

# **BUDGET SETTING**

**2021/22 to 2023/24**

## **Medium Term Financial Strategy**



A table of contents is shown below together with the appropriate page number.

<b>SECTION</b>	<b>CONTENTS</b>	<b>PAGE</b>
	<b>Executive Summary (including the MTFS)</b>	<b>3</b>
<b>1</b>	<b>Revenue</b>	<b>5</b>
<b>2</b>	<b>Capital Investment Programme</b>	<b>8</b>
<b>3</b>	<b>Reserves</b>	<b>10</b>
<b>4</b>	<b>Key Risk Areas</b>	<b>10</b>

## **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 2020, the budget monitoring activities carried out during the current year and the latest developments in funding, legislation and service delivery. The strategy also dovetails with the Council revising the 2020/21 budget and sets the budget for financial year 2021/22 and shows indicative budgets for the following two years.

Regular budget monitoring reports are presented to both the Council's Leadership Board 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 for the forthcoming year and indicative budgets for the following two years. With the removal of revenue support grant funding Group/Executive 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 (on the next page) shows the impact on this 'budget gap' over a three year period, 2021/22 to 2023/24, based on the current understanding of likely financial impacts and the longer term major projects.

The table highlights that the key impact on the MTFS over the three year period has been the loss of taxation income as a result of the Covid-19 pandemic, through reduction in the Council Tax base due to an increase in Council Tax reliefs and the impact on the collection fund of the shortfall in income in 2020/21, and holding the Council Tax increase to inflation. The Council Tax changes are offset by Local Council Tax Support Grant of £0.188M. Overall, after taking onto account the reduction in taxation resources, there is a gap of £0.477M.

**Table 1 Budget Gap**

Revenue Account	MTFS				
	2020/21	2021/22	2022/23	2023/24	Total Gap over MTFS 3 Years
	£000	£000	£000	£000	£000
<b>Gap in MTFS at 1 April (approved in January 2020)</b>	659	477	(52)	(52)	373
<u>In year changes</u>					
Service changes through budget monitoring	1,132	(89)	(89)	(89)	(267)
Demand Responsive Transport	(552)	552	0	0	552
Borrowing costs	(386)	(350)	(350)	(350)	(1,050)
<b>Other Changes</b>					
Changes to Business Rates on Council Property		(71)	(78)	(70)	(219)
Changes to Fees & Charges		(33)	(33)	(33)	(100)
Changes to Staff Costs		48	(180)	(126)	(257)
Changes from Shared Services		(59)	(137)	(128)	(324)
Watford 2020	0	234	339	339	912
Realignment of Budgets		4	(120)	(120)	(236)
<b>Net changes</b>	194	236	(648)	(577)	(988)
Additional COVID19 Grant	0	(471)	0	0	(471)
<b>Revised gap</b>	<b>853</b>	<b>242</b>	<b>(700)</b>	<b>(629)</b>	<b>(1,086)</b>
<b>Funding Changes</b>					
New Homes Bonus	0	97	0	0	97
Council tax Surplus/deficit	0	250	250	250	750
Council tax	0	126	329	344	799
Additional Government Funding	0	(122)	(122)	(122)	(366)
<b>Sub Total</b>	<b>0</b>	<b>351</b>	<b>457</b>	<b>472</b>	<b>1,280</b>
<b>Change to planned use of reserves</b>	<b>(765)</b>	<b>(81)</b>	<b>728</b>	<b>(364)</b>	<b>283</b>
<i>Carry Forward (DRT)</i>		(552)	0	0	(552)
<i>Transfer of Covid 19 Funding to Recovery Fund</i>		471			
<b>Revised gap</b>	<b>88</b>	<b>513</b>	<b>485</b>	<b>(521)</b>	<b>477</b>

**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:

- In year changes. These are changes to the base budgets that have been identified and reported in the Finance Digest throughout the 2020/21 financial year. These changes amount to a saving of **£0.194 million**. These are shown at **Appendix 2**
- Pay & Salary changes. The net result is a total reduction of **£0.257 million** over the three year period. This variance includes the impact of the three year public sector pay freeze announced by the Chancellor in the Budget.

1.3. 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 £0.100 million over the MTFS. **Appendix 3** shows a summary of the implications of the 2021/22 fees & charges proposals. The Council's income charging policy is at Attachment 2 with individual charges listed by service area.

1.4. 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 saving amounts to £0.219 million over the MTFS.

1.5. Changes from Shared Services

The Council shares its human resources, ICT, finance, revenues and benefits services with 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 saving in the charge to TRDC in respect of staffing costs. This amounts to (£0.324) million over the MTFS.

1.6. Watford 2020

This Watford 2020 transformation programme aimed to 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 set a recurring savings target of £1.0 million per annum from 2020/21. The Watford 2020 programme delivered savings equivalent to its original target. The transformation programme ended in March 2020. Whilst some elements of the programme had not been fully completed, council resource from March 2020 onwards was focused on providing the council's response to Covid-19. Since then, all outstanding elements have been subsumed into the business as usual or, in some cases such as the review of Legal Service operating model, re-established as new projects.

1.7. Sustainable Transport Schemes

Both the **Demand Responsive Transport (DRT)** experienced lower numbers of rides than predicted due to COVID-19 and therefore did not expand the service as projected during

2020/21. As a result £0.552M of the agreed subsidy has been carried forward from 2020/21 to 2021/22, the total subsidy available over the life of the contract is unchanged.

1.8. Borrowing costs

Borrowing costs arise from borrowing associated with the capital programme. Due to delays in the delivery of the capital programme in 2020/21, there is a significant reduction in the amount the Council will need to borrow and as a result there is a £1.05M reduction in borrowing costs.

1.9. Re-alignment of budgets

**Appendix 4** contains detail of the re-alignment budgets to reflect current priorities and pressures offset by matching efficiency savings.

1.10. Covid -19

During 2020/21 a Renewal Fund was established to help Watford recover from the impacts of COVID-19. As at the end of March 2021, the balance on the reserve is forecast to be £0.909M. In addition, the £1.8M the Council received in Additional Support Grant is for the period to the end of March 2022 providing additional flexibility for the Council to respond to the ongoing impact of COVID-19.

