIB Renovations	66,230	50,000	50,000	0

Capital Scheme	Revised Budget 2019/20	Draft Budget 2020/21	Draft Budget 2021/22	Draft Budget 2022/23
		(incl rephasings & growth)	(incl rephasings & growth)	(incl rephasings & growth)
	£	£	£	£
Property Management				
New Market	4,365	0	0	0
Temp Housing Accommodation	4,179,617	0	0	0
Hart Homes Equity WDLLP	300,000	0	0	0
Social Rented Housing	1,000,000	0	0	0
Accelerating Housing Provision	1,380,000	0	0	0
Land Transfer - Croxley View Phase 2	3,000,000	0	0	0
Land Transfer - Croxley View Phase 3	0	0	3,130,000	0
Land Transfer - Rear Of High St	100,000	660,000	0	0
Land Transfer - Scheme A	0	605,000	0	0
Land Transfer - Scheme B	0	530,000	0	0
Loan to Hart Homes WDLLP	4,000,000	13,200,000	10,500,000	0
Loan to Hart Homes WDLTD	700,000	9,100,000	5,100,000	0
Brow Development (Social Rented Housing)	480,000	0	0	0
STRATEGIC FINANCE				
Capital Support Services				
Support Services	552,470	552,470	552,470	552,470
Major Projects - FBP and QS	127,000	127,000	128,270	129,550
Investment Advisors	300,000	0	0	0
TOTAL CAPITAL PROGRAMME	42,044,983	80,615,722	32,384,003	11,605,250

GROWTH ITEMS				
Capital Scheme	Revised Budget 2019/20 2019/20 £	Draft Budget 2020/21 £	Draft Budget 2021/22 £	Draft Budget 2022/23 £
Community & Environmental				
Cassiobury Park "Performance Space"	0	40,000	0	0
Watford Cycle Hub	0	150,000	0	0
Garston Park Sculpture	0	30,000	0	0
Heritage Trail	0	110,000	0	0
Lea Farm Rec Improvements	0	50,000	50,000	0
Park Litter Bin Replacements	0	10,000	10,000	10,000
Meriden Park Improvements	0	50,000	50,000	50,000
Oxhey Activity Park	0	100,000	0	0
Vehicle Replacement Programme	0	1,184,000	1,008,000	0
Replacement Work Vehicles	0	74,000	0	0
Hoarding for Closed Derby Road Skate Park	0	25,000	0	0
Corporate Strategy & Comms				
Town Boundary Signage	0	25,000	0	0
Place Shaping & Performance				
Places for People	0	1,000,000	(1,000,000)	0
Watford Business Park	0	0	3,000,000	3,000,000
Riverwell Car Park	0	29,900,000	0	0
Cultural Hub	0	Not Known	Not Known	Not Known
Pyramid Site	0	5,000,000	0	0
Palace Theatre	0	1,000,000	500,000	0
Clarendon Road Phase 3	0	0	0	1,000,000
CCTV Site Equipment	0	24,000	0	0
Service Transformation				
Colosseum	0	0	Not Known	0
Community Asset Review	0	350,000	500,000	600,000
Total	0	39,122,000	4,118,000	4,660,000
Total Potential Programme	42,044,983	119,737,722	36,502,003	16,265,250

Major Projects update

The Council currently has **eight** main areas for its major projects being:

- **Riverwell** (formerly Watford Health Campus). This is a Local Asset Backed Vehicle (LABV) run as joint venture with Kier plc.
- **Watford Business Park**. A redevelopment of the business park in the South of the Borough.
- **Hart Homes Joint Venture**. The Council is currently in joint venture with Watford Community Housing to develop a mixture of affordable, social and open market housing.
- **High Street/Clarendon Road** works, including Watford Junction.
- **Cultural Hub**. Currently in the process of a feasibility study. *No further detail below.*
- **Croxley Park**. A 40 year lease in Croxley Park, a 75 acre business park, acquired on 26th July 2019. No further detail below.
- **Pyramid Site**. High Street south Low Carbon Transport Hub and Public Realm improvements.
- **Small Sites**. The redevelopment of various small sites.

1. Riverwell

The site is split into a number of zones which will be developed well into the 2020's. Major infrastructure work has been completed that will benefit and therefore be charged to all zones, and this will be supplemented by zone specific infrastructure work as each is developed. There is an overview plan for development which is kept under regular review to take account of any changes in circumstance and ensure that any risks continue to be managed effectively.

Waterside Block E

This approach led to a report to Cabinet on 4th July 2019 on Block E of the Waterside zone. To continue the momentum of build and reduce risk and financial exposure to the LABV partners, it was agreed to sell the Block of 144 units to a Bellway Homes with positive obligations to develop out the site. The proceeds from completion will result in a land receipt of £1m, payback of equity put into this scheme as well as £0.5m profit.

