

FINANCE DIGEST

2021/22

BUDGET MONITORING

Report to Period 10

(as at 31 January)

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Executive Summary

This report sets out the latest financial monitoring position as at 31 January 2022 for the revenue account and capital investment programme. The report incorporates activity for the first ten months of the financial year.

Revenue Summary

The original revenue budget of **£13.683 million** for 2021/22 was approved by Council on 26 January 2021. The latest budget is **£15.050 million** and was approved by Council on 24 January 2022.

The 2021/22 forecast total net expenditure is estimated to be **£15.107 million**. This gives a forecast overspend of **£0.057 million**, when compared to the latest budget. This will be funded from Earmarked Reserves.

Revenue Account 2021/22				
Service Area	Original Budget £'000	Latest Budget £'000	Forecast Outturn £'000	Variance £'000
Service Transformation	2,989	3,689	3,616	(73)
Community & Environmental	9,412	11,062	11,185	123
Democracy & Governance	2,085	1,994	1,992	(2)
Place Shaping	(6,238)	(6,155)	(6,155)	0
Corporate Strategy & Communications	757	(44)	(30)	15
Human Resources	619	618	618	0
Strategic Finance	4,058	3,886	3,881	(5)
Net Expenditure	13,683	15,050	15,107	57
Funded by:				
Planned use of Reserves	(769)	(2,136)	(2,193)	(57)
Taxation and Non Specific Grant Income	(12,914)	(12,914)	(12,914)	0
Total Funding	(13,683)	(15,050)	(15,107)	(57)

The latest approved budget includes carry forwards of £0.274 million from 2020/21. However, the majority of the increase in the budget from the budget originally set in January relates to the management of the ongoing impact of COVID-19 during the year and includes a forecast drawdown of £0.405 million from the Renewal Recovery Fund to support delivery of the COVID Recovery Strategy.

The Council continues to make strong progress in recovery from the financial impact of COVID-19. However, the impact on income levels remains significant and may extend into 2022/23.

Income streams have been affected across a wide range of Council services. The biggest loss relates to the leisure contract management fee of £1.065 million. An enhanced profit share arrangement has been put in place over the remaining life of the contract which is designed to recover this income but relies on the achievement of profit over and above the profiled management fee and cannot be guaranteed. Activity levels are increasing but have not returned to the levels included in the financial model for the contract meaning that there is ongoing financial pressure that will extend beyond 31 March 2022.

Parking income is slowly returning to pre-pandemic levels with the biggest pressure coming from reduced income from pay and display charges. The service has recently rolled out the 'Ring Go' service to enable payment by telephone within town centre car parks to make it easier for customers to pay.

Within regulatory services, pest control treatments were reduced to prevent transmission risks in homes and licensing income has fallen due to the limited operations of venues through the year and a reduction in licensed taxis and private hire drivers.

Planning application income has also fallen as there has been a reduction in major planning applications being submitted. However, it is anticipated that this is a short term reduction due to COVID-19 and the shortfall in planning application income has been offset by increased income from services for pre-application advice and Planning Performance Agreements. The increase in pre-application advice indicates that there is a pipeline of planning applications with developers continuing to see Watford as a place to invest.

The Economic Impact Reserve is held to manage short term fluctuations in expenditure and income arising from changes to the economic environment. This reserve will be used to meet the funding gap created by COVID-19. The total drawdown is forecast to be £1.699 million which will leave a balance of £1.305 million available for future years. The use of the Economic Impact Reserve has ensured that there has not been a call on General Fund Balances and these are forecast to remain at the risk assessed level of £2.000 million which is an important measure of financial sustainability.

Of the total forecast overspend of £0.057 million, £0.015 million will be funded from specific earmarked reserves, and the balance of £0.042 million funded from the Economic Impact reserve.

The table below shows a summary of the position on the Council's funding and reserves for 2021/22. A detailed list of reserve balances is shown at **Appendix 8**.

Description	Balance at 1 April 2021 £000	Movement in Year £000	Balance at 31 March 2022 £000
Specific Earmarked Reserves*	(34,507)	494	(34,013)
Economic Impact Reserve	(3,004)	1,699	(1,305)
General Fund	(2,000)	0	(2,000)
Total	(39,511)	2,193	(37,318)

The utilisation of reserves to meet financial pressures has enabled the Council to protect the funding for core services and has continued to deliver services to residents. This includes delivering growth and service improvements within budget in areas such as parks which have recorded increased usage during the pandemic with 17 parks across the Borough awarded green flag status. Services such as Waste Management have demonstrated resilience through the redeployment of existing staff and resources across the service to ensure that there is no disruption to service provision.

The Council has continued to fund community organisations through the Commissioning strategy even where services have been temporarily closed or reduced due to government restrictions. This has protected services and no service has had to permanently close or reduce services as a result of the pandemic.

During the year, the Council's Community Protection Service has continued to lead the operational response to the pandemic within the Borough to minimise transmission, to maximise protection and to support the community. This work has been funded by additional income of £1.300 million received

from the Hertfordshire Health Protection Board. The government has confirmed that Contain Outbreak Management and Surge Funding (COMF) which was received by Hertfordshire County Council (HCC) and managed by the Health Protection Board can be carried forward into 2022/23. Where possible, this funding will be accessed to continue to support those residents and businesses who have been or continue to be more vulnerable to the impacts of COVID-19. The team are also working with our partners to seize the opportunities COVID has presented for joint working and specifically to build on the community engagement and relationships that have been created; shining a light on inequalities that continue to exist and have been exacerbated over the last two years; and, continuing to build capacity in the community and voluntary sector that have demonstrated their key role in providing services to the community.

Capital summary

The original budget of £87.710 million for 2021/22 was approved by Council on 26 January 2021. The latest capital budget is **£66.307 million**, which includes rephasing brought forward from 2020/21 and rephrasing into future years in the capital investment programme. Services are now forecasting total expenditure of **£63.145 million** for 2021/22 resulting in a variance to the latest in year budget of **£3.163 million**. This will be rephrased over the MTFS period.

