

Three Rivers District Council

# **MEDIUM TERM FINANCIAL PLAN**

**2023/24 to 2025/26**

## COUNCIL – 21 FEBRUARY 2023

### 6. FINANCIAL PLANNING 2023/24 to 2025/26

#### RECOMMENDATIONS OF THE POLICY AND RESOURCES COMMITTEE

These recommendations have been updated, where necessary, for the Final Local Government Finance Settlement, under the delegation from Policy and Resources Committee to the Director of Finance

Council agrees:

- a) That the 2022/23 revised estimates for the revenue account be agreed giving a balance on the general fund at 31 March 2023 of £3,986,864 (Annex A Appendix 1).
- b) That the draft revenue estimates in respect of the revenue account for the period 1 April 2023 to 31 March 2026, subject to the changes agreed, be approved.
- c) That it be noted that £2,000,000 be considered as a prudent minimum balance for the general fund.
- d) That the financial and budgetary risks be agreed and their management monitored by the Audit Committee.
- e) That the existing Council Tax Reduction Scheme is continued for 2023/24 and updated for legislative changes.
- f) That the total capital strategy and investment programme for 2023/24 be agreed at £3,096,420.
- g) That the arrangements for funding the 2023/26 capital strategy and investment programme resulting in an estimated balance of capital resources at 31 March 2026 of £2,759,047 be agreed.
- h) That the Council notes the capital funding available and approves the Policy and Resources Committee's allocation of funds for the period from 1 April 2023 to 31 March 2026
- i) That the Treasury Management Strategy Statement 2023/24 be approved
- j) That the Minimum Revenue Provision Policy Statement 2023/24 be approved.
- k) That the Council notes the Director of Finance's advice on the robustness of the estimates and the adequacy of the financial reserves.

#### Appendices:

- Annex A: FINANCIAL PLANNING – REVENUE SERVICES  
Annex B: FINANCIAL PLANNING – CAPITAL STRATEGY AND THE TREASURY MANAGEMENT POLICY  
Annex C: OVERARCHING EQUALITIES IMPACT ASSESSMENT FOR THE 2023/24 REVENUE AND CAPITAL BUDGET.

### FINANCIAL PLANNING – REVENUE SERVICES (DoF)

#### 1 Summary

- 1.1 The purpose of this report is to enable the Policy and Resources Committee to recommend to the Council the updated revenue budget for 2022/23, proposed revenue budget for 2023/24 and indicative revenue budget for 2024/25 and 2025/26. These budgets form the Council's Medium Term Financial Plan (MTFP).
- 1.2 The report includes the budget monitoring information for the period to November 2022. The key changes from the original budget that was set in February 2022 are linked to inflation, including the pay ward and cost of fuel and utilities, and the legacy impact of COVID-19 on income levels from the leisure management contract.
- 1.3 The Government has once again postponed local government finance reforms, including the business rate reset and 'Fair Funding' and has now confirmed that these will not occur within the current parliament so will be implemented from 2025/26 at the earliest. The Council is likely to lose resources as a result of these changes so the overall position has improved as a result of this in the first two years of the MTFP. The future of New Homes Bonus and other government grants remains uncertain beyond 2023/24. From 2024/25, district councils are expected to receive an additional source of income as a result of the introduction of 'producer pays' charges in relation to waste, the Government has indicated that, as a result, district council funding will be reviewed in early 2023/24.
- 1.4 The 2023 revaluation of non-domestic properties undertaken by the Valuation Office Agency (VOA) has resulted in significant increases to the rateable value of business premises within the district. Due to the likelihood of appeal, this increases the likelihood of volatility within the retained business rates for 2023/24 and 2024/25 which will be managed through the Collection Fund Reserve.
- 1.5 The continued uncertainty about the level of resources available to the Council in future years is only part of the picture. In common with all Councils, businesses and households there is also significant uncertainty about the costs that will be incurred over the MTFP due to pervasive and persistent inflation. The Council holds a sufficient level of reserves to manage the uncertainty around both funding and expenditure across the MTFP.
- 1.6 The table below summarises the key changes in the MTFP compared to that previously agreed. The detailed changes are set out in Appendix 4 by Service Committee.

	2022/23	2023/24	2024/25	2025/26
	£000	£000	£000	£000
<b>Budget Gap as per MTFP Approved February 2022</b>	<b>340</b>	<b>596</b>	<b>645</b>	<b>645</b>
<b>Changes in net Expenditure:</b>				
Previously Agreed Changes through in year budget monitoring	1,767	637	620	620
Growth Bids		65	81	81
Contingency for pay award		0	0	275
Employer Pension Contribution 1% reduction		(100)	(100)	(100)
Service Efficiencies		(146)	(321)	(329)
Fees and Charges Budget Uplift		(364)	(364)	(364)
Capital Financing Charges		174	174	174
Specific Grants Rolled into RSG		75	75	75
Other Service Variances reported in this report	(267)	77	45	(287)
<b>Total Changes in Net Expenditure</b>	<b>1,500</b>	<b>418</b>	<b>208</b>	<b>144</b>
<b>Changes in Taxation and Grant Funding:</b>				
Council Tax		(43)	(116)	(397)
Business Rates		(211)	(350)	0
Collection Fund Surplus		(44)	0	0
Grant Funding		(368)	(65)	(65)
Planned Use of Economic Impact Reserve	(463)	(183)	(148)	(148)
<b>Total changes in Taxation and Grant Funding</b>	<b>(463)</b>	<b>(850)</b>	<b>(678)</b>	<b>(610)</b>
<b>Revised Gap</b>	<b>1,377</b>	<b>164</b>	<b>175</b>	<b>179</b>
<b>Net Change</b>	<b>1,037</b>	<b>(432)</b>	<b>(470)</b>	<b>(466)</b>

## 2 Details

- 2.1 Officers have prepared a three-year Medium Term Financial Plan (MTFP) base budget for 2023/24 to 2025/26 which includes a revised estimate for the current year. This is attached at **Appendix 1**.

### 2022/23 Forecast Position

- 2.2 The original net revenue budget for 2022/23 was **£13.188m**. The latest approved budget is **£14.954m** (approved by Council on 13 December 2022). The increase in budget approved to date has largely been due to the impact of COVID-19, including loss income from the Leisure Contract Management fee. The table below shows the approved changes to date and the variances reported for this period (end of November) to give a forecast outturn position of **£14.687m**.

<b>Net Revenue Budget 2022/23</b>	<b>£000</b>
<b>Original Net Revenue Budget</b>	<b>13,188</b>
Variances Previously Reported	1,766
<b>Latest Approved Budget</b>	<b>14,954</b>
Service Variances Reported This Period	(267)
<b>Forecast Outturn position</b>	<b>14,687</b>

- 2.3 At the end of November, Services show an estimated favourable variance of **(£0.267m)**. The budget will be changed to reflect this outturn forecast if approved at Council.

2022/23 Revenue Account – General Fund Summary					
Service Area	Original Budget	Latest Budget	Net Spend to Period 8	Forecast Outturn	Variance
	£000	£000	£000	£000	£000
Leisure, Environment and Community	4,555	5,223	756	5,524	301
Infrastructure, Housing and Economic Development	1,436	1,582	(664)	1,409	(173)
Policy & Resources	4,995	5,948	4,257	5,546	(402)
<b>Total Services</b>	<b>10,987</b>	<b>12,753</b>	<b>4,348</b>	<b>12,479</b>	<b>(274)</b>
Corporate Costs (Interest, Parish precepts)	2,201	2,201	3,106	2,208	7
<b>Net General Fund</b>	<b>13,188</b>	<b>14,954</b>	<b>7,454</b>	<b>14,687</b>	<b>(267)</b>

2.4 **Appendix 2** details each service committee's net direct revenue budgets over the medium term. The table below shows the net direct expenditure budgets, actuals to date, forecast outturn and variance for each service committee.

2.5 The main items that contribute to the net favourable services variance of £0.267m are set out in the following table:

		£000
1.	2022/23 Pay Award	810
2.	Salary Contingency	(810)
3.	Increased income from Planning Application Fees, Pre-Application advice and CIL admin	(220)
4.	Homelessness – Use of Grant funding	(50)
5.	Increased income from Refuse Trade, Garden Waste and Kerbside Recycling	(63)
6.	District Elections – no ability to share costs	50
7.	Parliamentary Elections – loss on December 2019 Election	19
8.	<b>Other</b>	(3)
<b>Total</b>		<b>(267)</b>

The details of all the service variances over the medium term are shown at **Appendix 4**

### 2023/24 to 2025/26 - The Medium Term Financial Plan (MTFP)

2.6 Looking ahead over the next three years, the MTFP has been prepared against the continued backdrop of uncertainty about government funding, rising demand for services and increasing expectations from stakeholders for levels of service provision.

2.7 The Provisional Local Government Settlement, which provides details of central government funding to local authorities, was published on 19 December. This was a one year settlement providing detailed funding information for 2023/24 only. This means that grant funding beyond 2023/24 remains uncertain. Further detail is provided in section 4 below.

2.8 The MTFP includes a budget to provide for a 2% pay award in each financial year. This assumption mirrors the Bank of England's (BoE) target for inflation. The formal pay award for 2022/23 has been agreed and implemented and future year pay awards will be subject

to negotiation. There is a risk that the pay award could be higher as the increase to cost of living is well above the BoE target. However, any increase will need to balance against affordability for the sector, and Government public sector austerity targets, as any pay award will need to be funded from existing budgets.

- 2.9 Services have worked hard during the budget setting process to keep budget growth to a minimum and remain within their budget limits without affecting service delivery. Unavoidable growth relating to policy commitments and statutory or contractual requirements has been included in the base budgets.
- 2.10 The budget includes planned service efficiencies totalling £0.796m over the MTFP. The detailed proposals are set out in **Appendix 3**
- 2.11 Appendix 4 includes the variances reported for the current period (end of November) that affect all years. The effect of all variances on the Council's (surplus)/deficit for the year and the resulting forecast general fund balance over the medium term is shown below:

Movement on General Fund	2022/23 Forecast Outturn £000	2023/24 Indicative Budget £000	2024/25 Indicative Budget £000	2025/26 Indicative Budget £000
Balance at 1 April	(5,364)	(3,987)	(3,823)	(3,648)
(Surplus)/deficit for year	1,377	164	175	179
Balance at 31 March	<b>(3,987)</b>	<b>(3,823)</b>	<b>(3,648)</b>	<b>(3,469)</b>

- 2.12 It is recommended that a balance of at least £2.000m should be retained in the General Fund to enable the Council to manage unexpected cost pressures or shortfalls in income. The Council has an additional earmarked reserve, the Economic Impact Reserve (EIR), to manage risk. This is forecast to be £1.451m at the end of March 2023 and is available to manage future economic downturn or loss of business rates. It is assumed that £0.421m will be utilised from the EIR over the MTFP to manage the reduction in income from the leisure management contract following the reprofiling of the management fee to reflect the legacy impact of COVID-19 on activity levels.
- 2.13 The long term use of reserves to offset deficits is not sustainable or prudent. However, the forecast indicates that general balances will remain well above the risk assessed level of £2.000m over the MTFP period after taking account of meeting the budgeted deficit from general balances in 2023/24, 2024/25 and 2025/26. The budget gap in the final year of the MTFP is largely due to assumptions about reform of local government funding, including business rate reset. If this is further delayed this will bring the budget into surplus in 2025/26. The forecast balance on each revenue and capital reserve at the 31 March 2023 is shown at **Appendix 6**.

### 3 Fees, Charges and Rents

- 3.1 The Council set its fees and charges for 2023/24, effective from 1 January 2023, on 13 December 2022. The Council is also required to review and set the rent for Council garages for 2023/24. The proposed increase in rents for garages are 11% for garages that have been refurbished and 5% for those that have not been refurbished. Rents are set at different rates depending on the location, size and condition of the garages. Proposed rents range from £22.05 to £27.72 per week. The complete rent schedule is provided in **Appendix 7**.

## 4 Funding the Revenue Budget

- 4.1 The overall Council Medium Term Financial Plan (MTFP) at **Appendix 1** indicates a budget requirement (net expenditure) for 2023/24 of **£13.641m**. This will be funded from a number of sources, which are detailed in the following paragraphs.
- 4.2 On 12 December 2022 the Department for Levelling Up, Housing and Communities (DLUHC) issued the [‘Local government finance policy statement 2023/24 to 2024/25’](#). The statement was intended to provide councils with ‘greater certainty on key aspects of their funding’ recognising that ‘it is incredibly important for their budget setting process and their ability to plan for the future.’
- 4.3 The policy statement confirmed the increased flexibility for Council Tax outlined in the Chancellor’s Autumn Statement on 17 November 2022 which increased the referenda limit by 1% to 3% or more than £5 (whichever is the greater).
- 4.4 The statement set out that there would also be changes to settlement grants. The Services Grant will be reduced from 2022/23 allocations to remove the compensation for the increase in National Insurance Contributions which was reversed from 6 November 2022 following the mini budget on 23 September 2022. The Lower Tier Services Grant has also been repurposed to create a new one-off funding guarantee to ensure that all authorities achieve a 3% increase in their Core Spending Power before Council tax increases. This is intended to help authorities manage inflationary pressures.
- 4.5 It was also confirmed that there would be a new round of New Homes Bonus payments in 2023/24 but that this is a one off allocation and will not attract legacy payments for future years.
- 4.6 For 2024/25, the policy statement confirmed that the core settlement will ‘continue in a similar manner’ with the continuation of major grants, business rates pooling and council tax referendum principles. However, there is no confirmation about the future of the Services Grant, Funding Guarantee Grant or New Homes Bonus.
- 4.7 In addition, the government has committed to reviewing the position of funding for lower tier authorities ahead of the 2024/25 settlement taking into account the impact of the Extended Producer Responsibility for packaging (EPR) scheme. The scheme is expected to be introduced in 2024/25 and will bring a significant new funding stream for lower tier authorities. His Majesty’s Treasury (HMT) and Department for Environment, Food and Rural Affairs (DEFRA) will be assessing the impact of the income of the relative needs and resources of local authorities in the coming year to factor into the 2024/25 settlement. At this stage, with limited information available, it is not possible to assess the impact of the scheme on the Council’s funding position and no assumptions have been factored into the proposed MTFP.
- 4.8 The statement confirms that the ‘Fair Funding Review’, which was originally planned for implementation in 2019/20, will not take place within the period of the current parliament but the implementation of proposed reforms remain a real prospect for 2025/26. The proposals include plans for Councils to increase the percentage of business rates they keep from 50% to 75% and would establish new baseline funding levels for each local authority that takes account of both the needs of local authorities and the resources available to local authorities. As the Council has a strong tax base it is likely that funding reform will result in an overall reduction to government funding and prudent estimates have been included for 2025/26.
- 4.9 [The Provisional Local Government Finance Settlement 2023/24](#) was published on 19 December 2022. This confirmed the approach outlined in the policy statement and provided detailed grant allocations for 2023/24 which are set out below.
- 4.10 The Provisional Settlement is subject to consultation which closes on 16 January 2023 with the final settlement expected in February 2023.

## **Business rates**

- 4.11 Business rates are collected by the Council, and the proceeds are shared between the District and County Council, and also with central Government to fund services. There is an element of risk and reward involved in the Business Rates scheme, which is designed to incentivise Councils to promote business growth within their areas. The Council expects its share of business rates to be **£2.679m** in 2023/24, including retained growth and Section 31 grant. The section 31 grant compensates local government for the freezing of the Business Rates Multiplier in line with the standard Consumer Price Index (CPI). The business rates retention scheme is volatile and estimating the outturn is complex due to factors such as appeals, demolitions, new builds, occupation and reliefs.
- 4.12 Alongside the delay to the implementation of the Fair Funding Review, the Government has also postponed the planned business rate reset, originally planned for implementation in 2019/20 to after the current parliament. When implemented, this will reduce the amount of growth that can be retained in the local share and prudent estimates have been included for this for 2025/26.
- 4.13 2023 has seen a revaluation of non-residential properties by the Valuation Office Agency (VOA) for business rate purposes. The impact on Three Rivers has been the biggest in the country with a 59.5% increase in the business rate base. The next largest increase is South Bucks at 38.3%. In fact, Hertfordshire has four of the five largest national increases driven mainly by the film and tv studios within the county. Warner Brothers accounts for almost half of Three Rivers increase.
- 4.14 There are two key impacts of the revaluation. The first is an increase in the levy rate that would be payable on the Hertfordshire pool. The levy determines the amount any business rate growth that has to be paid over to central government and this figure has increased from 4.4% to 22.6%. This reduces the benefits of the pool whilst increasing the downside risk. As a result, unless DLUCH change the Levy rate, pooling is not recommended for Hertfordshire for 2023/24. The net impact is a reduction in resources of £0.200m after building in additional growth.
- 4.15 The second impact of such large increases in the business rate base, in particular in relation to a single business, is the risk of appeals. The Government has made changes to the baseline and other elements of the business rate system to ensure that authorities are in the same place financially they would have been had the revaluation not taken place. Individual local authorities do, however, bear the risk of appeals against the new values. This process is managed by the VOA and the Council has no control over the outcome. A provision is set aside each year for the potential cost of appeals. The council will adjust its appeals provision in line with views of the national position in regard to the likelihood of successful appeals. However, were Warner Brothers to appeal successfully against its valuation, the potential figure is substantial. The Council is currently in dialogue with Government over this potential impact and has resources in the business rate reserve to manage the risk between forecast business rates and our baseline.

