



# **FINANCE DIGEST**

**Revenue Financial Monitoring at**

**Period 4**

**(July 2012)**

## **Foreword**

The monthly Finance Digest is a key tool for raising awareness of financial issues throughout the Council at both member and officer level.

If you have any comments or queries on its contents and presentation, or a suggestion for an item to be included, please contact Nigel Pollard (Finance Manager) on ext 7198 or Gilbert Mills (Senior Accountant) on ext 7437.

The Finance Digest brings together the key indicators that describe Watford's financial health. It provides a regular update on the progress of spend against Council budgets including performance within a number of discrete areas. Variances to budgets are reported and shown in the forecast outturn for 2012/13. These variances are loaded on to the Council's financial management system.

### **Part 1 - Budget Monitoring**

The digest reflects the Council's latest forecast of its financial position for the year, assessing expected spend against the agreed budget and split into service area. It also includes information on key risks and volatile budgets (I.E. income streams subject to economic conditions) including any action taken to mitigate their impact. Revenue spend is forecast monthly whereas capital updates are provided on a quarterly basis.

### **Part 2 - Performance Indicators**

This section provides up to date performance data regarding various service areas of the Council including both front line services and support services.

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## Part 1 - Budget Monitoring

### 1 - General Fund Revenue

- 1.1 This report provides an update, in summary form, of the latest position as at 31st July 2012 (period 4) on the Council's budget for the current financial year.
- 1.2 The 2012/13 original net general fund budget requirement was £14,897k.

The 2012/13 forecast outturn for net expenditure at the end of period 4 is predicted to be £14,925k. The difference of (£28k) is funded as follows :-

	@ Period 3 £k	This Month £k	Total £k
* Use of Invest To Save Reserve (Yr 2 funding for the post of 'Resilience Officer')	(38)	0	(38)
* Use of LABGI Reserve (funding contribution towards 'Imagine Watford')	(20)	0	(20)
* Anticipated movement on Economic Impact Reserve (see table below)	(25)	55	30
<b>Sum of in year total reserve movements up to period 4</b>	<b>(83)</b>	<b>55</b>	<b>(28)</b>

#### Invest to Save Reserve (£38k)

The Mayor approved the funding of a two year appointment for a Resilience Officer post (circa £38k per annum), employed by the CVS, who will have responsibility for supporting voluntary sector organisations to become sustainable in the future and less reliant on the council as a source of funding. 2012/13 is the second year of this appointment.

#### Local Authority Business Growth Incentive (LABGI) Reserve (£20k)

This reserve was utilised to develop opportunities and promote Watford by working with partners including the private sector and Watford Palace Theatre on the 'Imagine Watford' festival that took place in June 2012.

#### Anticipated Movement on Economic Impact Reserve £30k

This balance of £30k is the unplanned forecast underspend for 2012/13 and comprises the following variations :-

Forecast variations affecting Economic Impact Reserve	@ Period 3 £k	This Month £k	Total £k
As reported in previous Finance Digest	(25)	0	(25)
Reduced income anticipated from parking @ the Avenue	0	(20)	(20)
Reduced spend relating to grant funded anti-social behaviour	0	70	70
Other minor net variations reported in this month's digest	0	5	5
<b>Total</b>	<b>(25)</b>	<b>55</b>	<b>30</b>

## Table 1 - General Fund summary

### General Fund Variance Summary for 2012/13 @ Period 4 (July 2012)

Service Area	Original Budget	Current Budget	Forecast Variance @ Period 3	Forecast Variance This Month	Total Forecast Variance	Forecast Outturn	Variance	
	£000's	£000's	£000's	£000's	£000's	£000's	%	☺
Community Services	8,200	8,258	(36)	(7)	(43)	8,215	(0.5)	☺
Environmental Services	6,346	6,346	0	(70)	(70)	6,276	(1.1)	☺
Planning	2,162	2,162	0	20	20	2,182	0.9	⊗
Corporate Management	1,492	1,492	0	0	0	1,492	0.0	☺
Legal and Property Services	(2,721)	(2,729)	0	2	2	(2,727)	0.1	⊗
Shared Services Implementation	30	30	0	0	0	30	0.0	☺
Shared Services	3,815	3,815	0	0	0	3,815	0.0	☺
Strategic Finance	(4,427)	(4,419)	61	0	61	(4,358)	1.4	⊗
<b>NET GENERAL FUND</b>	<b>14,897</b>	<b>14,955</b>	<b>25</b>	<b>(55)</b>	<b>(30)</b>	<b>14,925</b>	<b>(0.2)</b>	☺
Budgeted Transfer To/(From) Reserves	503	503	0	0	0	503		
In Year Transfer To/(From) Reserves		(58)	(25)	55	30	(28)		
<i>Rounding Adjustment</i>								
<b>NET BUDGET REQUIREMENT</b>	<b>15,400</b>	<b>15,400</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>15,400</b>		
General Fund Working Balance								
Opening Balance	1,350	1,350	0	0	0	1,350		
<b>CLOSING WORKING BALANCE</b>	<b>1,350</b>	<b>1,350</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,350</b>		