In year the programme delivery includes forecast investment of £8.419 million in Woodside Sports Village and £24.895 million into the Council’s joint venture, Hart Homes. The in-year programme is funded as per the table below:

Capital Investment Programme	2021/22 £ 000
Latest Budget (including rephased schemes from 2020/21)	66,307
Variances this period (Appendix 3)	(3,163)
Forecast Outturn	63,145
Funding the capital programme	
Grants & contributions, S106 & CIL	7,563
Reserves	244
Capital Receipts	7,875
Borrowing – Internal/External	47,463
Total Funding	63,145

It is expected that there may be further rephasings between 2021/22 and future years which at this stage has not yet been identified by services in part due to the complexity and timing uncertainty of the schemes currently in progress.

The total capital investment programme over the MTFS period to 13 March 2025 remains at **£172.204 million**.

Detailed Budget Monitoring Report

1.0 Introduction

- 1.1 The Budget monitoring report is a key tool in scrutinising the Council's financial performance and is designed to provide an overview to all relevant stakeholders. It is essential that the council monitors its budgets throughout the year to ensure that it is meeting its strategic objectives within its resource limits and, where necessary, corrective action is taken. A key principle of budgetary control is to align the budget holders' financial and management responsibilities.
- 1.2 This is the fourth financial monitoring report of the financial year and is based on information to the end of period 10, 31 January 2022.
- 1.3 The report focuses on the variation to the latest revenue account budget and capital investment programme that were agreed by Council on 24 January 2022 and highlights key financial risks.

2.0 Revenue Budget

- 1.1 The latest budget is **£15.050 million**, which includes approved budget carry forwards from 2020/21 totalling £0.274M. The services' prediction of forecast outturn is now estimated to be **£15.107 million** which results in an unfavourable service variance of **£0.057 million**.

The table below compares the latest budget to the forecast outturn and shows the variance against each service.

Revenue Account 2021/22			
Service Area	Latest Budget £'000	Forecast Outturn £'000	Variance £'000
Service Transformation	3,689	3,616	(73)
Community & Environmental	11,062	11,185	123
Democracy & Governance	1,994	1,992	(2)
Place Shaping	(6,155)	(6,155)	0
Corporate Strategy & Comms	(44)	(30)	15
Human Resources	618	618	0
Strategic Finance	3,886	3,881	(5)
Net Expenditure	15,050	15,107	57

- 1.2 Details of the latest budget, spend to date, forecast outturn and an explanation for the variance by service is shown at **Appendix 1**. Services with significant forecast outturn variances have provided the narratives below:

- **Service Transformation**
Savings on employee costs of £0.067 million mainly due to vacant posts.
- **Community & Environmental**
Increase in Environmental maintenance costs across the borough due to current climate requiring more resources.

1.3 Spend to Date

The table below shows the net spend to date and the percentage for each service area when compared to the latest budget at Period 10. The total overall percentage spend is 63%.

Revenue Account 2021/22			
Service Area	Latest Budget £'000	Spend to Date £'000	Percentage spend to date %
Service Transformation	3,689	3,097	84
Community & Environmental	11,062	9,012	81
Democracy & Governance	1,994	1,473	74
Place Shaping	(6,155)	(6,895)	112
Corporate Strategy & Comms	(44)	(52)	119
Human Resources	618	475	77
Strategic Finance	3,886	2,373	61
Net Expenditure	15,050	9,484	63

1.3.1 The council would expect to have spent approximately 83% (£12.541 million) of net expenditure by the end of period 10. The reasons for the significant variance of each service is explained below;

- **Democracy & Governance**
Election costs to pick up as we progress towards end of the year.
- **Place shaping & Performance**
Flexible homelessness grant received early in the year will be used as we progress through the year. Rental income received in January from some outsourced properties covers the fourth quarter.
- **Strategic Finance**
The annual £2.5m pension deficit will be paid towards the end of the year.
Timing difference on the receipt of Housing Benefits Grant.

1.4 Staff Vacancies

1.4.1 A major risk of non-delivery of service is where key staff leave the Council's employ and there is a delay or difficulty in recruiting suitable candidates to fill the vacant post. The table below summarises the level of vacancies at Period 10 with a detailed analysis provided by HR at **Appendix 2**.

Service	Number of Vacant Posts (FTE's)
Community & Environmental	7.61
Democracy & Governance	0.61
Place Shaping	6.00
Human Resources	2.00
Corporate Strategy & Communications	1.00
Total	17.22

1.4.2 The percentage of vacancies at the end of Period 10 is 6.6% when compared against the total number of 291 Council FTE's. In some cases, vacant posts will be covered by agency staff to ensure service delivery.

1.5 Government Funding

1.5.1 The Council has received £0.471 million from the Government's COVID-19 emergency funding. This income has been accounted for in the current budgets.

1.5.2 A further £5.1 million in restart grants to enable local authorities to support their communities to re-open safely following the lifting of restrictions has also been received. Other Government COVID-19 grants given to the council include Business Rates relief, Council Tax Support and Additional restrictions grant. The Council acts as a conduit for these grants which do not form part of the Council's budget figures.

1.5.3 The Government extended the Sales Fees and Charges Income Guarantee Scheme (introduced in 2020/21) into the first quarter of 2021/22 enabling authorities to claim for irrecoverable income losses up to 30 June 2022. As restrictions were lifted in July, financial support from Central Government has not been extended for the remainder of the financial year. Under the scheme, claims can be made for 75% of losses against 95% of budgeted income. A claim has been submitted however, confirmation of the value of the grant is yet to be received.

2.0 Capital Programme

2.1 The Council has an approved capital investment programme that is designed to support its core services. The latest budget following re-phasing from 2020/21 is **£66.307 million**.

2.2 The forecast outturn is estimated to be **£63.144 million** which is a decrease of **£3.163 million**. Significant budget re-phasings from the current financial year to 2022/23 include Watford Riverwell (£1.0m), Exchange Road (£1.0m) and High St Phase 2 (£0.5m).

2.3 The Council's medium term capital investment programme for 2021-2024 is shown at summary level in **Appendix 3** and by each scheme at **Appendix 4**. At the end of period 10 services have spent £21.103 million against the latest forecast which represented by ratio is 33%.

Funding the Approved Capital Programme

2.4 The capital programme is mainly supported by three income streams; capital receipts (derived from the sales of assets), grants and contributions, and the use of reserves. Services

can also make a contribution to capital from surplus revenue funds if needed. In addition the Council may borrow to fund its capital programme. Details of each funding stream are shown at **Appendix 5**. Any decision on borrowing will be taken if and when it is required which depends on the progression of all current and future schemes.

