

# **BUDGET SETTING**

**2022/23 to 2024/25**

## **Medium Term Financial Strategy**



**WATFORD  
BOROUGH  
COUNCIL**

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## Executive Summary

The Medium Term Financial Strategy (MTFS) provides Members with information on the overall financial position of the Council over the next three years, and brings together the previous budget set by Council in January 2021, the budget monitoring activities carried out during the current year and the latest developments in funding, legislation and service delivery.

Regular budget monitoring reports are presented to both the Council's Leadership Board, Finance Scrutiny Committee and Cabinet 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 and balanced budget for the forthcoming year and indicative budgets for the following two years.

The reductions in central government funding over the last decade, including the removal of revenue support grant, against a backdrop of increasing demand for services has created a challenging financial environment for local authorities. The Council has a good track record of delivering services to budget, achieving efficiency savings, generating additional income and minimising service growth in order to continue to provide value for money services to the public.

The proposed MTFS for 2022/23 to 2024/25 is set out below and in detail at Appendix 1.

	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Net Expenditure</b>	<b>15,050</b>	<b>13,734</b>	<b>13,018</b>	<b>13,293</b>
Funded by:				
Planned Contribution to / (from) Reserves	(2,057)	40	346	346
Business Rates	(3,002)	(3,073)	(3,002)	(3,002)
Government Grants	(668)	(1,041)	(450)	(450)
Surplus on Collection Fund	(122)	0	0	0
Budget Deficit funded from Reserve	(78)	(89)	(149)	(228)
<b>Council Tax Requirement</b>	<b>9,122</b>	<b>9,571</b>	<b>9,764</b>	<b>9,960</b>

<b>Council Tax Calculation:</b>				
Council Tax Base	32,786.1	33,891	34,060.8	34,231.1
Council Tax Charge for Band D	£278.24	£282.41	£286.65	£290.95
Council Tax Band D increase		1.5%	1.5%	1.5%

The proposed MTFS has been updated to include the latest information on government funding as set out in the Provisional Local Government Settlement, published by the Department for Levelling Up, Communities and Housing (DLUCH) on 16 December 2021. It also incorporates proposals for investment in services, service efficiencies and income generation and sets aside funding to meet anticipated pay awards over the MTFS period.

Table 1 (on the next page) summarises the changes from the current MTFS set in January 2021. Explanations of the changes are set out in the main body of the report and in the detailed appendices.

As set out in the MTFS, there is a budget deficit of £0.089 million in 2022/23 which increases to £0.228m over the MTFS period. This budget gap will be managed through planned use of the Economic Impact Reserve in 2022/23. Plans will be brought forward to address the gap from 2023/24 onwards as part of the budget setting process for 2023/24.

## 1. Revenue

1.1. The table below sets out the changes between the MTFS agreed in January 2021 and the proposed MTFS at Appendix 1 and the resulting budget gap. Explanations of the changes are set out in the paragraphs below.

**Table 1 Budget Gap**

Revenue Account - MTFS	2021/22	2022/23	2023/24	2024/25	Total Gap Over MTFS 3 Years
	£000	£000	£000	£000	£000
<b>Gap in MTFS at 1 April (approved in January 2021)</b>	<b>513</b>	<b>485</b>	<b>(521)</b>	<b>(521)</b>	<b>(557)</b>
In year changes through budget monitoring	1,434	171	171	171	<b>513</b>
Budget carry Forward	(342)	342			<b>342</b>
<b>Other Changes</b>					
Changes to fees & charges		19	19	19	<b>57</b>
Changes to Staff Costs		91	108	139	<b>338</b>
Growth and Efficiencies		(405)	(424)	(425)	<b>(1,253)</b>
Use of Renewal Recovery Fund		631			<b>631</b>
Contingency - Inflationary costs		394	1,007	1,253	<b>2,655</b>
<b>Net changes</b>	<b>1,092</b>	<b>1,244</b>	<b>882</b>	<b>1,157</b>	<b>3,283</b>
<b>Revised gap</b>	<b>1,605</b>	<b>1,729</b>	<b>361</b>	<b>636</b>	<b>2,726</b>
<b>Funding Changes</b>					
New Homes Bonus	0	(141)	127	127	<b>113</b>
Business rates	0	(71)	0	0	<b>(71)</b>
Council tax	0	(179)	(386)	(582)	<b>(1,147)</b>
Additional Government Funding	0	(201)	122	122	<b>43</b>
<b>Sub Total</b>	<b>0</b>	<b>(592)</b>	<b>(137)</b>	<b>(333)</b>	<b>(1,062)</b>
<b>Change in planned use of reserves</b>	<b>(1,527)</b>	<b>(1,048)</b>	<b>(75)</b>	<b>(75)</b>	<b>(1,198)</b>
					0
<b>Revised gap</b>	<b>78</b>	<b>89</b>	<b>149</b>	<b>228</b>	<b>466</b>

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 2021/22 financial year. These changes amount to a pressure of **£0.792 million** in 2021/22. These are shown at **Appendix 2**
- Pay & Salary changes. The net result is a total increase of **£0.338 million** over the three year period. The pay budgets do not include an allowance for a pay award as this is yet to be agreed for 2021/22 or future years. However, as set out below, the contingency budget includes a provision for a pay award in each year of the MTFS and this can be allocated to individual budgets once a pay award is confirmed.

### 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 £0.057 million decrease over the MTFS. **Appendix 3** shows a summary of the implications of the 2022/23 fees & charges proposals. The Council's income charging policy is at Attachment 2 with individual charges listed by service area.

### 1.4. Sustainable Transport Schemes

The Demand Responsive Transport (DRT) scheme experienced lower numbers of rides than predicted due to COVID-19 and therefore did not expand the service as projected during 2021/22. As a result £0.313 million of the agreed subsidy has been carried forward from 2021/22 to 2022/23, the total subsidy available over the life of the contract is unchanged.

### 1.5. Contingency

A contingency budget has been set aside to provide for likely additional expenditure over the MTFS period. As noted above, a formal pay award has not been agreed for the current year (2021/22) or future years. However, it is prudent to assume that there will be pay awards in light of current inflation rates of 5.1% (CPI - December 2021). A budget equating to 1.75% for a backdated pay award for 2021/22 and a further 2% annual increase over the MTFS has been set aside. A further allowance has also been made for additional costs in relation to capital financing in 2023/24 and 2024/25 which includes the risk of increased interest rates for external borrowing.

### 1.6. Growth and Efficiencies

**Appendix 4** contains detail of the details to reflect current priorities and pressures offset by matching efficiency savings and additional income generation.

### 1.7. COVID -19

The outlook in relation to COVID-19 remains uncertain as recovery continues to be hindered by the need to respond to new variants and a resurgence in case numbers. The Provisional Local Government Settlement did not provide any additional resources to Councils specifically to address COVID-19.

1.8. During 2020/21 a Renewal Fund was established to help Watford recover from the impacts of COVID-19. Based on the latest monitoring report, the balance on the reserve is forecast to be £0.631 million at 31 March 2022. It is anticipated that the balance of the fund will be utilised in full during 2022/23. However, there may be further calls on this funding before the end of the current financial year.

### 1.9. 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 increase in resources of **(£1.062 million)** over the MTFS.

**Table 2 Changes in Funding Against Budget**

Funding Changes	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	Over MTFS 2022-25
New Homes Bonus	0	(141)	127	127	113
Business rates	0	(71)	0	0	(71)
Council tax	0	(179)	(386)	(582)	(1,147)
Additional Government Funding	0	(201)	122	122	43
<b>Total</b>	<b>0</b>	<b>(592)</b>	<b>(137)</b>	<b>(333)</b>	<b>(1,062)</b>

1.10. The Government has once again postponed the implementation of changes to local government funding originally planned to be introduced from April 2019. The Provisional Local Government Settlement is a one year settlement that broadly rolls forward funding arrangement from 2021/21 into 2022/23.