### Icons

Icons have been used to indicate the severity of the variation against budget.

The key is as follows:

☺ Forecast net expenditure is within budget

☹ Forecast net expenditure is as per budget

⊗ Forecast net expenditure is over budget but there is no cause for concern at this stage.

🚨 Forecast net expenditure is more than 10% and £50k over budget which is a cause for concern.

**Table 2 - Variance Analysis by Service and Cost Centre**

Service Area	Original Budget	Agreed Budget Change	Current Budget	Forecast Variance @ Period 3	Forecast Variance This Month	Total Forecast Variance	Forecast Outturn	Comments regarding This Month's Forecast Variances
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
<b>Community Services</b>								
Parks and Open Spaces	2,186	0	2,186	(5)	0	(5)	2,181	No monthly forecast variances reported.
Sports and Arts	3,775	58	3,833	(32)	(7)	(39)	3,794	Variations due to the following :- i) (£8k) savings attributable to reduced commissioning costs relating to free swim and gym sessions. ii) Other £1k minor variations.
Housing	2,239	0	2,239	1	0	1	2,240	No monthly forecast variances reported.
<i>Rounding Adjustment</i>								
<b>Total for Community Services</b>	<b>8,200</b>	<b>58</b>	<b>8,258</b>	<b>(36)</b>	<b>(7)</b>	<b>(43)</b>	<b>8,215</b>	

Notes to Agreed Budget Changes

**Agreed Budget Changes reported  
in Finance Digest Period 3**

Reason for Agreed Budget Change

**58**

**Table 2 - Variance Analysis by Service and Cost Centre (continued)**

Service Area	Original Budget	Agreed Budget Change	Current Budget	Forecast Variance @ Period 3	Forecast Variance This Month	Total Forecast Variance	Forecast Outturn	Comments regarding This Month's Forecast Variances
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
<b>Environmental Services</b>								
Customer Services	0	0	0	0	0	0	0	
Environmental Health & Licensing	1,781	0	1,781	0	(70)	(70)	1,711	£70k reduced spend for grant funded anti-social behaviour due to scheme closure.
Street Cleansing	2,017	0	2,017	0	0	0	2,017	No monthly forecast variances reported.
Waste & Recycling	2,548	0	2,548	0	0	0	2,548	No monthly forecast variances reported.
<i>Rounding Adjustment</i>								
<b>Total for Environmental Services</b>	<b>6,346</b>	<b>0</b>	<b>6,346</b>	<b>0</b>	<b>(70)</b>	<b>(70)</b>	<b>6,276</b>	

Notes to Agreed Budget Changes

**Agreed Budget Changes reported in Finance Digest Period 3**

Reason for Agreed Budget Change

**0**

**Table 2 - Variance Analysis by Service and Cost Centre (continued)**

Service Area	Original Budget	Agreed Budget Change	Current Budget	Forecast Variance @ Period 3	Forecast Variance This Month	Total Forecast Variance	Forecast Outturn	Comments regarding This Month's Forecast Variances
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
<b>Planning Services</b>								
Development Section	985	0	985	0	0	0	985	
Transport and Infrastructure	585	0	585	0	20	20	605	Decrease of £20k in income expected at the Avenue car park due to lower parking charges at competing sites.
Policy Team	580	0	580	0	0	0	580	No monthly forecast variances reported.
Economic Development	12	0	12	0	0	0	12	No monthly forecast variances reported.
<i>Rounding Adjustment</i>								
<b>Total for Planning Services</b>	<b>2,162</b>	<b>0</b>	<b>2,162</b>	<b>0</b>	<b>20</b>	<b>20</b>	<b>2,182</b>	