1.11. The MTFS as set out takes into account the longer term impact of COVID-19 on the resource base to the extent that these can be forecast at this time. The government has announced further COVID-19 grant funding of £0.471m for 2021/22 and that the income guarantee at 75% of income will continue into the first quarter of 2021/22. At this stage the additional grant funding has been taken into the Recovery Fund.

1.12. 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 MTFS. These adjustments amount to a total reduction in resources of **(£1.280 million)** over the MTFS. It should be noted that the Government has once again postponed implementation of changes to local government funding. The allocations for the New Homes Bonus have been announced and included, which results in a shortfall of £0.097M over the MTFS. As part of the 2021/22 Provisional Settlement the Government announced a new Lower Tier Grant worth £0.122M in 2021/22.

1.13. Due to the impact of COVID-19, the Council has experienced a drop in its council tax base, combined with the impact of holding the Council Tax increase to the level of inflation, this results a drop in forecast resources of £0.987M over the MTFS period, the impact is reduced to £0.799M after taking into account £0.188M of Local Council Tax Support Grant. The impact on the collection fund in 2020/21 is reflected in the removal of the projected £0.250M per annum collection fund surplus forecast in the previous MTFS.

**Table 2 Changes in Funding Against Budget**

Funding Changes	2020/21 £000	2021/22 £001	2022/23 £002	2023/24 £003	Over MTFS 2021-24
New Homes Bonus	0	97	0	0	97
Business rates	0	0	0	0	0
Council tax Surplus/deficit	0	250	250	250	750
Council tax	0	126	329	344	799
Additional Government Funding	0	(122)	(122)	(122)	(366)
<b>Total</b>	<b>0</b>	<b>351</b>	<b>457</b>	<b>472</b>	<b>1,280</b>

1.14. The MTFS shown in Appendix 1 indicates that the total Net Expenditure of the Council in 2021/22 is **£14.151 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.

1.15. 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 5** for the 2021/22 Council Tax Base results in a figure of **32,786.1** after allowing for the Council Tax Reduction Scheme and a collection rate of 97%.

1.16. The average Band D Council Tax charge for 2021/22 will be **£278.24**. This means that the Council expects to receive **£9.122 million** of Council Tax income in 2021/22.

## 2. 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) and existing schemes. Much of the capital expenditure which relates to major projects will be returned to the Council in future years as capital receipts. **Appendix 6** sets out the detail of the base Capital Programme.

**Table 3 MTFS - Capital**

MTFS - Capital	2020/21 £000's	2021/22 £000's	2022/23 £000's	2023/24 £000's	Total £000's
Original Capital Programme as Approved at Council (January 2020)	119,738	36,502	16,265	0	172,505
Approved rephasings and budget approvals	4,550	14,771	0	0	19,321
<b>Latest Budget</b>	<b>124,288</b>	<b>51,273</b>	<b>16,265</b>	<b>0</b>	<b>191,826</b>
Changes through budget monitoring to P8	-74,174	32,752	4,500	4,230	-32,692
<b>Forecast</b>	<b>50,114</b>	<b>84,025</b>	<b>20,765</b>	<b>4,230</b>	<b>159,134</b>

### Funding the Capital Investment Programme

2.2. 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.

- 2.3. 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.
- 2.4. 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 temporarily internally from cash the Council holds day to day and its own reserves.

**Table 4 Funding the Capital Programme**

FUNDING TYPE	Revised Budget 2020/21 £	Draft Budget 2021/22 £	Draft Budget 2022/23 £	Draft Budget 2023/24 £
Grants & Contributions	2,795	3,750	0	0
Reserves	575	0	0	0
Capital Receipts (PIB & non PIB)	4,685	5,297	6,643	0
Section 106 & CIL Contributions	4,412	0	0	0
Local Enterprise Partnership Loan	0	1,250	0	0
Borrowing (Internal & External)	37,647	73,728	14,122	4,230
<b>TOTAL CAPITAL FUNDING APPLIED</b>	<b>50,114</b>	<b>84,025</b>	<b>20,765</b>	<b>4,230</b>

- 2.5. New Capital schemes are set out in **Appendix 7** and the additional cost of borrowing associated with these schemes is included within the revenue budget.

### 3. 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 8**. The proposed use of reserves for revenue in 2021-24 is as follows:

- £0.600 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 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**.

- 3.2. The MTFS as set out shows that the Economic Impact Reserve reduces significantly by the end of the MTFS period. It is recommended that any underspends identified at the end of 2020/21 are used to replenish this reserve.

### 4. 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:

- **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 (i.e. 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. Rentals have generally held up well during 2020/21 despite Covid-19, however the Council expects its income from Intu to fall in the first half of 2021/22 and this is reflected in the base budget.
- **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.


- 4.2. 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.
- 4.3. The consequences of the key risks are shown at **Appendix 9** together with a risk matrix that shows the likelihood and impact of each consequence if they were to materialise.
- 4.4. The Council is looking to strengthen its budget monitoring arrangements for 2021/22 in order to promote corporate ownership of budgets. In addition to the current arrangements whereby budget monitoring is reviewed in detail by Finance Scrutiny Committee, Budget Monitoring reports will be formally reported to Cabinet.
- 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.

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**BACKGROUND PAPERS:**  
2020/21 Finance Digests  
Cabinet Reports  
2020-24 Financial Planning Report

<b>APPENDICES:</b>	Appendix 1	Medium Term Financial Strategy 2021 - 24
	Appendix 2	In Year Base budget changes
	Appendix 3	Summary Fees & Charges 2021/22
	Appendix 4	Realignment of Budgets
	Appendix 5	Council Tax base and calculation 2021/22
	Appendix 6	Capital programme 2020-2024
	Appendix 7	New Capital Schemes
	Appendix 8	Reserves and balances
	Appendix 9	Risk Matrix