FTA (Farm Terrace Allotment site)

By selling Waterside Block E, funds will be released to allow an accelerated start on the FTA site. This has 193 family units, of which 40% will be affordable. As this development can be built out in phases it reduces the risk and equity demands on the LABV, as sales receipts will come in as phases before the whole site is complete.

Woodlands

The progress of development is visible, with units now sold and occupied. Sales and reservations are occurring almost in line with original estimations. Practical completion should occur for all blocks during summer 2020.

Multi Storey Car Park (MSCP) including northern zones infrastructure

The joint venture is obliged to build the MSCP. The current DBFO project looks unfeasible. It is likely that a JV with Kier will be required to build the project which will be funded from the car

park income. The current proposal is for each partner to contribute £3.3m equity each and debt funding of £26.6m will be required.

Financial impact of Riverwell on WBC

The current status of the various elements within Riverwell indicates that it is probable that total profit and interest received in 2019/20 will be circa £1.6m. This is approximately £1 million less than projected when the 2019/20 budget was set and is due to the decision to sell Woodland Block E rather than develop.

2. Watford Business Park

The redevelopment of the business park was broken down into a number of zones to reflect location, age, specification and head lease length. Zone A was identified as an area for regeneration and development due to the existing properties being largely obsolete and some in a poor state of repair and condition.

The council owns the freehold of the estate and has been in the process of buying up leases to enable redevelopment of the site. At this stage there are still some long leasehold interests who will only sell if compulsory purchase orders (CPO) are applied and these are now in hand. Very fair offers have been made and rejected, and we are at the point where a CPO will have to be pursued to be fair to the taxpayer and those who sold before. The approved capital programme includes sums for this process and it is envisaged that most of Zone A will be acquired by the end of 2019/20. Existing buildings that have been acquired will be demolished to prepare the site for future development.

A total of £5m has been secured from the LEP (Local Enterprise Partnership) in the form of grant (75%) and loan (25%). Payment of this is linked to completion of particular strands relating to the redevelopment, and these will all need to be completed by end March 2021. The completed development will include several good quality light industrial units which will be complementary to the offices in Croxley Park.

3. Hart Homes Joint Venture

Hart Homes (Watford) Ltd is a joint venture between Watford Community Housing (WCH) and Watford Borough Council. The joint venture has a programme to develop a mix of affordable and private residential homes. In order to carry out this programme the Council had loaned Hart Homes £6m by July 2018 to get the initial projects up and running at Croxley View. This loan attracts interest at a commercial rate of 4.25%. The following sums were identified as potential funding for future schemes by the Joint Venture, and would be subject to further clarification and confirmation within these parameters.

Description	2019/20	2020/21	2021/22	2022/23	Future Years
	£m	£m	£m	£m	£m
Equity interest – land transfer	3,000	660	0	3,825	2,700
Loans	100	2859	13,112	9,832	30,869
Loan Principal Repaid	0	0	0	0	(56,672)

Hart Homes is now progressing with development of Croxley View Phases 2, 3 and 4 which consists of 258 dwellings across all 3 phases made up of a mix of 1, 2 and 3 bedroom flats and tenure i.e. available for sale and rent. The timeline for phase 2 was received in September 2019. Phase 2 consists of 86 dwellings of which 23 will be affordable. Construction of phase 2 is scheduled to complete in June 2021. All phases are expected to be complete by May 2027.

The Council has provided land, which will become a capital receipt. It is also providing funding through loans. This will initially be to support the building work which is undertaken by HH(W) LLP. WBC initial loans will be repaid by HH(W) Ltd as sales occur to the market or to WCH for rental as affordable housing.

Once complete, the affordable housing is bought by WCH to rent to tenants. WBC will acquire and provide a long term loan to HH(W) Ltd to pay for this purchase from HH(W) LLP. HH(W) Ltd will service this loan through rental income streams, and WBC will make a return on the sum borrowed.

4. High Street/Clarendon Road improvement works.

The transformation of the public realm in the centre of the town and along the length of Clarendon Road to enhance the key link to Watford Junction Station is continuing apace. The work along Watford High Street and the section of Clarendon Road outside Palace Theatre is now complete.

The next stage in this development is to continue the improvement works along Clarendon Road leading up to Watford Junction Station. The total cost of this project, which spans from 2018/19 to 2024/25 is anticipated to be £13.0m. The Council was successful in a LEP bid and was awarded £4.828m.

5. Croxley Park

The Council is working with its Treasury Management advisers to invest 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.

6. Pyramid Site.

A £10m project to support the design and delivery of the High Street south Low Carbon Transport Hub and Public Realm improvements project opposite Watford High Street Overground Station, in the town centre, close to the Intu shopping centre. With access off the ring road, a new transport hub will serve as the primary transport link between Watford Junction Station, the town centre and the business parks. This will be funded by £5m WBC match-funding to match a £5m Grant fund application made to Herts LEP in October 2019. The outcome of the LEP application will be known by the New Year.