## **Unringfenced Government Grant**

- 4.16 New Homes Bonus (NHB) is a non-ring-fenced grant relating to the number of new homes delivered in a local authority area that may be used at the discretion of the Council for either capital expenditure or to support the revenue account (or combination). For 2023/24, based on the provisional settlement, the Council expects to receive £0.018m. The government has confirmed that this is a one-off allocation and does not attract legacy payments. The future distribution of NHB remains uncertain following a consultation on the future of NHB during 2021/22 and a restated commitment from DLUCH to review ahead of the 2024/25 settlement. A prudent estimate has been included in the MTFP for 2024/25 and 2025/26.
- 4.17 The Government introduced the Lower Tier Support Grant for District Councils in 2021/22 to ensure that no authority experienced a reduction in core spending power in the 2021/22



settlement. This grant was rolled forward in 2022/23 but has been withdrawn for 2023/24 and replaced with the 3% increase in core funding guarantee.

- 4.18 For 2022/23 the government announced a new one-off Services Grant for local authorities. This has been rolled into 2023/24 with **£0.081m** will be received by Three Rivers. This is lower than the allocation for 2022/23 (£0.138m) as it has been adjusted to remove the element relating to the increase in employers' national insurance which was introduced from 1 April 2022 and then reversed from 6 November 2022. This grant is not ring fenced and can be applied as general funding. It is assumed that this grant will be received across the MTFP.
- 4.19 For 2023/24 Revenue Support Grant (RSG) of **£0.074m** will be received by Three Rivers. This replaces the ringfenced Local Council Tax Support grant which has been rolled into RSG so although this is an increase in unringfenced funding it is neutral to the budget overall.
- 4.20 For 2023/24 the government announced a new Funding Guarantee grant so that no local authority would see an increase in core spending power that is lower than 3% before taking into account council tax level decisions. A grant of **£0.380m** will be received by Three Rivers in 2023/24. The grant is one-off and is therefore included for 2023/24 only.

#### **Council Tax for 2023/24**

- 4.21 The Council needs to set a budget that gives an acceptable level of council tax, and is balanced in the medium to long term using the resources at its disposal.
- 4.22 A council tax increase of 2.99% has been assumed for 2023/24. The Council expects to collect **£7.693m** of council tax income in 2023/24. A one percentage increase in the council tax rate generates approximately a £76,934 increase in Council Tax revenue.
- 4.23 The Localism Act 2011 introduced a power for local electorates to approve or veto excessive council tax rises. The Local Government Financial Settlement sets the limit above which any authority will be required to hold a council tax referendum. This has increased for 2023/24 and 2024/25 to 3% or more or more than £5 (whichever is the greater) from the previous limit of 2% or more or more than £5.
- 4.24 A council tax increase of 2.99% is therefore included in the draft budget for 2023/24 and the indicative budget for 2024/25. As the referenda limit for 2025/26 has not been confirmed, the indicative 2025/26 budget includes an increase of £5.00 (2.50%) on the prudent assumption that the referenda limit returns to the previous level.
- 4.25 The government assessment of core spending power assumes local authorities will increase Council Tax by the maximum amount available without triggering a referendum.

#### **Council Tax Base**

- 4.26 The Council Tax base for 2022/23 was set at the Council meeting on the 13 December 2022 and totalled 39,545.2 assuming a collection rate of 99%. This is a 0.73% to the 2022/23 tax base and is predominantly due to additional dwellings.
- 4.27 A further increase of 1.0% is assumed for tax base growth in 2024/25 and 2025/26 in the MTFP. Despite this being higher than growth in 2022/23 and 2023/24, this remains a prudent estimate and is lower than the assumptions for growth included in the MTFP prior to COVID-19 when annual growth of 1.5% was expected.
- 4.28 Where amounts of Council Tax collected exceed the estimates made, the surplus is shared between the relevant major precepting authorities (Hertfordshire County Council, Three Rivers District Council and Hertfordshire Police & Crime Commissioner). In the same way, where amounts collected are lower than the estimates made, the deficit is shared between the relevant precepting authorities and recovered in the following year. To reduce risk for the Parish Councils, surpluses or deficits are not paid or charged to them.

## Local Council Tax Reduction Scheme

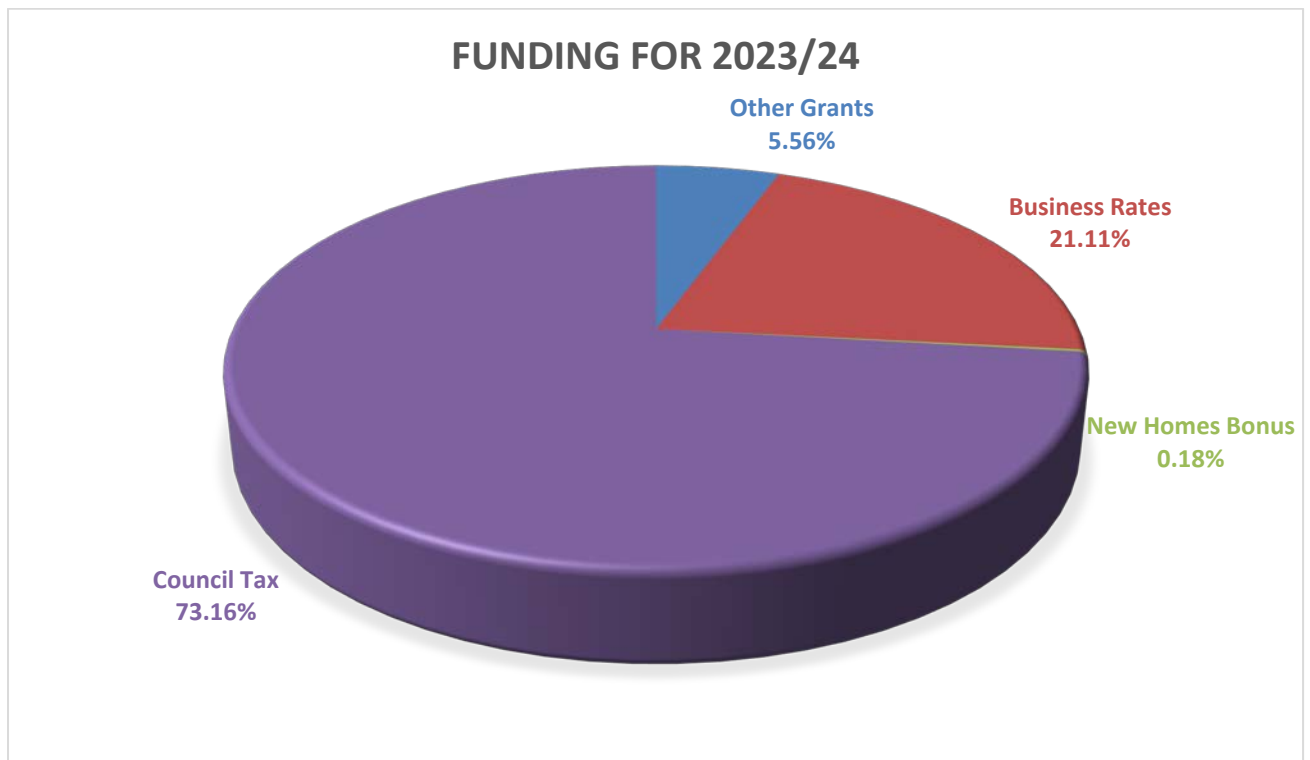
4.29 It is proposed that the existing Council Tax Reduction Scheme is continued for 2023/24.

## Collection Fund

4.30 There is a statutory requirement to account separately for Council Tax and Business Rates. The Collection Fund has been established to achieve this. The Fund records all transactions such as the yield, exemptions, discounts, provisions for bad debts, payments to major preceptors to Central Government and takes into account collection rates.

4.31 The Council Tax setting process requires an estimate of the surplus or deficit at 31 March 2022 on Council Tax and Business Rates. The balances are distributed to the Council as the Billing Authority, the major preceptors and Central Government. For 2023/24, a deficit of £0.207m in relation to Council Tax will be recovered from Three Rivers as a result of increases to the provision and slower than forecast tax base growth in 2022/23. This is offset by a surplus on the Business Rate Collection Fund of £0.252m, creating a net surplus on the collection fund of 0.044m.

4.32 The chart below show the value and proportion of each funding stream that supports the Council's revenue account for 2023/24.



## 5 Draft Revenue Estimates and General Fund Balance

5.1 Under Section 25 of the Local Government Act 2003, the Council's Chief Finance Officer (designated officer under section 151 of the Local Government Act 1972) must report to Council on the following matters:

- a. the robustness of the estimates made for the purposes of the calculations, and
- b. the adequacy of the proposed financial reserves

5.2 The Director of Finance, as the designated officer, confirms the estimates have been correctly calculated under the assumptions used and are robust. The council would have sufficient balances to fund the 2023/24 budget, including the future years of the MTFP.

- 5.3 There remains considerable uncertainty around the macro-economic climate and its impact on the Council's MTFP, especially in future years. Key uncertainty includes:
- The ongoing level of inflation and the impact of inflation on underlying budgets, including next year's local government pay award and the impact of inflation on our key contracts. Continued high inflation is also likely to increase demand for some key services and impact on council tax revenues;
  - The Council benefits significantly from business rate growth and business rate pooling. Whilst this will remain for 2024/25, the position from 2025/26 remains unclear.
  - The impact of national changes to waste collection and waste disposal, including the introduction of the 'producer pays' charges and associated additional funding source.
- 5.4 The Council will continue to manage the risks within its budget through active budget monitoring, taking steps in year to address any pressures, and through the use of the Economic Impact Reserve and ultimately General Balances.
- 5.5 Resources beyond 2023/24 remain uncertain. Whilst the Government's policy statement on local government finance gave some detail on 2024/25, it also committed to a review of lower tier funding in light of the additional resources coming to district councils through 'producer pays' funding in waste. Fair funding and the reset of the business rates base will not take place in 2024/25 with changes due to be introduced in the next Parliament.
- 6 Options/Reasons for Recommendation**
- 6.1 The recommendation below enables the Committee to make recommendations to the Council on 21 February 2023 concerning the Council's budget.
- 7 Policy/Budget Reference and Implications**
- 7.1 The recommendations in this report contribute to the process whereby the Council will approve and adopt its budget under Article 4 of the Council's Constitution.
- 8 Equal opportunities, Environmental, Community Safety, Customer Services Centre, Communications, Health & Safety & Website Implications**
- 8.1 See agenda item 10. Financial Planning Recommendations.
- 9 Financial Implications**
- 9.1 Financial implications are set out in the main body of the report.
- 10 Legal Implications**
- 10.1 The provisions of the Local Government Finance Act 1992 (LGFA 1992) set out what the Council has to base its budget calculations upon regarding council tax and requires the Council to set a balanced budget having regard to the advice of its Chief Finance Officer (section 151 Officer). The setting of the budget is a function reserved to Full Council in accordance with Part 2, Article 4.02 of the Council's Constitution and the Policy and Resources Committee must therefore forward its recommendations on the budget to Full Council.
- 10.2 Section 30(6) LGFA 1992 provides that the Council has got to set its budget calculations before 11 March in the financial year preceding the one in respect of which the budget is set although, it is not invalid merely because it is not set on or after 11 March. However, it is important that the Council sets its 2023/24 budget by 11 March 2023 as any delay in setting council tax may leave the Council vulnerable to legal proceedings requiring it to set the tax.

## 11 Staffing Implications

- 11.1 These depend on the budget set. Staff and their representatives have been kept informed of the strategic, service and financial planning process.

## 12 Risk Management Implications

- 12.1 The Council has agreed its risk management strategy. Financial and budgetary risks are shown at **Appendix 5**.
- 12.2 In the officers' opinion none of the risks detailed in Appendix 5, in isolation, were they to come about, would seriously prejudice the achievement of the Strategic Plan and are therefore operational risks that will be included and managed via the Corporate Services Service Plan. The effectiveness of treatment plans are reviewed by the Audit Committee.

## 13 Recommendation

- 13.1 Recommendations are contained in the body of the main report.

Report prepared by: Sally Riley – Finance Business Partner  
Hannah Doney - Head of Finance

Checked by: Alison Scott – Director of Finance

### **Background Papers**

Reports and Minutes of the Policy and Resources Committee and Council

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***The recommendations contained in this report DO NOT constitute a KEY DECISION but contribute to the process whereby the Council will approve and adopt its Strategic, Service and Financial Plans under Article 4 of the Council's Constitution***

### Appendices

- Appendix 1 Summary Medium Term Financial Plan 2023/24 to 2025/26
- Appendix 2 Service Committees Medium term Financial Plan 2023/24 to 2025/26
- Appendix 3 Service Efficiencies
- Appendix 4 Service Committees Variances at end of November 2023/24 to 2025/26
- Appendix 5 Financial and Budgetary Key Risks
- Appendix 6 Reserves
- Appendix 7 Proposed Garage Charges 2023/24

## MEDIUM TERM FINANCIAL PLAN 2022/23 to 2025/26

Funding	2022/23			2023/2024	2024/25	2025/26
	Original	Latest Budget	Forecast	Proposed	Proposed	Proposed
Council Tax Base (No.)	39,259.80	39,259.80	39,259.80	39,545.20	39,940.70	40,340.10
<b>Council Tax Base Increase (%)</b>	0.00	0.00	0.00	0.72	0.99	0.99
Band D Council Tax (£)	188.90	188.90	188.90	194.55	200.37	205.37
<b>Council Tax Increase - TRDC (%)</b>	0.00	0.00	0.00	2.99	2.99	2.50
Council Tax (£)	(7,416,176)	(7,416,176)	(7,416,176)	(7,693,519)	(8,002,918)	(8,284,646)
Parish Precepts (£)	(2,228,733)	(2,228,733)	(2,228,733)	(2,386,783)	(2,434,520)	(2,483,220)
<b>Total Taxation (£)</b>	<b>(9,644,909)</b>	<b>(9,644,909)</b>	<b>(9,644,909)</b>	<b>(10,080,302)</b>	<b>(10,437,438)</b>	<b>(10,767,866)</b>
Business Rates (£)	(2,801,641)	(2,801,641)	(2,801,641)	(2,679,928)	(2,818,907)	(2,468,907)
Collection Fund Surplus (£)	(12,648)	(12,648)	(12,648)	(44,341)	0	0
New Homes Bonus Grant (£)	(110,247)	(110,247)	(110,247)	(18,480)	(95,000)	(95,000)
Government Funding (£)	(228,772)	(228,772)	(228,772)	(534,445)	(154,495)	(154,495)
Dividend (£)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
<b>Total Grant Funding (£)</b>	<b>(3,203,308)</b>	<b>(3,203,308)</b>	<b>(3,203,308)</b>	<b>(3,327,194)</b>	<b>(3,118,402)</b>	<b>(2,768,402)</b>
<b>Total Taxation &amp; Grant Funding (£)</b>	<b>(12,848,217)</b>	<b>(12,848,217)</b>	<b>(12,848,217)</b>	<b>(13,407,496)</b>	<b>(13,555,840)</b>	<b>(13,536,269)</b>
Financial Statement - Summary	2022/23			2023/24	2024/25	2025/26
	Original	Latest Budget	Forecast	Proposed	Proposed	Proposed
	£	£	£	£	£	£
<b>Committee - Net Cost Of Services</b>						
Infrastructure, Housing & Economic Development	1,436,494	1,582,359	1,582,359	1,497,720	1,497,720	1,497,720
Leisure, Environment & Community	4,554,672	5,223,117	5,223,117	4,683,508	4,683,508	4,683,508
Policy & Resources	4,995,654	5,947,644	5,947,644	5,633,799	5,891,599	5,891,599
<b>Period 8 Variances</b>	<b>0</b>	<b>0</b>	<b>(273,674)</b>	<b>(465,344)</b>	<b>(673,030)</b>	<b>(737,287)</b>
<b>Growth Bids</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>65,000</b>	<b>81,000</b>	<b>81,000</b>
<b>Sub-Total</b>	<b>10,986,820</b>	<b>12,753,120</b>	<b>12,479,446</b>	<b>11,414,683</b>	<b>11,480,797</b>	<b>11,416,540</b>
<b>Other</b>						
Parish Precepts	2,228,733	2,228,733	2,228,733	2,386,783	2,434,520	2,483,220
Net Transfer from Reserves	(59,910)	(59,910)	(59,910)	(59,910)	(59,910)	(59,910)
Interest Payable & Borrowing costs	302,150	302,150	302,150	302,150	302,150	302,150
Interest Received	(270,000)	(270,000)	(270,000)	(470,000)	(460,000)	(460,000)
<b>Period 8 Variances</b>	<b>0</b>	<b>0</b>	<b>7,000</b>	<b>180,839</b>	<b>180,839</b>	<b>180,839</b>
<b>Sub-Total</b>	<b>2,200,973</b>	<b>2,200,973</b>	<b>2,207,973</b>	<b>2,339,862</b>	<b>2,397,599</b>	<b>2,446,299</b>
<b>Net Expenditure</b>	<b>13,187,793</b>	<b>14,954,093</b>	<b>14,687,419</b>	<b>13,754,545</b>	<b>13,878,396</b>	<b>13,862,839</b>
<b>Income from Council Tax, Government Grants &amp; Business Rates</b>	<b>(12,848,217)</b>	<b>(12,848,217)</b>	<b>(12,848,217)</b>	<b>(13,407,496)</b>	<b>(13,555,840)</b>	<b>(13,536,269)</b>
<b>(Surplus)/Deficit Before Use of Earmarked Reserves</b>	<b>339,575</b>	<b>2,105,875</b>	<b>1,839,201</b>	<b>347,049</b>	<b>322,556</b>	<b>326,571</b>
<b>Planned Use of Reserves:</b>						
Economic Impact Reserve	0	0	(462,519)	(182,840)	(147,587)	(147,587)
<b>(Surplus) / Deficit to be funded from General Balances</b>	<b>339,575</b>	<b>2,105,875</b>	<b>1,376,682</b>	<b>164,209</b>	<b>174,969</b>	<b>178,984</b>