## Medium Term Financial Strategy (MTFS) 2021-2024

 <b>WATFORD BOROUGH COUNCIL</b> BE BOLD	2020/21 Original	2020/21 Revised	2021/22 Draft	2022/23 Draft	2023/24 Draft
	£000s	£000s At Period 8	£000s	£000s	£000s
Service Transformation	2,313	3,164	2,828	2,788	2,788
Community & Environmental	8,980	11,860	8,462	8,446	8,446
Democracy & Governance	2,063	2,076	2,046	2,075	2,075
Place Shaping & Performance	(4,561)	(3,674)	(5,739)	(6,296)	(6,601)
Corporate Strategy & Comms	1,118	(594)	1,250	1,279	1,158
Human Resources	671	726	625	631	631
Strategic Finance	5,169	5,083	4,446	4,217	4,217
<b>Net cost of services</b>	<b>15,753</b>	<b>18,641</b>	<b>13,919</b>	<b>13,139</b>	<b>12,713</b>
<b>Financial Planning</b>					
Salary Changes (Including Employers Lump Sum)	0	0	48	(180)	(126)
Changes from Shared Services	0	0	(59)	(137)	(128)
Changes to Business Rates on Council Property	0	0	(71)	(78)	(70)
W2020	0	0	234	339	339
In year Monitoring Changes	0	0	(89)	(89)	(89)
Demand Responsive Transport	0	(552)	552	0	0
Net effect of Fees & Charges	0	0	(33)	(33)	(33)
Revised Borrowing costs	0	(386)	(350)	(350)	(350)
Realignment of Budgets			4	(120)	(120)
Covid-19 Funding			(471)		
<b>Sub-Total</b>	<b>0</b>	<b>(938)</b>	<b>(235)</b>	<b>(648)</b>	<b>(576)</b>
<b>Total Net Expenditure</b>	<b>15,753</b>	<b>17,703</b>	<b>13,684</b>	<b>12,491</b>	<b>12,137</b>
<b>Planned Use of Reserves</b>					
Contributions to reserves	157	552	628	1,288	621
Contributions from reserves- Incl W2020 & Carry forward Reserve	(1,517)	(4,432)	(885)	(200)	(200)
<b>Sub-Total</b>	<b>(1,360)</b>	<b>(3,880)</b>	<b>(257)</b>	<b>1,088</b>	<b>421</b>
<b>Funding</b>					
Council Tax (including £188K CTSS funding in 2021/22)	(9,160)	(9,160)	(9,311)	(9,393)	(9,378)
Business Rates	(3,152)	(3,152)	(3,002)	(3,002)	(3,002)
New Homes Bonus	(772)	(772)	(480)	(577)	(577)
(Surplus)/Deficit on collection fund	(250)	(250)	0	0	0
Additional Government Funding	(400)	(400)	(122)	(122)	(122)
<b>Sub-Total</b>	<b>(13,734)</b>	<b>(13,734)</b>	<b>(12,914)</b>	<b>(13,093)</b>	<b>(13,078)</b>
Total Funding & Use of Reserves	(15,094)	(17,614)	(13,171)	(12,005)	(12,657)
<b>Gap</b>	<b>659</b>	<b>88</b>	<b>513</b>	<b>485</b>	<b>(521)</b>
<b>Reserves - opening balances</b>	<b>(19,006)</b>	<b>(19,916)</b>	<b>(16,036)</b>	<b>(15,308)</b>	<b>(16,396)</b>
Planned use of reserves	1,360	3,880	257	(1,088)	(421)
Gap funded from reserves	658	88	513	485	(521)
<b>Reserves - closing balances</b>	<b>16,988</b>	<b>(15,948)</b>	<b>(15,266)</b>	<b>(15,911)</b>	<b>(17,338)</b>
<b>Council Tax Rate Calculation</b>					
Council tax base	33,480.0	33,480.0	32,786.1	33,095.7	32,394.5
Council tax charge for band D	£ 273.59	£ 273.59	£ 278.24	£ 283.80	£ 289.48
£	9159.79	9159.79	9122.40	9392.71	9377.59

In Year Base Budget Changes

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)
		Employee cost savings	(21,000)
	Service Transformation	Additional income from street name & numbering	(10,000)
		Saving on Agency costs	(35,790)
	ICT	Increase costs to support on line meetings / new ways of working	20,000
		Employee costs efficiency line to be removed. Salary budget set as per new establishment	125,390
	Town Hall & Council Suites	Expected rental income loss from letting the Annex difficult due to COVID19.	80,000
	Digital Service Improvements	Saving on Professional consultancy fees	(15,000)
		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
Garages and Parking Spaces	Net change from increased maintenance / loss of income	67,381	
	Insurance costs have been centralised, budgets transferred to Strategic Finance	(41,350)	
	Other Variances	(25,842)	
		<b>TOTAL</b>	<b>811,259</b>
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	(120,000)
		Net savings from town centre and art events not taking place in 2020/21	(92,850)
	Sports Development	Savings from all sports related activities cancelled for 2020/21	(40,000)
	Grants	Voluntary Sector review - Funded from the Renewal budget	24,050
	Waste & Recycling	Loss of income from the AFM recycling model - Revised in Period 8	182,704
	Contract Monitoring	The cost of the new Veoila contract due to retendering	288,830
		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
	Environmental Health & Licencing	Expected cost of professional legal fees	220,000
	Parking Service	Loss of income from Controlled Parking Zone areas - COVID19	165,000
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	32,958	
		<b>TOTAL</b>	<b>1,656,404</b>

Service Area	Description	Details of Variances	£
<b>Democracy &amp; Governance</b>	Neighbourhood Forum	Additional budgets required to complete projects in various wards due to COVID19	10,130
	Legal Services	Additional employee costs	112,631
		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	29,981	
		<b>TOTAL</b>	<b>103,404</b>
<b>Place Shaping &amp; Performance</b>	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)
	Transport & Infrastructure	The Sustainable transport Programme budget allocated spans over a period of 3 years, this budget is now correctly being credited to fund future year projects.	(551,907)
	Development Control	Additional income expected from Pre-Application advice	(20,000)
	Building Control	Lower income from inspection fees	45,000
	Land Charges	Decrease in search fee income	40,000
	Policy Team	Income from projects working partners has ended	38,490
	Housing	Saving on property maintenance costs	(32,500)
	Parking	Loss of income from off-street car parks due to COVID19	134,500
	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	8,700	
		<b>TOTAL</b>	<b>(1,179,163)</b>
<b>Corporate Strategy &amp; Comms</b>	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	(1,250,000)
		Additional Local Authority support grant COVID19 - 3rd tranche of emergency funding	(503,484)
	Economic Development	Budget transfer from Arts, Events & Heritage - Destination Management	70,000
		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	181,918
	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	94,500	
		<b>TOTAL</b>	<b>(1,117,113)</b>

