

FINANCE DIGEST

2020/21

BUDGET MONITORING



Period 6 (as at 30 September)



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.

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 6 (September) 2020 set against the latest budget. A glossary of financial terms is shown at **Appendix 9**.

Revenue summary

The original budget of **£15.753 million** for 2020/21 was approved by Council on 28 January 2020. The latest budget is **£17.509 million**, which includes approved budget carry forwards of £0.724 million from 2019/20 and £1.032 million additional budget change due to COVID19 as approved by Council on 14 July 2020.

The 2020/21 forecast outturn is estimated to be **£18.139 million**. This gives an unfavourable variance of **£0.630 million**, when compared to the latest budget of £17.509 million, which takes into account the estimated funding from the Government’s income guarantee scheme of £1.000 million

<u>Variance</u>	<u>£000</u>	
<u>Planned Variance</u>		
Parking Service additional service provision costs – CPZ funded	263	
Voluntary Sector Review - Renewal Budget	24	
Economic growth and Business support initiatives – Renewal Budget	143	
Project resource – Renewal budget	97	
Project resource support – PMB funded	38	
Heritage & Arts service integration – PMB funded	25	
Digital service Improvements – PMB funded	<u>40</u>	630
<u>Other variances to P6 – September 2020</u>		
Watford2020 savings previously identified not allocated against the savings target	121	
Additional operational support for SLM – COVID19	350	
Additional loss of income SLM contract – COVID19	721	
Loss of income from the AFM recycling model	235	
Cassiobury car parking income shortfall	100	
Additional employee costs and efficiency saving adjustments	254	
Implementation costs of new payroll system – WBC cost	108	
Net Change in investment income from outsourced properties	(604)	
Additional local authority support grant – COVID19	(150)	
Loss of interest income from investments	90	
Lower borrowing costs following a revised capital programme	(216)	
Additional employee costs on revised pay award	83	
Estimated recovery of lost income during Covid 19 from the Government’s Income Guarantee scheme	(1,000)	
Other Variances (<£20,000)	(92)	<u>0</u>
Total Service Variance Period 6 (April – September)		630

The total unfavourable variance of (£0.630 million), £0.630 million will be funded from earmarked reserves, and the balance taken to the Economic Impact reserve. The table below shows a summary of the position on the Council's funding and reserves for 2020/21.

Medium Term Financial Strategy	2020/21 £ 000
Latest Budget	17,509
Variances this period (Appendix 2)	630
Forecast Outturn	18,139
Funding (income from business rates, grants and council tax)	13,734
Budgeted use of reserves	3,775
Planned use of earmarked reserves included in total variance	630
Additional contribution (to) / from reserves	0
Total funding and use of reserves	18,139

Capital summary

The 2020/21 capital budget is **£119.738 million**. The latest capital budget is £124.288 million, includes rephasing from 2019/20 and COVID19 variations as approved by Council on 14 July 2020. Services are now forecasting an outturn position of **£82.726 million** resulting in a variance of **£41.562 million**. The programme is funded as per the table below:

Medium Term Financial Strategy	2020/21 £ 000
Latest Budget (including rephased schemes from 2019/20)	124,288
Variances as at September 2020 (Appendix 3)	41,562
Forecast Outturn	82,726
Funding the capital programme	
Grants & contributions, S106 & CIL	6,932
Reserves	522
Capital Receipts	6,560
Borrowing – Internal/External	68,712
Total Funding	82,726

It is expected that there may be further rephasing between 2020/21 and future years however at this stage this has not yet been identified by services.

Reserves summary

The effect of the revenue variances upon the reserve is shown in the table below. A list of reserve balances is shown at **Appendix 8**.

Description	Balance at 1 April 2020	Movement in Year	Balance at 31 March 2021
	£000		£000
Earmarked Reserves	(19,916)	4,254	(15,662)
General Fund	(2,000)	0	(2,000)
Total	(21,916)	4,254	(17,662)

1.0 Revenue Budget

- 1.1 The latest budget is **£17.509 million**, which includes approved budget carry forwards from 2019/20 and changes due to COVID19 totalling £1.756M. The services' prediction of forecast outturn is now estimated to be **£18.139 million** which results in an unfavourable service variance of **£0.630 million**. However, all these variances are from the planned use of earmarked reserves.

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 2020/21			
Service Area	Latest Budget £000	Forecast Outturn £000	Variance £000
Service Transformation	2,714	3,514	800
Community & Environmental	10,203	11,377	1,174
Democracy & Governance	1,972	2,014	42
Place Shaping	(3,407)	(4,273)	(866)
Corporate Strategy & Communications	523	(112)	(635)
Human Resources	699	752	53
Strategic Finance	4,805	4,867	62
Net Expenditure	17,509	18,139	630

- 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 Watford2020 Project has identified a total savings of £789k against the 2020/21 target, £668k has been allocated to services from the W2020 savings target budget and there is no overall effect as shown in the table below.

Watford 2020 budget realignments	
<u>Savings to Services</u>	£
Service Transformation	(163,128)
Community & Environmental	(101,385)
Democracy & Governance	(48,818)
Place Shaping	(244,507)
Corporate Strategy & Communications	(17,127)
Human Resources	(45,500)
Strategic Finance	(48,114)
From W2020 savings target	668,579
Net	0

In addition, as part of this budget monitoring and £121k had been taken from the base budget previously which is now being allocated against the target savings. £80k projected income from letting addition space in the Annex is now not expected to materialise due to Covid 19.

- Community & Environmental**
 Loss of income of £721k and additional support due to COVID19 of £350k has been agreed for SLM. The AFM recycling model credits for the year will not materialise resulting in loss of income of £235k, this is a county wide scheme controlled by HCC. Budget of £130k has been transferred to other services to align with the correct project spend.
- Place shaping & Performance**
 Additional costs as part of the parking service review of £256k. These costs will be funded from the CPZ reserve. Net increase in income from investment assets outsourced of £604k as detailed in Appendix 1A. Savings identified by the service for the Watford2020 project equates to £244k.
- Corporate Strategy & Communications**
 Expected recover of lost income due to COVID19 from the Government's income guarantee scheme of £1m. Budget transfer from services of £240k to support the Councils commercial agenda which includes Wenta Support, New business CRM and The economic growth strategy.