3.0 Key Risk Areas

3.1 Resources are allocated in the revenue and capital budgets to support the achievement of The Council's corporate plan. The Council's budget is exposed to risks that can potentially impact on service level provision. The key risks highlighted as part of this monitoring are;

- **COVID-19**

The Pandemic has had a widespread impact on local authority spending throughout the country and has been particularly significant for district councils. Although legal restrictions were lifted in July, the Delta and Omicron variants have influenced behaviour and continued to result in reduced levels of activity and therefore income in areas such as parking, planning, licencing and leisure. The Council is in the process of implementing its recovery strategy.

- **Temporary Accommodation**

The Council is exposed to its statutory obligation to provide temporary accommodation for those families who present themselves as homeless. The Council has a capital sum £2.4 million to provide temporary accommodation which will support the demand and reduce the cost of expensive alternatives such as private Bed & Breakfast.

- **Commercial Income**

The Council has a robust commercial investment portfolio, the current MTFS took into account of the ongoing impacts of COVID-19 on rents when it set its budget in January 2021. However, any further restrictions or national/local lockdowns would place a significant pressure on the council finances. Rental losses are not eligible for recovery from central government under the Sales, Fees and Charges Income Guarantee Scheme.

- **Leisure Management Contract**

A financial agreement has been made with the operator for 2021/22, and although this is a capped sum which is estimated to be recovered through an enhanced profit share arrangement over the remaining life of the contract, the recovery of the income cannot be guaranteed. Negotiations are ongoing with the operator regarding the income due to the Council in 2022/23 under the contract as activity remains below the levels projected when the management fee profile was originally set. It may be possible to carry forward some of the additional support of £0.350 million agreed in 2021/22 to manage this pressure in 2022/23. It should also be noted that this does not take account of a further wave of the pandemic and potential national/local lockdowns.

- **Business Rates & Council Tax**

The Government has made funding available both for the additional Retail, Hospitality and Leisure reliefs given to business rate payers and the additional support for those of working age who are entitled to Council Tax Relief Support (CTRS). However these reliefs are not expected to mitigate completely the impacts of COVID-19 on Council Tax and Business Rates. Any impact on collection rates will feed through the Collection Fund to impact on Council spending power in future years. The deficits on the collection fund which occurred in 2020/21 are being spread over 3 years to help manage the impact.

Fund	Period 10 2021/22 Target	Period 10 2021/22 Actual	Difference
Council Tax	77.70%	76.80%	-0.90%
Business Rates (NNDR)	76.73%	75.01%	-1.72%

- **Income from Hart Homes**

The Council is currently in joint venture with Watford Community Housing to develop a mixture of affordable, social and open market housing. The Council will receive interest on its investment loans to the companies and this will amount to £5.000 million gross over the MTFS four year period.

- **Croxley Park**

The Council completed its acquisition of Croxley Park in July 2019. As a result the Council is committed to paying the head lease rental of £9.2 million per annum, increasing by RPI annually capped at 5%. The Council receives rent from tenants which is modelled to provide an additional £1.6 million income per annum income within the revenue budget over the 40 year lease term. As part of the deal the Council received £24.000 million in respect of rental top ups and £68.000 million towards the planned maintenance programme. It is anticipated that any loss of income due to COVID-19 will be met from the set aside sinking fund.

- **Town Hall Development**

Since the initial development of the Watford High Street (North) Cultural Hub draft Masterplan in 2019, a number of critical factors have impacted and influenced the original programme. The Town Hall Quarter (THQ) programme will transform the area, securing a thriving new quarter with new homes, employment and public space, which will be underpinned by a revitalised creative, cultural and heritage offer. Cabinet on 6 December 2021 approved the proposals to progress with the revised development plan.

- **Colosseum**

The Colosseum has been brought back in house. The saving on the management fee previously payable to the operator should be sufficient to fund all the running costs, including staffing. In addition, the Colosseum has been repurposed for non-ticketed events such as rehearsals which generate income. This continues to be closely monitored.

- **Pay Award**

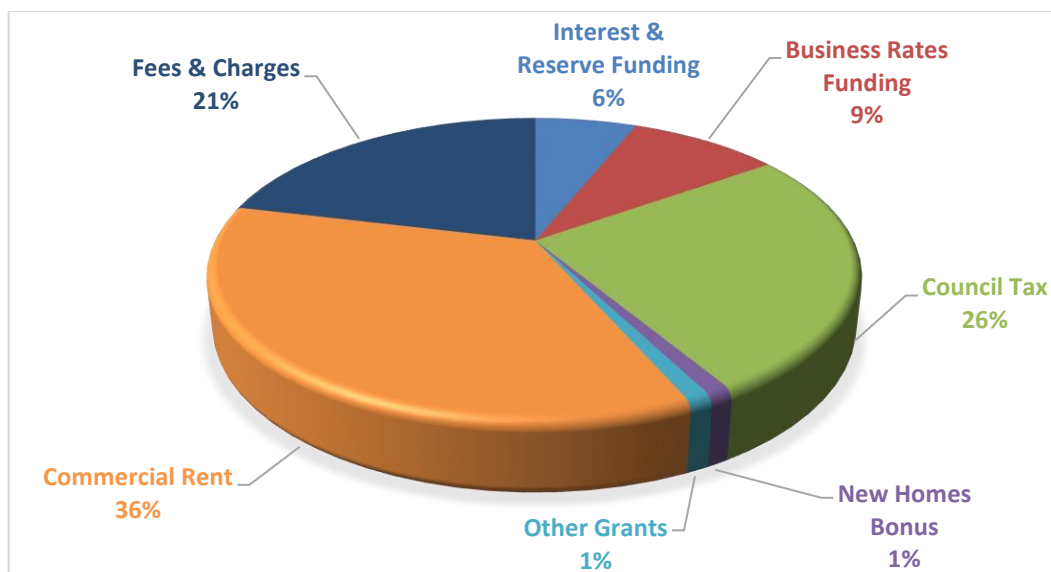
The employers pay award for 2021/22 has not been agreed. If agreed, and backdated to 1 April, the proposed increase of 1.75% will cost the Council £0.205 million. This will be funded from reserves on a one off basis in 2021/22. The cost in future years has been built into the MTFS.