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
		Additional employee costs	36,743
	HR Client	Income from administration work and Firstcare framework	(52,190)
	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	(19,280)
		<b>TOTAL</b>	<b>27,743</b>
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	(386,000)
	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
		<b>TOTAL</b>	<b>(108,171)</b>
		<b>GRAND TOTAL</b>	<b>194,363</b>

**Summary Fees & Charges**

Service	(A)	(B)	(C)	(C) - (B)	Comments	
	2020/21 Original Budget £	2021/22 Draft Budget already included in MTFS £	2021/22 Proposed Budget £	Variance Draft to Proposed £		
<b>COMMUNITY &amp; ENVIRONMENTAL</b>						
Parks, Pitches & Woods	(15,150)	(15,150)	(15,600)	(450)	No Significant Changes	
Parking - Controlled Parking Zones (see below)	(1,420,900)	(1,420,900)	(1,420,900)	0		
Cemeteries	(368,500)	(368,500)	(368,500)	0		
Cheslyn	(296,000)	(209,000)	(205,000)	4,000		
SLM	(1,065,877)	(1,065,877)	(1,065,877)	0		
Waste	(354,460)	(504,460)	(504,460)	0		
Specials & Street Cleansing	(51,130)	(51,130)	(51,130)	0		
Arts, Events and Heritage	(25,000)	(25,000)	(25,000)	0		
Licenses	(153,000)	(153,000)	(160,300)	(7,300)		
Other Licenses	(31,870)	(31,870)	(33,470)	(1,600)		
Gaming Licenses	(97,377)	(97,377)	(86,052)	11,325		
Stray Dogs	(2,400)	(2,400)	(1,100)	1,300		
Pests	(38,680)	(38,680)	(39,350)	(670)		
Environmental Abandoned Vehicles	(1,200)	(1,200)	(250)	950		
Environmental Miscellaneous	(51,564)	(51,564)	(52,000)	(436)		
	<b>(3,973,108)</b>	<b>(4,036,108)</b>	<b>(4,028,989)</b>	<b>7,119</b>		
<b>SERVICE TRANSFORMATION</b>						
Customer Services (including Information Unit)	(12,500)	(12,500)	(12,500)	0		
	<b>(12,500)</b>	<b>(12,500)</b>	<b>(12,500)</b>	<b>0</b>		
<b>PLACE SHAPING &amp; PERFORMANCE</b>						
Housing	(415,467)	(415,467)	(455,829)	(40,362)		
Parking - Other (incl. Avenue, Longspring & Town H	(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		
	<b>(1,842,467)</b>	<b>(1,842,467)</b>	<b>(1,882,829)</b>	<b>(40,362)</b>		
<b>DEMOCRACY &amp; GOVERNANCE</b>						
Elections Unit	(4,000)	(4,000)	(4,000)	0		
	<b>(4,000)</b>	<b>(4,000)</b>	<b>(4,000)</b>	<b>0</b>		
<b>STRATEGIC FINANCE</b>						
Council Tax (Single Person Discount)	(2,000)	(2,000)	(2,000)	0		
	<b>(2,000)</b>	<b>(2,000)</b>	<b>(2,000)</b>	<b>0</b>		
Sub Total	<b>(5,834,075)</b>	<b>(5,897,075)</b>	<b>(5,930,318)</b>	<b>(33,243)</b>		
<b>Less : Parking - Controlled Parking</b>	1,420,900	1,420,900	1,420,900	0		
<b>Total</b>	<b>(4,413,175)</b>	<b>(4,476,175)</b>	<b>(4,509,418)</b>	<b>(33,243)</b>		

**Realignment of Budgets**

Service Transformation	Description	2021/22	2022/23	2023/24
Repairs and Maintenance	Reduction in revenue repairs and maintenance budgets across the operational and community property portfolios to reflect forecast expenditure.	-40,000	-40,000	(40,000)
<b>TOTAL</b>		<b>(40,000)</b>	<b>(40,000)</b>	<b>(40,000)</b>
Community & Environmental	Description	2021/22	2022/23	2023/24
Parks, Heritage & Culture - Tree Management	To allow all tree survey work to be completed and a future programme of works to be planned to maintain and improve this important environmental asset within the borough. This programme will be delivered in partnership with the Veolia tree manager.	25,000	25,000	25,000
Cassiobury Park Hub (HLF) - Car Parking	Reduction in income received from Cassiobury Car Park.	75,000	75,000	75,000
Recycling - Kerbside	As a result of improved waste reduction and recycling performance and falling receipts across Hertfordshire by the waste collection authorities, the amount that Watford receives through the HCC Alternative Financial Model (AFM) is due to decrease.	100,000	100,000	100,000
G.I.S (Geographical Information System)	To maintain our investment in the GIS software as a valuable source of locality based information.	50,000	50,000	50,000
Leisure and Community	Review of property related budgets that are no longer required.	(50,270)	(50,270)	(50,270)
Museum	Reduction in establishment to reflect reduction in hours by current postholder.	(9,398)	(9,398)	(9,398)
Events	Efficiency savings across a number of budget headings with no impact on services.	(43,000)	(43,000)	(43,000)
<b>TOTAL</b>		<b>147,332</b>	<b>147,332</b>	<b>147,332</b>
Democracy & Governance	Description	2021/22	2022/23	2023/24
Democratic Services - Virtual Meetings	Investment in virtual meetings to allow hybrid meetings to take place moving forward. Hybrid meetings provide more flexibility for people to engage in meetings irrespective of their location.	23,660	23,660	23,660
Democratic Services - Elections	Investment in the Registration of Electors to comply with the 2020 Canvass Reform legislation.	54,420	54,420	54,420
Democratic Services - Members Budgets	Increase in members allowances in accordance with the Independent Members' Remuneration Panel's recommendations offset by a small saving in supplies and services budgets.	7,240	7,240	7,240
Democratic Services - Staffing	Reduction in budget to reflect ongoing changes in hours worked by team members	-19,560	-19,560	-19,560
<b>TOTAL</b>		<b>65,760</b>	<b>65,760</b>	<b>65,760</b>