Notes to Agreed Budget Changes

**Agreed Budget Changes reported in Finance Digest Period 3**

Reason for Agreed Budget Change

**0**



**Table 2 - Variance Analysis by Service and Cost Centre (continued)**

Service Area	Original Budget	Agreed Budget Change	Current Budget	Forecast Variance @ Period 3	Forecast Variance This Month	Total Forecast Variance	Forecast Outturn	Comments regarding This Month's Forecast Variances
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
<b>Corporate Management</b>								
Corporate Management	1,492	0	1,492	0	0	0	1,492	No monthly forecast variances reported.
<b>Total for Corporate Management</b>	1,492	0	1,492	0	0	0	1,492	

Notes to Agreed Budget Changes

**Agreed Budget Changes reported in Finance Digest Period 3**

Reason for Agreed Budget Change

0

**Table 2 - Variance Analysis by Service and Cost Centre (continued)**

Service Area	Original Budget	Agreed Budget Change	Current Budget	Forecast Variance @ Period 3	Forecast Variance This Month	Total Forecast Variance	Forecast Outturn	Comments regarding This Month's Forecast Variances
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
<b>Legal and Property Services</b>								
Partnerships & Performance	272	(8)	264	0	0	0	264	No monthly forecast variances reported.
Legal and Democratic	1,591	0	1,591	0	2	2	1,593	Additional £2k of IT maintenance spend incurred on committee software including web hosting.
Property	(5,154)	0	(5,154)	0	0	0	(5,154)	No monthly forecast variances reported.
Buildings and Projects	570	0	570	0	0	0	570	No monthly forecast variances reported.
<b>Total for Legal and Property Services</b>	<b>(2,721)</b>	<b>(8)</b>	<b>(2,729)</b>	<b>0</b>	<b>2</b>	<b>2</b>	<b>(2,727)</b>	

Notes to Agreed Budget Changes

**Agreed Budget Changes reported in Finance Digest Period 3**

Reason for Agreed Budget Change

**(8)**

**Table 2 - Variance Analysis by Service and Cost Centre (continued)**

Service Area	Original Budget	Agreed Budget Change	Current Budget	Forecast Variance @ Period 3	Forecast Variance This Month	Total Forecast Variance	Forecast Outturn	Comments regarding This Month's Forecast Variances
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
<b>Shared Services Implementation</b>								
Shared Services Implementation	30	0	30	0	0	0	30	No monthly forecast variances reported.
<b>Total for Shared Services Implementation</b>	30	0	30	0	0	0	30	

Notes to Agreed Budget Changes

Reason for Agreed Budget Change

**Agreed Budget Changes reported  
in Finance Digest Period 3**

0

**Table 2 - Variance Analysis by Service and Cost Centre (continued)**

Service Area	Original Budget	Agreed Budget Change	Current Budget	Forecast Variance @ Period 3	Forecast Variance This Month	Total Forecast Variance	Forecast Outturn	Comments regarding This Month's Forecast Variances
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
<b>Shared Services</b>								
Revenues and Benefits	1,559	0	1,559	0	0	0	1,559	No monthly forecast variances reported.
ICT	835	0	835	0	0	0	835	No monthly forecast variances reported.
Human Resources	471	0	471	0	0	0	471	No monthly forecast variances reported.
Finance	950	0	950	0	0	0	950	No monthly forecast variances reported.
<i>Rounding Adjustment</i>								
<b>Total for Shared Services</b>	<b>3,815</b>	<b>0</b>	<b>3,815</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,815</b>	