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 4. The total overall percentage spend is 30%

Revenue Account 2020/21			
Service Area	Latest Budget £000	Spend to Date £000	Percentage spend to date %
Service Transformation	2,713	2,157	80
Community & Environmental	10,203	5,781	57
Democracy & Governance	1,972	966	49
Place Shaping	(3,407)	(5,109)	150
Corporate Strategy & Communications	523	(681)	(130)
Human Resources	699	303	43
Strategic Finance	4,805	1,749	36
Net Expenditure	17,509	5,166	30

1.3.1 The council would expect to have spent approximately 50% (£8,754 million) of net expenditure by the end of Period 6. The reasons for the **significant** variance of each service is explained below;

- Service Transformation**
 ICT costs for software licences have been paid for the whole year and staffing costs gets allocated to capital projects at year end. The Watford2020 forecast has been revised as explained in section 1.2 above.

- **Community & Environmental**
Accrued income for the parking service (2019/20) gets recovered through the year. There will be no income from SLM for the year, this has been reported as part of this budget monitoring report. The majority of spend on Sustainable Transport programme will take place in the second half of the year.
- **Place shaping & Performance**
Flexible homelessness grant received early in the year will be used as we progress through the year. The majority of spend on Sustainable Transport programme will take place in the second half of the year.
- **Corporate Strategy & Communications**
Government Grant received for small businesses due to COVID19 to be paid out as and when claims are received.
- **Strategic Finance**
The annual £2.2m pension deficit will be paid towards the end of the year. Lower borrowing costs due to delay in capital projects, this has been reflected in the revised forecast.

1.4 Staff Vacancies

- 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 September 2020 with a detailed analysis provided by HR at **Appendix 2**.

Service	Number of Vacant Posts (FTE's)
Service Transformation	3.5
Community & Environmental	4
Democracy & Governance	4
Place Shaping	6
Corporate Strategy & Communications	0
HR	0
Total	17.5

- 1.4.2 The percentage of vacancies at the end of period 6 is 8% when compared against the total number of 228 Council FTE's. In some cases, vacant posts will be covered by agency staff to ensure service delivery.

1.5 Government Funding

- 1.5.1 The total level of funding that Government will make available to the Council is at present uncertain. To date the Council has received £1.159M from local government's £3.7bn of Emergency funding and £14k towards rough sleepers. This is to support the additional revenue implications that the Council is facing. There are concerns that local authorities especially district Councils will not be receiving any further financial support as the Government prioritises its funding to other public services.

- 1.5.2 On July the 2nd the Secretary of State announced an income guarantee package that will fund 75% of lost fees and charges above a 5% threshold. The mechanics of this scheme have not been published but it has been made clear that it excludes property rents. It is estimated that the Council could be entitled to £1.0 million.
- 1.5.3 The Council has received £802,000 for the Council Tax hardship fund and £17.3M for Small Business and Retail, Hospitality and Leisure Grants. A further Discretionary Grants Fund of up to 5% of the £17.3m is to be received to provide grants to small businesses with ongoing fixed property-related costs who were not eligible for Small Business Grant Fund (SBGF) or the Retail Hospitality and Leisure Grant Fund (RHLGF).

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 2020/21 (as approved by Council in January 2020) was **£119.738 million**. The latest budget following re-phasing from 2019/20 and Covid 19 changes 2019/20 as approved by Council on 14 July 2020 is **£124.288 million**.
- 2.2 The forecast outturn is estimated to be **£82,726 million** which is a decrease of £41.562 million and relates mainly to the deletion of the car parking scheme project at Watford Riverwell.
- 2.3 The Council's medium term capital investment programme for 2020-2023 is shown at summary level in **Appendix 3** and by each scheme at **Appendix 4**. As at end of July services have spent £8.348 million against the latest forecast, which represents 10%. The major schemes where little or no expenditure has been incurred up to the end of September include the Watford Riverwell Project 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 2020/21 schemes.

3.0 Key Risk Areas

- 3.1 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 monitoring are;

- **Covid 19**

Covid-19 is having a widespread impact on local authority spending throughout the country and had been particularly significant for district council's with much of the funding to date going to Counties in two tier levels. Although many restrictions are being lifted and the Council is working through its recovery phase there is much uncertainty as to how these will affect the 'new normal' and whether some services will return to normal as much will depend

on the confidence and habits of the community at large and whether a second wave of the virus causes another national or local lockdown.

- **Temporary Accommodation**

The Council is exposed to its statutory obligation to provide temporary accommodation for those families who present themselves as homeless. The Council has a capital sum £2.4 million to provide temporary accommodation which will support the demand and reduce the cost of expensive alternatives such as private Bed & Breakfast. The Council could see an increase in costs when evictions are able to resume in August and the Governments Coronavirus Job Retention Scheme closes on 31 October 2020.

- **Commercial Income**

Commercial income is collected for quarters in advance on what are known as ‘quarter days’. The last quarter day was in June and income is lower than expected due to Covid 19. The table below shows the comparisons across the 4 prior quarters at the 28 day mark.

	Sep-19	Dec-19	Mar-20	Jun-20
	28 Days PQD	28 Days PQD	28 Days PQD	28 Days PQD
Core Investment Portfolio	99%	97%	93%	76%
Croxley Park	77%	94%	84%	68%
Consolidated	85%	95%	87%	70%

The council has estimated that it could lose £1.8M in commercial income from the commercial investment portfolio, Intu and Croxley Park during the remainder of the year. When it entered into the Croxley Park lease, the Council received cash up front to cover any shortfalls in rent within the park. This cash will be used to mitigate the impact of any rent shortfalls as a result of Covid-19. It should be noted that the various assurances packages i.e. discretionary grants, rates and VAT holidays and other initiatives have no doubt helped business and tenants weather the storm so far. Further reduction in income will depend on any impact of a second spike of the virus, a prolonged recession and the effect of Brexit, which cannot yet be determined, but no doubt carries a continued risk.

- **Leisure Management Contract**

A financial agreement has been made with the operator, and although this is a capped sum which is estimated to be recovered through an enhanced profit share arrangement over the remaining life of the contract, it cannot be guaranteed and does not take account of a second wave of the pandemic.