Place Shaping	Description	2021/22	2022/23	2023/24
Building Control - Reduced Workload	Reduction in income as a result of downturn in activity offset by not filling vacancies.	2,222	2,222	2,222
Housing - Property Costs	Efficiency savings in property costs as a result of the investments made in temporary accommodation.	(32,500)	(32,500)	(32,500)
Regeneration and Property - Efficiency Savings	Efficiency savings including deletion of a part time surveyor post as a result of work being transferred into Corporate Asset Management following recruitment to surveyor posts in this area.	(54,390)	(54,390)	(54,390)
Transport - Change in Establishment	Legal/Project Manager function now provided from within the Project Management Office	(65,885)	(65,885)	(65,885)
Planning Policy - Efficiency Savings	Efficiency savings identified within planning policy		(25,000)	(25,000)
<b>TOTAL</b>		<b>(150,553)</b>	<b>(175,553)</b>	<b>(175,553)</b>
Corporate Strategy & Comms	Description	2021/22	2022/23	2023/24
Corporate Strategy and Comms - Staffing Budgets	Balance of post following a reorganisation to reflect additional workloads of employees in post.	(20,000)	(20,000)	(20,000)
Customer Services - Digitisation	Planned reduction in capacity required following increased use of digital services, posts to be covered by temporary staff/staff on fixed term contracts in the interim.		(55,101)	(55,101)
<b>TOTAL</b>		<b>(20,000)</b>	<b>(75,101)</b>	<b>(75,101)</b>
Human Resources	Description	2021/22	2022/23	2023/24
Human Resources	Additional Firstcare income	(15,000)	(15,000)	(15,000)
<b>TOTAL</b>		<b>(15,000)</b>	<b>(15,000)</b>	<b>(15,000)</b>
Strategic Finance	Description	2021/22	2022/23	2023/24
Finance Shared Service	Reduction in a post currently held vacant. Watford Borough Council's share of saving.	(33,000)	(33,000)	(33,000)
<b>TOTAL</b>		<b>(33,000)</b>	<b>(33,000)</b>	<b>(33,000)</b>
Capital Programme	Description	2021/22	2022/23	2023/24
Revenue Cost	Revenue Implications of the proposed changes to the capital programme.	49,745	5,000	5,245
<b>TOTAL</b>		<b>49,745</b>	<b>5,495</b>	<b>5,245</b>
<b>TOTAL</b>		2021/22	2022/23	2023/24
<b>TOTAL</b>		<b>4,284</b>	<b>(120,067)</b>	<b>(120,317)</b>

**Council Tax Base and Calculation 2021/22**

AREA	Watford									
2021/22	PROPERTIES BY BAND									
Description	Band A Disabled	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
Dwellings	0.0	529.0	4414.0	14842.0	12904.0	3636.0	2179.0	1908.0	83.0	40495.0
Demolished	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exemptions	0.0	37.0	107.0	211.0	156.0	41.0	25.0	22.0	1.0	600.0
Long Term Empty Premium	0.0	2.0	10.0	24.0	13.0	5.0	1.0	2.0	0.0	57.0
Disabled Relief (Movement)	3.0	24.0	24.0	-15.0	-19.0	3.0	-14.0	-6.0	0.0	0.0
Disabled Relief	0.0	3.0	27.0	51.0	36.0	17.0	20.0	6.0	0.0	160.0
<b>Chargeable Dwellings (H)</b>	<b>3.0</b>	<b>517.0</b>	<b>4336.0</b>	<b>14628.0</b>	<b>12735.5</b>	<b>3600.5</b>	<b>2140.5</b>	<b>1881.0</b>	<b>82.0</b>	<b>39923.5</b>
Discounts x 25% SPD	0.0	279.0	2370.0	4979.0	3062.0	693.0	337.0	220.0	6.0	11946.0
Discounts x 25%	0.0	4.0	48.0	179.0	131.0	29.0	18.0	14.0	0.0	423.0
Discounts x 50%	0.0	0.0	0.0	2.0	13.0	9.0	3.0	9.0	8.0	44.0
<b>Discount Deduction (Q)</b>	<b>0.0</b>	<b>70.8</b>	<b>604.5</b>	<b>1290.5</b>	<b>804.8</b>	<b>185.0</b>	<b>90.3</b>	<b>63.0</b>	<b>5.5</b>	<b>3114.3</b>
Additions	0.0	4.0	52.0	160.0	8.0	0.0	0.0	2.0	1.0	227.0
Reductions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Adjustments (J)</b>	<b>0.0</b>	<b>4.0</b>	<b>52.0</b>	<b>160.0</b>	<b>8.0</b>	<b>0.0</b>	<b>0.0</b>	<b>2.0</b>	<b>1.0</b>	<b>227.0</b>
<b>Sub-Total (H-Q+J)</b>	<b>3.0</b>	<b>450.3</b>	<b>3783.5</b>	<b>13497.5</b>	<b>11938.8</b>	<b>3415.5</b>	<b>2050.3</b>	<b>1820.0</b>	<b>77.5</b>	<b>37036.3</b>
Reduction Scheme (Z)	0.0	72.3	911.2	1750.9	1069.6	186.7	47.0	15.9	0.0	4053.5
<b>Net Dwellings ((H-Q+J)-Z)</b>	<b>3.0</b>	<b>378.0</b>	<b>2872.3</b>	<b>11746.6</b>	<b>10869.1</b>	<b>3228.8</b>	<b>2003.3</b>	<b>1804.1</b>	<b>77.5</b>	<b>32982.8</b>
Band Proportion (F)	5.0	6.0	7.0	8.0	9.0	11.0	13.0	15.0	18.0	
Band D Proportion (G)	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	
Band D Equivalentents	1.7	252.0	2234.0	10441.4	10869.1	3946.3	2893.6	3006.8	155.0	33800.1

TAX BASE CALCULATION					
		Total Band D Equivalents		33800.1	
		Collection Rate		97.00%	
		Adjusted Band D		32786.1	
		Contribution in Lieu		0.0	
		Tax Base		<b>32786.1</b>	
			Uplift by		
	<b>2020/21 Band D</b>	<b>273.59</b>	1.0170	<b>278.24</b>	<b>2021/22 Band D</b>
			CTR =	<b>9,122,431.7</b>	
					Total Band D Equivalents 33800.1
					CTRS <b>4053.5</b>
					Tax Base before CTRS <b>37853.5</b>