3.2 The Council's overall key financial risk matrix is shown at **Appendix 6**. These are reported and monitored and reviewed by the Council's Audit Committee on a quarterly basis.

4.0 Council Income

4.1 In providing its services to the public, the Council receives income from the Government, its local tax payers, customers who pay for using chargeable Council services and income from commercial rents and investments.

4.2 The total of all these sources of income for 2021/22 is **£35.5 million**. The three biggest sources of income are council tax, commercial property rents and service fees and charges. It should be noted that the Council no longer receives any Revenue Support Grant. The chart below shows the percentage of the total amount of income for each source of income.



4.3 **Service Income Risk Area**

4.3.1 Particular income generating items can fluctuate depending on the economic climate, popularity and affordability. The main risks that are considered the most critical and their financial position are shown in the table below.

<u>Service Area</u>	<u>Income Stream</u>	<u>Latest Budget 2020/21</u>	<u>Forecast 2020/21</u>	<u>Variance</u>	<u>Comments</u>
		<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	
Place Shaping	Commercial Rent - Outsourced	-9,612	-9,612	0	
	Development Control Fees	-820	-820	0	
	Building Control Fees	-275	-275	0	
Community & Environmental	Car Parking Charges	-1,540	-1,540	0	
	Licensing	-276	-290	-14	Pavement Licencing income

Debtors (invoicing)

4.4 The Council charges its customers for various services by raising a debtor invoice. The customer is given 21 days to pay and unless there is a dispute, a reminder is issued. If the debt remains outstanding, then a variety of recovery methods are employed including: rearranging the payment terms; stopping the provision of the service or pursuing the debt through legal recovery processes.

4.5 As at Period 10 the total outstanding value of debt (excluding council tax, business rates and government grants) was **£1.267 million**. Of this, £1.162 million (92%) is less than one

month old and therefore it is anticipated that this will be recovered. Outstanding debt over a year old is £0.085 million and equates to 7% of the total. The Council's debt recovery team will continue to chase these debts and initiate payment plans (instalments) wherever possible.

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

Aged Debtors At the end of Period 8	Under 1 Month	Over 1 month to Year	Over a Year	Total
Service	£000	£000	£000	£000
Community & Environmental	256	9	38	304
Service Transformation	0	1	0	1
Place Shaping	185	127	48	360
Human Resources	6	0	1	7
Strategic Finance	714	-117	-2	595
Total	1,162	8	79	1,267

5.0 Treasury Management

- 5.1 The Council has managed its cash flows and adhered to its Treasury Management policy during the pandemic. The interest earned on the investments made by the Council supports the funding of the services it provides. The Council set a budget of £0.150 million on short-investment interest for 2021/22. It is anticipated that this target is too high in the current climate and as part of budget re-alignment has been revised to £0.075 million.
- 5.2 The Council works with its Treasury Management advisers to invest in the sinking fund received in relation to Croxley Park taking into account the need to balance the inherent risks and the planned drawdown profile required in relation to voids and maintenance and refurbishment.

REVENUE SERVICES – FINANCIAL POSITION AT PERIOD 10

Service Area	Budget, Forecast & Actual at P10			
	Latest Budget £	Forecast Outturn £	Variance £	Actual £
Service Transformation				
Customer Services	1,642,694	1,556,473	(86,221)	1,094,455
ICT Services	1,078,719	1,078,719	0	1,155,553
Corporate Asset Management	788,786	801,611	12,825	704,352
Service Transformation	179,018	179,018	0	143,069
Totals - Service Transformation	3,689,217	3,615,821	(73,396)	3,097,430
Community & Environmental				
Contract Monitoring	1,035,165	1,035,165	0	636,161
Parks And Open Spaces	1,752,680	1,845,676	92,996	1,916,874
Leisure	1,053,553	1,053,553	0	563,225
Grants	771,032	771,032	0	665,939
Environmental Hlth & Licensing	1,395,673	1,396,063	390	794,895
Culture & Play	734,486	739,486	5,000	718,371
Street Cleansing	2,033,780	2,033,780	0	1,625,131
Waste And Recycling	1,864,560	1,889,111	24,551	1,096,639
Sustainable Transport	692,770	692,770	0	480,603
Parking Service	(271,285)	(271,285)	0	514,331
Totals - Community & Environmental	11,062,414	11,185,351	122,937	9,012,169
Democracy & Governance				
Legal And Democratic	1,993,510	1,991,940	(1,570)	1,473,263
Totals - Democracy & Governance	1,993,510	1,991,940	(1,570)	1,473,263
Place Shaping				
Housing	1,393,728	1,393,728	0	(304,283)
Property Management	227,282	227,282	0	530,856
Investment Assets Outsourced	(9,114,325)	(9,114,325)	0	(8,810,755)
Investment Assets Retained	(81,750)	(81,750)	0	(117,456)
Operational Assets - Owner Occupied	(13,635)	(13,635)	0	0
Community Assets	(8,780)	(8,780)	0	(7,238)
Planning & Development	950,757	950,757	0	745,196
Transport And Infrastructure	491,327	491,327	0	1,068,918
Totals - Place Shaping	(6,155,396)	(6,155,396)	0	(6,894,763)
Corporate Strategy & Comms				
Corporate Management	477,096	491,623	14,527	691,816
Partnerships & Performance	702,351	702,351	0	590,842
COVID19 Related	(1,223,500)	(1,223,500)	0	(1,335,087)
Totals - Corporate Strategy & Comms	(44,053)	(29,526)	14,527	(52,429)
Human Resources				
Human Resources Client	67,080	67,080	0	(13,826)
HR Shared Service	551,074	551,074	0	488,669
Totals - Human Resources	618,154	618,154	0	474,843
Strategic Finance				
Finance & Resources	223,475	223,475	0	77,900
Finance Services Client	1,020,842	1,020,842	0	855,750
Revenues And Benefits Client	995,257	995,257	0	1,843,449
Corporate Costs	1,646,101	1,641,101	(5,000)	(403,674)
Totals - Strategic Finance	3,885,675	3,880,675	(5,000)	2,373,426
GRAND TOTALS	15,049,521	15,107,019	57,498	9,483,939