1.11. As part of the roll forward, further one off allocations for the New Homes Bonus (NHB) have been announced for 2022/23 in addition to the final legacy payment due from 2019/20 allocations. This is £0.141 million higher than the estimate included in the previous MTFS. Allocations for 2023/24 onwards have been reduced by £0.127 million reflecting the fact that the future distribution of NHB is uncertain following a consultation on the future of NHB during 2021/22.

1.12. The Lower Tier Support Grant has also been rolled forward into 2022/23. This is also on a one-off basis. The allocation for 2022/23 is £0.127 million and is £0.005 million higher than the amount assumed in the previous MTFS.

1.13. For 2022/23 the government has announced a new one-off Services Grant of £822 million. Of this, £0.196 million will be received by Watford.

1.14. The outlook for funding from 2023/24 onwards remains uncertain. The government has indicated that they will continue to work with the sector to look at the challenges and opportunities facing the sector before consulting on any potential changes to funding allocations.

1.15. The MTFS shown in Appendix 1 indicates that the total Net Expenditure of the Council in 2022/23 is **£13.103 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.

1.16. 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 2022/23 Council Tax Base results in a figure of **33,891.3** after allowing for the Council Tax Reduction Scheme and a collection rate of 97%. This is an increase of 3.4% which is primarily due to growth in housing development. It is currently assumed that the tax base will continue to grow in 2023/24 and 2024/25 by a further 0.5% annually.

1.17. The average Band D Council Tax charge for 2022/23 is proposed to be **£282.41**, a 1.5% increase from 2021/22. The MTFS includes an assumption that Council Tax will increase by

1.5% in both 2023/24 and 2024/25 although this is indicative and subject to review through the budget setting process for 2023/24.

1.18. This Council's Council Tax Requirement for 2022/23 is **£9.571 million**.

## 2. Capital Investment Programme

2.1. The Capital Investment Strategy is set out in Attachment 3. The purpose of the capital strategy is to tell a story that gives a clear and concise view of how the council determines its priorities for capital investment, decides how much it can afford to borrow and sets its risk appetite. The Capital Investment Programme details the schemes that will be delivered to deliver against the capital investment priorities.

2.2. The Capital Investment Programme includes three different types of scheme – business as usual (regular improvements and replacement of key Council assets such as buildings, vehicles and ICT), major projects, and loans to subsidiaries and joint ventures. Much of the capital expenditure which relates to major projects and loans will be returned to the Council in future years as capital receipts. **Appendix 6** sets out the proposed Capital Programme. **Appendix 7** provides detail on new growth bids.

**Table 3 MTFS - Capital Investment Programme**

MTFS - Capital	Revised Budget 2021/22 £000's	Draft Budget 2022/23 £000's	Draft Budget 2023/24 £000's	Draft Budget 2024/25 £000's	Draft Budget Total £000's
Original Capital Programme as Approved at Council (January 2021)	87,710	20,295	5,680	0	113,685
Approved rephasings and budget approvals	29,804	0	0	0	29,804
<b>Latest Budget</b>	<b>117,514</b>	<b>20,295</b>	<b>5,680</b>	<b>0</b>	<b>143,489</b>
Changes through budget monitoring to November	-48,530	43,625	5,262	1,773	2,130
<b>Latest Forecast</b>	<b>68,984</b>	<b>63,920</b>	<b>10,942</b>	<b>1,773</b>	<b>145,619</b>
<b>Growth Items</b>					
Service Transformation		0	780	780	1,560
Community & Environmental		362	1,331	1,667	3,360
Place Shaping		4,291	50	50	4,391
Strategic Finance		0	677	677	1,354
<b>Total Growth Items</b>		<b>4,653</b>	<b>2,838</b>	<b>3,174</b>	<b>10,665</b>
<b>Total Proposed Capital Programme</b>	<b>68,984</b>	<b>68,573</b>	<b>13,780</b>	<b>4,947</b>	<b>156,284</b>

2.3. The approved capital programme includes investment of £21.327 million in the Town Hall Quarter across the programme including £5.060 million for decarbonisation. A further report on the Town Hall Quarter capital investment programme will be considered by Cabinet in January 2021 alongside this budget report.

### Funding the Capital Investment Programme

2.4. The Council funds its capital programme from its reserves, capital receipts, and capital grants and contributions. Subject to prudential and affordable limits, the Council may also borrow to support capital investment.

- 2.5. It is anticipated that over time the capital outlay from projects such as the Watford Riverwell development will be recouped from the receipts received in terms of return of equity investment and the disposal of land and property.
- 2.6. Where the Council does not have sufficient contributions, receipts, reserves or revenue available to finance long term investment, it may use prudential borrowing to do so. This is subject to the affordability and prudential limits set out at a high level by the Government and in detail by the Council in its strategies. This borrowing requirement may be raised from external providers, or temporarily met internally from cash the Council holds day to day.

**Table 4 Funding the Capital Programme**

FUNDING TYPE	Revised Budget 2021/22 £000's	Draft Budget 2022/23 £000's	Draft Budget 2023/24 £000's	Draft Budget 2024/25 £000's
Grants & Contributions	7,541	3,805	0	0
Reserves	244	0	0	0
Capital Receipts (PIB & non PIB)	7,875	9,773	0	0
Section 106 & CIL Contributions	22	0	0	0
Local Enterprise Partnership Loan	0	1,250	0	0
Borrowing (Internal & External)	53,303	53,745	13,780	4,947
<b>TOTAL CAPITAL FUNDING APPLIED</b>	<b>68,984</b>	<b>68,573</b>	<b>13,780</b>	<b>4,947</b>

- 2.7. The cost of borrowing associated with the delivery of the capital investment programme is included within the revenue budget.
- 2.8. The Council's proposed Prudential Indicators for Capital Finance are set out in Attachment 3, appendix 4. The Prudential Indicators provide a framework to ensure that the Council's capital investment plans are prudent and affordable.

### 3. Reserves

- 3.1. The Council has set aside specific amounts as reserves for future policy purposes and to cover contingencies. The table below provides a summary of reserve movements over the MTF5.

**Table 5 Reserves Summary**

	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
Opening Balances	(39,511)	(17,513)	(17,464)	(17,661)
Planned Contributions (to) / from reserves	21,920	(40)	(346)	(346)
Budget deficit funded from reserves	78	89	149	228
<b>Closing Balances</b>	<b>(17,513)</b>	<b>(17,464)</b>	<b>(17,661)</b>	<b>(17,779)</b>

- 3.2. The full schedule of reserves and the anticipated position is attached at **Appendix 8**. The proposed use of reserves for revenue in 2022-25 is as follows:



- 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 2022/23 and 2024/25 totalling £0.600 million.
- There is a sufficient balance within the Economic Impact Reserve to fund the budget deficit across the MTFs although it is anticipated that the budget gap for 2023/24 onwards will be addressed through the budget setting process for 2023/24.
- The general fund working balance has been maintained at a prudent and risk assessed level of **£2.0 million**.
- The balance of £0.631 million relating to the renewal recovery fund will be allocated in full to projects and schemes during 2022/23.
- A new 'Sustainability Reserve' of £0.500 million is proposed to pump prime sustainability projects. This reserve will be created from one-off over performance from Croxley Park in 2021/22 relating to a lower than budgeted inflationary increase in the headline lease payment which is not expected to be repeated in future years.

#### 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 2021/22 despite Covid-19.

- **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.