Notes to Agreed Budget Changes

Reason for Agreed Budget Change

**Agreed Budget Changes reported  
in Finance Digest Period 3**

**0**

**Table 2 - Variance Analysis by Service and Cost Centre (continued)**

Service Area	Original Budget	Agreed Budget Change	Current Budget	Forecast Variance @ Period 3	Forecast Variance This Month	Total Forecast Variance	Forecast Outturn	Comments regarding This Month's Forecast Variances
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
<b>Strategic Finance</b>								
Finance and Resources	221	10	231	0	0	0	231	No monthly forecast variances reported.
Finance Services Client	(823)	0	(823)	0	0	0	(823)	No monthly forecast variances reported.
Revenues and Benefits Client	(165)	0	(165)	61	0	61	(104)	No monthly forecast variances reported.
ICT Services Client	(835)	0	(835)	0	0	0	(835)	No monthly forecast variances reported.
Human Resources Client	(471)	8	(463)	0	0	0	(463)	No monthly forecast variances reported.
Procurement	0	0	0	0	0	0	0	No monthly forecast variances reported.
Corporate Costs	1,610	(10)	1,600	0	0	0	1,600	No monthly forecast variances reported.
Capital & FRS17 Adjustments	(3,964)	0	(3,964)	0	0	0	(3,964)	No monthly forecast variances reported.
<b>Total for Strategic Finance</b>	<b>(4,427)</b>	<b>8</b>	<b>(4,419)</b>	<b>61</b>	<b>0</b>	<b>61</b>	<b>(4,358)</b>	

Notes to Agreed Budget Changes

Reason for Agreed Budget Change

**Agreed Budget Changes reported  
in Finance Digest Period 3**

**8**

**Table 3 - Salaries Analysis**

**Salaries Variance Analysis (Excl. IAS19)**

Service Area	Previous Year Final Restated	Original Budget	Agreed Budget Change	Current Budget	Forecast Variance @ Period 3	Forecast Variance This Month	Total Forecast Variance	Forecast Outturn	Variance		Comments regarding This Month's Forecast Variances
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	%	☺	
Community Services	3,065	2,840	39	2,879	(14)	0	(14)	2,865	(0.5)	☺	No monthly forecast variances reported.
Environmental Services	5,648	5,876	0	5,876	0	0	0	5,876	0.0	☺	No monthly forecast variances reported.
Planning Services	1,887	1,983	0	1,983	0	0	0	1,983	0.0	☺	No monthly forecast variances reported.
Corporate Management	537	403	0	403	0	0	0	403	0.0	☺	No monthly forecast variances reported.
Legal and Property Services	3,110	3,058	0	3,058	0	0	0	3,058	0.0	☺	No monthly forecast variances reported.
Shared Services Implementation	33	0	0	0	0	0	0	0	0.0	☺	No monthly forecast variances reported.
Strategic Finance	194	232	0	232	0	0	0	232	0.0	☺	No monthly forecast variances reported.
Consultancy	231	130	(5)	125	0	0	0	125	0.0	☺	No monthly forecast variances reported.
<b>Total</b>	14,705	14,522	34	14,556	(14)	0	(14)	14,542	(0.1)	☺	

Notes to Agreed Budget Changes

Reason for Agreed Budget Change

**Agreed Budget Changes reported in Finance Digest Period 3**

**34**

## **Part 2 - Performance Indicators**

### **2 - Performance Indicators**

The following analysis identifies performance on the Councils key 'financial health' and key business indicators.

#### **2.1 Treasury Management Performance**

The performance of the council's treasury management strategy for the period ending 31st July 2012 shows an average annualised return on investments of 1.4% (compared to an estimate of 1.3%). Interest received as at 31st July 2012 (after allowing for previous year accruals) equates to £90k.

The current estimate of interest returns for 2012/13 is:

	<b><u>2012/13</u></b>
Best case	1.4 %
Central case	1.3 %
Worst case	1.2 %

Interest base rates (0.5%) are not now expected to rise until January 2014.

## 2.2 Council Tax and NNDR

The Council Tax and NNDR collection rates @ period 4 are as follows :-

<b>Council Tax Collection rates</b>	<b>2010/11 %</b>	<b>2011/12 %</b>	<b>2012/13 %</b>	<b>Target %</b>
April	10.8	10.7	11.1	10.8
May	17.8	19.7	19.6	19.8
June	27.2	28.5	28.1	28.6
July	35.8	37.6	36.8	37.7
August	45.0	46.5		46.6
September	54.1	55.0		55.1
October	62.8	64.0		64.1
November	71.9	73.2		73.3
December	80.4	82.1		82.2
January	88.9	90.3		90.4
February	92.8	93.6		93.7
March	95.3	95.5		96.0