VARIANCE ANALYSIS

Service Area	Description	Details of Variances	£
Service Transformation	Customer Services	Underspend on employee costs due to vacant posts	(66,994)
		Other Variances	(6,402)
		TOTAL	(73,396)
Community & Environmental	Arts, Events & Heritage	Centenary celebration budget - Funding allocation from Strategic Finance*	5,000
	Parks & Open Spaces	Business rates payment on allotments	23,079
	Environmental Maintenance	Increase in environmental maintenance costs across the service due to additional workload	83,007
	Parks Development	Increase in telephone costs at Cassiobury Park Hub	11,200
	Licencing Section	Increased income from pavement licencing as businesses implement new working methods	(14,000)
		Other Variances	14,651
		TOTAL	122,937
Service Area	Description	Details of Variances	£
		Other Variances	(1,570)
		TOTAL	(1,570)
Corporate Strategy & Comms	Project Resource	PMB Funded - Costs to fund additional agency staff costs	14,527
		TOTAL	14,527
Strategic Finance	Budget Strategy	Centenary celebration budget - Funding allocation to Community & Environmental*	(5,000)
		TOTAL	(5,000)
		GRAND TOTAL	57,498

STAFF VACANCIES

Service Area	Post	Date Vacant	FTE	Comments
Community & Environmental	Partnerships and Funding Manager	07/06/2021	1.00	Vacant due to acting up
	Business Compliance Officer	01/11/2021	0.61	Not currently advertised
	Environmental Health Officer	04/09/2021	1.00	Not currently advertised
	Environmental Health Officer	22/11/2021	1.00	Not currently advertised
	Environmental Health Officer	11/09/2021	1.00	Vacant due to acting up
	Head of Parks, Open Spaces and Projects	24/01/2022	1.00	covered by interim
	Covid Response Officer	20/09/2021	1.00	Not currently advertised
	Environmental Health Manager (Community)	28/09/2021	1.00	Not currently advertised
Democracy & Governance	Democratic Services Officer	02/08/2021	0.61	Post holder on secondment
Place Shaping	Building Surveyor	01/01/2021	1.00	Not currently advertised
	Planning Officer (Development Management)	17/11/2021	1.00	Currently being advertised
	Technical Support Officer	01/01/2021	1.00	Not currently advertised
	Housing Caseworker	14/08/2021	1.00	Rolling advertisements
	Housing Caseworker	22/06/2021	1.00	
	Housing Caseworker	21/05/2021	1.00	
Human Resources	HR Advisor	01/01/2022	1.00	To be filled in February 2022
	HR Generalist (Payroll Operations Lead)	20/01/2022	1.00	Currently being advertised
Corporate Strategy & Comms	Communication and Engagement Officer	08/11/2021	1.00	Not currently advertised
		Total	17.22	

CAPITAL INVESTMENT PROGRAMME – SUMMARY

Service Area	Service Provision	Latest Budget 2021/22	Forecast Outturn	Actual to date	Latest Budget 2022/23	Latest Budget 2023/24	Latest Budget 2024/25
		£	£	£	£	£	£
Service Transformation	ICT Shared Services	407,367	407,367	370,492	201,000	45,000	45,000
	ICT Client Services	36,382	36,382	5,069	1,085,000	815,000	485,000
	Corporate Asset Management	700,000	700,000	125,723	1,595,252	250,000	250,000
	Town Hall Quarter	5,768,476	5,733,889	907,400	12,537,178	12,190,000	0
Community & Environmental	Waste & Recycling (inc Veolia)	2,334,377	2,334,377	1,086,661	70,000	71,000	72,400
	Parks & Open Spaces	1,183,624	1,048,624	442,520	940,000	1,110,000	1,045,000
	Cemeteries	859,490	859,490	399,508	42,000	0	0
	Leisure & Play	8,817,433	8,817,433	808,461	350,000	250,000	250,000
	Culture & Heritage	1,242,769	1,242,769	215,672	0	0	0
	Environmental Health	1,862,886	1,862,886	1,052,584	500,000	300,000	300,000
	Community Projects	1,366,526	1,366,526	127,885	0	0	0
	Commissioning	780,764	755,214	6,314	300,000	0	0
	Town Hall Quarter	100,404	100,343	83,482	0	0	0
Place Shaping	Watford Business Park	920,494	920,494	724,607	14,502,334	0	0
	Watford Riverwell	5,016,178	4,016,178	26,171	10,699,000	4,932,000	1,773,000
	Housing	245,833	245,833	30,296	50,000	50,000	50,000
	Transport & Infrastructure	3,351,542	2,481,542	2,468,660	2,900,000	1,050,000	0
	Development Control	17,235	17,235	12,496	0	0	0
	Property Investment Board	132,931	931	0	0	0	0
	Property Management	4,458,474	3,458,474	3,783,434	10,026,439	0	0
	Town Hall Quarter	602,088	664,102	368,239	0	0	0
	Hart Homes JV	24,895,000	24,895,000	7,500,000	22,730,000	0	0
Corporate Strategy & Communications	Town Hall Quarter	501,073	473,707	343,217	0	0	0
	Corporate Communications	25,000	25,000	0	0	0	0
Strategic Finance	Capital Support Services	680,740	680,740	80,354	682,020	676,860	676,860
TOTAL CURRENT CAPITAL PROGRAMME		66,307,086	63,144,536	21,102,552	79,210,223	21,739,860	4,947,260