- **Business Rates & Council Tax**

The Government has made funding available both for the additional Retail, Hospitality and Leisure reliefs given to business rate payers and the additional support for those of working age who are entitled to Council Tax Relief Support(CTRS). However these reliefs are not expected to completely mitigate the impacts of Covid-19 on Council Tax and NDR. Any impact on collection rates will feed through the Collection Fund to impact on council spending power in 2021-22. The table below shows the impact on collection rates in the first four months of this year.

Fund	Period 6 2020/21 Target	Period 6 2020/21 Actual	Difference

Council Tax	55.7%	54.0%	-1.7%
Business Rates (NDR)	56.22%	50.30%	-5.92%

Whilst there has been a drop in collection rates, recovery and enforcement action was temporarily suspended in March 2020 and in response to enquiries from both businesses and council tax payers the authority agreed to defer payment for approx. 100 businesses and 5,000 charge payers. 2,800 council tax instalment reminders have been issued since the 27/05/2020 for a total of £705,000 and 435 business rates reminders for a total of £825,000. Our recovery team have also been attempting to contact businesses and charge payers who have been issued a reminder notice but have not been in contact or made payment.

In addition to falls in collection rates the MTFS assumes a level of growth in both the council tax base and NDR base as a result of new developments. With the general slowdown as a result of Covid-19 it is likely that this new development will be delayed with a result impact on the council's tax base. The council is expecting there to be an increased number of working age people applying for CTRS as a result of increasing unemployment. The Government has announced that proposed changes to the system of business rates retention planned for April 2021 will be delayed and that deficits on the collection fund can be recovered over 3 years. It has also given indications that issues surrounding councils' tax collection rates and revenues from taxation will be considered as part of the autumn spending review along with New Homes Bonus.

- **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 head lease 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. This has been revised down to £0.7 million due to Covid 19. It is anticipated that the loss will be met from the set aside sinking fund.

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. 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.

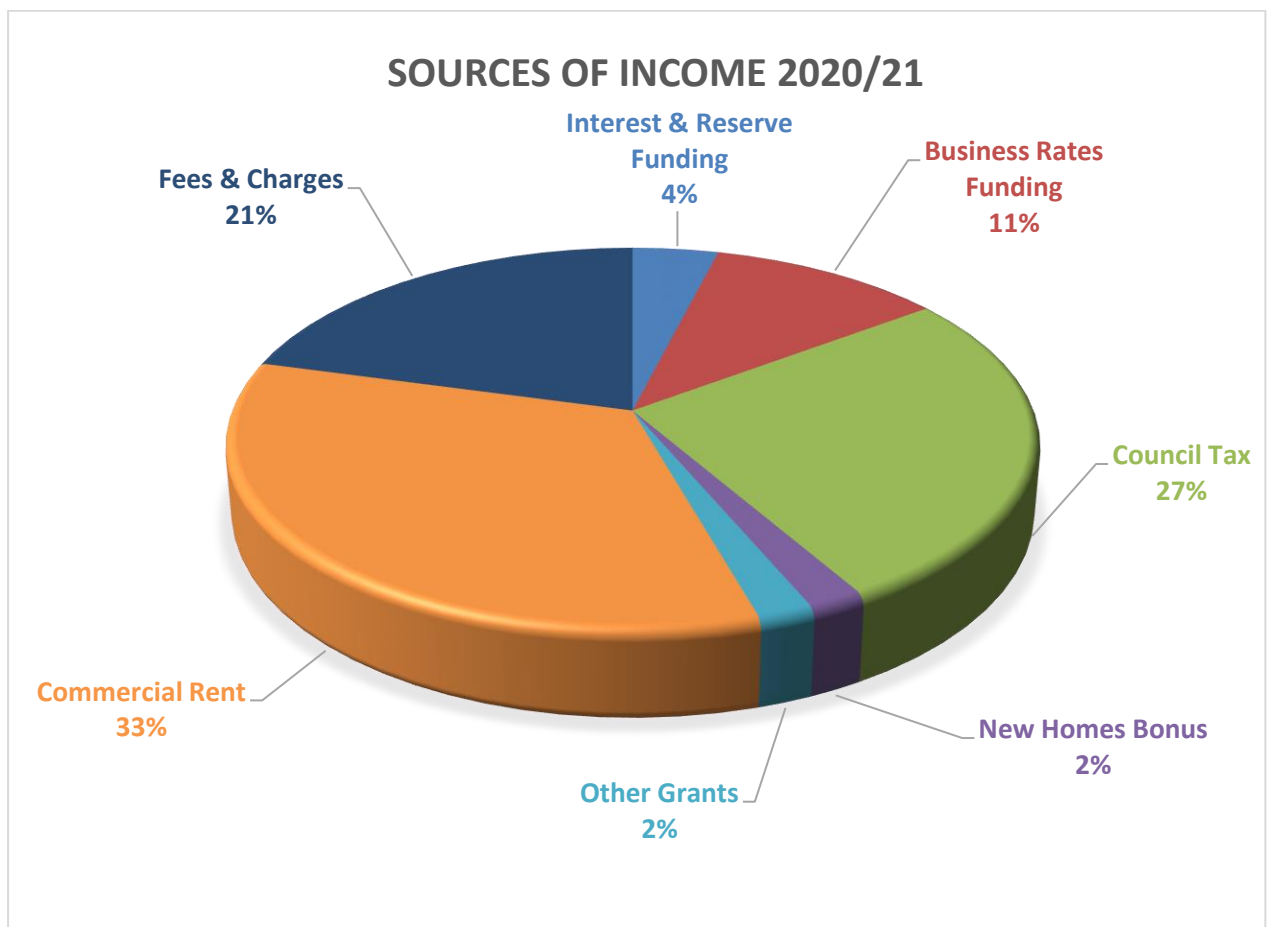
3.2

The Council's overall key financial risk matrix is shown at **Appendix 6**. These are reported and monitored and reviewed by the Council's Audit Committee on a quarterly basis. The latest matrix was presented to the Audit Committee on 7 July 2020.

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 2020/21 is **£34.5 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 (excluding specific Covid-19 grants).