- **COVID-19**

The ongoing impact on demand for services and income streams relating to parking and the leisure management contract is difficult to predict and remains highly reactive to changes in government guidance and restrictions. At this stage there is no extension to the Government's Sales, Fees and Charges Income Guarantee Scheme which ended on 30 June 2021.

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.

## **5. Chief Finance Officer's Statutory Report**

5.1. 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.**

5.2. 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.

5.3. 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:**

2021/22 Finance Digests  
Cabinet Reports  
2021-25 Financial Planning Report

### **APPENDICES:**

Appendix 1	Medium Term Financial Strategy 2022/25
Appendix 2	In Year Base budget changes
Appendix 3	Summary Fees & Charges 2022/23
Appendix 4	Growth, Savings and Efficiencies
Appendix 5	Council Tax base and calculation 2022/23
Appendix 6	Capital programme 2022/25
Appendix 7	New Capital Schemes
Appendix 8	Reserves and balances
Appendix 9	Risk Matrix

## Medium Term Financial Strategy (MTFS) 2022-2025

 <b>WATFORD BOROUGH COUNCIL</b> BE BOLD	2021/22 Original	2021/22 Revised	2022/23 Draft	2023/24 Draft	2024/25 Draft
	£000s	£000s At November	£000s	£000s	£000s
Service Transformation	2,989	3,718	3,648	3,614	3,614
Community & Environmental	9,412	11,062	8,706	8,351	8,351
Democracy & Governance	2,085	2,307	1,933	1,936	1,936
Place Shaping & Performance	(6,238)	(6,155)	(6,961)	(6,945)	(6,945)
Corporate Strategy & Comms	757	(44)	1,303	1,309	1,309
Human Resources	619	618	597	598	598
Strategic Finance	4,059	3,586	3,265	3,273	3,273
<b>Net cost of services</b>	<b>13,684</b>	<b>15,092</b>	<b>12,490</b>	<b>12,136</b>	<b>12,136</b>
<b>Financial Planning</b>					
Salary Changes (Including Employers Lump Sum)	0	0	91	108	139
Growth	0	0	115	163	191
Income & Efficiencies	0	0	(520)	(586)	(616)
In year Monitoring Changes	0	300	171	171	171
Net effect of Fees & Charges	0	0	19	19	19
Use of Renewal Recovery Fund	0		631	0	0
Budget Carry Forward	0	(342)	342	0	0
Contingency - Inflationary costs	0	0	394	1,007	1,253
<b>Sub-Total</b>	<b>0</b>	<b>(42)</b>	<b>1,244</b>	<b>882</b>	<b>1,157</b>
<b>Total Net Expenditure</b>	<b>13,684</b>	<b>15,050</b>	<b>13,734</b>	<b>13,018</b>	<b>13,293</b>
<b>Planned Use of Reserves</b>					
Contributions to reserves	628	342	1,288	621	621
Contributions from reserves- including Carry forward Reserve	(885)	(2,399)	(1,248)	(275)	(275)
<b>Sub-Total</b>	<b>(257)</b>	<b>(2,057)</b>	<b>40</b>	<b>346</b>	<b>346</b>
<b>Funding</b>					
Council Tax	(9,122)	(9,122)	(9,571)	(9,764)	(9,960)
Business Rates	(3,002)	(3,002)	(3,073)	(3,002)	(3,002)
New Homes Bonus	(480)	(480)	(718)	(450)	(450)
(Surplus)/Deficit on collection fund	(122)	(122)	0	0	0
Additional Government Funding	(188)	(188)	(323)		0
<b>Sub-Total</b>	<b>(12,914)</b>	<b>(12,914)</b>	<b>(13,685)</b>	<b>(13,215)</b>	<b>(13,411)</b>
<b>Total Funding &amp; Use of Reserves</b>	<b>(13,171)</b>	<b>(14,971)</b>	<b>(13,645)</b>	<b>(12,869)</b>	<b>(13,065)</b>
<b>Gap</b>	<b>513</b>	<b>78</b>	<b>89</b>	<b>149</b>	<b>228</b>
<b>Reserves - opening balances</b>	<b>(16,036)</b>	<b>0</b>	<b>0</b>	<b>49</b>	<b>(148)</b>
Planned use of reserves	257	2,057	(40)	(346)	(346)
Gap funded from reserves	513	78	89	149	228
<b>Reserves - closing balances</b>	<b>(15,266)</b>	<b>2,135</b>	<b>49</b>	<b>(148)</b>	<b>(266)</b>
<b>Council Tax Rate Calculation</b>					
<i>Council tax base</i>	32,786.1	32,786.1	33,891.3	34,060.8	34,231.1
<i>Council tax charge for band D</i>	£ 278.24	£ 278.24	£ 282.41	£ 286.65	£ 290.95
<i>£'000</i>	9,122.40	9,122.40	9,571.36	9,763.51	9,959.51

In Year Base Budget Changes

Service Area	Description	Details of Variances	£
<b>Service Transformation</b>	Facilities	Budget transfer for Atrium from Place shaping*	20,000
	Community Asset Management	Pressure has arisen from combination of factors, including leases coming to an end, rent reviews which have reduced the level of rental income and increased repairs & maintenance costs.	56,254
	Town Hall Offices	Additional rental income from the letting of the terrapin section	(120,000)
	Various	Centralisation of stationery, print and insurance budgets for improved control and reporting. These changes have no overall effect on the overall budget***	148,570
	Projects	Budget carry forward into 2022/23 to fund the Qlik development project	(29,000)
		Budget alignment with Strategic Finance to manage in year changes to services without any additional pressures*****	550,548
		Other Variances	(36,927)
		<b>TOTAL</b>	<b>589,445</b>
<b>Community &amp; Environmental</b>	Climate Change	Budget transfer from Corporate Strategy & Comms**	50,000
	Town Centre Special Events	Renewal budget funding for Watford outdoor theatre & Market Late events	29,500
	Recycling - Kerbside	Increase in gate fees due to variations in market conditions	100,000
	Commissioning Parks & Services	Additional resources required to manage unprecedented workload on parks	90,000
	SLM	Loss from management income fee of £1,065K and additional support costs for the year 21/22 of £350K	1,415,000
	Colosseum	Net position after taking costs of £120k and income from occupation of £190k	(70,000)
	Watford Market	New lighting and market lates costs funded from the renewal budget	40,000
	Cassiobury Park Hub	Net increase in costs, includes loss of £25k from car parking income, £36k increase in cleaning and refuse collection and £37k additional property maintenance costs. Savings of 16k on staff and electricity costs.	81,727
	Cemeteries	Additional income from the sale of grave spaces, burial fees and memorial fees	(235,000)
	Parking	Budget alignment with Place shaping (part of CPZ) to manage in year changes to services without any additional pressures*****	163,177
	Sustainable Transport Programme	Budget C/F to 2022/23 to align with the transport programme	(312,947)
	Various	Centralisation of stationery, print and insurance budgets for improved control and reporting. These changes have no overall effect on the overall budget***	(100,120)
	Various	Increase in environmental maintenance costs across parks and open spaces	334,201
	Other Variances	(28,332)	
		<b>TOTAL</b>	<b>1,557,206</b>