CAPITAL INVESTMENT PROGRAMME – DETAIL

Capital Scheme	Latest Budget 2021/22	Forecast Outturn	Forecast Variance	Actual 2021/22	Scheme Update
	£	£	£	£	
SERVICE TRANSFORMATION					
ICT Shared Services					
ShS-ICT Modernisation	0	0	0	360	
ShS-Hardware Replacement Programme	407,367	407,367	0	370,132	
ICT Client Services					
ICT-Hardware Replacement Programme	15,112	15,112	0	5,069	
ICT-Business Application Upgrade	21,270	21,270	0	0	
Corporate Asset Management					
Community Asset Review	500,000	500,000	0	43,904	
Building Investment Programme	200,000	200,000	0	81,819	
Town Hall Quarter					
Town Hall & Colosseum Projects	707,992	673,405	(34,587)	510,690	Budget re-alignment mitigated within existing Town Hall Quarter cost centre budgets.
Decarbonisation Project Salix	5,060,484	5,060,484	0	396,710	
COMMUNITY & ENVIRONMENTAL					
Waste & Recycling (inc Veolia)					
Veolia Contract Fleet Requirements	2,264,777	2,264,777	0	1,034,486	
Veolia Capitals Improvements	69,600	69,600	0	52,175	
Parks & Open Spaces					
Callowland Allotment Enhancement	23,696	23,696	0	23,696	
Whippendell Woods SSSI Enhancement	39,647	39,647	0	8,475	
Green Spaces Strategy	154,406	154,406	0	161,499	
Oxhey Park North	341,530	341,530	0	11,046	
Tree Planting Programme	30,000	30,000	0	0	
River Colne Restoration	247,382	247,382	0	105,524	
Cassiobury Park Car Park Improvements	0	0	0	(5,383)	
Garston Park Improvements	14,705	14,705	0	19,865	
Oxhey Park North Project Management	43,105	43,105	0	0	
Parks Litter Bin Replacements	7,780	7,780	0	0	
Meriden Park Improvements	100,000	10,000	(90,000)	2,674	Service request for budget rephasing to 2022/23 when project gains momentum.
Oxhey Activity Park - Car Park Extension	54,153	54,153	0	59,899	
Cassiobury Park Wetlands	75,000	30,000	(45,000)	2,230	Budget rephasing to 2022/23 due to ongoing discussions with the Environment Agency.
Cassiobury Park Ad Hoc Works	25,000	25,000	0	25,381	
Meriden Park Barrier	0	0	0	393	
Parks Litter Bins	27,220	27,220	0	27,220	

Capital Scheme	Latest Budget 2021/22	Forecast Outturn	Forecast Variance	Actual 2021/22	Scheme Update
	£	£	£	£	
Cemeteries					
Cemetery Reprovision	141,000	141,000	0	0	
North Watford Cemetery Improvements	103,624	103,624	0	64,194	
New Cemetery Provision	607,794	607,794	0	328,234	
Vicarage Road Cemetery Feasibility Study	7,072	7,072	0	7,080	
Leisure & Play					
Gaelic Football Relocation	38,558	38,558	0	32,463	
Leisure & Cultural Venues	60,521	60,521	0	0	
Watford Tennis Partnership	25,000	25,000	0	0	
Woodside Sports Village	8,418,696	8,418,696	0	520,282	
Cassiobury Park Croquet Club	0	0	0	(4,083)	
Play Area Improvements	214,058	214,058	0	211,338	
Lea Farm Recreation Improvements	60,600	60,600	0	48,462	
Culture & Heritage					
Watford Museum HLF Matchfunding	156,224	156,224	0	27,429	
Improvements Community Centres	13,980	13,980	0	0	
Cultural Quarter Phase 1	10,000	10,000	0	0	
Heritage Trail	110,000	110,000	0	0	
Watford Market	252,565	252,565	0	188,243	
Delivery of Cultural Plan	700,000	700,000	0	0	
Environmental Health					
Decent Homes Assistance	1,713,223	1,713,223	0	1,000,205	
Private Sector Housing Renewal	91,111	91,111	0	51,570	
Street Improvement Programme	58,552	58,552	0	808	
Community Projects					
Cycle Hub	122,216	122,216	0	11,118	
All Saints Churchyard Improvements	1,129	1,129	0	0	
Paddock Road Depot Enhancements	1,218,181	1,218,181	0	116,767	
Derby Rd Skate Park Blockade	25,000	25,000	0	0	
Commissioning					
Transport App	25,550	0	(25,550)	0	Budget no longer required.
Departmental Vehicle Renewal	11,600	11,600	0	0	
Watford Cycle Hire Study	4,460	4,460	0	0	
Cycle Hire Scheme	10,511	10,511	0	2,594	
Cycle & Road Infrastructure Improvements	728,643	728,643	0	3,720	
Town Hall Quarter					
Heritage Project	100,404	100,343	(61)	83,482	Budget re-alignment mitigated within existing Town Hall Quarter cost centre budgets.

Capital Scheme	Latest Budget 2021/22	Forecast Outturn	Forecast Variance	Actual 2021/22	Scheme Update
	£	£	£	£	
Property Investment Board					
PIB Investment Strategy	132,931	931	(132,000)	0	Service request for budget rephasing to 2022/23.
Property Management					
Redevelopment Town Hall	0	0	0	24,129	
Charter Place	0	0	0	25,941	
Loan to HHW	0	0	0	0	
Temp Housing Accommodation	1,367,989	1,367,989	0	966,767	
Social Rented Housing	1,000,000	1,000,000	0	1,334,550	
Surplus Sites	234,810	234,810	0	195,300	
Croxley Park Asset	0	0	0	1,227,205	Funded by PPM contribution that formed part of the original Croxley Business Park transaction.
Exchange Road	1,000,000	0	(1,000,000)	0	Service request for budget rephasing to 2022/23.
Lower High Street	15,000	15,000	0	9,542	
Infill Sites (LEP funded)	840,675	840,675	0	0	
Town Hall Quarter					
Regeneration Project	602,088	664,102	62,014	368,239	Budget re-alignment mitigated within existing Town Hall Quarter cost centre budgets.
Hart Homes JV					
Land Transfer - Croxley View Phase 2	3,000,000	3,000,000	0	0	
Land Transfer - Rear Of High St	760,000	760,000	0	0	
Land Transfer - Scheme A	605,000	605,000	0	0	
Land Transfer - Scheme B	530,000	530,000	0	0	
Loan to Hart Homes WDLLP	20,000,000	20,000,000	0	7,500,000	
CORPORATE STRATEGY & COMMUNICATIONS					
Town Hall Quarter					
Town Hall Quarter Cultural Programme	372,499	341,660	(30,839)	246,236	Budget re-alignment mitigated within existing Town Hall Quarter cost centre budgets.
Transformational Change	42,978	46,451	3,473	32,282	
Innovation & Incubation Hub	85,596	85,596	0	64,699	
Corporate Communications					
Town Boundary Signage	25,000	25,000	0	0	
STRATEGIC FINANCE					
Capital Support Services					
Support Services	552,470	552,470	0	0	
Major Projects - FBP and QS	128,270	128,270	0	80,354	
West Herts Crem					
West Herts Crem Bedmond Road	0	0	0	133,306	Quarterly recharge to West Herts Crematorium.
TOTAL CURRENT CAPITAL PROGRAMME	66,307,086	63,144,536	(3,162,550)	21,102,552	