Movement on General Fund Balance	2022/23			2023/24	2024/25	2025/26
	Original £	Latest Budget £	Forecast £	Proposed £	Proposed £	Proposed £
Balance Brought Forward at 1 April	(5,363,546)	(5,363,546)	(5,363,546)	(3,986,864)	(3,822,654)	(3,647,685)
Revenue Budget (Surplus)/Deficit for Year	339,575	2,105,875	1,376,682	164,209	174,969	178,984
<b>Closing Balance at 31 March</b>	<b>(5,023,971)</b>	<b>(3,257,671)</b>	<b>(3,986,864)</b>	<b>(3,822,654)</b>	<b>(3,647,685)</b>	<b>(3,468,701)</b>

Movement on Economic Impact	2022/23			2023/24	2024/25	2025/26
	Original £	Latest Budget £	Outturn £	Proposed £	Proposed £	Proposed £
Balance Brought Forward at 1 April	(2,333,846)	(2,333,846)	(2,333,846)	(1,871,327)	(1,688,487)	(1,540,900)
COVID-19 Impact for Year	0	0	462,519	182,840	147,587	147,587
<b>Closing Balance at 31 March</b>	<b>(2,333,846)</b>	<b>(2,333,846)</b>	<b>(1,871,327)</b>	<b>(1,688,487)</b>	<b>(1,540,900)</b>	<b>(1,393,313)</b>

Total Reserves Impact	2022/23			2023/24	2024/25	2025/26
	Original £	Latest Budget £	Outturn £	Proposed £	Proposed £	Proposed £
Balance Brought Forward at 1 April	(7,697,392)	(7,697,392)	(7,697,392)	(5,858,191)	(5,511,141)	(5,188,585)
Impact for Year	339,575	2,105,875	1,839,201	347,049	322,556	326,571
<b>Closing Balance at 31 March</b>	<b>(7,357,817)</b>	<b>(5,591,517)</b>	<b>(5,858,191)</b>	<b>(5,511,141)</b>	<b>(5,188,585)</b>	<b>(4,862,014)</b>

## SERVICE COMMITTEES - MEDIUM TERM FINANCIAL PLAN 2022/23 to 2025/26

Leisure, Environment & Community									
Community Safety & Partnership	Original Budget 2022/23	Latest Budget 2022/23	Spend to Date	Forecast Year End 2022/23	Variance @ P8	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Officer Comments
	£	£	£	£	£	£	£	£	
Citizens Advice Bureaux	303,340	303,340	193,005	303,340	0	303,340	303,340	303,340	Accommodation costs actioned at year end
Community Development	4,500	4,500	(67,426)	4,500	0	4,500	4,500	4,500	Actuals includes grants which are yet to be paid out
Community Safety	273,695	297,732	276,121	306,460	8,728	217,274	218,103	218,103	2022/23 Pay Award and Future years salary realignment. Full budget on Grants and Contributions no longer required, alternative sources of funding available through UKSPF.
Corporate Climate Change	93,600	157,279	(1,573,092)	160,141	2,862	98,085	98,902	98,902	2022/23 Pay Award and Future years salary realignment
Community Partnerships	198,215	202,744	135,622	210,441	7,697	209,387	211,303	211,303	2022/23 Pay Award and Future years salary realignment
Env Health - Commercial Team	209,790	209,790	94,247	209,790	0	209,790	209,790	209,790	Invoiced 1/2 yearly by Watford Borough Council
Licensing	(74,100)	(71,716)	(97,846)	(65,786)	5,930	(66,261)	(66,050)	(66,050)	2022/23 Pay Award and Future years salary realignment
Community & Leisure Grant	80,000	80,000	51,181	80,000	0	80,000	80,000	80,000	Grants to be paid out
<b>Total</b>	<b>1,089,040</b>	<b>1,183,669</b>	<b>(988,188)</b>	<b>1,208,886</b>	<b>25,217</b>	<b>1,056,115</b>	<b>1,059,888</b>	<b>1,059,888</b>	

Leisure	Original Budget 2022/23	Latest Budget 2022/23	Spend to Date	Forecast Year End 2022/23	Variance @ P8	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Officer Comments
	£	£	£	£	£	£	£	£	
Abbots Langley Project	0	0	130,298	0	0	0	0	0	Budget is fully funded by S106 monies
Community Sports Network Csn	0	0	(4,970)	0	0	0	0	0	Actuals includes grant funding
Community Arts	10,600	10,600	778	8,420	(2,180)	11,400	11,400	11,400	Increased income received for activities delivered.
Watersmeet	64,990	40,934	(168,461)	51,745	10,811	5,406	2,181	2,181	2022/23 Pay Award and Future years salary realignment. 10% increase in fees & charges for Lettings & Hall Hire

Leisure cont.	Original Budget 2022/23 £	Latest Budget 2022/23 £	Spend to Date £	Forecast Year End 2022/23 £	Variance @ P8 £	Forecast 2023/24 £	Forecast 2024/25 £	Forecast 2025/26 £	Officer Comments
Leavesden Ymca	(35,000)	(35,000)	(22,879)	(35,000)	0	(35,000)	(35,000)	(35,000)	Income is received quarterly.
Oxhey Hall	(3,000)	(3,000)	(2,250)	(3,000)	0	(3,000)	(3,000)	(3,000)	Income is received quarterly.
Trees And Landscapes	189,360	213,560	83,413	228,560	15,000	189,360	189,360	189,360	£5,000 budget transferred from Leisure Venues to fund high priority health and safety tree works across the district. Requesting an additional £10,000 towards emergency high priority tree works across the district. Overspend also part funded by S106 monies for Leavesden Country Park.
Museum	(700)	(700)	(700)	(700)	0	(700)	(700)	(700)	Budget met
Playing Fields & Open Spaces	80,225	133,225	148,087	133,225	0	97,731	97,731	97,731	7% increase in fees and charges for hiring of Football pitches
Play Rangers	50,915	52,111	41,569	56,004	3,893	56,495	56,416	56,416	2022/23 Pay Award and Future years salary realignment
Comm Parks & Sust Project	22,000	22,000	5,157	22,000	0	24,200	24,200	24,200	2022/23 Pay Award and Future years salary realignment
Aquadrome	16,390	16,390	28,578	16,390	0	16,550	16,550	16,550	Income will be received by year end
Leisure Venues	(737,480)	(163,961)	(1,288)	(168,961)	(5,000)	(479,640)	(514,893)	(514,893)	£5,000 from the Free Gym/Swimming budget to be transferred to Trees and Landscapes to fund high priority health and safety works across the district. Revised profile of management fee due from leisure provider - SLM
Leisure Development	482,960	490,610	333,158	518,117	27,507	519,504	519,600	519,600	2022/23 Pay Award and Future years salary realignment
Play Development - Play schemes	37,940	37,940	23,117	37,940	0	42,940	42,940	42,940	2022/23 Pay Award and Future years salary realignment
Sports Devel-Sports Projects	43,200	38,940	29,246	38,940	0	45,550	45,550	45,550	2022/23 Pay Award and Future years salary realignment
Leisure & Community Services	130,120	133,283	83,100	137,151	3,868	121,355	121,277	121,277	2022/23 Pay Award and Future years salary realignment
Grounds Maintenance	767,495	782,446	443,521	833,144	50,698	735,553	737,518	737,518	2022/23 Pay Award and Future years salary realignment
<b>Total</b>	<b>1,120,015</b>	<b>1,769,378</b>	<b>1,149,474</b>	<b>1,873,975</b>	<b>104,597</b>	<b>1,347,704</b>	<b>1,311,130</b>	<b>1,311,130</b>	



Environmental Services	Original Budget 2022/23 £	Latest Budget 2022/23 £	Spend to Date £	Forecast Year End 2022/23 £	Variance @ P8 £	Forecast 2023/24 £	Forecast 2024/25 £	Forecast 2025/26 £	Officer Comments
Refuse Domestic	(19,695)	(19,695)	(9,846)	(19,695)	0	(23,370)	(23,370)	(23,370)	10% increase in fees & Charges for Special Commercial fees
Refuse Trade	(218,075)	(113,406)	(429,589)	(103,496)	9,910	(37,465)	(37,465)	(37,465)	2022/23 Pay Award and Future years salary realignment. 2022/23 increased income from Trade Refuse £7,000 and Bulky Domestic Waste £8,500. Future years 10% increase in fees and charges for Trade Refuse, Bulky Waste and Glass/Paper/Card.
Recycling General	750	750	(3,407)	750	0	750	750	750	Budget will be spent
Garden Waste	(416,960)	(425,615)	(818,789)	(433,115)	(7,500)	(595,543)	(595,543)	(595,543)	2022/23 Pay Award and Future years salary realignment. 2022/23 Increased income received of £7,500 for new Garden Waste sign-ups. Future Years Increase in fees and charges of £10 per bin for first bins and £20 per bin for subsequent bins
Clinical Waste	(44,585)	(19,992)	(70,831)	(17,451)	2,541	(31,678)	(31,678)	(31,678)	2022/23 Pay Award and Future years salary realignment. 10% increase in fees & Charges for Clinical Waste Collection
Recycling Kerbside	(90,790)	(507,378)	(328,678)	(547,378)	(40,000)	(318,613)	(318,613)	(318,613)	2022/23 £40,000 Increased income from Pearce Recycling from the sale of recycling. Future Years AFM income from Herts County Council will no longer be received.
Abandoned Vehicles	250	250	0	250	0	250	250	250	Demand led service
Pest Control	76,922	78,800	39,207	78,800	0	80,755	12,755	12,755	Full budget no longer required from 2024/25 due to the Pest Control Service no longer being provided by Watford Borough Council
Environmental Maintenance	25,980	25,980	12,362	25,980	0	25,970	25,970	25,970	Budget no longer required
Animal Control	58,850	60,004	43,932	62,582	2,578	62,305	62,253	62,253	2022/23 Pay Award and Future years salary realignment
Cemeteries	(188,330)	(188,330)	(118,586)	(188,330)	0	(208,623)	(208,623)	(208,623)	10% increase in fees & Charges for Burial Fees, Burial Rights Fees and Memorial Fees
Hertfordshire Fly Tipping	0	0	(10,861)	0	0	0	0	0	Ring-fenced grant monies

<b>Environmental Services cont.</b>	<b>Original Budget 2022/23</b> £	<b>Latest Budget 2022/23</b> £	<b>Spend to Date</b> £	<b>Forecast Year End 2022/23</b> £	<b>Variance @ P8</b> £	<b>Forecast 2023/24</b> £	<b>Forecast 2024/25</b> £	<b>Forecast 2025/26</b> £	<b>Officer Comments</b>
Environmental Protection	358,985	368,107	226,080	392,794	24,687	389,553	389,685	389,685	2022/23 Pay Award and Future years salary realignment
Depot-Batchworth	34,940	37,940	45,300	37,940	0	35,380	35,380	35,380	income will be received by year end
Waste Management	2,222,160	2,412,063	1,632,468	2,551,856	139,793	2,360,909	2,261,172	2,261,172	2023/24 Pay Award and future years salary realignment. A target saving of £100,000 from 2024/25 onwards is proposed in relation to potential economies in the purchase of fuel.
Street Cleansing	545,215	560,592	385,856	599,924	39,332	632,375	633,545	633,545	2022/23 Pay Award and Future years salary realignment
Environmental Protection	358,985	368,107	226,080	392,794	24,687	389,553	389,685	389,685	2022/23 Pay Award and Future years salary realignment
Depot-Batchworth	34,940	37,940	45,300	37,940	0	35,380	35,380	35,380	income will be received by year end
<b>Total</b>	<b>2,345,617</b>	<b>2,270,070</b>	<b>594,618</b>	<b>2,441,411</b>	<b>171,341</b>	<b>2,372,955</b>	<b>2,206,468</b>	<b>2,206,468</b>	
<b>Total Leisure Environment &amp; Community</b>	<b>4,554,672</b>	<b>5,223,117</b>	<b>755,904</b>	<b>5,524,272</b>	<b>301,155</b>	<b>4,776,774</b>	<b>4,577,486</b>	<b>4,577,486</b>	

Infrastructure Housing & Economic Development									
Housing	Original Budget 2022/23 £	Latest Budget 2022/23 £	Spend to Date £	Forecast Year End 2022/23 £	Variance @ P8 £	Forecast 2023/24 £	Forecast 2024/25 £	Forecast 2025/26 £	Officer Comments
Housing Services Needs	494,350	433,490	356,685	456,692	23,202	501,198	512,455	512,455	2022/23 Pay Award and Future years salary realignment
Rent Deposit Guarantee Scheme	5,110	5,110	1,500	5,110	0	5,110	5,110	5,110	Demand led service
Homelessness General Fund	(131,770)	(172,770)	(882,178)	(222,770)	(50,000)	(176,770)	(176,770)	(176,770)	Full Hire of Accommodation budget not required this year due to use of grant funding of £50,000. Full budget no longer required from 2023/24 onwards due to reduced usage of nightly lets and efficient use of our own temporary accommodation. Full budget no longer required from 2023/24 onwards due to reduced usage of nightly lets and efficient use of our own temporary accommodation
Housing Associations	(5,000)	(5,000)	(2,500)	(5,000)	0	(5,000)	(5,000)	(5,000)	Income will be received by year end
Refugees	0	0	(95,878)	0	0	0	0	0	Ring-fenced grant monies
Env Health - Residential Team	116,255	108,196	24,288	113,352	5,156	70,097	71,314	71,314	Budget transferred to executive Head of Service following restructure
<b>Total</b>	<b>478,945</b>	<b>369,026</b>	<b>(598,083)</b>	<b>347,384</b>	<b>(21,642)</b>	<b>394,635</b>	<b>407,109</b>	<b>407,109</b>	

Infrastructure & Planning Policy	Original Budget 2022/23 £	Latest Budget 2022/23 £	Spend to Date £	Forecast Year End 2022/23 £	Variance @ P8 £	Forecast 2023/24 £	Forecast 2024/25 £	Forecast 2025/26 £	Officer Comments
Land & Property Info Section	(1,950)	859	9,521	7,247	6,388	6,987	(129)	(7,660)	2022/23 Pay Award and Future years salary realignment. Full staffing budget no longer required from 2024/25. Budgets for Travelling Expenses and Essential & Casual User Mileage not required this year
Street Naming & Numbering	7,130	7,130	2,362	7,130	0	7,130	7,130	7,130	Budget will be spent
Development Management	133,707	160,598	(435,672)	(23,612)	(184,210)	263,664	273,005	273,005	2022/23 Pay Award and Future years salary realignment. Full budget for Essential & Casual Users mileage and Scanning not required this year. Increased income received, Pre-application advice £20,000, Planning application fees £153,580 and CIL 5% admin £46,700
Director Community & Env Servs	130,550	133,943	87,226	136,485	2,542	130,211	130,118	130,118	2022/23 Pay Award and Future years salary realignment
Development Plans	302,255	376,377	120,036	388,173	11,796	298,293	299,821	299,821	2022/23 Pay Award and Future years salary realignment
Hertfordshire Building Control	(9,487)	(8,096)	(28,993)	(3,945)	4,151	(4,323)	(4,323)	(4,323)	2022/23 Pay Award and Future years salary realignment
HS2 Planning	0	0	(591)	0	0	0	0	0	
<b>Total</b>	<b>562,205</b>	<b>670,811</b>	<b>(246,111)</b>	<b>511,478</b>	<b>(159,333)</b>	<b>701,962</b>	<b>705,622</b>	<b>698,091</b>	

<b>Economic Development</b>	<b>Original Budget 2022/23</b>	<b>Latest Budget 2022/23</b>	<b>Spend to Date</b>	<b>Forecast Year End 2022/23</b>	<b>Variance @ P8</b>	<b>Forecast 2023/24</b>	<b>Forecast 2024/25</b>	<b>Forecast 2025/26</b>	<b>Officer Comments</b>
	£	£	£	£	£	£	£	£	
Energy Efficiency	19,500	27,462	0	27,462	0	19,500	19,500	19,500	Budget will be spent
Sustainability Projects	3,000	3,000	152	3,000	0	3,000	3,000	3,000	Budget will be spent
Decriminalised Parking Enf	73,640	191,388	21,742	196,544	5,156	92,369	92,369	92,369	2022/23 Pay Award and Future years salary realignment
Car Parking-Maintenance	115,070	115,070	107,029	115,070	0	96,690	96,690	96,690	Budget will be spent
Dial A Ride	40,000	40,000	6,220	40,000	0	40,000	40,000	40,000	Budget will be spent
Sustainable Travel Schemes	1,500	22,500	11,485	22,500	0	1,500	1,500	1,500	Budget will be spent
Better Buses Fund	93,359	93,359	0	93,359	0	93,359	93,359	93,359	In consultation with HCC re future routes
Public Conveniences	4,200	3,600	3,000	3,600	0	3,600	3,600	3,600	Budget will be spent
GIS Officer	45,075	46,143	30,509	48,720	2,577	50,161	51,053	51,053	2022/23 Pay Award and Future years salary realignment
<b>Total</b>	<b>395,344</b>	<b>542,522</b>	<b>180,137</b>	<b>550,255</b>	<b>7,733</b>	<b>400,179</b>	<b>401,071</b>	<b>401,071</b>	