7. Small Sites.

The Council is committed to the development of Council owned small sites. The current list of sites within this project's range is as follows, but may be expanded or contracted depending on the availability of land and the feasibility assessment of individual sites.

List of Council owned small sites:

- 120-122 Exchange Road
- Derby Road Skate Park
- Crown Passage Car Park
- Longspring Car Park
- 18 Watford Field Road
- Riverside Road Garages
- Queens Road Garages
- 41 Aldenham Road

The sites will be delivered using one of the following delivery vehicles, with the decision at the discretion of the Strategic Leadership Team, subject to a sufficient business case from the project delivery team considering the overall project objectives.

- Land Sale with a Performance Agreement
- Delivery through an existing Local Asset Backed Vehicle (LABV); i.e. either Hart Homes Ltd. or Kier Property
- Delivery by the Council acting as Client

The objectives of the project are to deliver:-

- New homes
- An improved use of Council owned assets
- Community Use facilities where possible
- Capital receipts to the Council
- A long-term income to the Council

Project costs are anticipated to be met through the existing capital budgets.

Reserves and Balances

Description	Balance at	Movement	Balance at	Movement	Balance at	Movement	Balance at	Movement	Balance at	Purpose
	1 April	2019/20	31 March	2020/21	31 March	2021/22	31 March	2022/23	31 March	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Revenue Reserves										
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)	786	(2,865)	0	(2,865)	0	(2,865)	0	(2,865)	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
Total	(18,501)	(505)	(19,006)	1,360	(17,646)	177	(17,469)	(359)	(17,828)	
General Fund Working Balance	(1,414)	(586)	(2,000)	0	(2,000)	0	(2,000)	0	(2,000)	Prudent balance

Note: The reserves figures above exclude the gap shown in the MTFS

Risk Matrix

No.	Type of Consequence	Comment	Likelihood	Impact	Overall Score
1	Project overruns	Most projects tend to lean towards 'optimism bias (over estimating that the project will be delivered on time and on budget) to avoid this it is important that the technical specification and outcome of each project is carefully considered at the project design stage.	3	3	9
2	Cost overruns	Cost overrun in project could be as a result of scope change. Any change in the project scope during execution will mean that the entire initial project plan will have to be reviewed such that a reviewed budget, schedule and quality will have to be developed.	3	3	9
3	Delays in project initiation	The complexity of project could also be a contributing factor to delay and cost overrun. This will may cause a cash flow problem, but is merely a timing difference. This can be affected by unforeseen works, extreme weather conditions resource availability and changes in material prices.	3	3	9
4	Capital receipts and Interest/dividends are deferred	This may result in a cash flow issue and short term borrowing may be necessary to support the funding of projects that are in progress	3	3	9
5	Returns are lower than expected	This is a key risk as failure to achieve the returns will increase the pressure on the budget gap and the Council's financial stability	2	4	8
6	Partners cease to collaborate	This is very unlikely, however it should not be discounted. If this were to happen it will have a detrimental effect on the Council's financial position and its reputation.	2	4	8
7	Revenue balances insufficient to meet estimate pay award increases	The medium term planning period takes into account the pay increases for the period	2	2	4
8	Revenue balances insufficient to meet estimate of Employers' pension contributions	Employee revenue contributions have been included in the budgets.	2	2	4
9	Revenue balances insufficient to meet other inflationary increases	Other than contractual agreements, budgets have been cash limited where possible.	2	2	4
10	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 following the EU referendum continues to place uncertainty on the investment strategy.	3	3	9
11	Inaccurate estimates of fees and charges income	See Key Income Streams are shown in the latest Finance Digest	2	3	6
12	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.	2	3	6

13	Major emergency	Major Emergency requires funds beyond Bellwin scheme and causes serious drain on balances	1	1	1
14	The estimated cost reductions and additional income gains are not achieved	Savings identified are monitored as part of the monthly budget monitoring process.	2	3	6
15	The income received from Commercial rents decreases	The rental income received from the Councils property portfolio is a significant proportion of the total income the Council receives.	2	4	8
16	The Council is faced with potential litigation and other employment related risks	The Council has one outstanding litigation case.	2	3	6
17	The amount of government grant is adversely affected	The provisional grant settlement has been factored into the MTFS.	2	3	6
18	The amount of New Homes Bonus grant is adversely affected	The grant has been factored into the MTFS .	3	3	9
19	Fluctuations in Business Rates Retention	The Council is legally obliged to cover the first 7.5% loss on its pre determined baseline level. The Council is currently in a safety net position	2	2	4
20	Right to Buy Receipts & VAT Shelter Receipts	Under the Housing stock transfer with Watford Community Housing (WCH) the Council is entitled to use its share of the proceeds to fund the capital programme. The level of activity on both these income streams are outside the Council's control.	2	3	6
1= VERY LOW RISK 4 = VERY HIGH RISK					
			Likelihood	Impact	Overall Score
			very low risk	1	1
			low risk	2	4
			high risk	3	9
			very high risk	4	16