CAPITAL INVESTMENT PROGRAMME – FUNDING

FUNDING TYPE	Forecast Outturn 2021/22 £	Budget 2022/23 £	Budget 2023/24 £	Budget 2024/25 £
Grants & Contributions	7,540,519	3,805,000	0	0
Reserves	243,656	0	0	0
Capital Receipts (PIB, Non PIB & THQ)	7,875,125	9,773,000	7,845,000	0
Section 106 & CIL Contributions	22,170	0	0	0
Local Enterprise Partnership Loan	0	1,250,000	0	0
Borrowing (Internal & External)	47,463,066	64,382,223	13,894,860	4,947,260
TOTAL CAPITAL FUNDING APPLIED	63,144,536	79,210,223	21,739,860	4,947,260

KEY BUDGETARY RISKS

No.	Type of Consequence	Comment	Likelihood	Impact	Overall Score
1	The Medium term financial position worsens.	In that the general fund balance falls below the minimum prudent threshold and capital funding is insufficient to meet the capital programme. This appears as item no.8 in the Council's strategic risk register. The continuing financial impact of COVID 19 places a burden on the Councils Revenue account through loss of income and additional expenditure.	3	2	6
2	Revenue balances insufficient to meet estimate pay award increases	The medium term planning period takes into account the pay increases for the period - The Council's 3 year Medium term Financial Strategy includes forecast pay awards for the next three years.	2	2	4
3	Revenue balances insufficient to meet other inflationary increases	Other than contractual agreements, budgets have been cash limited where possible.	2	2	4
4	Interest rates resulting in significant variations in estimated interest income	The interest rate has a significant impact on the proceeds from capital receipts that are invested in the money market. The volatility of the global economy following the EU referendum continues to place uncertainty on the investment strategy. Interest rates are extremely low a the bank base rate is currently 0.1.The MTFS reflects the decrease in interest earned	3	2	6
5	Inaccurate estimates of fees and charges income	See Key Income Streams are shown in the latest Finance Digest. The financial impact of COVID 19 will place a burden on the Councils Revenue account through loss of income . Govt guarantee income scheme will cover 70% of losses on Fees & Charges	3	3	9
6	Revenue balances insufficient to meet loss of partial exemption for VAT	If the council's expenditure on functions for which it receives income that is exempt for VAT purposes exceeds 5% of its total vat able expenditure, then the Council may lose its ability to recover VAT on all of its exempt inputs.	1	4	4
7	Major emergency	Major Emergency requires funds beyond Bellwin scheme and causes serious drain on balances. The financial impact of COVID 19 will place a burden on the Councils Revenue account through loss of income and additional expenditure. The Govt. have paid over £471k for emergency funding	3	3	9
8	The estimated cost reductions and additional income gains are not achieved	Savings identified are monitored as part of the monthly budget monitoring process. Some of these may not materialise as resources are diverted away to concentrate on the Councils Covid 19 recovery plan	3	2	6
9	The income received from Commercial rents decreases	The rental income received from the Councils property portfolio is a significant proportion of the total income the Council receives. The financial impact of COVID 19 places a burden on the Councils property income. The Government's proposed Income guarantee grant scheme does not cover property rents therefore losses in rent places pressure on reserves	4	3	12
10	The amount of government grant is adversely affected	The provisional grant settlement has been factored into the MTFS. The fair funding review on hold at the current time	2	3	6
11	Fluctuations in Business Rates Retention	The Council is legally obliged to cover the first 7.5% loss on its pre determined baseline level. The Council is currently in a safety net position. The system was due to be subject to reset and increase to 75% retention. This has been postponed until 2022/23 at the earliest.	2	2	4
1= VERY LOW RISK 4 = VERY HIGH RISK					
			Likelihood	Impact	Overall Score
			very low risk	1	1
			low risk	2	4
			high risk	3	9
			very high risk	4	16

AGED DEBT ANALYSIS

Invoices outstanding from 1st February 2021 to 31st January 2022								
Service Area	Description	Invoices outstanding by age of debt						Grand Total
		0 - 1	2 - 3	4 - 6	7 - 9	10 - 12	Over 12	
Community & Environmental	Community and Customer Service	142,667	-18,848	2,016	816	0	18,816	145,467
	Env Services-Premises Licence	75,363	4,903	8,396	1,589	2,052	19,324	111,627
	Environmental Health	38,391	0	0	0	8,448	0	46,839
Service Transformation	Community Asset Management	49	420	0	0	1,008	0	1,477
Place, Shaping	Housing	41,476	0	386	771	2,582	35,729	80,944
	Property (exc. Commercial rent)	2,266	500	2,400	21	23	232	5,442
	Property - Commercial Rents	26,121	29,992	0	3,935	7,038	12,226	79,311
	Regeneration & Development	107,118	66,000	0	7,737	0	0	180,855
	Planning - Standard	6,420	0	0	0	5,100	0	11,520
	Planning - Inspection Fees	1,592	0	141	0	1	1	1,734
Human Resources	Third party work	6,347	0	0	0	0	1,149	7,496
Strategic Finance	Finance	714,274	0	(3,418)	(18,517)	(95,462)	(2,180)	594,697
Grand Total		1,162,084	82,967	9,920	-3,647	-69,210	85,296	1,267,409
Percentage of Amount Outstanding		91.69%	6.55%	0.78%	-0.29%	-5.46%	6.73%	100.00%