Service Area	Description	Details of Variances	£
Democracy & Governance	Legal Services	Document sign off licences for remote working and room setup costs for hybrid meetings	46,370
		Net change in legal services, which includes £13k of additional income expected from S106 work	(14,950)
	Democratic Services	Members remuneration variations as agreed by committee	11,504
	Committee Services	Transfer of three posts to Corporate Strategy & Comms****	(88,683)
	Various	Centralisation of stationery, print and insurance budgets for improved control and reporting. These changes have no overall effect on the overall budget***	(23,870)
		Other Variances	(22,632)
<b>TOTAL</b>			<b>(92,261)</b>
Place Shaping	Valuations & Estates	Profession fees - consultancy - charges for outsourced services on Rental Investment properties	188,000
		Increase in Agency costs to cover additional workload	95,000
		Budget transfer for Atrium to Service Transformation*	(20,000)
	Infrastructure Team	Budget alignment with community & Environmental (part of CPZ) to manage in year changes to services without any additional pressures*****	(163,177)
		Works at Callowland funded from the CPZ reserve	55,500
	Building Control	Net loss of income, £23k of which relates to inspection fees	27,800
	Development Control	Increase in pre-application advice income	(30,000)
	Town Hall Car park	Loss of income from parking charges	10,000
	Investment Assets Outsourced	Net change in income from investment properties due to new rent free lettings	33,106
	CCTV	CCTV review across the town, funded from the PMB reserve	20,000
	Employee Costs	Project saving on employee costs across the service, mainly due to vacant posts	(137,270)
	Various	Centralisation of stationery, print and insurance budgets for improved control and reporting. These changes have no overall effect on the overall budget***	(72,920)
	Other Variances	33,517	
<b>TOTAL</b>			<b>39,556</b>
Corporate Strategy & Comms	Commercial	Budget transfer to Community & Environmental**	(50,000)
	Special Emergency - Covid19	Income recovery from Governments Income Guarantee Scheme	(752,500)
	Project Resource	Project managers costs to be recharged to various capital projects	(157,334)
	Elected Mayors Team	Transfer of three posts from Committee services****	88,683
	Partnership & Performance	Christmas lighting across the town, funded from the renewal budget	35,306
		Funding of Executive support officer role from PMB budget	29,720
Various	Centralisation of stationery, print and insurance budgets for improved control and reporting. These changes have no overall effect on the overall budget***	(15,677)	
<b>TOTAL</b>			<b>(821,802)</b>

Service Area	Description	Details of Variances	£
Human Resources	Shared Services	Increase in agency fees	5,250
	Various	Centralisation of stationery, print and insurance budgets for improved control and reporting. These changes have no overall effect on the overall budget***	(12,780)
		<b>TOTAL</b>	<b>(7,530)</b>
Strategic Finance	Insurance Services	Centralisation of stationery, print and insurance budgets for improved control and reporting. These changes have no overall effect on the overall budget***	77,950
		Budget alignment with Service transformation to manage in year changes to services without any additional pressures*****	(550,548)
		<b>TOTAL</b>	<b>(472,598)</b>
		<b>GRAND TOTAL</b>	<b>792,016</b>

**Summary Fees & Charges**

Service	(A) 2021/22 Original Budget £	(B) 2022/23 Draft Budget already included in MTFS £	(B) - (A) Variance Year on Year 2021/22 to 2022/23 £	(C) 2022/23 Proposed Budget £	(C) - (B) Variance Draft to Proposed £	Comments
<b>COMMUNITY &amp; ENVIRONMENTAL</b>						
Parks, Pitches & Woods	(15,600)	(15,600)	0	(15,600)	0	
Cemeteries	(368,500)	(368,500)	0	(388,500)	(20,000)	Increase from sale of grave spaces, burial and memorial fees
Cheslyn	(205,000)	(205,000)	0	(205,000)	0	
SLM	(1,065,877)	(1,065,877)	0	(1,065,877)	0	
Waste	(504,460)	(504,460)	0	(619,160)	(114,700)	Increase in garden waste income
Specials & Street Cleansing	(51,130)	(51,130)	0	(51,130)	0	
Arts, Events and Heritage	(25,000)	(25,000)	0	(25,000)	0	
Licenses	(160,300)	(160,300)	0	(125,300)	35,000	Based on 3 Year renewal cycle
Other Licenses	(33,470)	(33,470)	0	(38,584)	(5,114)	
Gaming Licenses	(86,052)	(86,052)	0	(99,252)	(13,200)	Increase in new venues
Stray Dogs	(1,100)	(1,100)	0	(700)	400	
Pests	(39,350)	(39,350)	0	(39,350)	0	
Environmental Abandoned Vehicles	(250)	(250)	0	(500)	(250)	
Environmental Miscellaneous	(52,000)	(52,000)	0	(54,000)	(2,000)	
	<b>(2,608,089)</b>	<b>(2,608,089)</b>	<b>0</b>	<b>(2,727,953)</b>	<b>(119,864)</b>	
<b>SERVICE TRANSFORMATION</b>						
Customer Services (including Information Unit)	(12,500)	(12,500)	0	(12,500)	0	
	<b>(12,500)</b>	<b>(12,500)</b>	<b>0</b>	<b>(12,500)</b>	<b>0</b>	
<b>PLACE SHAPING</b>						
Housing	(455,829)	(455,829)	0	(316,907)	138,922	Adjusted stock profile and have reduced overall numbers. 40% reduction in units. Equivalent savings on fees will be reviewed as part of efficiency savings.
Parking - Controlled Parking Zones (see below)	(1,420,900)	(1,420,900)	0	(1,420,900)	0	
Parking - Other (incl. Avenue, Longspring & Town Hall)	(243,780)	(243,780)	0	(243,780)	0	
Building Control	(292,000)	(292,000)	0	(292,000)	0	
Development Control (including Policy Team)	(785,000)	(785,000)	0	(785,000)	0	
Land Searches	(120,000)	(120,000)	0	(120,000)	0	
	<b>(3,317,509)</b>	<b>(3,317,509)</b>	<b>0</b>	<b>(3,178,587)</b>	<b>138,922</b>	
<b>DEMOCRACY &amp; GOVERNANCE</b>						
Elections Unit	(4,000)	(4,000)	0	(4,000)	0	
	<b>(4,000)</b>	<b>(4,000)</b>	<b>0</b>	<b>(4,000)</b>	<b>0</b>	
<b>STRATEGIC FINANCE</b>						
Council Tax (Single Person Discount)	(2,000)	(2,000)	0	(2,000)	0	
	<b>(2,000)</b>	<b>(2,000)</b>	<b>0</b>	<b>(2,000)</b>	<b>0</b>	
Sub Total	<b>(5,944,098)</b>	<b>(5,944,098)</b>	<b>0</b>	<b>(5,925,040)</b>	<b>19,058</b>	
Less :						
Parking - Controlled Parking Zones (v see above)	1,420,900	1,420,900	0	1,420,900	0	
Total	<b>(4,523,198)</b>	<b>(4,523,198)</b>	<b>0</b>	<b>(4,504,140)</b>	<b>19,058</b>	