4.3 **Service Income Risk Area**

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 2020/21	Forecast 2020/21	Variance	Comments
		£000	£000	£000	
Place Shaping	Commercial Rent	(8,202)	(8,586)	(384)	Increase due to vacant unit lets, various rent reviews and backdated rent
	Car Parking Charges	(1,138)	(1,138)	0	On target
	Development Control Fees	(663)	(663)	0	On target
	Building Control Fees	(238)	(238)	0	On target
Community & Environmental	Licensing	(273)	(262)	11	Minor decrease

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 September 2020 the total outstanding value of debt (excluding council tax, business rates and government grants) was **£0.745 million** of which £0.474 million (64%) is less than one month old and therefore it is anticipated that this will be recovered. Outstanding debt over a year old is £0.101 million and equates to 14% of the total.

The table below shows a summary of the outstanding debt by the three main aged categories and further detail can be found at **Appendix 7**.

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	452	47	32	532
Democracy & Governance	19	1	0	20
Place Shaping	69	126	63	258
Human Resources	0	0	1	1

Strategic Finance	-67	-3	5	-65
Total	474	170	101	745

5.0 Treasury Management

5.1 The Council has managed its cashflows and adhered to its Treasury Management policy during the pandemic. The interest earned on the investments made by the Council supports the funding of the services it provides. The Council set a budget of £150,000 on short-investment interest for 2020/21. The outturn figure is predicted to be £60,000 due to extremely low interest rates as the Bank of England base rate was reduced from 0.25 to 0.10 on 19 March 2020. This will continued to be monitored closely as the year progresses.

5.2 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.

Report prepared by: Pritesh Shah – Finance Manager
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Report reviewed by: Tina Stankley – Interim Head of Finance

Background Papers

2019/20 Outturn report

Budget returns from Heads of Service

Budget Setting (MTFS 2019/20- 2022/23) - Council 28 January 2020

Financial Outturn 2019/2020 (June 2020)

2020/21 Budget Update – Council 20 July 2020

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 Key Financial Risks

Appendix 7 Aged Debtor Analysis

Appendix 8 Reserves

Appendix 9 Glossary of terms

REVENUE SERVICES – FINANCIAL POSITION AT PERIOD 6

	Budget & Forecast at 30 September P6			
Service Area	Latest Budget	Forecast Outturn	Variance	Actual
	£	£	£	£
Service Transformation				
Customer Services	952,211	1,066,491	114,280	542,874
ICT Services	1,069,433	1,162,203	92,770	859,176
Buildings And Projects	1,499,174	1,251,536	(247,638)	589,955
Service Transformation	(807,322)	34,149	841,471	164,687
Totals - Service Transformation	2,713,496	3,514,379	800,883	2,156,692
Community & Environmental				
Contract Monitoring	691,605	722,785	31,180	332,906
Parks And Open Spaces	1,517,394	1,611,584	94,190	654,403
Leisure	407,463	1,450,390	1,042,927	690,342
Grants	766,933	789,893	22,960	373,210
Environmental Hlth & Licensing	1,454,232	1,380,845	(73,387)	762,124
Culture & Play	969,137	800,202	(168,935)	274,542
Street Cleansing	2,035,280	2,035,280	0	850,959
Waste And Recycling	1,959,616	2,194,876	235,260	742,949
Parking Service	401,666	391,666	(10,000)	1,100,008
Totals - Community & Customer Service	10,203,326	11,377,521	1,174,195	5,781,443
Democracy & Governance				
Legal And Democratic	1,972,196	2,013,774	41,578	965,711
Totals - Democracy & Governance	1,972,196	2,013,774	41,578	965,711
Place Shaping & Performance				
Housing	1,596,487	1,544,057	(52,430)	(633,130)
Property Management	924,332	799,908	(124,424)	293,927
Investment Assets Outsourced	(8,201,599)	(8,888,022)	(686,423)	(4,879,803)
Investment Assets Retained	(156,922)	(157,242)	(320)	(92,770)
Operational Assets - Owner Occupied	(291,553)	(292,283)	(730)	(14,711)
Community Assets	(19,530)	(19,530)	0	(8,944)
Development Section	360,288	239,291	(120,997)	(235,373)
Transport And Infrastructure	1,703,270	1,828,508	125,238	324,078
Policy Team	678,266	672,256	(6,010)	137,703
Totals - Place Shaping & Performance	(3,406,961)	(4,273,057)	(866,096)	(5,109,023)
Corporate Strategy & Comms				
Corporate Management	276,754	815,436	538,682	600,029
Partnerships & Performance	814,308	830,729	16,421	385,807
COVID19 Related	(568,112)	(1,758,243)	(1,190,131)	(1,666,869)
Totals - Corporate Strategy & Comms	522,950	(112,078)	(635,028)	(681,033)
Human Resources				
Human Resources Client	184,980	147,700	(37,280)	(17,151)
HR Shared Service	513,529	603,999	90,470	320,097
Totals - Human Resources	698,509	751,699	53,190	302,946
Strategic Finance				
Finance & Resources	243,753	242,413	(1,340)	47,439
Finance Services Client	870,619	1,077,479	206,860	655,008
Revenues And Benefits Client	1,113,280	1,065,166	(48,114)	762,177
Corporate Costs	2,577,504	2,481,927	(95,577)	284,711
Totals - Strategic Finance	4,805,156	4,866,985	61,829	1,749,335
GRAND TOTALS	17,508,672	18,139,223	630,551	5,166,071