<b>Total Infrastructure Housing &amp; Economic Development</b>	<b>1,436,494</b>	<b>1,582,359</b>	<b>(664,057)</b>	<b>1,409,117</b>	<b>(173,242)</b>	<b>1,496,776</b>	<b>1,513,802</b>	<b>1,506,271</b>	
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Policy & Resources									
Resources & Shared Services	Original Budget 2022/23	Latest Budget 2022/23	Spend to Date	Forecast Year End 2022/23	Variance @ P8	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Officer Comments
	£	£	£	£	£	£	£	£	
Director Of Finance	70,610	73,937	50,254	76,478	2,541	66,703	70,896	70,896	2022/23 Pay Award and Future years salary realignment
Communication	115,670	131,780	159,933	147,458	15,678	312,645	315,294	315,294	2022/23 Pay Award and Future years salary realignment. Data Protection Budget moved to major Incident Planning due to restructure of service
Legal Practice	395,725	406,209	325,675	421,046	14,837	407,881	408,277	408,277	2022/23 Pay Award and Future years salary realignment. Increase in Legal Income budget due to increasing the cost of officer time from £200 to £250 per hour including for S106 agreements.
Committee Administration	202,475	207,111	35,528	215,704	8,593	194,741	195,423	195,423	2022/23 Pay Award and Future years salary realignment
Office Services	232,810	213,560	87,921	213,560	0	214,810	214,810	214,810	Full printing budget no longer required as all printing will be recharged to the services
Elections & Electoral Regn	129,420	132,487	266,494	140,184	7,697	146,326	146,458	146,458	2022/23 Pay Award and Future years salary realignment
Finance Services	457,875	498,152	342,856	541,112	42,960	487,002	472,919	472,919	2022/23 Pay Award and Future years salary realignment. Full Shared Service Income budget no longer required due to reduction in staffing budgets
Parliamentary Elections	0	0	18,476	18,746	18,746	0	0	0	Loss on 2019 Parliamentary Election. Final claim now received
Police Commissioner Election	0	0	13,347	0	0	0	0	0	May 2021 Election claim currently with Cabinet Office
Revs & Bens Management	36,250	38,769	37,268	41,347	2,578	39,453	39,453	39,453	2022/23 Pay Award and Future years salary realignment, offset by increased Shared Service income due to pay award and salary realignment
Fraud	80,150	78,067	65,041	85,801	7,734	81,149	81,149	81,149	2022/23 Pay Award and Future years salary realignment. Full budget on Legal Fees no longer required. Reduction in shared service income due to Legal Fees, pay award and salary realignment
Chief Executive	176,060	180,568	143,115	184,140	3,572	204,612	204,612	204,612	2022/23 Pay Award and Future years salary realignment

Resources & Shared Services cont.	Original Budget 2022/23 £	Latest Budget 2022/23 £	Spend to Date £	Forecast Year End 2022/23 £	Variance @ P8 £	Forecast 2023/24 £	Forecast 2024/25 £	Forecast 2025/26 £	Officer Comments
Performance Mgt & Scrutiny	47,520	48,654	32,293	51,232	2,578	50,903	50,903	50,903	2022/23 Pay Award and Future years salary realignment
Debt Recovery	227,075	238,715	185,291	266,300	27,585	233,506	234,421	234,421	2022/23 Pay Award and Future years salary realignment, offset by a reduction in Shared Service income due to pay award and salary realignment
Executive Head of Service	0	95,646	59,479	98,187	2,541	100,609	104,358	104,358	2022/23 Pay Award and Future years salary realignment
Three Rivers House	366,000	412,512	230,336	412,512	0	359,260	359,260	359,260	Budget will be spent
Basing House	(10,340)	(2,340)	16,926	(2,340)	0	(10,140)	(10,140)	(10,140)	Income will be received by year end
Officers' Standby	6,140	6,140	6,140	6,140	0	6,140	6,140	6,140	Budget fully spent
Finance Client	115,780	131,058	(1,867)	134,926	3,868	21,108	22,465	22,465	2022/23 Pay Award and Future years salary realignment
Business App Maintenance	226,400	226,400	211,318	226,400	0	257,875	257,875	257,875	Increased budget required of £19,545 for new 5 year IDOX contract from 2023/24 onwards, which will increase by RPI in subsequent years and for inflationary rise of GIS Contract of £11,930 from 2023/24 onwards
ICT Client	755,542	791,066	450,349	793,644	2,578	721,551	721,551	721,551	2022/23 Pay Award and Future years salary realignment. £39,210 efficiency saving from 2023/24 onwards arising from ICT structure revision
Internal Audit Client	71,460	55,968	36,093	55,968	0	55,968	55,968	55,968	Budget will be spent
Fraud Client	2,690	2,690	1,345	2,690	0	2,690	2,690	2,690	Budget will be spent
Insurances	353,220	373,220	372,555	373,220	0	373,220	373,220	373,220	Increase in sum insured and inflationary increases
Debt Recovery Client Acc	(6,140)	(6,140)	(1,125)	(6,140)	0	(6,140)	(6,140)	(6,140)	Budget will be spent
HR Client	333,736	333,736	169,334	333,736	0	334,113	334,113	334,113	Budget will be spent
Corporate Management	150,680	213,416	40,537	213,416	0	150,680	150,680	150,680	Budget will be spent
Democratic Representation	303,758	310,288	208,481	309,838	(450)	307,838	307,838	307,838	Full budgets for Subsistence £200 and Miscellaneous IT £250 for Members no longer required
Benefits & Allowances	666,800	694,848	687,470	769,712	74,864	748,587	751,260	751,260	2022/23 Pay Award and Future years salary realignment offset by increase in Shared Service income.

Resources & Shared Services cont.	Original Budget 2022/23 £	Latest Budget 2022/23 £	Spend to Date £	Forecast Year End 2022/23 £	Variance @ P8 £	Forecast 2023/24 £	Forecast 2024/25 £	Forecast 2025/26 £	Officer Comments
Benefits Client	(545,210)	(545,210)	4,427,518	(545,210)	0	(470,660)	(470,660)	(470,660)	This holds the housing benefits payments and recovery from DWP and further grants from DWP relating to the provision of benefits. There is timing difference between payments made to claimants and income received from Government. The variance relates to the removal of specific grant funding which is now being rolled into Revenue Support Grant
Benefits New Burden	0	0	(38,849)	0	0	0	0	0	Grant monies received
Benefits DHP	0	0	7,557	0	0	0	0	0	Actioned at year end
Benefits Non Hra	1,020	1,020	(391,277)	1,020	0	1,020	1,020	1,020	Actioned at year end
Council Tax Collection	381,209	396,785	333,316	432,387	35,602	387,937	388,667	388,667	2022/23 Pay Award and Future years salary realignment, offset by a reduction in Shared Service income due to pay award and salary realignment
NNDR	55,090	57,110	117,680	62,272	5,162	58,898	58,898	58,898	2022/23 Pay Award and Future years salary realignment offset by an increase in shared service income due to pay award and salary realignment
Council Tax Client	(126,879)	(126,879)	0	(126,879)	0	(126,879)	(126,879)	(126,879)	Budget will be spent
Nndr Cost Of Collection	(107,090)	(107,090)	0	(107,090)	0	(107,090)	(107,090)	(107,090)	This is received at year end
Register Of Electors	36,800	36,800	7,777	36,800	0	36,800	36,800	36,800	Budget will be spent
District Elections	76,320	76,320	121,796	126,320	50,000	76,320	76,320	76,320	Increased costs due to no ability to share costs with County, Police & Crime Commissioner or parish elections
Customer Service Centre	917,340	900,103	460,754	957,902	57,799	876,087	886,076	886,076	2022/23 Pay Award and Future years salary realignment
Major Incident Planning	100,230	101,944	46,920	104,485	2,541	106,833	106,964	106,964	2022/23 Pay Award and Future years salary realignment. Data Protection Budget moved from Communication due to restructure of service
Miscellaneous Income & Expend	25,003	25,003	(4,195,311)	18,003	(7,000)	(55,000)	(55,000)	(55,000)	£7,000 budget for Minimum Revenue Position moved to Interest Paid. Future years budgets no longer required for Miscellaneous Expenses £23,003 and Future Trading Activities £50,000.



Resources & Shared Services cont.	Original Budget 2022/23 £	Latest Budget 2022/23 £	Spend to Date £	Forecast Year End 2022/23 £	Variance @ P8 £	Forecast 2023/24 £	Forecast 2024/25 £	Forecast 2025/26 £	Officer Comments
Non Distributed Costs	255,000	255,000	3,176	255,000	0	255,000	255,000	255,000	Actioned at year end
Customer Contact Programme	6,000	110,288	35,653	110,288	0	6,000	6,000	6,000	Budget will be spent
Customer Experience	0	81,690	52,239	84,231	2,541	87,324	91,213	91,213	2022/23 Pay Award and Future years salary realignment
Miscellaneous Properties	(102,180)	(54,341)	(45,174)	(54,138)	203	(77,433)	(77,433)	(77,433)	2022/23 Pay Award and Future years salary realignment
Asset Management - Property Services	378,545	437,227	478,811	460,318	23,091	411,755	412,139	412,139	2022/23 Pay Award and Future years salary realignment
Parish Elections	0	0	(7,046)	0	0	0	0	0	Ringfenced for future elections
County Elections	0	0	(13,896)	0	0	0	0	0	Ringfenced for future elections
Referendums	0	0	(28,249)	0	0	0	0	0	Ringfenced for future elections
Garages & Shops Maintenance	(1,142,960)	(1,170,158)	(738,630)	(1,170,158)	0	(1,169,030)	(1,169,030)	(1,169,030)	Income for Garages will be looked at in January 2023
Investment Properties	(1,100,000)	(1,100,000)	(628,701)	(1,100,000)	0	(1,090,089)	(1,150,499)	(1,482,225)	Transfer of £187k to interest earned budget and impact of income being received from investment in Wimbledon
Kickstart	0	0	(333)	0	0	0	0	0	
Oxhey Drive	10,050	10,050	0	10,050	0	10,250	10,250	10,250	Budget will be spent
Vacancy Provision	(180,000)	(180,000)	0	(180,000)	0	(180,000)	(180,000)	(180,000)	
Salary Contingency	550,000	855,465	0	45,439	(810,026)	175,000	450,000	725,000	2022/23 Pay Award and Future years salary realignment. 1% reduction in Pension Costs and 2% salary increase contingency for 2025/26
<b>Total Policy &amp; Resources</b>	<b>4,995,654</b>	<b>5,947,644</b>	<b>4,256,594</b>	<b>5,546,057</b>	<b>(401,587)</b>	<b>5,076,133</b>	<b>5,308,509</b>	<b>5,251,783</b>	
<b>Total All Committees</b>	<b>10,986,820</b>	<b>12,753,120</b>	<b>4,348,441</b>	<b>12,479,446</b>	<b>(273,674)</b>	<b>11,349,683</b>	<b>11,399,797</b>	<b>11,335,540</b>	

Corporate Costs	Original Budget 2022/23 £	Latest Budget 2022/23 £	Spend to Date £	Forecast Year End 2022/23 £	Variance @ P8 £	Forecast 2023/24 £	Forecast 2024/25 £	Forecast 2025/26 £	Officer Comments
Interest Earned	(270,000)	(270,000)	(218,390)	(270,000)	0	(670,000)	(660,000)	(660,000)	Increased Income generated from Treasury Management activities and transfer of £197k from Investment Properties
Interest Paid	302,150	302,150	96,400	309,150	7,000	682,989	682,989	682,989	Minimum Revenue Provision (MRP) requirement for Capital Program, £7,000 moved from Miscellaneous Income and Expenditure and £373,839 budget required for future years
Transfer to Reserves	(59,910)	(59,910)	999,000	(59,910)	0	(59,910)	(59,910)	(59,910)	
Parish Precepts	2,228,733	2,228,733	2,228,733	2,228,733	0	2,273,307	2,318,780	2,365,160	Paid half yearly in April & September
<b>Total Corporate Costs</b>	<b>2,200,973</b>	<b>2,200,973</b>	<b>3,105,743</b>	<b>2,207,973</b>	<b>7,000</b>	<b>2,226,386</b>	<b>2,281,859</b>	<b>2,328,239</b>	

<b>Grand Total</b>	<b>13,187,793</b>	<b>14,954,093</b>	<b>7,454,184</b>	<b>14,687,419</b>	<b>(266,674)</b>	<b>13,576,069</b>	<b>13,681,656</b>	<b>13,663,779</b>	
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<b>Growth Bids</b>	<b>Forecast 2023/24</b>	<b>Forecast 2024/25</b>	<b>Forecast 2025/26</b>
Trees & Landscapes - Alternative Grassland Management	30,000	30,000	30,000
Trees & Landscapes - Ash Die Back	25,000	25,000	25,000
Communications	10,000	10,000	10,000
Revenue impact of Capital Growth Bids	0	16,000	16,000
<b>Total</b>	<b>65,000</b>	<b>81,000</b>	<b>81,000</b>

<b>Net Budget</b>	<b>13,641,069</b>	<b>13,762,656</b>	<b>13,744,779</b>
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<b>Funding Changes</b>	<b>Forecast 2023/24</b>	<b>Forecast 2024/25</b>	<b>Forecast 2025/26</b>	<b>Officers Comments</b>
New Homes Bonus	(18,480)	(95,000)	(95,000)	Decrease in allocation
Council Tax	(9,966,712)	(10,321,462)	(10,649,568)	Increase in Charge by 2.99% in 2023/24
Collection Fund Surplus	(44,341)	0	0	Net surplus on Council Tax and Business Rate Collection Fund
Business Rates Growth	(461,021)	(600,000)	(250,000)	Increase in allocation
Business Rates	(2,218,907)	(2,218,907)	(2,218,907)	
Revenue Support Grant	(73,817)	(73,817)	(73,817)	Additional Government Grant
New - Funding Guarantee	(383,139)	0	0	Additional Government Grant
Services Grant	(77,488)	(77,488)	(77,488)	Additional Government Grant
Dividend	(50,000)	(50,000)	(50,000)	
Lower Tier Grant	0	0	0	Decrease in Allocation
<b>Total Funding</b>	<b>(13,293,905)</b>	<b>(13,436,674)</b>	<b>(13,414,780)</b>	

<b>Surplus / Deficit</b>	<b>347,164</b>	<b>325,982</b>	<b>330,000</b>
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## Service Efficiencies

Service area	Description	2023/24 £	2024/25 £	2025/26 £	Total £
Environmental Protection	Full budget no longer required from 2024/25 due to changes to the delivery of the Pest Control Service currently provided by Watford Borough Council.	0	(68,000)	(68,000)	<b>(136,000)</b>
Environmental Protection	The Council is working with other authorities to explore a Hertfordshire wide consortium which will benefit from reduced rates per litre of diesel. This is a target saving and will be reviewed during 2023/24.	0	(100,000)	(100,000)	<b>(200,000)</b>
Legal	Uplift of section 106 agreements fees for legal work from £200 to £250 per hour in line with Local Government guidelines due to increasing cost of officer time.	(11,250)	(11,250)	(11,250)	<b>(33,750)</b>
Committee Services	Subsistence budget saving of £200 a year due to with Members not needing to attend so many face to face meetings and more meetings being held virtually.	(200)	(200)	(200)	<b>(800)</b>
Committee Services	Reduction in budget for miscellaneous IT equipment for Members	(250)	(250)	(250)	<b>(1,000)</b>
Planning, Infrastructure and Economic Development	Reduction in use of temporary resource within the Land and Property team	0	(7,532)	(15,063)	<b>(22,595)</b>
Community Partnerships	Full budget on Grants and Contributions no longer required, alternative sources of funding available through UKSPF.	(71,000)	(71,000)	(71,000)	<b>(213,000)</b>
Housing	Reduced usage of nightly lets and efficient use of our own temporary accommodation reduces expenditure.	(45,000)	(45,000)	(45,000)	<b>(135,000)</b>
Property Services	All printing will be recharged to relevant services helping to reduce printing and drive digital first.	(18,000)	(18,000)	(18,000)	<b>(54,000)</b>
		<b>(145,700)</b>	<b>(321,232)</b>	<b>(328,763)</b>	<b>(796,145)</b>

## SERVICE COMMITTEES – VARIANCES

Leisure, Environment & Community						
Description	Main Group Heading	Details of Year end Variances to Latest Approved Budget	2022/23 £	2023/24 £	2024/25 £	2025/26 £
<b>Community Safety &amp; Partnerships</b>						
Community Safety	Employees	2022/23 Pay Award and Future years salary realignment	8,728	6,027	6,856	6,856
	Supplies and Services	Full budget on Grants and Contributions no longer required, alternative sources of funding available through UKSPF.	0	(71,000)	(71,000)	(71,000)
Corporate Climate Change	Employees	2022/23 Pay Award and Future years salary realignment	2,862	2,535	3,352	3,352
Community Partnerships	Employees	2022/23 Pay Award and Future years salary realignment	7,697	23	1,939	1,939
Licensing	Employees	2022/23 Pay Award and Future years salary realignment	5,930	5,255	5,466	5,466
<b>Total Community Safety &amp; Partnerships</b>			<b>25,217</b>	<b>(57,160)</b>	<b>(53,387)</b>	<b>(53,387)</b>
<b>Leisure</b>						
Watersmeet	Employees	2022/23 Pay Award and Future years salary realignment	10,811	(34,491)	(37,716)	(37,716)
	Income	10% increase in fees & charges for Lettings & Hall Hire	0	(12,101)	(12,101)	(12,101)
Community Arts	Employees	2022/23 Pay Award and Future years salary realignment	0	800	800	800
	Income	Increased income received for activities delivered.	(2,180)	0	0	0
Trees & Landscapes	Premises	£5,000 budget transferred from Leisure Venues to fund high priority health and safety tree works across the district. Requesting an additional £10,000 towards emergency high priority tree works across the district. Overspend also part funded by S106 monies for Leavesden Country Park.	15,000	0	0	0
Playing Fields & Open Spaces	Income	7% increase in fees and charges for hiring of Football pitches	0	(2,604)	(2,604)	(2,604)
Play Rangers	Employees	2022/23 Pay Award and Future years salary realignment	3,893	4,384	4,305	4,305
Comm Parks & Sust Projects	Employees	2022/23 Pay Award and Future years salary realignment	0	2,200	2,200	2,200
Leisure Venues	Supplies and Services	£5,000 from the Free Gym/Swimming budget to be transferred to Trees and Landscapes to fund high priority health and safety works across the district	(5,000)	0	0	0
	Income	Revised profile of management fee due from leisure provider - SLM	0	182,840	147,587	147,587
Leisure Development	Employees	2022/23 Pay Award and Future years salary realignment	27,507	28,804	28,900	28,900
Play Development - Playschemes	Employees	2022/23 Pay Award and Future years salary realignment	0	5,000	5,000	5,000