**Growth, Savings and Efficiencies**

Service	Description	2022/23 £	2023/24 £	2024/25 £
<b>Growth Bids</b>				
Envirocrime (Fly Tipping etc)	Project resource to implement measures to reduce envirocrime.	25,000	-	-
Parks & Open Spaces	The council has invested significant capital funding into Woodside Playing Fields and in particular cricket facilities where WTCC play. The main No1 pitch has been improved to minor counties standards with new drainage, surfacing costing over £200,000. To ensure the pitch area is now maintained to this standard, the specification has been enhanced to include autumn/winter and summer/spring maintenance. In year 3, costs are higher due to a need to maintain the secondary drainage which is undertaken every 3 to 4 years.	35,000	38,000	65,000
Property Investments & regeneration	Permant senior regeneration manager to implement and deliverTown Hall Q JV and surplus sites programme and the Watford Junction work. Work with Planning colleagues on similar projects such as the Planning Framework. Replace two costly senior interim consultants therefore reducing the spend within the service area. Will add more resilience into the team and establish clear relationships with stakeholders.	62,811	63,561	64,061
Economic Development	Permant support to deliver on the emerging projects for the continual success of the Town Centre renewal and provide conitined support for the economic growth strategy.	-	55,158	55,658
Economic Development	Economic Development Manager - Currently resourced by renewal funding which is due to end in 22/23. Watford is bold and ambitious and wants to engage with bigger businesses, support economic growth and support our residents into jobs. Having a proactive Economic Development service is essential to achieving this ambition.	-	68,400	69,150
Safeguarding	Increase in corporate safeguarding Manager role from 2 days/week to fulltime. The role was created around 2 years ago and at the time it was felt the capacity would be insufficient. The work over the past two years ( covered by an experienced contractor ) have demonstrated that a fulltime post is required if we are to succesfully manage the risks already present and emerging. There is ongoing work strategically and operationally to embed safeguarding within the organisation and partners work.	30,000	30,000	30,000
Mayoral Elections	The Council has a Mayoral election in May 2022. The budgets have been allocated evenly over the 3 yeras. This is to realign the budgets for the election year and relects no Mayoral elections in 2023/25	20,000	(10,000)	(10,000)
Transport & Infrastructure	WBC are the riperian owner of land adjacent to the rivers that run through Watford eg cassiobury park, Water Lane, radlett road playing fields and after recent flooding ongoing improvement works are required. Additional funding will support cyclic maintenance of the riverbeds to help avoid flooding	17,500	17,500	17,500
<b>Total Growth Bids</b>		<b>190,311</b>	<b>262,619</b>	<b>291,369</b>



Service	Description	2022/23 £	2023/24 £	2024/25 £
<b>Use of Reserves</b>				
Place Shaping	Additional draw down from Parking Reserve	(75,000)	(75,000)	(75,000)
<b>Total Use of Reserves</b>		(75,000)	(75,000)	(75,000)
<b>Income Generation</b>				
Watford Colosseum	Income expected from new operations	(75,000)	(100,000)	(100,000)
Human Resources	HR Client Income	(52,200)	(52,200)	(52,200)
Place Shaping	Planning Income generation	(25,000)	(25,000)	(25,000)
Service Transformation	Garage and parking space rents - increase across the period to £20 / week / space with capital investment (from existing capital provision) to bring more garages back into use, or convert garages into parking space where beyond economic repair. All new lettings to be granted at £20 / week	(12,000)	(34,000)	(64,000)
<b>Total Income Generation</b>		(164,200)	(211,200)	(241,200)
<b>Efficiency Savings</b>				
Democracy & Governance	Reducing Committee Services Print Budget	(3,000)	0	0
Finance and Revs and Bens	General Efficiencies	(12,000)	(22,000)	(22,000)
Service Transformation	Reduction in projects budget	(22,000)	(22,000)	(22,000)
Service Transformation	General Efficiencies	(9,000)	(46,000)	(46,000)
Service Transformation	Stripping out contingency budgets held within service - risk to be managed corporately	(50,000)	(50,000)	(50,000)
ICT	General Efficiencies - Services not previously reviewed as part of Watford2020	(60,000)	(60,000)	(60,000)
Housing		(70,000)	(70,000)	(70,000)
Environmental Health		(50,000)	(50,000)	(50,000)
Council wide	Reduction to supplies and services budgets	(155,000)	(155,000)	(155,000)
<b>Total Efficiency Savings</b>		(431,000)	(475,000)	(475,000)
<b>Total Growth</b>		190,311	262,619	291,369
<b>Total Use of Reserves</b>		75,000	75,000	75,000
<b>Total Income generation and Efficiencies</b>		(670,200)	(761,200)	(791,200)
<b>Total</b>		(404,889)	(423,581)	(424,831)

**Council Tax Base and Calculation 2022/23**

<b>WATFORD</b>	<b>Properties by Band</b>									
<b>2022/23</b>	<b>Band A Disabled</b>	<b>Band A</b>	<b>Band B</b>	<b>Band C</b>	<b>Band D</b>	<b>Band E</b>	<b>Band F</b>	<b>Band G</b>	<b>Band H</b>	<b>Total</b>
1. Dwellings	0.0	510.0	4,424.0	14,947.0	13,023.0	3,663.0	2,185.0	1,908.0	84.0	40,744.0
2. Demolished	0.0	0.0	2.0	0.0	0.0	0.0	0.0	0.0	0.0	2.0
3. Exemptions	0.0	41.0	123.0	228.0	158.0	47.0	25.0	10.0	1.0	633.0
4. Long Term Empty Premium	0.0	1.0	10.0	19.0	8.0	4.0	1.0	1.0	1.0	45.0
5. Disabled Relief	0.0	3.0	21.0	25.0	-14.0	-15.0	5.0	-19.0	0.0	6.0
<b>6. Chargeable Dwellings (H)</b>	<b>0.0</b>	<b>472.5</b>	<b>4,325.0</b>	<b>14,753.5</b>	<b>12,855.0</b>	<b>3,603.0</b>	<b>2,165.5</b>	<b>1,879.5</b>	<b>83.5</b>	<b>40,137.5</b>
7. Discounts x 25% SPD	0.0	280.0	2,388.0	5,136.0	3,135.0	706.0	332.0	231.0	5.0	12,213.0
8. Discounts x 25%	0.0	2.0	37.0	153.0	103.0	29.0	18.0	16.0	33.0	391.0
9. Discounts x 50%	0.0	0.0	0.0	3.0	12.0	7.0	4.0	9.0	8.0	43.0
<b>10. Discount Deduction (Q)</b>	<b>0.0</b>	<b>70.5</b>	<b>606.3</b>	<b>1,323.8</b>	<b>815.5</b>	<b>187.3</b>	<b>89.5</b>	<b>66.3</b>	<b>13.5</b>	<b>3,172.5</b>
11. Additions/ Reductions	0.0	0.0	633.0	642.0	95.0	5.0	3.0	2.0	0.0	1,380.0
<b>12. Total Adjustments (J)</b>	<b>0.0</b>	<b>0.0</b>	<b>633.0</b>	<b>642.0</b>	<b>95.0</b>	<b>5.0</b>	<b>3.0</b>	<b>2.0</b>	<b>0.0</b>	<b>1,380.0</b>
<b>13. Sub-Total (H-Q+J)</b>	<b>0.0</b>	<b>402.0</b>	<b>4,351.8</b>	<b>14,071.8</b>	<b>12,134.5</b>	<b>3,420.8</b>	<b>2,079.0</b>	<b>1,815.3</b>	<b>70.0</b>	<b>38,345.0</b>
<b>14. Reduction Scheme (Z)</b>	0.0	72.3	911.2	1,750.9	1,069.6	186.7	47.0	15.9	0.0	4,053.5
<b>15. Net Dwellings ((H-Q+J)-Z)</b>	<b>0.0</b>	<b>329.7</b>	<b>3,440.6</b>	<b>12,320.9</b>	<b>11,064.9</b>	<b>3,234.1</b>	<b>2,032.0</b>	<b>1,799.4</b>	<b>70.0</b>	<b>34,291.5</b>
<b>16. Band Proportion (F)</b>	<b>5.0</b>	<b>6.0</b>	<b>7.0</b>	<b>8.0</b>	<b>9.0</b>	<b>11.0</b>	<b>13.0</b>	<b>15.0</b>	<b>18.0</b>	
<b>17. Band D Proportion (G)</b>	<b>9.0</b>	<b>9.0</b>	<b>9.0</b>	<b>9.0</b>	<b>9.0</b>	<b>9.0</b>	<b>9.0</b>	<b>9.0</b>	<b>9.0</b>	
<b>18. Band D Equivalentents</b>	<b>0.0</b>	<b>219.8</b>	<b>2,676.0</b>	<b>10,951.9</b>	<b>11,064.9</b>	<b>3,952.7</b>	<b>2,935.2</b>	<b>2,998.9</b>	<b>140.0</b>	<b>34,939.4</b>