VARIANCE ANALYSIS

Service Area	Description	Details of Variances	£
Service Transformation	Customer service Centre	Employee costs efficiency line to be removed. Salary budget set as per new establishment	40,000
		Software maintenance budget not required for 2020/21	(39,250)
		Additional income from street name & numbering	(10,000)
	ICT	Employee costs efficiency line to be removed. Salary budget set as per new establishment	125,390
	Town Hall & Council Suites	Expected rental income from letting the Annex difficult due to COVID19.	80,000
	Digital Service Improvements	Making services digital, funded by the PMB project	40,000
	Watford2020	As part of the Watford2020 project, services identified budget savings which are offset against savings target under Service Transformation. The net effect of these changes has no impact on the overall budget **	(163,128)
		As part of the Watford2020 project, services identified budget savings which are offset against savings target under Service Transformation. The net effect of these changes has no impact on the overall budget **	668,579
		Service savings identified previously as part of Watford2020 project, removed from base budget during budget setting 20/21	121,269
		Insurance costs have been centralised, budgets transferred to Strategic Finance	(41,350)
	Other Variances	(20,626)	
		TOTAL	800,884
Community & Environmental	Climate Change	Budget Transfer to fund new projects under Commercial - see below	(50,000)
	Parks & Open Spaces	Cassiobury car parking income target will not be achieved	100,000
	Arts Events & Heritage	Destination events management budget transfer to Corporate Strategy	(70,000)
	Grants	Voluntary Sector review - Funded from the Renewal budget	24,050
	Waste & Recycling	Loss of income from the AFM recycling model	235,260
	Contract Monitoring	Additional resource costs on green waste monitoring	35,000
	Watford Museum	Technical Advice, Heritage & Arts Services Integration - PMB funded	25,000
	SLM Contract	Additional support for SLM due to COVID19 of £350,000 and loss of expected income of £721,277	1,071,227
	Watford 2020 Project	As part of the Watford2020 project, services identified budget savings which are offset against savings target under Service Transformation. The net effect of these changes has no impact on the overall budget **	(101,385)
		Insurance costs have been centralised, budgets transferred to Strategic Finance	(84,130)
	Other Variances	(10,827)	
		TOTAL	1,174,195

Service Area	Description	Details of Variances	£
Democracy & Governance	Neighbourhood Forum	Additional budgets required to complete projects in various wards due to COVID19	10,130
	Legal Services	Additional employee costs	54,086
		Additional consultancy costs	15,000
	Watford 2020 Project	As part of the Watford2020 project, services identified budget savings which are offset against Watford2020 under Service Transformation**	(48,818)
		Insurance costs have been centralised, budgets transferred to Strategic Finance	(15,520)
	Other Variances	26,700	
TOTAL			41,578
Place Shaping & Performance	Valuations & Estate Group	Employee budgets transferred to Commercial cost centre - see below	(120,000)
	Implementation Team	The parking service has been split into two areas as part of the Watford2020 review. The net increase in costs is to fund projects. This is funded from the CPZ reserve	256,558
	General Property Administration	Increase in rental	(80,000)
	Investments Assets Outsourced	Net Increase in rental income, revised amounts include rent reviews, new occupation of vacant units and back rent on properties as revised in 2020/21	(604,267)
	Watford 2020 Project	As part of the Watford2020 project, services identified budget savings which are offset against savings target under Service Transformation. The net effect of these changes has no impact on the overall budget **	(244,507)
		Insurance costs have been centralised, budgets transferred to Strategic Finance	(49,230)
	Other Variances	(24,650)	
TOTAL			(866,096)
Corporate Strategy & Commas	Commercial	Budget transfer from Climate Change & Valuations & Estate Group to support the Councils commercial agenda	170,000
	Special Emergency - COVID19	Estimated recovery of loss of income due to COVID19 from the Government's income guarantee scheme	(1,000,000)
		Additional Local Authority support grant COVID19 - 3rd tranche of emergency funding	(150,131)
		Budget transfer from Arts, Events & Heritage - Destination Management	70,000
	Economic Development	Project costs to support economic growth / new business initiatives	143,090
	Project Resource	Project Manager costs previously charged to capital projects and additional resource now to be funded from the Renewal budget and PMB	135,150
	Watford 2020 Project	As part of the Watford2020 project, services identified budget savings which are offset against savings target under Service Transformation. The net effect of these changes has no impact on the overall budget **	(17,127)
		Insurance costs have been centralised, budgets transferred to Strategic Finance	(6,010)
	Other Variances	20,000	
TOTAL			(635,028)

Service Area	Description	Details of Variances	£
Human Resources	HR Shared services	Net cost to Watford for the implementation of the new itrent payroll system and data extraction costs	107,970
	Watford 2020 Project	As part of the Watford2020 project, services identified budget savings which are offset against savings target under Service Transformation. The net effect of these changes has no impact on the overall budget **	(45,500)
		Insurance costs have been centralised, budgets transferred to Strategic Finance	(9,280)
		TOTAL	53,190
Strategic Finance	Interest Earned	Reduction due to low market rates offered on short term investments	90,000
	Interest Paid	Revised capital programme reduces the borrowing requirement	(216,000)
	Budget Strategy Items	The pay award for 2020/21 has been approved at 2.75%. The current budgets have 2% factored in. The difference of 0.75% which will be allocated to the various services equates to £83k	82,875
		Brexit grant funding	(52,452)
	Watford 2020 Project	As part of the Watford2020 project, services identified budget savings which are offset against savings target under Service Transformation. The net effect of these changes has no impact on the overall budget **	(48,114)
	Insurance costs have been centralised, budgets transferred to services	205,520	
		TOTAL	61,829
		GRAND TOTAL	630,552

STAFF VACANCIES

Service Area	Post	Date Vacant	FTE	Comments
Community & Environmental Services	Business Compliance Officer	16/02/2020	0.3	Not currently advertised
	Support Officer	14/09/2018	0.5	Covered by Agency
	Environmental Health Officer	New Post	1.0	Covered by Agency
	Environmental Health Comp Officer		1.0	
	Safeguarding Manager		0.4	Covered by agency
	Environmental Crime Officer		0.5	
	Museum Learning Officer	28/03/2020	0.6	Not currently advertised
Democracy & Governance	Principal Solicitor	08/11/2019	1.0	Covered by interim
	Support Services Officer	30/06/2020	0.6	Not currently advertised
	Head of Legal Services	30/04/2020	1.0	Covered by interim
	Senior Solicitor	30/11/2015	1.0	Not currently advertised
Place Shaping	Principal Surveyor		1.0	Not currently advertised
	Land Charges Assistant	18/08/2020	1.0	Not currently advertised
	Enforcement Officer	05/07/2020	1.0	To be filled from November
	Housing Solutions Officer	31/07/2020	1.0	Not currently advertised
	Head of Planning Policy	13/04/2020	1.0	Covered by Ben Martin
	Urban Design Officer	22/12/2017	1.0	Not currently advertised
Service Transformation	Customer Service Advisor	10/03/2020	0.5	Not currently advertised
	Customer Service Centre Apprentice	02/04/2019	1.0	Not currently advertised
	Customer Service Centre Apprentice	22/07/2018	1.0	Not currently advertised
	Security & Infrastructure Mgr	29/02/2020	1.0	Not currently advertised
		Total	17.4	