Description	Main Group Heading	Details of Year end Variances to Latest Approved Budget	2022/23 £	2023/24 £	2024/25 £	2025/26 £
Sports Devel-Sports Projects	Employees	2022/23 Pay Award and Future years salary realignment	0	2,350	2,350	2,350
Leisure & Community Services	Employees	2022/23 Pay Award and Future years salary realignment	3,868	(11,628)	(11,706)	(11,706)
Grounds Maintenance	Employees	2022/23 Pay Award and Future years salary realignment	50,698	(48,633)	(46,668)	(46,668)
<b>Total Leisure</b>			<b>104,597</b>	<b>116,921</b>	<b>80,347</b>	<b>80,347</b>
<b>Environmental Services</b>						
Refuse Domestic	Income	10% increase in fees & Charges for Special Commercial fees	0	(3,675)	(3,675)	(3,675)
Refuse Trade	Employees	2022/23 Pay Award and Future years salary realignment	25,410	151,091	151,091	151,091
	Income	2022/23 increased income from Trade Refuse £7,000 and Bulky Domestic Waste £8,500. Future years 10% increase in fees and charges for Trade Refuse, Bulky Waste and Glass/Paper/Card	(15,500)	(75,150)	(75,150)	(75,150)
Garden Waste	Employees	2022/23 Pay Award and Future years salary realignment	0	58,112	58,112	58,112
	Income	2022/23 Increased income received of £7,500 for new Garden Waste sign-ups. Future Years Increase in fees and charges of £10 per bin for first bins and £20 per bin for subsequent bins	(7,500)	(240,000)	(240,000)	(240,000)
Clinical Waste	Employees	2022/23 Pay Award and Future years salary realignment	2,541	(1,336)	(1,336)	(1,336)
	Income	10% increase in fees & Charges for Clinical Waste Collection	0	(10,350)	(10,350)	(10,350)
Environmental Maintenance	Employees	Budget no longer required	0	(10)	(10)	(10)
Kerbside Recycling	Income	2022/23 £40,000 Increased income from Pearce Recycling from the sale of recycling. Future Years AFM income from Herts County Council will no longer be received.	(40,000)	107,720	107,720	107,720
Pest Control	Third Party Payments	Full budget no longer required from 2024/25 due to the Pest Control Service no longer being provided by Watford Borough Council	0	0	(68,000)	(68,000)
Animal Control	Employees	2022/23 Pay Award and Future years salary realignment	2,578	2,301	2,249	2,249
Cemeteries	Income	10% increase in fees & Charges for Burial Fees, Burial Rights Fees and Memorial Fees	0	(20,193)	(20,193)	(20,193)
Environmental Protection	Employees	2022/23 Pay Award and Future years salary realignment	24,687	21,326	21,458	21,458

Description	Main Group Heading	Details of Year end Variances to Latest Approved Budget	2022/23 £	2023/24 £	2024/25 £	2025/26 £
Waste Management	Employees	2022/23 Pay Award and Future years salary realignment	139,793	(26,164)	(25,901)	(25,901)
	Transport	The Council is working with other authorities to explore a Hertfordshire wide consortium which will benefit from reduced rates per litre of diesel. This is a target saving and will be reviewed during 2023/24.	0	0	(100,000)	(100,000)
Street Cleansing	Employees	2022/23 Pay Award and Future years salary realignment	39,332	69,833	71,003	71,003
<b>Total Environmental Services</b>			<b>171,341</b>	<b>33,505</b>	<b>(132,982)</b>	<b>(132,982)</b>
<b>Total Leisure, Environment and Community</b>			<b>301,155</b>	<b>93,266</b>	<b>(106,022)</b>	<b>(106,022)</b>

Infrastructure Housing & Economic Development			2022/23	2023/24	2024/25	2025/26
Description	Main Group Heading	Details of Year end Variances to Latest Approved Budget	£	£	£	£
<b>Housing</b>						
Housing Services Needs	Employees	2022/23 Pay Award and Future years salary realignment	23,202	(11,905)	(648)	(648)
Homelessness General Fund	Premises	Full Hire of Accommodation budget not required this year due to use of grant funding of £50,000. Full budget no longer required from 2023/24 onwards due to reduced usage of nightly lets and efficient use of our own temporary accommodation	(50,000)	(70,000)	(70,000)	(70,000)
	Income	Full budget no longer required from 2023/24 onwards due to reduced usage of nightly lets and efficient use of our own temporary accommodation	0	25,000	25,000	25,000
Env Health - Residential	Employees	2022/23 Pay Award and Future years salary realignment	5,156	(49,437)	(48,220)	(48,220)
<b>Total Housing</b>			<b>(21,642)</b>	<b>(106,342)</b>	<b>(93,868)</b>	<b>(93,868)</b>
<b>Infrastructure and planning policy</b>						
Land & Property Info Section	Employees	2022/23 Pay Award and Future years salary realignment. Full staffing budget no longer required from 2024/25	6,898	5,728	(1,388)	(8,919)
	Transport	Budgets for Travelling Expenses and Essential & Casual User Mileage not required this year	(510)	0	0	0
Development Management	Employees	2022/23 Pay Award and Future years salary realignment	45,070	125,209	134,550	134,550
	Transport	Full budget for Essential & Casual Users mileage not required this year	(3,000)	0	0	0
	Supplies and Services	Full scanning budget not required this year	(6,000)	0	0	0
	Income	Increased income received, Pre-application advice £20,000, Planning application fees £153,580 and CIL 5% admin £46,700	(220,280)	0	0	0
Director Com & Env Serv	Employees	2022/23 Pay Award and Future years salary realignment	2,542	(3,772)	(3,865)	(3,865)
Development Plans	Employees	2022/23 Pay Award and Future years salary realignment	11,796	(32,936)	(31,408)	(31,408)
Hertfordshire Building Control	Employees	2022/23 Pay Award and Future years salary realignment	4,151	3,773	3,773	3,773
<b>Total Infrastructure and planning policy</b>			<b>(159,333)</b>	<b>98,002</b>	<b>101,662</b>	<b>94,131</b>
<b>Economic Development</b>						
Decriminalised Parking Enf Spa	Employees	2022/23 Pay Award and Future years salary realignment	5,156	4,633	4,633	4,633
GIS Officer	Employees	2022/23 Pay Award and Future years salary realignment	2,577	2,763	3,655	3,655
<b>Total Economic Development</b>			<b>7,733</b>	<b>7,396</b>	<b>8,288</b>	<b>8,288</b>
<b>Total Infrastructure, Housing &amp; Economic Development</b>			<b>(173,242)</b>	<b>(944)</b>	<b>16,082</b>	<b>8,551</b>



Policy & Resources			2022/23	2023/24	2024/25	2025/26
Description	Main Group Heading	Details of Year end Variances to Latest Approved Budget	£	£	£	£
Director Of Finance	Employees	2022/23 Pay Award and Future years salary realignment	2,541	(7,234)	(3,041)	(3,041)
Communication	Employees	2022/23 Pay Award and Future years salary realignment	15,678	197,195	199,844	199,844
	Supplies and Services	Data Protection Budget moved to major Incident Planning due to restructure of service	0	(2,900)	(2,900)	(2,900)
Legal Practice	Employees	2022/23 Pay Award and Future years salary realignment	14,837	10,987	11,383	11,383
	Income	Increase in Legal Income budget due to increasing the cost of officer time from £200 to £250 per hour, this work includes S106 agreements.	0	(11,250)	(11,250)	(11,250)
Committee Administration	Employees	2022/23 Pay Award and Future years salary realignment	8,593	(12,545)	(11,863)	(11,863)
Office Services	Supplies and Services	Full printing budget no longer required as all printing will be recharged to the services	0	(18,000)	(18,000)	(18,000)
Elections & Electoral Regn	Employees	2022/23 Pay Award and Future years salary realignment	7,697	13,664	13,796	13,796
Finance Services	Employees	2022/23 Pay Award and Future years salary realignment	42,960	(27,662)	(19,869)	(19,869)
	Income	Full Shared Service Income budget no longer required due to reduction in staffing budgets	0	16,597	11,921	11,921
Fraud	Employees	2022/23 Pay Award and Future years salary realignment	7,734	6,506	6,506	6,506
	Supplies and Services	Full budget on Legal Fees no longer required	0	(10,000)	(10,000)	(10,000)
	Income	Full Shared Service Income budget no longer required due to reduction in Legal Fees budget and pay award and salary realignment	0	2,096	2,096	2,096
Chief Executive	Employees	2022/23 Pay Award and Future years salary realignment	3,572	24,044	24,044	24,044
Performance Mgt & Scrutiny	Employees	2022/23 Pay Award and Future years salary realignment	2,578	2,249	2,249	2,249
Debt Recovery	Employees	2022/23 Pay Award and Future years salary realignment	27,585	(14,881)	(12,535)	(12,535)
	Income	Reduction in Shared Service income due to pay award and salary realignment	0	9,077	7,646	7,646
Executive Head of Service	Employees	2022/23 Pay Award and Future years salary realignment	2,541	100,609	104,358	104,358
Finance Client	Employees	2022/23 Pay Award and Future years salary realignment	3,868	(60,070)	(58,713)	(58,713)

Description	Main Group Heading	Details of Year end Variances to Latest Approved Budget	2022/23 £	2023/24 £	2024/25 £	2025/26 £
Business App Maintenance	Supplies and Services	Increased budget required of £19,545 for new 5 year IDOX contract from 2023/24 onwards, which will increase by RPI in subsequent years and for inflationary rise of GIS Contract of £11,930 from 2023/24 onwards	0	31,475	31,475	31,475
ICT Client	Employees	2022/23 Pay Award and Future years salary realignment	2,578	2,106	2,106	2,106
	Supplies and Services	Efficiency saving arising from ICT structure revision	0	(39,210)	(39,210)	(39,210)
Democratic Representation	Supplies and Services	Full budgets for Subsistence £200 and Miscellaneous IT £250 for Members no longer required	(450)	(450)	(450)	(450)
Benefits & Allowances	Employees	2022/23 Pay Award and Future years salary realignment	74,864	124,335	130,552	130,552
	Income	Increase in Shared Service income due to pay award and salary realignment	0	(70,871)	(74,415)	(74,415)
Council Tax Collection	Employees	2022/23 Pay Award and Future years salary realignment	35,602	(25,007)	(23,136)	(23,136)
	Income	Reduction in Shared Service income due to pay award and salary realignment	0	15,254	14,113	14,113
NNDR	Employees	2022/23 Pay Award and Future years salary realignment	5,162	4,584	4,584	4,584
	Income	Increase in Shared Service income due to pay award and salary realignment	0	(2,796)	(2,796)	(2,796)
Revs & Bens Management	Employees	2022/23 Pay Award and Future years salary realignment	2,578	1,753	1,753	1,753
	Income	Increase in Shared Service income due to pay award and salary realignment	0	(1,069)	(1,069)	(1,069)
Benefits Client	Income	Removal of Specific Grant Funding Rolled into Revenue Support Grant	0	74,550	74,550	74,550
Customer Service Centre	Employees	2022/23 Pay Award and Future years salary realignment	57,799	(70,752)	(60,763)	(60,763)
Customer Experience	Employees	2022/23 Pay Award and Future years salary realignment	2,541	87,324	91,213	91,213
District Elections	Supplies and Services	Increased costs due to no ability to share costs with County, Police & Crime Commissioner or parish elections	50,000	0	0	0
Parliamentary Elections	Supplies and Services	Loss on 2019 Parliamentary Election. Final claim now received	18,746	0	0	0
Major Incident Planning	Employees	2022/23 Pay Award and Future years salary realignment	2,541	1,869	2,000	2,000
	Supplies and Services	Data Protection Budget moved from Communication due to restructure of service	0	2,900	2,900	2,900

Description	Main Group Heading	Details of Year end Variances to Latest Approved Budget	2022/23 £	2023/24 £	2024/25 £	2025/26 £
Miscellaneous Income & Expenditure	Supplies and Services	£7,000 budget for Minimum Revenue Position moved to Interest Paid. Future years budgets no longer required for Miscellaneous Expenses £23,003 and Future Trading Activities £50,000.	(7,000)	(80,003)	(80,003)	(80,003)
Miscellaneous Properties	Employees	2022/23 Pay Award and Future years salary realignment	203	268	268	268
Asset Management - Property Services	Employees	2022/23 Pay Award and Future years salary realignment	23,091	13,146	13,530	13,530
Investment Properties	Income	Income due to be received	0	(77,089)	(137,499)	(469,245)
Interest income on The Grapevine	Income	Interest Income on the Grapevine transferred to Interest Earned	0	187,000	187,000	187,000
Salary Contingency	Employees	2022/23 Pay Award and Future years salary realignment. 1% reduction in Pension Costs and 2% salary increase contingency for 2025/26	(810,026)	(955,465)	(955,465)	(680,465)
<b>Total Policy and Resources</b>			<b>(401,587)</b>	<b>(557,666)</b>	<b>(583,090)</b>	<b>(639,816)</b>

<b>TOTAL Variances for Period 8 (November) 2022</b>	<b>(273,674)</b>	<b>(465,344)</b>	<b>(673,030)</b>	<b>(737,287)</b>
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<b>Other</b>						
	Main Group Heading	Variances to Latest Approved Budget	2022/23 £	2023/24 £	2024/25 £	2025/26 £
Interest Earned	Income	Increased Income generated from Treasury Management activities	0	(13,000)	(13,000)	(13,000)
Interest income on The Grapevine	Income	Interest Income on the Grapevine transferred to Interest Earned	0	(187,000)	(187,000)	(187,000)
Interest Paid	Capital Financing Charges	Minimum Revenue Provision (MRP) requirement for Capital Program, £7,000 moved from Miscellaneous Income and Expenditure and £373,839 budget required for future years	7,000	380,839	380,839	380,839
<b>Total Other Variations</b>			<b>7,000</b>	<b>180,839</b>	<b>180,839</b>	<b>180,839</b>

<b>Funding</b>						
	<b>Main Group Heading</b>	<b>Variances to Latest Approved Budget</b>	<b>2022/23 £</b>	<b>2023/24 £</b>	<b>2024/25 £</b>	<b>2025/26 £</b>
New Homes Bonus	Income	Decrease in allocation	0	76,520	0	0
Council Tax	Income	Increase in charge by 2.99% in 2023/24	0	(42,969)	(115,851)	(443,960)
Council Tax Collection Fund Deficit	Income	Deficit on Council Tax Collection Fund	0	(44,341)	0	0
Business Rates Growth	Income	Increase in allocation	0	(211,021)	(350,000)	0
Revenue Support Grant	Income	Additional Government Grant	0	(73,817)	(73,817)	(73,817)
Services Grant	Income	Additional Government Grant	0	(80,678)	(80,678)	(80,678)
Funding Guarantee	Income	Additional Government Grant	0	(379,949)	0	0
Lower Tier Grant	Income	Decrease in allocation	0	89,481	89,481	89,481
<b>Total Funding Variations</b>			<b>0</b>	<b>(666,774)</b>	<b>(530,865)</b>	<b>(508,974)</b>

<b>Growth Bids</b>						
	<b>Main Group Heading</b>	<b>Variances to Latest Approved Budget</b>	<b>2022/23 £</b>	<b>2023/24 £</b>	<b>2024/25 £</b>	<b>2025/26 £</b>
	Premises	Trees & Landscapes - Alternative Grassland Management	0	30,000	30,000	30,000
	Premises	Trees & Landscapes - Ash Die Back	0	25,000	25,000	25,000
	Supplies & Services	Communications	0	10,000	10,000	10,000
	Supplies & Services	Revenue Impact of Capital PIDS	0	0	16,000	16,000
<b>Total Growth Bids</b>			<b>0</b>	<b>65,000</b>	<b>81,000</b>	<b>81,000</b>

# FINANCIAL AND BUDGETARY KEY RISKS

# APPENDIX 5

Date risk added to register	Risk ref	Risk owner	Category	Risk description	Comment	Likelihood score (inherent)	Impact score (inherent)	Inherent risk score	Risk controls	Risk control owners	Likelihood score (residual)	Impact score (residual)	Residual risk score	Risk direction	Action plan	Action plan owners	Action plan completion dates
Sep-15	FIN07	Director of Finance	Strategic	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.	4	4	16	Regular budget monitoring reports to committees; Budgetary and Financial Risk Register reviewed and updated as part of the budget monitoring process; identification of budgetary pressure when reviewing the medium term financial plan during the budget setting process; Audited Statement of Accounts, including Annual Governance Statement. Currently the 2019/20 annual accounts are awaiting sign off from the external auditors and 2020/21 annual accounts are well progressed.	Head of Finance	3	2	6	→	Regular budget monitoring reports to committees; Budgetary and Financial Risk Register reviewed and updated as part of the budget monitoring process; identification of budgetary pressure when reviewing the medium term financial plan during the budget setting process which includes a risk assessment for the prudent level of general balances and an assessment of financial resilience with reference to the CIPFA Financial resilience index.	Heads of Service/ Head of Finance	Continuous
Apr-06	FIN08	Director of Finance	Budgetary	Revenue balances insufficient to meet estimate pay award increases	The Council's 3 year Medium term Financial Strategy includes forecast pay awards for the next three years. The Government's fair funding review is currently on hold	4	3	12	Maintain reserves to guard against risk. Early identification of new pressures. Budget Monitoring	Head of Finance	2	2	4	↑	The Council's 3 year Medium term Financial Strategy includes forecast pay awards for the next three years. The Council maintains reserves to guard against risk including setting a prudent minimum level for general balances. Early identification of new pressures through Budget Monitoring	Head of Finance	Continuous
Apr-06	FIN09	Director of Finance	Budgetary	Revenue balances insufficient to meet other inflationary increases	Other than contractual agreements, budgets have been cash limited where possible.	3	3	9	Monitor future inflation projections. Actively manage budgets to contain inflation. Maintain reserves.	Service Heads/Head of Finance	2	2	4	↑	Monitor future inflation projections. Actively manage budgets and contracts to contain inflation. The Council maintains reserves to guard against risk including setting a prudent minimum level for general balances.	Head of Finance	Continuous
Jan-15	FIN10	Director of Finance	Budgetary	Interest rates resulting in significant variations in estimated interest income	The interest rate has a significant impact on the proceeds from capital receipts and other earmarked reserves that are invested in the money market. The volatility of the global economy continues to place uncertainty on the investment strategy.	3	3	9	PIB strategy has diversified interest rate risk to provide income security.	PIB/Head of Finance	2	3	6	→	Monitoring ongoing income levels.	PIB	Continuous