<b>TAX BASE CALCULATION</b>	
Total Band D Equivalentents	34,939.4
Collection Rate	97.00%
Adjusted Band D	<b>33,891.3</b>

**Capital Programme 2021 - 2025**

Capital Scheme	Revised Budget 2021/22 £	Draft Budget 2022/23 (incl rephasings & growth) £	Draft Budget 2023/24 (incl rephasings & growth) £	Draft Budget 2024/25 (incl rephasings & growth) £
<b>LATEST FORECAST</b>				
<b>SERVICE TRANSFORMATION</b>				
<b>ICT Shared Services</b>				
ShS-Migration To The Cloud	0	156,000	0	0
ShS-Hardware Replacement Programme	407,367	45,000	0	0
<b>ICT Client Services</b>				
ICT-Hardware Replacement Programme	15,112	600,000	180,000	0
ICT-Business Application Upgrade	21,270	365,000	150,000	0
ICT-Project Management Provision	0	120,000	0	0
<b>Corporate Asset Management</b>				
Community Asset Review	500,000	950,000	0	0
Building Investment Programme	200,000	645,252	0	0
<b>Town Hall Quarter</b>				
Colosseum Refurbishment	2,215,405	0	0	0
Town Hall & Colosseum Projects	707,992	0	0	0
Decarbonisation Project Salix	5,060,484	0	0	0
<b>COMMUNITY &amp; ENVIRONMENTAL</b>				
<b>Waste &amp; Recycling (inc Veolia)</b>				
Veolia Contract Fleet Requirements	2,264,777	0	0	0
Veolia Capital Improvements	69,600	100,230	0	0
<b>Parks &amp; Open Spaces</b>				
Callowland Allotment Enhancement	23,696	0	0	0
Whippendell Woods SSSI Enhancement	39,647	0	0	0
Green Spaces Strategy	154,406	220,000	0	0
Oxhey Park North	341,530	0	0	0
Tree Planting Programme	30,000	65,000	50,000	0
River Colne Restoration	247,382	250,000	250,000	0
Garston Park Improvements	14,705	0	0	0
Oxhey Park North Project Management	43,105	0	0	0
Nascot Grange Open Space	0	0	0	0
Cassiobury Park Performance Space	0	40,000	0	0
Parks Litter Bin Replacements	7,780	10,000	0	0
Meriden Park Improvements	100,000	50,000	0	0
Oxhey Activity Park - Car Park Extension	54,153	0	0	0
Cassiobury Park Wetlands	75,000	75,000	75,000	0
Biodiversity - Parks & Open Spaces	0	50,000	0	0
Cassiobury Park Ad Hoc Works	25,000	25,000	25,000	0
Meriden Park Barrier	0	55,000	0	0
Parks Litter Bins	27,220	0	0	0

Capital Scheme	Revised Budget 2021/22 £	Draft Budget 2022/23 (incl rephasings & growth) £	Draft Budget 2023/24 (incl rephasings & growth) £	Draft Budget 2024/25 (incl rephasings & growth) £
<b>Cemeteries</b>				
Cemetery Reprovision	141,000	0	0	0
North Watford Cemetery Improvements	103,624	0	0	0
New Cemetery Provision	607,794	0	0	0
Vicarage Road Cemetery Feasibility Study	7,072	0	0	0
<b>Leisure &amp; Play</b>				
Gaelic Football Relocation	38,558	0	0	0
Leisure & Cultural Venues	60,521	0	0	0
Watford Tennis Partnership	25,000	0	0	0
Woodside Sports Village	8,418,696	0	0	0
Play Area Improvements	214,058	100,000	0	0
Lea Farm Recreation Improvements	60,600	0	0	0
<b>Culture &amp; Heritage</b>				
Watford Museum HLF Matchfunding	156,224	0	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	252,565	0	0	0
Delivery of Cultural Plan	700,000	0	0	0
<b>Environmental Health</b>				
Decent Homes Assistance	1,713,223	100,000	0	0
Private Sector Housing Renewal	91,111	200,000	0	0
Street Improvement Programme	58,552	200,000	0	0
<b>Community Projects</b>				
Cycle Hub	122,216	0	0	0
All Saints Churchyard Improvements	1,129	0	0	0
Paddock Road Depot Enhancements	1,218,181	0	0	0
Derby Rd Skate Park Blockade	25,000	0	0	0
<b>Commissioning</b>				
Transport App	25,550	0	0	0
Departmental Vehicle Renewal	11,600	0	0	0
Watford Cycle Hire Study	4,460	0	0	0
Cycle Hire Scheme	10,511	0	0	0
Cycle & Road Infrastructure Improvements	728,643	300,000	0	0
<b>Town Hall Quarter</b>				
Heritage Project	100,404	0	0	0
<b>PLACE SHAPING</b>				
<b>Watford Business Park</b>				
Watford Business Park Phase 2	920,494	13,502,334	0	0
<b>Watford Riverwell</b>				
Watford Riverwell Project	5,016,178	10,699,000	4,932,000	1,773,000
<b>Housing</b>				
Private Sector Stock Condition	36,850	0	0	0
Retained Housing Stock	133,983	50,000	0	0
York House Boiler Replacement	75,000	0	0	0

Capital Scheme	Revised Budget 2021/22	Draft Budget 2022/23 (incl rephasings & growth)	Draft Budget 2023/24 (incl rephasings & growth)	Draft Budget 2024/25 (incl rephasings & growth)
	£	£	£	£
<b>Transport &amp; Infrastructure</b>				
Public Realm (High Street)	4,479	0	0	0
Public Realm (Clarendon Rd Phase III)	1,702,820	1,000,000	0	0
St Albans Rd Improvement Works	12,707	0	0	0
CCTV Site Equipment	16,230	0	0	0
Public Realm - Market St South	450,000	0	0	0
Camera Enforcement - High St	200,000	0	0	0
Public Realm - Queens Rd, The Broadway	0	100,000	200,000	0
Public Realm - Market St North	0	250,000	250,000	0
Sustainable Transport Programme	250,000	500,000	500,000	0
St Albans Rd Imp Works (Ph 2)	0	300,000	0	0
Wayfinding & Public Realm Strategy	80,000	150,000	100,000	0
Watford Junction Masterplan	13,548	0	0	0
Watford 3D Planning Model	18,409	0	0	0
Public Realm (Watford Junction)	3,761	0	0	0
High St Phase 2 (St Mary's)	592,478	0	0	0
Watford Junction Cycle Park Hub	7,110	0	0	0
<b>Development Control</b>				
CIL Review	17,235	0	0	0
<b>Property Investment Board</b>				
PIB Investment Strategy	132,931	0	0	0
<b>Property Management</b>				
Redevelopment Town Hall	461,773	1,900,000	4,230,000	0
Temp Housing Accommodation	1,367,989	0	0	0
Social Rented Housing	1,000,000	0	0	0
Surplus Sites	234,810	850,000	0	0
Places For People Scheme	1,000,000	0	0	0
Pyramid Site	15,000	4,985,000	0	0
Scenery Store Redevelopment	0	1,500,000	0	0
Infill Sites (LEP funded)	840,675	0	0	0
<b>Town Hall Quarter</b>				
Regeneration Project	602,088	0	0	0
<b>Hart Homes JV</b>				
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	760,000	0	0	0
Land Transfer - Scheme A	605,000	0	0	0
Land Transfer - Scheme B	530,000	0	0	0
Loan to Hart Homes WDLDP	20,000,000	4,700,000	0	0
Loan to Hart Homes WDLTD	0	14,900,000	0	0
<b>CORPORATE STRATEGY &amp; COMMUNICATIONS</b>				
<b>Town Hall Quarter</b>				
Town Hall Quarter Cultural Programme	372,499	0	0	0
Transformational Change	42,978	0	0	0
Innovation & Incubation Hub	85,596	0	0	0
<b>Corporate Communications</b>				
Town Boundary Signage	25,000	0	0	0
<b>STRATEGIC FINANCE</b>				
<b>Capital Support Services</b>				
Support Services	552,470	552,470	0	0
Major Projects - FBP and QS	128,270	129,550	0	0
<b>TOTAL CURRENT CAPITAL PROGRAMME</b>	<b>68,984,264</b>	<b>63,919,836</b>	<b>10,942,000</b>	<b>1,773,000</b>