**Capital Programme 2020 - 2024**

Capital Scheme	Revised Budget 2020/21 £	Draft Budget 2021/22 (including rephasings) £	Draft Budget 2022/23 (including rephasings) £	Draft Budget 2023/24 (including rephasings) £
<b>SERVICE TRANSFORMATION</b>				
<b>Customer Services</b>				
CSI Project	47,741	0	0	0
<b>ICT Shared Services</b>				
ShS-Migration To The Cloud	66,000	90,000	0	0
ShS-Hardware Replacement Programme	347,247	45,000	45,000	0
<b>ICT Client Services</b>				
ICT-Hardware Replacement Programme	10,298	563,000	200,000	0
ICT-Business Application Upgrade	11,270	360,000	165,000	0
ICT-Project Management Provision	0	235,000	120,000	0
<b>Corporate Asset Management</b>				
Colosseum Refurbishment	672,499	3,146,112	0	0
Community Asset Review	50,000	800,000	600,000	0
Building Investment Programme	730,000	400,000	400,000	0
<b>COMMUNITY &amp; ENVIRONMENTAL</b>				
<b>Waste &amp; Recycling (inc Veolia)</b>				
Replacement Recycling Bins	19,700	0	0	0
Replacement Food Bins & Caddies	133,200	0	0	0
Replacement Domestic Bins	23,346	0	0	0
Veolia Contract Fleet Requirements	1,256,777	1,008,000	0	0
Veolia Capital Improvements	76,350	98,260	100,230	0
Additional Green Waste Bins	19,700	0	0	0
<b>Parks &amp; Open Spaces</b>				
Callowland Allotment Enhancement	8,156	0	0	0
Whippendell Woods SSSI Enhancement	19,647	20,000	0	0
Green Spaces Strategy	286,116	220,000	250,000	0
Cassiobury Park HLF Project	376,853	0	0	0
Oxhey Park North Enhancements	4,500	0	0	0
Oxhey Park North	1,207,386	0	0	0
Tree Planting Programme	15,000	15,000	15,000	0
River Colne Restoration	24,224	0	0	0
Garston Park Improvements	183,132	0	0	0
Oxhey Park North Project Mgmt	43,105	0	0	0
Cassiobury Park Performance Space	0	40,000	0	0
Parks Litter Bin Replacements	0	10,000	10,000	0
Meriden Park Improvements	0	100,000	50,000	0

Capital Scheme	Revised Budget 2020/21 £	Draft Budget 2021/22 (including rephasings) £	Draft Budget 2022/23 (including rephasings) £	Draft Budget 2023/24 (including rephasings) £
<b>Cemeteries</b>				
Cemetery Reprovision	0	141,000	0	0
North Watford Cemetery Imps	3,624	100,000	0	0
New Cemetery Provision	200,130	527,000	0	0
Vicarage Road Cemetery Feasibility Study	16,406	0	0	0
<b>Leisure &amp; Play</b>				
Gaelic Football Relocation	38,558	0	0	0
Leisure Centres (SLM)	253,021	0	0	0
Watford Tennis Partnership	25,000	0	0	0
Woodside Sports Village	650,000	8,071,688	0	0
Cassiobury Park Croquet Club	37,625	0	0	0
Play Area Improvements	462,103	255,000	100,000	0
Lea Farm Recreation Improvements	50,000	50,000	0	0
<b>Culture &amp; Heritage</b>				
Watford Museum HLF Matchfunding	0	200,396	0	0
Improvements Community Centres	13,980	0	0	0
Cultural Quarter Phase 1	10,000	0	0	0
Heritage Trail	110,000	0	0	0
Watford Market	100,000	150,000	0	0
Delivery of Cultural Plan	0	700,000	0	0
<b>Environmental Health</b>				
Decent Homes Assistance	25,000	100,000	100,000	0
Private Sector Housing Renewal	200,000	100,000	100,000	0
Street Improvement Programme	87,796	100,000	100,000	0
<b>Community Projects</b>				
Cycle Hub	150,000	0	0	0
All Saints Churchyard Improvements	40,000	0	0	0
Paddock Road Depot Enhancements	500,000	799,250	0	0
Derby Rd Skate Park Blockade	0	25,000	0	0
<b>Commissioning</b>				
Transport App	30,425	0	0	0
Departmental Vehicle Renewal	24,000	0	0	0
Cycle Hire Scheme	25,000	0	0	0
<b>PLACE SHAPING &amp; PERFORMANCE</b>				
<b>Watford Business Park</b>				
Watford Business Park	700,734	0	0	0
Watford Business Park Phase 2	3,400,000	6,100,000	0	0
Watford Business Park Phase 3	0	3,000,000	3,000,000	0
<b>Watford Riverwell</b>				
Watford Riverwell Project	14,687,904	2,855,003	8,878,000	0
<b>Housing</b>				
Private Sector Stock Condition	36,850	0	0	0
Retained Housing Stock	186,152	50,000	50,000	0
York House Boiler Replacement	75,000	0	0	0
Partnership Acquisitions Programme	1,400,000	0	0	0
<b>Transport &amp; Infrastructure</b>				
Public Realm (High Street)	4,479	0	0	0
Public Realm (Cl'dn Rd Phase III)	5,560,647	0	1,000,000	0
St Albans Rd Improvement Works	400,000	0	0	0
CCTV Site Equipment	24,000	0	0	0
Watford Junction Masterplan	13,548	0	0	0
Watford 3D Planning Model	27,388	0	0	0
Public Realm (Watford Junct'n)	158,773	0	0	0
High St Phase 2 (St Mary's)	592,478	0	0	0
Upgrading/Resurfacing Car Parks	4,573	0	0	0
Watford Junction Cycle Pk Hub	7,110	0	0	0
Watford Cycle Hire Study	4,460	0	0	0
Cycle & Road Infrastructure Improvements	441,298	300,000	300,000	0
<b>Development Control</b>				
CIL Review	80,000	0	0	0