CAPITAL INVESTMENT PROGRAMME – SUMMARY

Service Area	Service Provision	Latest Budget 2020/21	Forecast Outturn	Actual to date	Latest Budget 2021/22	Latest Budget 2022/23
		£	£	£	£	£
Service Transformation	Customer Services	47,741	47,741	36,413	0	0
	ICT Shared Services	208,247	413,247	152,487	135,000	45,000
	ICT Client Services	619,568	74,568	(22,773)	765,000	485,000
	Corporate Asset Management	4,898,611	4,898,611	589,991	900,000	1,000,000
Community & Environmental	Waste & Recycling (inc Veolia)	1,468,712	1,468,712	232,068	1,106,260	100,230
	Parks & Open Spaces	1,678,119	1,678,119	1,321,712	435,000	325,000
	Cemeteries	988,160	988,160	105,416	0	0
	Leisure & Play	1,516,307	1,516,307	425,341	8,376,688	100,000
	Culture & Heritage	233,980	233,980	38,630	1,050,396	0
	Environmental Health	312,796	312,796	3,474	300,000	300,000
	Community Projects	690,000	690,000	87,900	824,250	0
	Commissioning	54,425	79,425	30,492	0	0
Place Shaping & Performance	Watford Business Park	4,100,734	4,100,734	848,249	9,100,000	3,000,000
	Watford Riverwell	51,165,904	14,687,904	382,028	2,855,003	8,878,000
	Housing	298,002	1,698,002	299,351	50,000	50,000
	Transport & Infrastructure	2,163,754	7,238,754	2,288,420	5,400,000	1,300,000
	Development Control	80,000	80,000	0	0	0
	Property Investment Board	13,342	13,342	(57,339)	50,000	0
	Property Management	53,070,232	41,825,907	1,350,102	19,220,000	0
Corporate Strategy & Communications	Corporate Communications	0	0	0	25,000	0
Strategic Finance	Capital Support Services	679,470	679,470	28,899	680,740	682,020
	Business Systems	0	0	0	0	0
	West Herts Crematorium	0	0	207,141	0	0
TOTAL CURRENT CAPITAL PROGRAMME		124,288,104	82,725,779	8,348,002	51,273,337	16,265,250

CAPITAL INVESTMENT PROGRAMME – DETAIL

Capital Scheme	Latest Budget 2020/21	Forecast Outturn	Forecast Variance	Actual 2020/21	Scheme Update
	£	£	£	£	
SERVICE TRANSFORMATION					
Customer Services					
CSI Project	47,741	47,741	0	36,413	
ICT Shared Services					
ShS-Migration To The Cloud	66,000	66,000	0	0	
ShS-Hardware Replacement Programme	142,247	347,247	205,000	152,487	In year budget movement within service area.
ICT Client Services					
ICT-Hardware Replacement Programme	273,298	53,298	(220,000)	(22,873)	Service request for budget rephasing into 2021/22.
ICT-Business Application Upgrade	141,270	21,270	(120,000)	100	Service request for budget rephasing into 2021/22.
ICT-Project Management Provision	205,000	0	(205,000)	0	In year budget movement within service area.
Corporate Asset Management					
Colosseum Refurbishment	3,818,611	3,818,611	0	247,114	
Community Asset Review	350,000	350,000	0	0	
Building Investment Programme	730,000	730,000	0	342,877	
COMMUNITY & ENVIRONMENTAL					
Waste & Recycling (inc Veolia)					
Replacement Recycling Bins	0	0	0	19,699	
Replacement Food Bins & Caddies	0	0	0	133,199	
Replacement Domestic Bins	42,185	42,185	0	23,346	
Veolia Contract Fleet Requirements	1,256,777	1,256,777	0	0	
Recycling Boxes	36,940	36,940	0	0	
Veolia Capital Improvements	96,810	96,810	0	36,124	
Additional Green Waste Bins	36,000	36,000	0	19,699	
Parks & Open Spaces					
Farm Terrace Allotments	0	0	0	500	
Callowland Allotment Enhancement	8,156	8,156	0	0	
Whippendell Woods SSSI Enhancement	19,647	19,647	0	0	
Green Spaces Strategy	256,116	256,116	0	251,022	
Cassiobury Park HLF Project	33,853	33,853	0	98,128	
Oxhey Park North Enhancements	4,500	4,500	0	4,500	
Oxhey Park North	1,107,386	1,107,386	0	793,894	
Tree Planting Programme	15,000	15,000	0	0	
River Colne Restoration	19,224	19,224	0	11,842	
Cassiobury Park Car Park Imps	0	0	0	(3,561)	
Garston Park Improvements	171,132	171,132	0	165,386	
Oxhey Park North Project Mgmt	43,105	43,105	0	0	

Capital Scheme	Latest Budget 2020/21	Forecast Outturn	Forecast Variance	Actual 2020/21	Scheme Update
	£	£	£	£	
Cemeteries					
Cemetery Improvements	0	0	0	14,514	
Cemetery Reprovision	141,000	141,000	0	0	
North Watford Cemetery Imps	103,624	103,624	0	(1,800)	
New Cemetery Provision	727,130	727,130	0	83,367	
Vicarage Road Cemetery Feasibility Study	16,406	16,406	0	9,334	
Leisure & Play					
Gaelic Football Relocation	38,558	38,558	0	0	
Leisure Centres (SLM)	253,021	253,021	0	0	
Watford Tennis Partnership	25,000	25,000	0	0	
Woodside Sports Village	650,000	650,000	0	721	
Cassiobury Park Croquet Club	37,625	37,625	0	6,568	
Play Area Improvements	462,103	462,103	0	418,052	
Lea Farm Recreation Improvements	50,000	50,000	0	0	
Culture & Heritage					
Watford Museum HLF Matchfunding	0	0	0	38,630	
Improvements Community Centres	13,980	13,980	0	0	
Cultural Quarter Phase 1	10,000	10,000	0	0	
Heritage Trail	110,000	110,000	0	0	
Watford Market	100,000	100,000	0	0	
Environmental Health					
Decent Homes Assistance	25,000	25,000	0	(17,006)	
Private Sector Housing Renewal	200,000	200,000	0	0	
Street Improvement Programme	87,796	87,796	0	20,480	
Community Projects					
Cycle Hub	150,000	150,000	0	32,132	
All Saints Churchyard Improvements	40,000	40,000	0	38,871	
Paddock Road Depot Enhancements	500,000	500,000	0	16,896	
Commissioning					
Transport App	30,425	30,425	0	4,875	
Departmental Vehicle Renewal	24,000	24,000	0	12,400	
Cycle Hire Scheme	0	25,000	25,000	13,217	In year budget movement within similar schemes.
PLACE SHAPING & PERFORMANCE					
Watford Business Park					
Watford Business Park	700,734	700,734	0	277,300	
Watford Business Park Phase 2	3,400,000	3,400,000	0	570,949	