Capital Scheme	Revised Budget 2021/22	Draft Budget 2022/23	Draft Budget 2023/24	Draft Budget 2024/25
	£	£	£	£
<b>GROWTH ITEMS</b>				
<b>COMMUNITY &amp; ENVIRONMENTAL</b>				
Footpath Renewals to Cassiobury Pk Local Nat F	0	0	0	165,000
Footpath Repair and Renewals to Cassiobury Pa	0	0	0	120,000
Green Spaces Strategy	0	0	250,000	250,000
Allotment Provision	0	50,000	250,000	250,000
Play Area Improvements	0	250,000	250,000	250,000
Shrub Replacement (Open Spaces)	0	50,000	50,000	50,000
Vicarage Road Cemetery - Watford FC Memoria	0	42,000	0	0
Veolia Capital Recharge	0	(30,230)	71,000	72,400
Parks Litter Bin Replacements	0	0	10,000	10,000
Decent Homes Assistance	0	0	100,000	100,000
Private Sector Housing Renewal	0	0	100,000	100,000
Street Improvement Programme	0	0	100,000	100,000
Tree Planting Programme	0	0	0	50,000
Building Investment Programme - Parks	0	0	150,000	150,000
<b>PLACE SHAPING</b>				
Watford Business Park	0	1,000,000	0	0
Surplus Sites - Land Acq'n For Development (Sit	0	1,670,000	0	0
Surplus Sites - Land Acq'n For Development (Sit	0	1,021,439	0	0
Electric Vehicle Rapid Charging Points Programn	0	100,000	0	0
CCTV Control Room Relocation and Review	0	500,000	0	0
Retained Housing Stock	0	0	50,000	50,000
<b>SERVICE TRANSFORMATION</b>				
ICT Hardware Replacement Programme	0	0	200,000	200,000
ICT Business Application Upgrade	0	0	165,000	165,000
ICT Project Management Provision	0	0	120,000	120,000
ICT Shared Service Hardware Replacement Prog	0	0	45,000	45,000
Building Investment Programme - CAM	0	0	250,000	250,000
<b>STRATEGIC FINANCE</b>				
Capitalisation of Support Services	0	0	552,470	552,470
Capitalisation of Finance Project Support & QS	0	0	124,390	124,390
<b>TOTAL CAPITAL GROWTH ITEMS</b>	<b>0</b>	<b>4,653,209</b>	<b>2,837,860</b>	<b>3,174,260</b>
<b>TOTAL POTENTIAL CAPITAL PROGRAMME</b>	<b>68,984,264</b>	<b>68,573,045</b>	<b>13,779,860</b>	<b>4,947,260</b>

**New Capital Projects**

Item No		Capital Growth			Annual Revenue Growth Costs /		
		Budget 2022/23 £	Budget 2023/24 £	Budget 2024/25 £	Budget 2022/23 £	Budget 2023/24 £	Budget 2024/25 £
1	<b><u>Footpath Repair and Renewals to Cassiobury Park Local Nature Reserve</u></b>						
	The footpaths within Cassiobury Park Local Nature Reserve are falling into various states of disrepair. Some are an imminent health and safety risk and others will need repair in future years. The Council under the Occupiers Liability Act has a duty of care to ensure its infrastructure is inspected and in safe state of repair. The works are also required to mitigate against insurance claims and losses for injuries sustained through inadequate inspection and maintenance.	0	0	165,000	0	0	0
2	<b><u>Footpath Repair and Renewals to Cassiobury Park</u></b>						
	The footpaths and cycle ways within Cassiobury Park are falling into various states of disrepair. Some are an imminent health and safety risk and others will need repair in future years. This also includes the lime avenue through the golf course to Whippendell Woods. In addition the development of cycle ways and shared used paths to support sustainable and active travel has created the requirement for additional works such as line marking and surfacing repairs. The Council under the Occupiers Liability Act has a duty of care to ensure its infrastructure is inspected and in safe state of repair. The works are also required to mitigate against insurance claims and losses for injuries sustained through inadequate inspection and maintenance.	0	0	120,000	0	0	0
3	<b><u>Green Spaces Strategy</u></b>						
	Watford has invested heavily in its Parks and Open Spaces over the last 10 years, prioritising improvements based on its Green Spaces Strategy. This strategy will be updated in 2022 for a further 10 years. The council now has 17 parks at Green Flag standard and this has placed demands on ensuring quality standards remain high. £250,000 has been already allocated for 2022/23, but to ensure continued improvements, this capital project needs to continue to ensure continued investment in our open spaces.	0	250,000	250,000	0	0	0
4	<b><u>Allotment Provision</u></b>						
	The demand for allotments in Watford currently outstrips supply with most of our sites now having substantial waiting lists - (233 as of 13/10/2021), and an average waiting time of 12 months - this varies from site to site. Vacancies are now very limited and where they exist, are usually where a plot is not able to be cultivated. Occupancy rates are at 96%. There is some land available adjacent to existing allotment sites, which can be brought up to a standard for cultivation but at a significant capital cost. A capital cost is required for 2022/23 to assess the sites, carry out consultation on the likely uptake of allotments, and then develop a masterplan, which would likely deliver a phased approach to these works.	50,000	250,000	250,000	0	0	0
5	<b><u>Play Area Improvements</u></b>						
	Over the last 10 years, Watford has invested heavily in its play areas with standards high. However, there is a requirement for a continued capital budget for ongoing improvements to play facilities as items fail and require capital replacements. Equipment is expensive illustrated by a recent replacement of a large item in Waterfields Park that cost over £90,000. Further improvements are needed to improve accessibility to a number of our play areas. Priorities are Lea Farm Rec, Meriden Park and Leavesden Green Rec .	250,000	250,000	250,000	0	0	0