Likelihood score (inherent)	Impact score (inherent)	Inherent risk score	Risk controls	Risk control owners	Likelihood score (residual)	Impact score (residual)	Residual risk score	Risk direction	Action plan	Action plan owners	Action plan completion dates
3	2	6	Budget levels realistically set and closely scrutinised	Service Heads/Head of Finance	2	2	4	➔	Fees and charges, including and surplus or loss are monitored through budget monitoring with key income streams reported to CMT.	Service Heads	Continuous
2	4	8	VAT Planning and opt to tax on schemes. VAT advisers employed.	Head of Finance	1	4	4	➔	Partial Exemption Review commissioned. Continue to opt to tax.	Head of Finance	Continuous
2	3	6	Service Heads to take responsibility for achieving savings. Budget monitoring to highlight any issues to allow corrective action to be taken.	Service Heads/Head of Finance	2	2	4	➔	Budget process to clearly identify savings to be achieved and ensure clarity over responsibility over delivery. Savings to be challenged.	Head of Finance	Continuous
2	3	6	Council procedures are adhered to	Solicitor to the Council	1	3	3	➔	Adherence to council procedures to be monitored and procedures maintained.	Solicitor to the Council	ongoing

Likelihood score (inherent)	Impact score (inherent)	Inherent risk score	Risk controls	Risk control owners	Likelihood score (residual)	Impact score (residual)	Residual risk score	Risk direction	Action plan	Action plan owners	Action plan completion dates
3	4	12	Maintain reserves against risk.	Head of Finance	3	3	9	→	Hertfordshire CFOs have commissioned work from LG Futures to assess the impact. SDCT also looking at impact nationally.	Director of Finance	Continuous
2	3	6	Project management team appointed to advise Council; Project management processes in place and reviewed regularly; Policy and Resources Committee receive regular reports on progress of project	Head of Property Services	2	2	4	→	Continue to manage project	Head of Property	Continuous
3	2	6	System migrated to latest version. Payments system updated.	Head of Finance	1	2	2	→	Monitor reliability	Head of Finance	Continuous
2	3	6	Portfolio to be actively managed to maintain income levels. Income to be reviewed regularly when MTFP is updated.	Head of Property Services	1	3	3	→	PIB to assume responsibility for ongoing oversight.	Head of Property Services	Continuous
3	2	6	Oversight mechanisms to be put in place to ensure oversight by PIB or similar mechanism. Council to determine approach to risk and level of income dependency within budget.	Head of Finance	2	2	4	→	Monitor new developments. Investments overseen by the cross party Shareholder and Commercial Ventures Panel.	Head of Property Services	Continuous
3	4	12	Improve depth of skills and knowledge. Bring in temporary additional resources as necessary.	Head of Finance	1	3	3	→	Following a revision of job descriptions, minor amendments to the structure, and a successful recruitment campaign over the summer, the Finance team is currently fully staffed. All staff have an annual Personal Development Review which contains smart objectives including objectives related to career development and identification of training needs and opportunities.	Chief Executive/ Director of Finance	Continuous

## RESERVES

Category	Opening Balance 01/04/2022 £	Net Movement in Year £	Closing Balance 31/03/2023 £	Purpose
<b>Revenue Reserves</b>				
General Fund	(5,363,546)	1,376,682	(3,986,863)	Working balance to support the Council's revenue services. £2M is a suggested prudent minimum
Economic Impact (EIR)	(2,333,846)	462,519	(1,871,327)	To support the funding of unexpected/unplanned Council expenditure as a result of fluctuations in the economy.
<b>Total Revenue</b>	<b>(7,697,392)</b>	<b>1,839,201</b>	<b>(5,858,190)</b>	
<b>Capital Reserves</b>				
Capital Receipts	0	(301,800)	(301,800)	Generated from sale of Council assets
New Homes Bonus	(2,395,311)	0	(2,395,311)	Government grant set aside for supporting capital expenditure
Section 106	(1,235,257)	(561,037)	(1,796,294)	Developer contributions towards facilities
Grants & Contributions	(1,063,531)	(665,264)	(1,728,795)	Disabled Facility Grants and other contributions
Reserve for Capital expenditure	0	0	0	Reserve set aside for supporting capital expenditure
<b>Total Capital</b>	<b>(4,694,099)</b>	<b>(1,528,101)</b>	<b>(6,222,200)</b>	
<b>Other Earmarked Reserves</b>				
Leavesden Hospital Open Space	(769,124)	0	(769,124)	To maintain open space on the ex-hospital site
Abbots Langley - Horsefield	(1,050,333)	0	(1,050,333)	Developer contributions towards maintenance of site
Community Infrastructure Levy (CIL)	(6,194,685)	(999,000)	(7,193,685)	Developer contributions towards Infrastructure
Environmental Maintenance Plant	(123,595)	0	(123,595)	Reserve to fund expenditure on plant & machinery
Building Control	(210,514)	0	(210,514)	To provide against future losses and/or borrowing against Hertfordshire Building Control Ltd
Collection Fund Reserve	(3,059,242)	0	(3,059,242)	To manage timing differences on the Collection Fund
HB Equalisation	(237,755)	0	(237,755)	To provide against future deficits on the Housing Benefit account
Grants & Contributions	(292,891)		(292,891)	Revenue Grants earmarked for use in future years
<b>Total Other</b>	<b>(11,938,139)</b>	<b>(999,000)</b>	<b>(12,937,139)</b>	
<b>Total All</b>	<b>(24,329,630)</b>	<b>(687,900)</b>	<b>(25,017,529)</b>	



## APPENDIX 7

### Proposed Garage Charges 2023/24

Garage Site	No of Rented Garages	Total Garages	Current Rents 2022/23		Proposed Rents 2023/24		
			Weekly Rent Incl VAT	Refurbished as part of garage refurb	2023/24 Weekly Rent Incl VAT	Weekly Increase (£)	% Increase
AINSDALE ROAD	2	3	£ 21.00		£ 22.05	1.05	5.0%
ALEXANDRA ROAD	22	30	£ 24.00	2018	£ 26.60	2.60	10.8%
ANTHONY CLOSE	15	16	£ 21.00	2018	£ 23.30	2.30	11.0%
ASHLEYS	8	12	£ 21.00	2020	£ 23.30	2.30	11.0%
BALDWINS LANE	18	18	£ 25.00		£ 26.25	1.25	5.0%
BARNHURST PATH	4	4	£ 21.00	2018	£ 23.30	2.30	11.0%
BELL CLOSE	5	6	£ 21.00	2018	£ 23.30	2.30	11.0%
BERESFORD ROAD	12	14	£ 21.00		£ 22.05	1.05	5.0%
BLACKFORD ROAD	31	38	£ 21.00		£ 22.05	1.05	5.0%
BLUEBELL DRIVE	15	18	£ 21.00		£ 22.05	1.05	5.0%
BRADBURY	11	12	£ 19.80	2020	£ 21.95	2.15	10.9%
BREAKSPEARE ROAD	3	3	£ 25.00	2018	£ 27.70	2.70	10.8%
BUCKLANDS	7	11	£ 21.00		£ 22.05	1.05	5.0%
BULLSLAND GARDENS	8	12	£ 25.00	2018	£ 27.70	2.70	10.8%
BUTTLEHIDE	25	41	£ 19.80	2020	£ 21.95	2.15	10.9%
CHILTERN DRIVE	11	12	£ 21.00		£ 22.05	1.05	5.0%
CHURCH HILL	3	3	£ 21.00	2018	£ 23.30	2.30	11.0%
COPMANS WICK	24	26	£ 25.00		£ 26.25	1.25	5.0%
COUNCIL COTTAGES	4	6	£ 25.00		£ 26.25	1.25	5.0%
DOWNER DRIVE	3	17	£ 24.00		£ 25.20	1.20	5.0%
DUGDALES	3	4	£ 25.00	2020	£ 27.70	2.70	10.8%
EDINBURGH AVENUE	11	12	£ 21.00		£ 22.05	1.05	5.0%
FLEETWOOD WAY	7	8	£ 21.00		£ 22.05	1.05	5.0%
FROGMOOR COURT	1	1	£ 26.40		£ 27.72	1.32	5.0%
GROVE CRESCENT	77	86	£ 25.00	2015	£ 27.70	2.70	10.8%
HALLOWES CRESCENT	18	20	£ 21.00		£ 22.05	1.05	5.0%
HAMILTON ROAD	7	8	£ 25.00		£ 26.25	1.25	5.0%
HAMILTON ROAD	14	18	£ 21.00		£ 22.05	1.05	5.0%
HARROGATE ROAD	6	7	£ 21.00	2018	£ 23.30	2.30	11.0%
HAYLING ROAD	29	34	£ 21.00	2015	£ 23.30	2.30	11.0%
HIGH STREET	9	9	£ 25.00	2015	£ 27.70	2.70	10.8%
HORSLEYS	8	10	£ 19.80		£ 20.79	0.99	5.0%
HUBBARDS ROAD	14	16	£ 25.00		£ 26.25	1.25	5.0%
JACKETTS FIELD	29	35	£ 24.00	2018	£ 26.60	2.60	10.8%
LITTLE OXHEY LANE	18	21	£ 21.00	2018	£ 23.30	2.30	11.0%
LONGCROFT ROAD	36	49	£ 19.80	2020	£ 21.95	2.15	10.9%
LOVATTS	4	4	£ 25.00	2020	£ 27.70	2.70	10.8%
MARKESTON GREEN	20	23	£ 21.00		£ 22.05	1.05	5.0%
MONEYHILL COURT	2	3	£ 21.00	2018	£ 23.30	2.30	11.0%
MORRISTON CLOSE	15	18	£ 21.00		£ 22.05	1.05	5.0%
NAIRN GREEN	9	11	£ 21.00		£ 22.05	1.05	5.0%
OAKFIELD	16	21	£ 21.00		£ 22.05	1.05	5.0%
OTLEY WAY	15	17	£ 21.00		£ 22.05	1.05	5.0%
OWENS WAY	40	43	£ 25.00	2018	£ 27.70	2.70	10.8%
PARSONAGE CLOSE	23	26	£ 25.00		£ 26.25	1.25	5.0%
POLLARDS	14	20	£ 19.80		£ 20.79	0.99	5.0%
PRESTWICK ROAD	19	21	£ 21.00		£ 22.05	1.05	5.0%
QUICKWOOD CLOSE	22	28	£ 21.00	2020	£ 23.30	2.30	11.0%
ROSEHILL GARDENS	18	19	£ 24.00		£ 25.20	1.20	5.0%
RYMAN COURT	31	36	£ 24.00	2015	£ 26.60	2.60	10.8%
SHERWOOD HOUSE	6	6	£ 25.00	2018	£ 27.70	2.70	10.8%
SKIDMORE WAY	23	25	£ 25.00	2018	£ 27.70	2.70	10.8%
ST LAWRENCE CLOSE	1	1	£ 25.00		£ 26.25	1.25	5.0%
THE QUEENS DRIVE	12	23	£ 21.00		£ 22.05	1.05	5.0%
TIBBS HILL ROAD	23	30	£ 25.00		£ 26.25	1.25	5.0%
TOMS LANE	9	10	£ 21.00	2018	£ 23.30	2.30	11.0%
TUDOR WAY	10	12	£ 21.00	2020	£ 23.30	2.30	11.0%
WHITFIELD WAY	24	25	£ 21.00	2020	£ 23.30	2.30	11.0%
WINDSOR WAY	14	18	£ 21.00	2020	£ 23.30	2.30	11.0%
WOODHALL LANE	24	27	£ 21.00		£ 22.05	1.05	5.0%
WOODWICKS	7	9	£ 19.80	2020	£ 21.95	2.15	10.9%

### FINANCIAL PLANNING – CAPITAL STRATEGY AND THE TREASURY MANAGEMENT POLICY

(DoF)

#### 1. Summary

- 1.1 The purpose of this report is to enable the Policy and Resources Committee to recommend to the Council its capital strategy and treasury management policy over the medium term (2023/24 to 2025/26). This report is the second of three that is covered under the recommendations report at **Item 10** on this agenda.

#### 2. Details

- 2.1 The capital strategy (the Strategy) is designed to give 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. It is intended to give a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services along with an overview of how associated risk is managed and the implications for future financial sustainability.

- 2.2 The framework the government uses to control how much councils can afford to spend on capital investment is known as the Prudential Framework. The objectives of the Prudential Code, which sets out how this framework is to be applied, are to ensure that local authorities' capital investment plans are:

- affordable, prudent, and sustainable,
- that treasury management decisions are taken in accordance with good professional practice, and
- that local strategic planning, asset management planning and proper option appraisal are supported.

- 2.3 This capital strategy sets out how the Council will achieve the objectives set out above.

#### **Capital Investment Programme - Expenditure**

- 2.4 Capital Investment is the term used to cover all expenditure by the council that can be classified as capital under legislation and proper accounting practice. This includes expenditure on:

- property, plant and equipment,
- heritage assets,
- investment properties., and
- loans to subsidiaries and joint ventures

- 2.5 Property, plant and equipment includes assets that have physical substance and are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes. They are expected to be used during more than one financial year. Expenditure on the acquisition, creation or enhancement of these assets is capitalised on an accruals basis, provided that the Council is likely to benefit from the future economic benefits or service potential and the cost of the item can be measured reliably. Expenditure on repairs and maintenance is charged to the revenue account when it is incurred.

- 2.6 Heritage Assets are held with the objective of increasing knowledge, understanding and the appreciation of the Council's history and local area.

- 2.7 Investment properties are those that are used solely to earn rentals and/or for increases in value. The definition is not met if the property is used in any way for the delivery of services or production of goods or is held for sale.
- 2.8 Detailed accounting policies in relation to assets and capital expenditure may be found in the annual statement of accounts.
- 2.9 **Appendix 1** shows the 2022/23 revised capital budget and draft capital budgets for the period 2023/24 to 2025/26. The appendix contains the title, description and officers' comments relating to the progress of the 2022/23 schemes. A summary of the proposed capital programme is set out in the following table:

Capital Investment Programme	Actual 2021/22	Forecast Year End 2022/23	Proposed Budget 2023/24	Proposed Budget 2024/25	Proposed Budget 2024/25
	£m	£	£	£	£m
Leisure, Environment and Community	1.576	4.289	1.325	1.758	1.758
Infrastructure, Housing and Economic Development	0.800	2.241	0.887	0.887	0.887
Policy and Resources	0.801	1.631	0.885	0.935	0.795
Major Projects	0.533	10.823	0.000	0.000	0.000
<b>Total Capital Investment</b>	<b>3.710</b>	<b>18.984</b>	<b>3.096</b>	<b>3.579</b>	<b>3.439</b>

- 2.10 The 2022/23 programme has increased from the latest approved budget by **£0.561m**. This includes re-phasing of a scheme into 2023/24, budget savings and the inclusion of two new schemes being funded by CIL and increasing the investment in two existing schemes funded by CIL. The schemes that contribute to this variation to budget are as follows:

- Rephasing of ICT Website Development budget (£0.015m)
- Capital Grants and loans budget no longer required (£0.004m)
- Cycle Schemes budget given up (replaced with CIL) (£0.078m)
- Retail Parades budget given up (replaced with CIL) (£0.155m)
- Grand Union Canal Towpath Upgrade CIL expenditure £0.172m
- EV Charging Points CIL expenditure £0.460m
- Denham Way MUGA £0.087m
- South Oxhey Playing Fields £0.094m

Variances to the medium term capital programme which have been identified up to the end of November and are shown in detail at **Appendix 2**.

- 2.11 The Council has been in negotiations with Hertfordshire County Council (HCC) for some time regarding the acquisition of two sites in South Oxhey. Full Council have previously considered the proposal and provided delegated authority to proceed with the acquisition of both sites (17 March 2021). Current market valuations of both sites were obtained, however as the date of valuation for the Pre-Emption sites are fixed as at the date of exercise the agreed purchase price of Little Furze was significantly over-valued within the current market and unviable without grant support at the agreed value.

After further negotiations with HCC it has been necessary to proceed only with the acquisition of Foxgrove Path and release the Pre-Emption right on Sir James Altham and Homeoaks. The position with Little Furze will be kept under review and the Pre-Emption on this site will lapse unless a solution is found by the end of the current financial year.