REVENUE RESERVE BALANCES

Description	Balance at 1 April £000	Movement 2021/22 £000	Balance at 31 March £000	Purpose
Revenue Reserves				
Budget Carry Forward	(826)	484	(342)	Budgets carried forward from prior years
Car Parking Zones	(46)	(460)	(506)	Ring fenced for parking projects
Collection Fund	(19,863)	0	(19,863)	Equalisation fund to smooth impact of surplus / deficit, allocation end of 2021/22
Crematorium	(150)	0	(150)	Funding repairs and maintenance
Economic Impact Reserve	(3,004)	1,699	(1,305)	Provide resources to offset economic downturn
Housing Benefit Subsidy	(1,693)	0	(1,693)	Provision if Dept for Work & Pensions claw back funds
Housing Planning Delivery Grant	(266)	0	(266)	Improve planning outcomes and delivery of housing
Leisure Structured Maintenance	(57)	0	(57)	Funding unforeseen maintenance not covered in contract
Local Development Framework	(178)	0	(178)	Support local plan production and inspection
Multi-Storey Car Park Repair	(181)	0	(181)	Funding major structural works
Pension Funding	(2,248)	0	(2,248)	Reduction of pension deficit
Project and Programme Management	(65)	65	0	Support major project work
Rent Deposit Guarantee Scheme	(100)	0	(100)	Assist in providing homelessness accommodation
Riverwell Project	(7,768)	0	(7,768)	To cover any guarantees, repayments of outstanding loans and fund future investment.
Weekly Collection Support Grant	(30)	0	(30)	Supporting weekly collection of waste
Renewal Recovery Fund	(1,036)	405	(631)	To support the recovery process for additional costs due to COVID19. Business cases for new projects are currently being reviewed which will impact the balance once agreed.
	(37,511)	2,193	(35,318)	
General Fund Working Balance	(2,000)	0	(2,000)	Prudent balance
Total Revenue Reserves	(39,511)	2,193	(37,318)	

GLOSSARY OF TERMS

<i>Accounting period</i>	The timescale during which accounts are prepared or reported on.
<i>'Accounts Payable'</i>	The section and/or system within the Council that is responsible for paying the Council's creditors and invoices raised against the Council.
<i>'Accounts Receivable'</i>	The section and/or system within the Council that is responsible for invoicing and collection from the Council's debtors and for invoices raised by the Council.
<i>Accrual</i>	The recording within the accounts of the Council the cost of goods or services received and for which an invoice has been received but for which payment has not yet been made.
<i>Accrual accounting</i>	The practice of accounting for goods and services when they are received/provided rather than when they are paid for/payment received.
<i>Asset</i>	A present, economic resource of the Council to which it has a right or other type of access that other individuals or organisations do not have.
<i>Balances</i>	A figure representing the difference between credits and debits in an account; the amount of money held in an account. Also known as 'financial reserves'.
<i>Base budget</i>	Estimate of the amount required to provide services at current levels. Can also be referred to as 'rollover budget'.
<i>Budget Monitoring</i>	The process comparing of actual income and expenditure against budget; used to support budgetary control.
<i>Business Rates/NDR*</i>	Rates are payable on non-domestic property including libraries, offices, schools. The level of business rates is set by the Government and collected by the District Councils on their behalf. The money is then re-allocated to authorities in accordance with resident population as part of the annual financial settlement.
<i>Capital Asset</i>	Capital or Fixed assets are long-term resources, such as plant, equipment and buildings.
<i>Capital Charges</i>	A charge to services to reflect the cost of fixed assets used in the provision of those services
<i>Capital expenditure</i>	Expenditure on items that create an asset which has a long-term benefit of more than one year.
<i>Carry forward [of budget]</i>	Budgets unspent in a prior year that have (once approved) been added to the current year budget. Strict control on 'carried forwards' apply.

<i>Chart of accounts</i>	The hierarchy of recording income and expenditure within the Council's accounts. The main distinctions are between fund e.g. County fund, Pension Fund; objective e.g. service or cost centre; subjective e.g. the classification of expenditure between salaries, equipment, stationery, fuel costs etc.
<i>Commitment</i>	A commitment to spend occurs when an order is raised
<i>Cost centre</i>	A collection of subjective codes (<i>qv</i>) linked to a particular service or sub-service area.
<i>Creditor</i>	A person or company to whom the Council owes money.
<i>Debtor</i>	A person or company who owes money to the Council
<i>Depreciation</i>	The accounting method of amortising the value of an asset over its useful life
<i>Ear marking</i>	Setting aside for specific purposes
<i>Financial Regulations</i>	Rules of financial management that apply to all officers and members of the Council. These can be found on the intranet.
<i>Financial Year</i>	Period of twelve months commencing on 1 April and ending 31 March the following year.
<i>Forecast Outturn</i>	A projection of anticipated expenditure incurred and income received to provide an estimate of the service position at the end of the year compared to the planned budget.
<i>Funding</i>	Source of income to support service expenditure – can be capital or revenue
<i>General Fund</i>	The main revenue account of the Council through which day to day transactions are conducted.
<i>Journal</i>	The transfer of income or expenditure from one ledger code to another.
<i>Medium Term Financial [Plan] [Strategy]</i>	The Council's plan for the management of its resources during the next 3 years, which remains under a rolling review and links to the service planning process.
<i>Liability</i>	The Council's financial debt or obligations that arise during the course of its business operations. Liabilities are settled over time through the transfer of economic benefits including money, goods or services.

<i>NDR</i>	Non-Domestic Rates – see business rates (<i>qv</i>)
<i>Profile</i>	A term used to describe the pattern of expenditure or income that is expected to occur over a period of time
<i>[The] Prudential code</i>	The authority which enables the Council to set its own borrowing limits as part of the budget making processes.
<i>Reserves</i>	Amounts set aside for general contingencies and to provide for working balances, or can be earmarked for specific future expenditure.
<i>Resources</i>	Includes cash, staff, equipment, property, stocks, etc.
<i>Revenue expenditure</i>	Expenditure on ‘day-to-day’ items required to support the running of the Council services
<i>Subjective Code</i>	A code describing expenditure or income by type e.g. salaries costs, premises costs. Can also be called “accounting code”
<i>Ultra Vires</i>	A Latin term meaning ‘beyond the powers’.
<i>Variance</i>	Difference between budget and actual income or expenditure. May be favourable (more income or lower spend than budgeted) or unfavourable/adverse (less income or more spend than budgeted)
<i>Virement</i>	Formal transfer of funds from one budget to another. Does not change the Council’s overall budget.