Item No		Capital Growth			Annual Revenue Growth Costs /		
		Budget 2022/23 £	Budget 2023/24 £	Budget 2024/25 £	Budget 2022/23 £	Budget 2023/24 £	Budget 2024/25 £
6	<p><b><u>Shrub Replacement (Open Spaces)</u></b></p> <p>Across the whole of the town are large landscaped areas and many of these are in key locations eg Town Hall roundabout, Hempstead Road, Dome roundabout. These are challenging to maintain and in most cases they are in very poor condition, with planting well past their best condition. They need replacing with a) new planting b) grassing over c) wildflowers. WBC officers have discussed this with HCC officers and there is the potential to work together to improve these areas that will add value to the look and feel of the town. This is intended to be a rolling programme of improvements starting with those in locations that are of the most visible. This also offers an opportunity to enhance the local biodiversity of the town by specifying more appropriate bee friendly planting.</p>	50,000	50,000	50,000	0	0	0
7	<p><b><u>Vicarage Road Cemetery - Watford FC Memorial Area</u></b></p> <p>This project was derived through discussions between the Mayor and Watford FC as the club are no longer able to scatter ashes within the football ground. The Vicarage Road Cemetery overlooks the football ground and statue of Graham Taylor and it's the next best place to meet the wishes of the deceased in regard of scattering/interment of ashes. The council has worked with Watford FC's chaplain, a local memorial company and funeral director to develop the proposals. The memorial includes plinths where plaques part made with ashes are fixed. The project requires construction of plinths and some landscaping to provide an appropriate setting. The administration of the plaques will be managed by a local funeral director, where the council will derive a commission for each plaque.</p>	42,000	0	0	(1,250)	(1,250)	(1,250)
8	<p><b><u>Veolia Capital Recharge</u></b></p> <p>Capital works carried out by Veolia at council owned buildings which they occupy for service delivery.</p>	(30,230)	71,000	72,400	0	0	0
9	<p><b><u>Parks Litter Bin Replacements</u></b></p> <p>Litter bin replacements in parks.</p>	0	10,000	10,000	0	0	0
10	<p><b><u>Decent Homes Assistance</u></b></p> <p>To support decent homes strategy in Watford.</p>	0	100,000	100,000	0	0	0
11	<p><b><u>Private Sector Housing Renewal</u></b></p> <p>To support private sector housing initiatives in Watford including energy conservation.</p>	0	100,000	100,000	0	0	0
12	<p><b><u>Street Improvement Programme</u></b></p> <p>Street improvement initiatives.</p>	0	100,000	100,000	0	0	0
13	<p><b><u>Tree Planting Programme</u></b></p> <p>Tree replacement to support climate change initiatives.</p>	0	0	50,000	0	0	0
14	<p><b><u>Building Investment Programme - Parks</u></b></p> <p>Annual building investment expenditure.</p>	0	150,000	150,000	0	0	0
15	<p><b><u>Watford Business Park</u></b></p> <p>Construction market risk causing increase volatility and may impact on tender returns and cost estimate for the project. Furthermore, the buoyancy in the industrial rental market and the strong rental performance allows additional investment to maintain a commercially viable scheme for the council. The scheme is projected to deliver a revenue income of £1,132,002 per annum once fully let.</p>	1,000,000	0	0	0	0	0



Item No		Capital Growth			Annual Revenue Growth Costs /		
		Budget 2022/23 £	Budget 2023/24 £	Budget 2024/25 £	Budget 2022/23 £	Budget 2023/24 £	Budget 2024/25 £
16	<b><u>Surplus Sites - Land Acquisition For Development (Site A)</u></b>						
	To assemble a strategic parcel of land in combination with WBC own land to deliver c100+ homes, assembling the complete site will enable the council to deliver a better designed building for this plot. It is expected that this proposal will generate disposal opportunities in 2 to 3 years thereby negating capital costs incurred. This is subject to the approval of the individual business case.	1,670,000	0	0	0	0	0
17	<b><u>Surplus Sites - Land Acquisition For Development (Site B)</u></b>						
	To assemble a strategic parcel of land in combination with WBC own land - JV route and WBC's share of costs for pre-planning work and CIL as well as land purchase borne by WBC alone. It is expected that this proposal will generate disposal opportunities in 2 to 3 years thereby negating capital costs incurred. This is subject to the approval of the individual business case.	1,021,439	0	0	0	0	0
18	<b><u>Electric Vehicle Rapid Charging Points Programme</u></b>						
	Give residents the choice for a quick charge (22Kw) which can take as little as 20 minutes as opposed to the 7kw charge points that could take 3 to 4 hours (overnight charging). Our current provider contributes 25% towards the supply and installation of electric vehicle charging points E.G. if a rapid unit charge points costs £40k our provider pays £10k and WBC can bid for a percentage of remaining monies to Office for Low Emission Vehicles (OLEV).	100,000	0	0	0	0	0
19	<b><u>CCTV Control Room Relocation and Review</u></b>						
	Due to police station relocation and the need to maintain a quality asset that is in line with current and emerging technologies.	500,000	0	0	0	0	0
20	<b><u>Retained Housing Stock</u></b>	0	50,000	50,000	0	0	0
21	<b><u>ICT Hardware Replacement Programme</u></b>						
	Annual ICT capital expenditure.	0	200,000	200,000	0	0	0
22	<b><u>ICT Business Application Upgrade</u></b>						
	Annual ICT capital expenditure.	0	165,000	165,000	0	0	0
23	<b><u>ICT Project Management Provision</u></b>						
	Annual ICT capital expenditure.	0	120,000	120,000	0	0	0
24	<b><u>ICT Shared Service Hardware Replacement Programme</u></b>						
	Annual ICT capital expenditure.	0	45,000	45,000	0	0	0
25	<b><u>Building Investment Programme - Corporate Asset Management</u></b>						
	Annual building investment expenditure.	0	250,000	250,000	0	0	0
26	<b><u>Capitalisation of Support Services</u></b>						
	Officer time spent on capital projects.	0	552,470	552,470	0	0	0
27	<b><u>Capitalisation of Finance Project Support &amp; Quantity Surveyor</u></b>						
	Officer time spent on capital projects.	0	124,390	124,390	0	0	0

**Reserves and Balances**

Description	Balance at 1 April £000	Movement 2021/22 £000	Balance at 31 March £000	Movement 2022/23 £000	Balance at 31 March £000	Movement 2023/24 £000	Balance at 31 March £000	Movement 2024/25 £000	Balance at 31 March £000	Purpose
<b>Revenue Reserves</b>										
Budget Carry Forward	(826)	484	(342)	0	(342)	0	(342)	0	(342)	Budgets carried forward from prior years
Car Parking Zones	(46)	(460)	(506)	75	(431)	75	(356)	75	(281)	Ring fenced for parking projects
Collection Fund	(19,863)	19,863	0	0	0	0	0	0	0	Equalisation fund to smooth impact of surplus / deficit, allocation end of 2021/22
Crematorium	(150)	0	(150)	0	(150)	0	(150)	0	(150)	Funding repairs and maintenance
Economic Impact Reserve	(3,004)	1,578	(1,426)	54	(1,372)	(621)	(1,993)	(621)	(2,614)	Provide resources to offset economic downturn
Housing Benefit Subsidy	(1,693)	0	(1,693)	0	(1,693)	0	(1,693)	0	(1,693)	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
Leisure Structured Maintenance	(57)	0	(57)	0	(57)	0	(57)	0	(57)	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
Pension Funding	(2,248)	0	(2,248)	200	(2,048)	200	(1,848)	200	(1,648)	Reduction of pension deficit
Project and Programme Management	(65)	50	(15)	0	(15)	0	(15)	0	(15)	Support major project work
Rent Deposit Guarantee Scheme	(100)	0	(100)	0	(100)	0	(100)	0	(100)	Assist in providing homelessness accommodation
Riverwell Project	(7,768)	0	(7,768)	(1,000)	(8,768)	0	(8,768)	0	(8,768)	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 collection of waste
Renewal Recovery Fund	(1,036)	405	(631)	631	0	0	0	0	0	To support the recovery process for additional costs due to COVID19
	(37,511)	21,920	(15,591)	(40)	(15,631)	(346)	(15,977)	(346)	(16,323)	
<b>General Fund Working Balance</b>	(2,000)	0	(2,000)	0	(2,000)	0	(2,000)	0	(2,000)	Prudent balance
<b>Total Revenue Reserves</b>	(39,511)	21,920	(17,591)	(40)	(17,631)	(346)	(17,977)	(346)	(18,323)	

**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