Capital Scheme	Revised Budget 2020/21 £	Draft Budget 2021/22 (including rephasings) £	Draft Budget 2022/23 (including rephasings) £	Draft Budget 2023/24 (including rephasings) £
<b>Property Investment Board</b>				
PIB Investment Strategy	13,342	50,000	0	0
<b>Property Management</b>				
New Market	4,365	0	0	0
Redevelopment Town Hall	207,463	500,000	4,000,000	4,230,000
Cultural Hub Phase 1 Works	25,000	0	0	0
Temp Housing Accommodation	3,207,803	800,000	0	0
Social Rented Housing	500,000	500,000	0	0
Accelerating Housing Provision	115,601	600,000	500,000	0
Land Transfer - Croxley View Phase 2	3,000,000	0	0	0
Land Transfer - Croxley View Phase 3	0	3,130,000	0	0
Land Transfer - Rear Of High St	0	760,000	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	0	27,700,000	0	0
Loan to Hart Homes WDLTD	0	14,900,000	0	0
Places For People Scheme	2,000,000	(1,000,000)	0	0
Pyramid Site	2,500,000	2,500,000	0	0
Scenery Store Redevelopment	530,000	970,000	0	0
Infill Sites (LEP funded)	840,675	0	0	0
<b>CORPORATE STRATEGY &amp; COMMUNICATIONS</b>				
<b>Corporate Communications</b>				
Town Boundary Signage	0	25,000	0	0
<b>STRATEGIC FINANCE</b>				
<b>Capital Support Services</b>				
Support Services	552,470	552,470	552,470	0
Major Projects - FBP and QS	127,000	128,270	129,550	0
<b>TOTAL CURRENT CAPITAL PROGRAMME</b>	<b>50,114,028</b>	<b>84,025,449</b>	<b>20,765,250</b>	<b>4,230,000</b>

**New Capital Projects**

No.	Title		Funded From / Comment	Capital Growth 21/22	Capital Growth 22/23	Capital Growth 23/24	Revenue Growth 21/22	Revenue Growth 22/23	Revenue Growth 23/24
1	Cassiobury Park Wetlands	The restoration project aims to return the area to a natural wetland habitat (not watercress beds) to improve biodiversity and support a greater variety of wildlife along the river corridor; engaging and involving communities in the process.		75,000	75,000	75,000	0	0	0
2	Biodiversity	Watford has enhanced many of its open spaces over the last 10 years and continues to invest in them. However, the council has now declared a climate emergency and members are increasingly requesting that we look at how we can increase local biodiversity in our open spaces and the spaces we manage on behalf of others.		0	50,000	0	0	0	0
3	Cassiobury Park Boardwalk	Access to the nature reserve is now severely restricted and a replacement and increased boardwalk are required. The boardwalk allows greater access to the nature reserve for those with limited abilities.	To be funded from existing capital resources	25,000	0	0	0	0	0
4	Cassiobury Park ad hoc capital works	There are on many occasions the need for capital funding for small scale projects - eg signage, interpretation, new benches, small scale planting projects, working with the wildlife trust, Community Connections CIC and the Friends of Cassiobury Park. This provides match funding opportunities.	To be funded from existing capital resources	25,000	25,000	25,000	0	0	0
5	Cheslyn House Pond & Aviary	Cheslyn House and Gardens is an important Green Flag site and award winning gardens, with a full time gardener. The aviary is now in need of modernisation and significant improvements to the structure. A wooden aviary, it has deteriorated over the years and is starting to become a bigger issue. The pond is also due a significant overhaul, which has very large Koi Carp in it. Some of the infrastructure here with aeration, water circulation etc needs replacement.	To be funded from existing capital resources	25,000	0	0	0	0	0

6	Harwoods Toilets	To install a single healthmatic touch free secure toilet cubicle. DDA compliant, secure and touch points negated, this would be located by the entrance to the Adventure Play Ground.	To be funded from CIL Neighbourhood resources	65,000	0	0	0	11,000	11,000
7	Meriden Park barrier	Meriden Park is a large open space on the Meriden estate that is open on one side to vehicular incursion. It is a popular open space on this estate and in 2020 was occupied by travellers. The site needs to be made secure with a low steel rail (same as Oxhey Park) that prevents further incursions.	This will be a new scheme in 2022/23 dependant upon the outcome of review.	0	55,000	0	0	0	0
8	Car park extension at Oxhey Activity Park	OAP has been exceptionally well received with users coming from the local community as well as far and wide. Extending the car park will provide additional spaces as well as reducing unwelcomed car parking in surrounding roads / businesses. By introducing a charge it will favour local users and those who travel sustainably and generate income from those who come from further afield by private car.	Cost of borrowing will be repayed by charging with the first hour free.	65,000			-16,000	-16,000	-16,000
9	River Colne Project	The 'Rediscovering the River Colne' project over a decade, will re-establish the River Colne as a community asset for Watford. It is more than just an environmental improvement project – it is a large-scale project in which to bring benefits to all through increased activity, improved mental health, learning new skills for employment, improved understanding of the environment and our effect upon it	£100k funded from CIL Neighbourhood	250,000	250,000	250,000	0	0	0
10	Tree planting	The Council has an adopted Tree and Woodland Strategy with one of the aims to increase tree coverage in the Borough from 16% to 20%. The current allocated budget is used to replace lost trees primarily on highways rather than in open spaces. To achieve increased coverage, a growth in budget is required.	Aligned to a revenue budget increase	0	50,000	50,000	0	0	0
11	Wayfinding & Public Art Strategy. Develop the strategy and implement.	The AEA cultural review noted:'the uneven character and quality of public realm in Watford's town centre that in places does not reflect either Watford's potential or best practice in public space design, safety, and wayfinding. Creative solutions can be adapted to continue improve and connect Watford's town centre and parts of its high streets into one cohesive and attractive 'quarter'."	To be funded from CIL Infrastructure resources	80,000	150,000	100,000	0	0	0