- 2.12 Following the re-phasing, the capital programme for 2022/23 now totals **£18.984m**. The services capital programme included in MTFP shows schemes totalling **£3.096m** in 2023/24; **£3.579m** in 2024/25 and **£3.439m** in 2025/26.
- 2.13 The larger capital schemes over the next three financial years include:
- Disabled Facility Grants - £1.758m
  - Waste and Recycling Vehicles - £2.245m
  - Replacement Grounds Maintenance Vehicles – £1.260m
  - Garage Improvements - £0.450m
- 2.14 There is a proposal for one new scheme for 2023/24:
- Watersmeet Projector Server- £0.080m

#### **Capital Investment Programme – Funding**

- 2.15 The Capital Investment Programme can be funded from a variety of sources. Explanations of the funding sources are set out in the following paragraphs.
- 2.16 Government Grants & Other Contributions: These are grants for specific purposes which may be available from the Government, e.g. Disabled Facility Grants. The Council can also attract partnership funding from other local authorities and agencies e.g. Local Enterprise Partnership (LEP). The Council has also benefited in the past from other funding such as lottery grants.
- 2.17 Section 106 Contributions: These are contributions from developers to the public services and amenities required for the development. These have been in part replaced by the Community Infrastructure Levy. Current Section 106 monies are guaranteed.
- 2.18 Capital Receipts Reserve: Capital receipts are derived when selling assets such as land. The main receipt relates to the arrangements made when the Council sold its housing stock to Thrive Homes Ltd in 2008; the Transfer Agreement included a Right to Buy (RTB) Sharing Agreement whereby the Council is entitled to a share of the post-transfer receipts from RTB sales and a 'VAT Shelter Agreement' whereby the Council benefits from the recovery of VAT on continuing works carried out by Thrive. The current MTFP forecasts that this reserve will be fully utilised to support the capital programme.
- 2.19 Revenue Contributions: Revenue balances from the General Fund may be used to support capital expenditure.
- 2.20 New Homes Bonus Reserve: New Homes Bonus is a grant relating to the number of new homes delivered in a local authority area. There are no government restrictions on whether this is capital or revenue, nor is there any ring-fence imposed. It is anticipated that there would be a reduction in the amount received from 2023/24 onwards.
- 2.21 Borrowing: The Council is allowed to borrow to support its capital expenditure as long as this is prudent, sustainable, and affordable. The Council has borrowed to support

the new leisure centre provision in South Oxhey. Where the Council decides to borrow to fund capital expenditure the annual cost of borrowing is included within the revenue budget.

2.22 The capital programme includes an assessment of likely available resources to finance capital expenditure and includes assumptions regarding capital receipts, which have been estimated at £1.100m in 2023/24 and £1.000m in future years.

2.23 **Appendix 3** shows the sources of capital funding proposed over the period 2022/23 to 2025/26, including the funding generated in each year and balances carried forward at the end of each year. The funding for the proposed capital programme is set out in the table on the following page:

Funding	Actual 2021/22	Forecast Year End 2022/23	Proposed Budget 2023/24	Proposed Budget 2024/25	Proposed Budget 2024/25
	£m	£	£	£	£m
Grants	0.410	0.665	0.586	0.586	0.586
Reserves	2.131	2.506	0.110	0.095	0.095
Capital Receipts	0.816	1.100	1.100	1.000	1.000
Section 106 and CIL	0.083	1.605	0.000	0.000	0.000
Borrowing	0.268	13.108	1.300	1.898	1.758
<b>Total Funding Applied</b>	<b>3.710</b>	<b>18.984</b>	<b>3.096</b>	<b>3.579</b>	<b>3.439</b>

2.24 **Appendix 4** shows details of all Section 106 contributions currently received and available to use.

#### **Future Investment**

2.25 Future Investment Schemes will be assessed on the basis of a full business case which will include full resourcing for the project and an assessment of affordability. Priority areas for future capital investment are:

- Schemes that generate a financial surplus for the Council; and in particular those that increase the supply of housing locally (for example through the joint ventures with Watford Community Housing and Thrive).
- Schemes that generate revenue budget savings for the Council.
- Schemes that allow the Council to benefit from future economic regeneration potential within the local area; especially those that attract additional investment into the local area from regional or national agencies.
- Schemes that provide additional or improved services to the Council's residents, in line with the Council's Strategic Plan.

2.26 The Council will continue to seek opportunities to work in partnership with others to promote economic development and the provision of housing within Three Rivers wider economic area. Current partners include Countrywide Properties for the South Oxhey scheme, along with Watford Community Homes and Thrive Homes as the two major local registered social providers.

2.27 The Council has established Three Rivers Commercial Services to allow it to work more closely with providers and exploit future commercial opportunities. The Council currently has two joint ventures with Watford Community Housing, Three Rivers Development LLP and Three Rivers Homes Ltd.

### **3. Treasury Management**

- 3.1 The Council is required to operate a balanced budget over the medium term which, after allowing for contributions to and from reserves, broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing the requisite liquidity before considering investment return.
- 3.2 The Treasury Management Strategy Statement (**Appendix 5**) details the policies, practices, objectives and approaches to risk management of its treasury management activities, which is to be monitored by the Audit Committee. The Council's investment strategy's primary objectives are safeguarding the repayment of the principal and interest of its investments on time, and then ensuring adequate liquidity, with the investment return being the final objective. The strategy allows the Director of Finance, in consultation with the Lead Member, the delegated authority to approve any variation to the Treasury Management Strategy during the year with the objective of maximising the Council's returns without significantly increasing risk. This could include use of other investment instruments such as Government bonds or Gilts.
- 3.3 The Council's Treasury Management advisors, Link Group have provided the following interest rate forecast for the medium term:

Link Group Interest Rate View	19.12.22												
	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
<b>BANK RATE</b>	3.50	4.25	4.50	4.50	4.50	4.00	3.75	3.50	3.25	3.00	2.75	2.50	2.50
3 month ave earnings	3.60	4.30	4.50	4.50	4.50	4.00	3.80	3.30	3.00	3.00	2.80	2.50	2.50
6 month ave earnings	4.20	4.50	4.60	4.50	4.20	4.10	3.90	3.40	3.10	3.00	2.90	2.60	2.60
12 month ave earnings	4.70	4.70	4.70	4.50	4.30	4.20	4.00	3.50	3.20	3.10	3.00	2.70	2.70
5 yr PWLB	4.20	4.20	4.20	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.20	3.10
10 yr PWLB	4.30	4.40	4.40	4.30	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.30
25 yr PWLB	4.60	4.60	4.60	4.50	4.40	4.20	4.10	4.00	3.90	3.70	3.60	3.50	3.50
50 yr PWLB	4.30	4.30	4.30	4.20	4.10	3.90	3.80	3.70	3.60	3.50	3.30	3.20	3.20

#### 4. Prudential Indicators

- 4.1 All Local Authorities are required to set prudential indicators for the forthcoming year and following years before the beginning of the forthcoming year. The indicators must be set by full Council.
- 4.2 The prudential indicators fall into two main categories of 'Prudence' and 'Affordability'. The indicators for Prudence are further separated between those relating to the Council's capital expenditure plans and those relating to levels of external debt.

##### **Prudence – Capital Expenditure**

- 4.3 The Capital Financing Requirement (CFR) is the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure, which has not immediately been paid for, will increase the CFR. An increase in the CFR does not necessarily mean that the council will borrow externally to fund the increase. The Council manages its cash balances as a whole and may choose to use internal cash (generated by holding reserves and through timing differences between income and expenditure).
- 4.4 The table below sets out the Council's estimates of capital expenditure over the medium term financial planning period and the estimated impact on the Council's CFR.

	2022/23	2023/24	2024/25	2025/26
	Forecast	Estimate	Estimate	Estimate
	£m	£m	£m	£m
<b>Total Proposed Capital Expenditure</b>	<b>18.984</b>	<b>3.096</b>	<b>3.579</b>	<b>3.439</b>
Capital Financing:				
Grants	(0.665)	(0.586)	(0.586)	(0.586)
Reserves	(2.506)	(0.110)	(0.095)	(0.095)
Capital Receipts	(1.100)	(1.100)	(1.000)	(1.000)
Section 106 and CIL	(1.605)	0.000	0.000	0.000
<b>Total Funding</b>	<b>(5.876)</b>	<b>(1.796)</b>	<b>(1.681)</b>	<b>(1.681)</b>
Gap	13.108	1.300	1.898	1.758
Repayment of Borrowing – South Oxhey Initiative	(6.354)	0.000	0.000	0.000
MRP	(0.168)	(0.172)	(0.374)	(0.374)
Opening CFR	19.200	25.786	26.914	35.787
<b>Closing CFR</b>	<b>25.786</b>	<b>26.914</b>	<b>35.787</b>	<b>37.536</b>

Note the opening CFR is subject to restatement following the conclusion of the 2019/20 and 2020/21 external audits.

#### **Prudence – External Debt**

- 4.5 There are two limits on external debt: the ‘Operational Boundary’ and the ‘Authorised Limit’. Both are consistent with existing plans and the proposals in the budget report for capital expenditure and financing, and with approved treasury management policy statement and practices.
- 4.6 These prudential indicators ensure that over the medium term, net borrowing (borrowings less investments) will only be for a capital purpose. Gross external borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2022/23 and next two financial years. This allows some flexibility for limited early borrowing for future years but ensures that borrowing is not undertaken for revenue purposes.
- 4.7 The Operational Boundary is the limit beyond which external borrowing is not normally expected to exceed. In most cases this would link directly to the authority’s plans for capital expenditure, its estimates for CFR and its estimate of cashflow requirements for the year for all purposes. The Council may need to borrow, this limit represents a contingency should the need arise.

Operational Boundary	2022/23 £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m
Borrowing	30.000	30.000	36.000	38.000

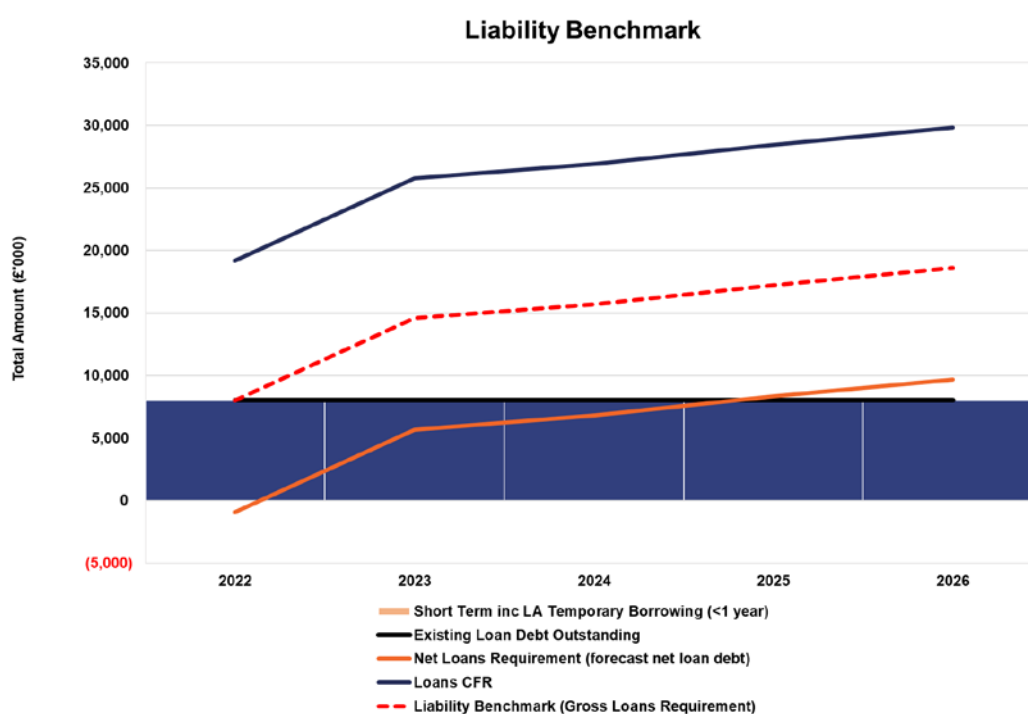
- 4.8 The Authorised Limit for External Borrowing controls the overall level of borrowing and represents the limit beyond which external long and short term borrowing is prohibited, and this limit needs to be set or revised by the Council. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for

unexpected movements. This is the statutory limit determined under section 3 (2) of the Local Government Act 2003.

Authorised Limit	2022/23 £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m
Borrowing	32.000	42.000	38.000	40.000

#### Treasury Management Indicator – The Liability Benchmark

- 4.9 The Treasury Management Code of Practice requires local authorities to calculate their Liability Benchmark. The benchmark includes a projection of external debt required over the long term to fund the organisation’s approved budgets and plans compared to the Forecast of total borrowing outstanding. The benchmark should be used to evaluate the amount, timing and maturities needed for new borrowing in relation to the organisation’s planned borrowing needs in order to avoid borrowing too much, too little, too long or too short.



#### Affordability

- 4.10 The fundamental objective in the consideration of the affordability of the authority’s capital plans is to ensure that the level of investment in capital assets proposed means that the total capital investment of the authority remains within sustainable limits.
- 4.11 In considering the affordability of its capital plans, the authority is required to consider its forecast financial position, including all of the resources currently available to it and estimated for the future, together with the totality of its capital, borrowing and investment plans, income and expenditure forecasts and risks.
- 4.12 The following indicators provide an indication of the impact of the capital investment plans on the Council’s overall finances.



#### Financing costs to net revenue stream

- 4.13 This indicator identifies the trend in the cost of capital, (borrowing and other long-term obligation costs net of investment income), against the net revenue stream. The net revenue stream is the Council's core funding of Council Tax, Business rates, and unringfenced central government grants. Investment income includes interest from Treasury Management activities and interest from loans to joint ventures and subsidiaries.

	2021/22 Actual £m	2022/23 Forecast £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m
Net Cost of Capital	(0.054)	0.039	0.013	0.023	0.023
Net Revenue Stream	11.363	12.798	13.444	13.587	13.365
<b>Ratio %</b>	<b>-0.5%</b>	<b>0.3%</b>	<b>0.1%</b>	<b>0.2%</b>	<b>0.2%</b>

#### Net income from commercial investment to net revenue stream

- 4.14 This indicator is intended to show the financial exposure of the authority to the loss of income.
- 4.15 Net income from commercial investments comprises net income from financial investments (other than treasury management investments), together with net income from other assets held primarily for financial return, such as commercial property.

	2021/22 Actual £m	2022/23 Forecast £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m
Commercial Investment Income	0.979	1.100	1.090	1.150	1.482
Net Revenue Stream	11.363	12.798	13.444	13.587	13.365
<b>Ratio %</b>	<b>8.6%</b>	<b>8.6%</b>	<b>8.1%</b>	<b>8.5%</b>	<b>11.1%</b>

### 5. The Minimum Revenue Provision (MRP) Strategy and Policy Statement

- 5.1 The Minimum Revenue Provision (MRP) is designed to pay off an element of the capital spend which has not already been financed from existing revenue or capital resources. The Council is required to make prudent provision, by way of a charge to the revenue account, which means that the repayment of debt is enabled over a period that is reasonably commensurate with that over which the capital expenditure provides benefits.
- 5.2 The Council is also able to increase the rate it reduces its CFR by undertaking additional voluntary payments (voluntary revenue provision - VRP) in addition to any MRP; this is not currently the Council's policy.
- 5.3 Government Regulations require the Council to approve a MRP Statement in advance of each year. The Council's MRP policy statement is at **Appendix 6**.
- 5.4 Three Rivers District Council's process is to produce for approval by the Director of Finance, in consultation with the Portfolio Holder, a business case for each scheme intended to be unfunded from other resources. This will clearly show the level of MRP which is proposed to ensure that the repayment of any debt can be made in a period commensurate with the period over which the expenditure provides benefits or makes returns.

5.5 Where the Council decides to borrow to fund capital expenditure the annual cost of borrowing is included within the revenue budget.

## **6. Skills and Knowledge and Professional Advice**

6.1 The Council has a shared service with Watford Borough Council for the provision of the finance function allowing access to a greater range of professional skills than would otherwise be available if each council had a separate team. The council uses external advisers on all major projects.

6.2 The Council contracts with Link Asset Services for the provision of Treasury advice. Link Asset Services provide non-regulated advice on the management of the council's cash flows, investments and borrowings and a markets information service. The Councils VAT advisers are PSTax.

## **7. Risk**

7.1 Financial risks are closely monitored as a separately identifiable part of the corporate risk management framework. The Council's risk appetite is evolving as it becomes involved in a wider range of major property lead investments both within its economic area linked to regeneration and more widely for income generation purposes.

7.2 The Council takes advice from its professional advisers to both identify and mitigate the key risks it faces and ensures that all decisions are made with an understanding of the risks involved.

7.3 Whilst recognising the importance of generating income to support services, the Council will ensure that its external income is actively managed to safeguard the future financial sustainability of the council. In this respect it will continue to seek to balance income from its commercial investment activities against its overall level of risk and the amount of reserves available to mitigate this risk.

7.4 In assessing the risk of its commercial investments the Council will consider the level of risk inherent in the income stream, the security held, its ability to realise assets or other security should the need arise and the level of income received from commercial investments compared to the total income of the council.

## **8. Options/Reasons for Recommendation**

8.1 The recommendations at agenda Item 10 enable the Committee to make recommendations to the Council on 21 February 2023 concerning the Council's budget.

## **9. Policy/Budget Reference and Implications**

9.1 The recommendations in this report contribute to the process whereby the Council will approve and adopt its strategic, service and financial plans under Article 4 of the Council's Constitution.