Capital Scheme	Latest Budget 2020/21	Forecast Outturn	Forecast Variance	Actual 2020/21	Scheme Update
	£	£	£	£	
Watford Riverwell					
Watford Riverwell Project	51,165,904	14,687,904	(36,478,000)	382,028	Car Parking scheme has been withdrawn from the capital programme.
Housing					
Private Sector Stock Condition	36,850	36,850	0	0	
Retained Housing Stock	186,152	186,152	0	16,200	
York House Boiler Replacement	75,000	75,000	0	1,151	
Partnership Acquisitions Programme	0	1,400,000	1,400,000	282,000	Budget funded through use of S106 monies relating to affordable housing.
Transport & Infrastructure					
Intro Electric Vehicle Charging	0	0	0	(11,775)	
Public Realm (High Street)	4,479	4,479	0	(1,550)	
Public Realm (Cl'dn Rd Phase III)	560,647	5,560,647	5,000,000	2,144,692	Service request for budget rephasing from 2021/22.
St Albans Rd Improvement Works	300,000	400,000	100,000	153,129	Service request for budget rephasing from 2021/22.
CCTV Site Equipment	24,000	24,000	0	99	
Watford Junction Masterplan	13,548	13,548	0	0	
Watford 3D Planning Model	27,388	27,388	0	0	
Public Realm (Watford Junct'n)	158,773	158,773	0	6,635	
High St Phase 2 (St Mary's)	592,478	592,478	0	0	
Upgrading/Resurfacing Car Parks	4,573	4,573	0	0	
Match Funding Capital Projects	0	0	0	(3,863)	
Watford Junction Cycle Pk Hub	7,110	7,110	0	0	
Watford Cycle Hire Study	4,460	4,460	0	0	
Cycle & Road Infrastructure Improvements	466,298	441,298	(25,000)	1,053	In year budget movement within similar schemes.
Development Control					
CIL Review	80,000	80,000	0	0	

Capital Scheme	Latest Budget 2020/21 £	Forecast Outturn £	Forecast Variance £	Actual 2020/21 £	Scheme Update
Property Investment Board					
PIB Investment Strategy	13,342	13,342	0	(57,339)	
Property Management					
New Market	4,365	4,365	0	0	
Redevelopment Town Hall	8,937,463	207,463	(8,730,000)	90,451	Service request for budget rephasing into future year
Cultural Hub Phase 1 Works	0	25,000	25,000	43,271	Variance funded through use of PMB reserve.
Charter Place	0	0	0	(12,371)	
Temp Housing Accommodation	4,007,803	3,207,803	(800,000)	757,140	Service request for budget rephasing into 2021/22.
Social Rented Housing	1,000,000	500,000	(500,000)	0	Service request for budget rephasing into 2021/22.
Accelerating Housing Provision	1,215,601	115,601	(1,100,000)	13,198	Service request for budget rephasing into future year
Land Transfer - Croxley View Phase 2	3,000,000	3,000,000	0	0	
Land Transfer - Rear Of High St	760,000	760,000	0	0	
Land Transfer - Scheme A	605,000	605,000	0	0	
Land Transfer - Scheme B	530,000	530,000	0	0	
Loan to Hart Homes WDLLP	17,200,000	17,200,000	0	0	
Loan to Hart Homes WDLTD	9,800,000	9,800,000	0	0	
Hart Homes Development	0	0	0	12	
Places For People Scheme	1,000,000	2,000,000	1,000,000	0	Variance funded through future related asset sales.
Pyramid Site	5,000,000	2,500,000	(2,500,000)	0	Service request for budget rephasing into 2021/22.
Scenery Store Redevelopment	10,000	530,000	520,000	0	Service request for budget rephasing from 2021/22.
Infill Sites (LEP funded)	0	840,675	840,675	0	Capital project all funded by LEP grant.
STRATEGIC FINANCE					
Capital Support Services					
Support Services	552,470	552,470	0	0	
Major Projects - FBP and QS	127,000	127,000	0	28,899	
Business Systems					
West Herts Crem					
West Herts Crem Bedmond Road	0	0	0	207,141	Scheme expenditure recharged to West Herts Crem.
TOTAL CURRENT CAPITAL PROGRAMME	124,288,104	82,725,779	(41,562,325)	8,348,002	

CAPITAL INVESTMENT PROGRAMME – FUNDING

FUNDING TYPE	Forecast Outturn 2020/21 £	Budget 2021/22 £	Budget 2022/23 £
Grants & Contributions	2,520,156	4,750,000	0
Reserves	522,039	0	0
Capital Receipts (PIB & non PIB)	6,559,500	3,402,000	6,643,000
Section 106 & CIL Contributions	4,411,570	3,000,000	0
Local Enterprise Partnership Loan	0	1,250,000	0
Borrowing (Internal & External)	68,712,514	38,871,337	9,622,250
TOTAL CAPITAL FUNDING APPLIED	82,725,779	51,273,337	16,265,250