<b>NNDR Collection rates</b>	<b>2010/11 %</b>	<b>2011/12 %</b>	<b>2012/13 %</b>	<b>Target %</b>
April	9.6	13.7	13.5	13.8
May	17.2	23.5	23.0	23.6
June	27.2	33.4	32.6	33.5
July	37.2	41.6	41.8	41.8
August	51.7	50.5		50.7
September	57.9	60.2		60.4
October	68.9	68.9		69.1
November	80.2	77.8		78.0
December	87.2	88.6		88.8
January	93.5	92.8		93.1
February	95.7	95.0		95.3
March	96.3	96.7		97.0

67% of council tax is paid by direct debit which is the cheapest and most reliable form of collection.



### 2.3 Creditor Payment Monitoring @ period 4 (July 2012)

The Council paid 88.82% of undisputed invoices within 30 days (against an Audit Commission target of 100%)

The number of payments made by BACS for the month was 85.83% (cumulative figure is 86.40%) against a target of 90%.

#### **Creditor Payment Monitoring Statistics By Service Area**

	Total Undisputed Invoices	Late Payments	Payments On Time	% Payments On Time (This Month)	% Payments On Time (Yr to date)
Community Services	104	13	91	87.50	93.94
Environmental Services	334	7	327	97.90	98.38
Planning	35	10	25	71.43	84.00
Managing Director	29	1	28	96.55	84.42
Legal and Property	182	44	138	75.82	80.91
Shared Services	85	11	74	87.06	85.64
<b>Total</b>	<b>769</b>	<b>86</b>	<b>683</b>	<b>88.82</b>	<b>90.91</b>

#### **Cumulative Percentages of Payments Made On Time**

	2010/11	2011/12	2012/13
April	N/A	98.45	94.67
May	63.77	95.11	92.09
June	69.79	93.27	91.69
July	71.77	93.23	90.91
August	74.62	92.63	
September	81.59	92.49	
October	84.61	92.65	
November	86.45	93.22	
December	87.59	93.37	
January	87.91	93.04	
February	87.94	93.29	
March	89.16	93.51	

The April figure was not reported separately in 2010/11 so a historic comparison for this month is not possible.

## 2.4 Debtors Monitoring @ period 4 (July 2012)

A summary of debtors raised / paid is shown in the table below.

### General Debtor Invoices Raised to the end of July 2012

Invoices Raised from 1st April 2012 to 31st July 2012					
Service Area	No. Invoices	Total Raised £	Collected £	Outstanding	
				£	%
Community Services	98	884,401	801,600	82,800	9.36
Environmental Services	1,420	629,301	530,337	98,964	15.73
Planning	97	437,439	355,075	82,364	18.83
Corporate Management	7	7,740	1,440	6,300	81.40
Legal and Property	2,405	5,398,783	4,768,357	630,426	11.68
Human Resources	0	0	0	0	N/A
Housing	3	683	649	34	4.98
Finance	114	538,590	524,584	14,007	2.60
ICT	0	0	0	0	N/A
Revenues & Benefits	289	14,983	8,014	6,969	46.51
<b>Total</b>	<b>4,433</b>	<b>7,911,920</b>	<b>6,990,056</b>	<b>921,864</b>	<b>11.65</b>

Of the outstanding debt of £921,864, the amount between 0 to 3 months old is £570,270 (61.9%)

## 2.5

**Key Business Indicators**

Monthly indicators at the end of July 2012 (Period 4) are :-

<b>Performance Indicator</b>	<b>Target for Year</b>	<b>Actual</b>
Occupancy rates - Market	75%	58%
Occupancy rates - Commercial Property	99%	98%
Repair & Maintenance Programme (incl Yr 5 capitalised budget)	£1,502k	£148k
Capital Programme General	£7,516k	£784k
Capital Programme Section 106	£4,799k	£674k
Average time to process housing benefits claims (from date of claim)	25 days	36.83 days
Average time to process change of circumstances	15 days	35.47 days
Sickness Levels	2.17 days (profiled target)	2.90 days @ end of July 2012
Staff Appraisals completed on time	100%	80.29%
CSC - all calls answered	95%	99.70%
Complaints resolved at Stage 1	90%	59%
% of valid bins missed	<0.05%	0.05%
ICT service availability to users during core working hours	99.5%	99.88% during month