12	Market Street South	A new public realm programme around Market St South.		450,000	0	0	0	10,000	10,000
13	Camera Enforcement of High Street.	To invest in camera enforcement of traffic regulations and bus gate arrangements in the High Street.	This would be dependent on agreement with HCC to share the revenue from any enforcement.	200,000	0	0	0	-50,000	-50,000
14	Queens Road The Broadway	Public Realm Improvements - To improve the public realm area from the high street Queens Road through to the Intu entrance to ensure it is comparable to the existing improvements throughout the town centre	To be funded from the parking reserve when it has recovered post Covid	0	100,000	200,000	10,000	10,000	10,000
15	Market Street North	Public Realm Improvements - High Street through to exchange road, to ensure that it is comparable to the existing improvements through the town centre		0	250,000	250,000	0	0	10,000
16	Sustainable Transport Programme.	Sustainable Transport Programme. To continue to develop and deliver a programme of sustainable transport measures, this includes cycle lanes, bus prioritisation and improvements to pedestrian access to Watford Town centre. This supports the delivery of the Local Plan and assists Climate Change. Having WBC funding will allow the Council to seek match funding from government	50% CIL funded	250,000	500,000	500,000			
17	St Albans Road Phase 2	Streetscape improvements on St Albans Road, phase 2 (Lowestoft Road - Langley Road) - to enhance the existing areas and revitalise the setting for the shops and businesses. Langley Road - Lowerstoft Road		150,000	150,000	0	0	10,000	10,000

## Reserves and Balances

Description	Balance at	Movement	Balance at	Movement	Balance at	Movement	Balance at	Movement	Balance at	Purpose
	1 April	2020/21	31 March	2021/22	31 March	2022/23	31 March	2023/24	31 March	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	
<b>Revenue Reserves</b>										
Area Based Grant	(86)	86	0	0	0	0	0	0	0	Balance transferred to Recovery Fund
Budget Carry Forward	(1,934)	1,382	(552)	552	0	0	0	0	0	Budgets carried forward from prior years
Car Parking Zones	(698)	263	(435)	(157)	(592)	(157)	(749)	(157)	(906)	Ring fenced for parking projects
Charter Place Tenants	(93)	93	0	0	0	0	0	0	0	Balance transferred to Recovery Fund
Climate Change	(48)	48	0	0	0	0	0	0	0	Balance transferred to Recovery Fund
Crematorium	(150)	0	(150)	0	(150)	0	(150)	0	(150)	Funding repairs and maintenance
Economic Impact	(2,979)	1,806	(1,173)	0	(1,173)	(131)	(1,304)	(464)	(1,768)	Provide resources to offset economic downturn
Housing Benefit Subsidy	(1,832)	0	(1,832)	0	(1,832)	0	(1,832)	0	(1,832)	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)	689	0	0	0	0	0	0	0	Balance transferred to Recovery Fund
Le Marie Centre Repairs	(11)	11	0	0	0	0	0	0	0	Balance transferred to Recovery Fund
Leisure Structured Maintenance	(423)	173	(250)	0	(250)	0	(250)	0	(250)	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)	60	0	0	0	0	0	0	0	Balance transferred to Recovery Fund
Pension Funding	(2,248)	0	(2,248)	200	(2,048)	200	(1,848)	200	(1,648)	Reduction of pension deficit
Performance Reward Grant (Revenue)	(28)	28	0	0	0	0	0	0	0	Balance transferred to Recovery Fund
Project and Programme Management	(251)	150	(101)	0	(101)	0	(101)	0	(101)	Support major project work
Rent Deposit Guarantee Scheme	(100)	0	(100)	0	(100)	0	(100)	0	(100)	Assist in providing homelessness accommodation
Riverwell Project	(7,334)	0	(7,334)	133	(7,201)	(1,000)	(8,201)	0	(8,201)	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	(297)	0	(297)	0	(297)	0	(297)	0	(297)	Equalisation fund to smooth impact of surplus/deficit
Recovery Fund	0	(909)	(909)	(471)	(1,380)	0	(1,380)	0	(1,380)	To support the recovery process for additional costs due to COVID19
<b>Total</b>	<b>(19,916)</b>	<b>3,880</b>	<b>(16,036)</b>	<b>257</b>	<b>(15,779)</b>	<b>(1,088)</b>	<b>(16,867)</b>	<b>(421)</b>	<b>(17,288)</b>	
<b>General Fund Working Balance</b>	<b>(2,000)</b>	<b>0</b>	<b>(2,000)</b>	<b>0</b>	<b>(2,000)</b>	<b>0</b>	<b>(2,000)</b>	<b>0</b>	<b>(2,000)</b>	Prudent balance

Note: excludes gap identified in 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 a project could be as a result of a change in its scope. 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 completion	The complexity of a project could also be a contributing factor to delays and cost overruns. This may cause a cash flow problem, but could be merely a timing difference. Delays 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. Due diligence prior to the project starting can reduce the likelihood of this happening.	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. Due diligence prior to the project starting can reduce the likelihood of this happening.	2	4	8
7	Revenue balances insufficient to meet estimated pay award increases	The medium term planning period includes an estimate for the likely pay increases for the period which is based on the information available at the time of preparing the MTFS.	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. The UK leaving the EU without a 'deal' at the end of 2020 may also have an impact on the UK economy. The cost of goods is anticipated to increase by up to 5% if this happens. This will place greater pressure on expenditure budgets.	3	3	9
10	Interest rates resulting in significant variations in estimated interest income	The interest rate has a significant impact on the interest earned on the proceeds from capital receipts that are invested in the money market. The interest rates have been running at an historic low as a result of the impact of COVID-19 on the global economy. The UK leaving the EU without a 'deal' at the end of 2020 may also have an impact on the UK economy. However as interest rates are already at near zero or negative the additional impact of this is likely to be minimal. There is significant uncertainty in 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. Whilst this had previously thought to be highly unlikely the impact that COVID-19 has had on the Council's income and expenditure has been significant. However the impact has been significantly reduced with central government support. Continued support is not guaranteed.	1	3	3

No.	Type of Consequence	Comment	Likelihood	Impact	Overall Score
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. Any shortfall will have a significant impact. Therefore the budgets are set assuming a 5% void rate.	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 in line with information provided in the Provisional Finance Settlement.	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	2	4
1= VERY LOW RISK 4 = VERY HIGH RISK					
			<b>Likelihood</b>	<b>Impact</b>	<b>Overall Score</b>
		very low risk	1	1	1
		low risk	2	2	4
		high risk	3	3	9
		very high risk	4	4	16