KEY BUDGETARY RISKS

No.	Type of Consequence	Comment	Likelihood	Impact	Overall Score
1	The Medium term financial position worsens.	In that the general fund balance falls below the minimum prudent threshold and capital funding is insufficient to meet the capital programme. This appears as item no.8 in the Council's strategic risk register. The financial impact of COVID 19 will place a burden on the Councils Revenue account through loss of income and additional expenditure.	3	2	6
2	Revenue balances insufficient to meet estimate pay award increases	The medium term planning period takes into account the pay increases for the period - The Council's 3 year Medium term Financial Strategy includes forecast pay awards for the next three years. Unions have submitted a pay claim in excess of this amount. Current offer is 2.75% whilst budget allows for 2%.This is an increase of £83k and included in the forecast outturn	3	2	6
3	Revenue balances insufficient to meet other inflationary increases	Other than contractual agreements, budgets have been cash limited where possible. Inflation currently running below assumptions.	2	2	4
4	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. Interest rates are extremely low a the bank base rate is currently 0.10.	3	3	9
5	Inaccurate estimates of fees and charges income	See Key Income Streams are shown in the latest Finance Digest. The financial impact of COVID 19 will place a burden on the Councils Revenue account through loss of income . Govet guarantee income scheme will cover 70% of losses on Fees & Charges	3	3	9
6	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.	1	3	3
7	Major emergency	Major Emergency requires funds beyond Bellwin scheme and causes serious drain on balances. The financial impact of COVID 19 will place a burden on the Councils Revenue account through loss of income and additional expenditure.	3	3	9
8	The estimated cost reductions and additional income gains are not achieved	Savings identified are monitored as part of the monthly budget monitoring process. Some of these may not materialise as resources are diverted away to concentrate on the Councils Covid 19 recovery plan	3	3	9
9	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. The financial impact of COVID 19 places a burden on the Councils property income. At present there is an estimated loss of £1.7m. The Government's proposed Income guarantee grant scheme will not cover property rents	3	3	9
10	The amount of government grant is adversely affected	The provisional grant settlement has been factored into the MTFs. During the Covid 19 crisis, the Council has received £498,000 for the Council Tax hardship fund and £11.4M for Small Business and Retail, Hospitality and Leisure Grants. A further Discretionary Grants Fund of up to 5% of the £11.4m is to be received to provide grants to small businesses with ongoing fixed property-related costs who were not eligible for Small Business Grant Fund (SBGF) or the Retail Hospitality and Leisure Grant Fund (RHLGF).	2	3	6
11	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. From April 2020 the system was due to be subject to reset and increase to 75% retention. This was originally postpone to 2021/22 and has been further postponed. Impact of Covid 19 on collection fund will impact in 2021/22	3	3	9
1= VERY LOW RISK 4 = VERY HIGH RISK					
			Likelihood	Impact	Overall Score
		very low risk	1	1	1
		low risk	2	2	4
		high risk	3	3	9
		very high risk	4	4	16

AGED DEBT ANALYSIS

Invoices outstanding from 1st August 2019 to 31st July2020								
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	449,263	8,282	30	0	18,632	16,313	492,520
	Env Services-Premises Licence	2,681	1,505	2,010	1,640	4,700	10,720	23,256
	Environmental Health	424	0	4,459	0	5,656	5,418	15,957
Democracy and Governance	Democracy and Governance	19,403	0	0	0	750	98	20,251
Place, Shaping & Performance	Housing	4,571	2,000	20,008	39,283	629	28,951	95,443
	Property (exc. Commercial rent)	17,740	592	27,706	98	530	398	47,063
	Property - Commercial Rents	41,236	2,775	7,342	5,550	6,125	33,331	96,359
	Property - Parking Spaces	0	0	833	0	1,201	0	2,034
	Planning (exc. Inspection fees)	0	10,173	0	0	150	0	10,323
	Planning - Inspection Fees	5,587	0	860	0	0	84	6,530
Human Resources		0	0	0	0	0	843	843
Strategic Finance		-66,912	0	-169	-281	-2,752	4,863	-65,250
Grand Total		473,995	25,327	63,079	46,290	35,620	101,019	745,330
Percentage of Amount Outstanding		63.60%	3.40%	8.46%	6.21%	4.78%	13.55%	100.00%

REVENUE RESERVE BALANCES

Description	Balance at 1 April £000	Movement 2020/21 £000	Balance at 31 March £000	Purpose
Revenue Reserves				
Area Based Grant	(86)	86	(0)	Balance transferred to Recovery Fund
Budget Carry Forward	(1,934)	1,934	0	Budgets carried forward from prior years
Car Parking Zones	(698)	263	(435)	Ring fenced for parking projects
Charter Place Tenants	(93)	93	(0)	Balance transferred to Recovery Fund
Climate Change	(48)	48	0	Balance transferred to Recovery Fund
Collection Fund	(297)	0	(297)	Equalisation fund to smooth impact of surplus / deficit
Crematorium	(150)	0	(150)	Funding repairs and maintenance
Economic Impact Reserve	(2,979)	1,690	(1,289)	Provide resources to offset economic downturn
Housing Benefit Subsidy	(1,832)	0	(1,832)	Provision if Dept for Work & Pensions claw back funds
Housing Planning Delivery Grant	(266)	0	(266)	Improve planning outcomes and delivery of housing
Invest to Save	(689)	689	0	Balance transferred to Recovery Fund
Le Marie Centre Repairs	(11)	11	0	Balance transferred to Recovery Fund
Leisure Structured Maintenance	(423)	173	(250)	£173k Balance transferred to Recovery Fund
Local Development Framework	(178)	0	(178)	Support local plan production and inspection
Multi-Storey Car Park Repair	(181)	0	(181)	Funding major structural works
Parks, Waste & Street Strategy	(60)	60	0	Balance transferred to Recovery Fund
Pension Funding	(2,248)	0	(2,248)	Reduction of pension deficit
Performance Reward Grant	(28)	28	(0)	Balance transferred to Recovery Fund
Project and Programme Management	(251)	103	(148)	Support major project work
Rent Deposit Guarantee Scheme	(100)	0	(100)	Assist in providing homelessness accommodation
Riverwell Project	(7,334)	0	(7,334)	To cover any guarantees, repayments of outstanding loans and fund future investment.
Weekly Collection Support Grant	(30)	0	(30)	Supporting weekly collection of waste
Recovery Fund	0	(924)	(924)	To support the recovery process for additional costs due to COVID19
	(19,916)	4,254	(15,662)	
General Fund Working Balance	(2,000)	0	(2,000)	Prudent balance
Total Revenue Reserves	(21,916)	4,254	(17,662)	

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.