## **10. Equal Opportunities, Legal, Staffing, Environmental, Community Safety, Customer Services Centre and Communications, Health & Safety & Website Implications**

10.1 None specific.

## **11. Financial Implications**

11.1 As contained in the body of the report.

## **12. Risk Management Implications**

12.1 There are no risks to the Council in agreeing the recommendation below.

## **13. Recommendation**

13.1 Recommendations are contained in the body of the main report.

Report prepared by: Sally Riley- Business Partner  
Report Checked by: Hannah Doney - Head of Finance

### **Background Papers**

Reports and Minutes of;

- The Policy and Resources Committee
- Council

### **Appendices**

1. Capital Investment Programme 2022/23 to 2025/26 - Expenditure
2. Capital Investment Programme 2022/23 to 2025/26 - Variances
3. Capital Investment Programme 2022/23 to 2025/26 - Funding
4. Section 106 Balances 2022/23
5. Treasury Management Strategy Statement
6. Minimum Revenue Provision (MRP) Strategy and Policy Statement

***The recommendations contained in this report DO NOT constitute a KEY DECISION but contribute to the process whereby the Council will approve and adopt its Strategic, Service and Financial Plans under Article 4 of the Council's Constitution***

## CAPITAL INVESTMENT PROGRAMME 2022/23 to 2025/26 – EXPENDITURE

Leisure, Environment & Community									
Community Safety & Partnership	Original Budget 2022/23 £	Latest Budget 2022/23 £	P8 Spend To Date £	Forecast Outturn 2022/23 £	Variance £	Proposed 2023/24 £	Proposed 2024/25 £	Proposed 2025/26 £	Comments
Capital Grants & Loans	0	3,631	0	0	(3,631)	0	20,000	20,000	Budget not required this financial year
Community CCTV	6,000	6,805	887	6,805	0	6,000	6,000	6,000	Budget will be spent
<b>Total</b>	<b>6,000</b>	<b>10,436</b>	<b>887</b>	<b>6,805</b>	<b>(3,631)</b>	<b>6,000</b>	<b>26,000</b>	<b>26,000</b>	
Leisure									
Leisure	Original Budget 2022/23 £	Latest Budget 2022/23 £	P8 Spend To Date £	Forecast Outturn 2022/23 £	Variance £	Proposed 2023/24 £	Proposed 2024/25 £	Proposed 2025/26 £	Comments
Heritage & Tourism Initiative	0	0	0	0	0	0	0	0	Budget is funded entirely from the National Lottery Heritage Fund and S106 monies
Denham Way MUGA	347,000	347,000	14,311	433,750	86,750	0	0	0	Planning has been awarded for project, implementation due to commence early 2023. 25% increase (£86,750) in CIL allocation agreed at Full Council 13 December 2022 for supply chain cost increases
Barton Way MUGA	0	29,979	0	29,979	0	0	0	0	Project planned for installation in February/March 2023
Alternative Grassland Management	0	40,000	37,845	40,000	0	0	0	0	Budget will be spent. Awaiting invoice and delivery of final item of equipment. Storage Container to be purchased for ride on mower
Aquadrome	22,500	23,416	13,167	23,416	0	22,500	22,500	22,500	Budget will be spent - Algae Control Monitoring System for both lakes.
Outdoor Fitness Zones	54,400	108,800	0	108,800	0	27,200	0	0	Designs are currently being considered as part of the planning process. Budget due to be spent by the end of the financial year.

Leisure cont.	Original Budget 2022/23 £	Latest Budget 2022/23 £	P8 Spend To Date £	Forecast Outturn 2022/23 £	Variance £	Proposed 2023/24 £	Proposed 2024/25 £	Proposed 2025/26 £	Comments
South Oxhey Playing Fields	375,000	375,000	0	468,750	93,750	0	0	0	Tender has been awarded following public consultation. Final designs are due to be submitted for planning consideration. 25% Increase (£93,750) in CIL allocation agreed at Full Council 13 December 2022 for supply chain cost increases
Watersmeet Electrical	40,000	40,000	0	40,000	0	0	0	0	Full budget to be spent once works completed in March 2023
Scotsbridge-Chess Habitat	8,190	8,190	0	8,190	0	0	0	0	Project being led by Countryside Management Service and part funded by TRDC. Funding due to be spent by March 2023.
Leisure Facilities Improvement	16,000	21,039	18,086	21,039	0	0	0	0	Budget will be spent
Open Space Access Improvements	60,000	95,400	21,018	95,400	0	60,000	60,000	60,000	Budget due to be spent by the end of the financial year.
Improve Play Area-Future Schemes	15,000	38,507	0	38,507	0	115,000	120,000	120,000	Budget to be part funded by other organisations including Batchworth Community Council (Eastbury Outdoor Gym) and Croxley Green Parish Council
Aquadrome-Whole Life Costing	11,000	11,798	2,970	11,798	0	11,000	11,000	11,000	This budget will be fully spent by the end of the financial year. Initial projects have been identified as part of the Management Plan.
Watersmeet-Whole Life Costing	20,000	20,000	15,842	20,000	0	20,000	20,000	20,000	Budget will be spent
Pavilions-Whole Life Costing	11,000	11,000	1,188	11,000	0	11,000	11,000	11,000	Budget will be spent
Watersmeet Projector Server	0	0	0	0	0	80,000	0	0	Growth Bid item for 2023/24
<b>Sub-total Leisure</b>	<b>980,090</b>	<b>1,170,129</b>	<b>124,427</b>	<b>1,350,629</b>	<b>180,500</b>	<b>346,700</b>	<b>244,500</b>	<b>244,500</b>	

<b>Environmental Services</b>	<b>Original Budget 2022/23 £</b>	<b>Latest Budget 2022/23 £</b>	<b>P8 Spend To Date £</b>	<b>Forecast Outturn 2022/23 £</b>	<b>Variance £</b>	<b>Proposed 2023/24 £</b>	<b>Proposed 2024/25 £</b>	<b>Proposed 2025/26 £</b>	<b>Comments</b>
Waste Plant & Equipment	25,000	63,958	42,236	63,958	0	25,000	25,000	25,000	Budget will be spent
Waste Services Depot	300,000	459,348	410,594	459,348	0	0	0	0	Budget will be spent
Replacement Bins	115,000	115,000	99,904	115,000	0	115,000	115,000	115,000	Budget will be spent
Waste & Recycling Vehicles	1,887,000	1,887,000	420,198	1,887,000	0	645,000	800,000	800,000	Budget will be spent this year, however capital programme will need to be reviewed due to vehicle maintenance contract expiring in 2026.
Energy Performance Certificate	2,000	2,000	1,015	2,000	0	2,000	2,000	2,000	Budget will be spent
Cemetery-Whole Life Costing	5,000	5,854	2,303	5,854	0	5,000	5,000	5,000	Budget will be spent
Replacement Ground Maintenance Vehicles	397,923	397,923	313,706	397,923	0	180,000	540,000	540,000	Budget will be spent this year, however capital programme will need to be reviewed due to vehicle maintenance contract expiring in 2026.
<b>Sub-total Environmental Services</b>	<b>2,731,923</b>	<b>2,931,083</b>	<b>1,289,956</b>	<b>2,931,083</b>	<b>0</b>	<b>972,000</b>	<b>1,487,000</b>	<b>1,487,000</b>	
<b>Total Leisure, Environment &amp; Community</b>	<b>3,718,013</b>	<b>4,111,648</b>	<b>1,415,270</b>	<b>4,288,517</b>	<b>176,869</b>	<b>1,324,700</b>	<b>1,757,500</b>	<b>1,757,500</b>	

## Infrastructure Housing & Economic Development

Economic Development	Original Budget 2022/23 £	Latest Budget 2022/23 £	P8 Spend To Date £	Forecast Outturn 2022/23 £	Variance £	Proposed 2023/24 £	Proposed 2024/25 £	Proposed 2025/26 £	Comments
Cycle Schemes	74,583	78,383	0	0	(78,383)	25,000	25,000	25,000	Budget removed due to use of CIL for new Towpath Project
Disabled Parking Bays	2,500	2,500	1,661	2,500	0	2,500	2,500	2,500	Budget will be spent
Grand Union Canal Towpath Upgrade	0	0	0	172,282	172,282	0	0	0	CIL Budget approved at 12 September P&R Committee for Grand Union Canal Towpath Upgrade
EV Charging Points	0	0	0	460,000	460,000	0	0	0	CIL Budget approved at 12 September P&R Committee for EV Charging Points
Controlled Parking	181,975	181,975	33,567	181,975	0	50,000	50,000	50,000	Budget will be spent
Princes Trust- Business Start-up	10,000	10,000	0	10,000	0	10,000	10,000	10,000	A Service Level Agreement is in place, the budget will be spent by year end.
Listed Building Grants	2,500	1,500	0	1,500	0	2,500	2,500	2,500	Full budget not required. Demand Led service, no applications received to date
South Oxhey Initiative	0	13,277	6,343	13,277	0	0	0	0	Budget will be spent
Parking Bay & Verge Protection	150,000	163,239	0	163,239	0	40,000	40,000	40,000	Budget will be spent
Highways Enhancement	244,384	225,144	0	225,144	0	50,000	50,000	50,000	Budget will be spent
Bus Shelters	18,000	18,000	0	18,000	0	9,000	9,000	9,000	Budget will be spent
Retail Parades	224,849	174,179	19,184	19,179	(155,000)	30,000	30,000	30,000	Budget removed due to use of CIL for EV Charging Points
Carbon Neutral Council	0	4,000	0	4,000	0	0	0	0	Budget will be spent
Rickmansworth Work Hub	28,606	28,606	0	28,606	0	0	0	0	Budget will be spent
Car Park Restoration	35,000	35,593	7,489	35,593	0	35,000	35,000	35,000	Annual survey underway which will identify planned works
Estates, Paths & Roads	25,000	27,694	10,213	27,694	0	20,000	20,000	20,000	Budget will be spent
TRDC Footpaths & Alleyways	40,000	43,472	1,497	43,472	0	25,000	25,000	25,000	Budget will be spent
Integration of Firmstep to uniform Licensing applications	0	5,150	0	5,150	0	0	0	0	Ongoing project
<b>Sub-total Economic Development</b>	<b>1,037,397</b>	<b>1,012,712</b>	<b>79,954</b>	<b>1,411,611</b>	<b>398,899</b>	<b>299,000</b>	<b>299,000</b>	<b>299,000</b>	

Housing	Original Budget 2022/23 £	Latest Budget 2022/23 £	P8 Spend To Date £	Forecast Outturn 2022/23 £	Variance £	Proposed 2023/24 £	Proposed 2024/25 £	Proposed 2025/26 £	Comments
Disabled Facilities Grant	586,000	827,799	455,704	827,799	0	586,000	586,000	586,000	Budget will be spent
Home Repairs Assistance	10,000	2,000	0	2,000	0	2,000	2,000	2,000	Demand Led service, no applications received to date.
<b>Sub-total Housing</b>	<b>596,000</b>	<b>829,799</b>	<b>455,704</b>	<b>829,799</b>	<b>0</b>	<b>588,000</b>	<b>588,000</b>	<b>588,000</b>	
<b>Total Infrastructure Housing &amp; Economic Development</b>	<b>1,633,397</b>	<b>1,842,511</b>	<b>535,658</b>	<b>2,241,410</b>	<b>398,899</b>	<b>887,000</b>	<b>887,000</b>	<b>887,000</b>	



Policy & Resources									
Resources & Shared Services	Original Budget 2022/23 £	Latest Budget 2022/23 £	P8 Spend To Date £	Forecast Outturn 2022/23 £	Variance £	Proposed 2023/24 £	Proposed 2024/25 £	Proposed 2025/26 £	Comments
Professional Fees-Internal	157,590	157,590	0	157,590	0	157,590	157,590	157,590	This is for internal staff support on capital schemes and is actioned at the end of the financial year.
Trowley Rise Project	0	57,000	0	57,000	0	0	0	0	Budget will be spent
Election Equipment	6,000	11,216	2,706	11,216	0	6,000	6,000	6,000	Budget will be spent
Street Lighting Replacement	130,000	130,000	1,875	130,000	0	0	0	0	Tender returns due in December works to commence in January. Profile of budget will be determined when programme is received
Members' IT Equipment	16,260	62,950	0	62,950	0	16,260	16,260	16,260	Delay due to supply issues. currently testing 2 models for implementation
ICT-Managed Project Costs	180,000	240,000	0	240,000	0	240,000	240,000	60,000	Budget will be spent
Hardware Replace Prog	55,000	0	0	0	0	0	0	40,000	
Garage Improvements	220,000	294,996	49,030	294,996	0	150,000	150,000	150,000	Budget will be spent
ICT Licence Costs	130,000	0	0	0	0	0	0	0	
Customer Contact Programme	0	3,698	0	3,698	0	0	0	0	Budget will be spent
ICT Website Development	0	14,870	0	0	(14,870)	14,870	0	0	To be rephased to 2023/24 for development and integration of 3rd party platforms
ICT Elections	17,000	0	0	0	0	0	0	0	
ICT Hardware Replacement Prog	45,000	17,000	0	17,000	0	50,000	114,824	45,000	Budget will be spent
TRH Whole Life Costing	280,000	509,950	82,819	509,950	0	170,000	170,000	170,000	Installation of an Air Source Heat pump for water and heating at Three Rivers House. The balance is being funded by a government grant and will provide sufficient carbon savings to support the Council's route to zero
Basing House-Whole Life Costing	60,000	60,000	1,076	60,000	0	60,000	60,000	60,000	Currently awaiting quotes for extensive works
Business Application Upgrade	180,000	0	0	0	0	20,000	20,000	90,000	

Resources & Shared Services Cont.	Original Budget 202/23 £	Latest Budget 2022/23 £	P8 Spend To Date £	Forecast Outturn 2022/23 £	Variance £	Proposed 2023/24 £	Proposed 2024/25 £	Proposed 2025/26 £	Comments
Three Rivers House Transformation	210,000	36,583	11,248	36,583	0	0	0	0	Budget will be spent
Property Information System	0	50,000	11,819	50,000	0	0	0	0	Budget will be spent
<b>Sub-total Resources &amp; Shared Services</b>	<b>1,686,850</b>	<b>1,645,853</b>	<b>160,573</b>	<b>1,630,983</b>	<b>(14,870)</b>	<b>884,720</b>	<b>934,674</b>	<b>794,850</b>	
Major Projects	Original Budget 202/23 £	Latest Budget 2022/23 £	P8 Spend To Date £	Forecast Outturn 2022/23 £	Variance £	Proposed 2023/24 £	Proposed 2024/25 £	Proposed 2025/26 £	Comments
South Oxhey Initiative	0	351,764	350,848	351,764	0	0	0	0	Statutory Compulsory Purchase Order payment made. Final negotiations with one remaining tenant taking place which will require additional budget when final cost is ascertained
Property Investment Board	0	10,470,989	12,746	10,470,989	0	0	0	0	Completion of purchase of pre-emptions sites awaited. Foxgrove Path will be progressed separately due to viability issues with Little Furze site.
<b>Sub-total Major Projects</b>	<b>0</b>	<b>10,822,753</b>	<b>363,594</b>	<b>10,822,753</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Total Policy &amp; Resources</b>	<b>1,686,850</b>	<b>12,468,606</b>	<b>524,167</b>	<b>12,453,736</b>	<b>(14,870)</b>	<b>884,720</b>	<b>934,674</b>	<b>794,850</b>	
<b>Total Capital Programme</b>	<b>7,038,260</b>	<b>18,422,765</b>	<b>2,475,095</b>	<b>18,983,663</b>	<b>560,898</b>	<b>3,096,420</b>	<b>3,579,174</b>	<b>3,439,350</b>	

## CAPITAL INVESTMENT PROGRAMME 2022/23 to 2025/26 VARIANCES

Description	Details of Outturn Variances to Latest Approved Budget	2022/23 £	2023/24 £	2024/25 £	2025/26 £
<b>Infrastructure, Housing &amp; Economic Development</b>					
Cycle Schemes	Budget removed due to use of CIL for new Towpath Project	(78,383)	0	0	0
Grand Union Canal Towpath Upgrade	CIL Budget approved at 12 September P&R Committee for Grand Union Canal Towpath Upgrade	172,282	0	0	0
Retail Parades	Budget removed due to use of CIL for EV Charging Points	(155,000)	0	0	0
EV Charging Points	CIL Budget approved at 12 September P&R Committee for EV Charging Points	460,000	0	0	0
<b>Total</b>		<b>398,899</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Leisure, Environment &amp; Community</b>					
Capital Grants & Loans	Budget not required this financial year	(3,631)	0	0	0
Denham Way MUGA	25% Increase in CIL allocation agreed at Full Council 13 December 2022 for supply chain cost increases	86,750	0	0	0
South Oxhey Playing Fields	25% Increase in CIL allocation agreed at Full Council 13 December 2022 for supply chain cost increases	93,750	0	0	0
Watersmeet Projector Server	Growth Bid for 2023/24	0	80,000	0	0
<b>Total Leisure, Environment &amp; Community</b>		<b>176,869</b>	<b>80,000</b>	<b>0</b>	<b>0</b>
<b>Policy &amp; Resources</b>					
ICT Website Development	To be rephased to 2023/24 for development and integration of third party platforms	(14,870)	14,870	0	0
<b>Total Policy &amp; Resources</b>		<b>(14,870)</b>	<b>14,870</b>	<b>0</b>	<b>0</b>
<b>Total Variances for Period 8 (November) 2022</b>		<b>560,898</b>	<b>94,870</b>	<b>0</b>	<b>0</b>

## APPENDIX 3

### CAPITAL INVESTMENT PROGRAMME 2022/23 to 2025/26 FUNDING

Capital Programme	2022/23 Original Budget £	2022/23 Latest Budget £	2022/23 Forecast £	2023/24 Forecast £	2024/25 Forecast £	2025/26 Forecast £
<b>Balance Brought Forward</b>						
Govt Grants: Disabled Facility Grants	(1,063,531)	(1,063,531)	(1,063,531)	(1,063,531)	(1,063,531)	(1,063,531)
Section 106 Contributions	(1,134,479)	(1,134,479)	(1,134,479)	(1,695,516)	(1,695,516)	(1,695,516)
Capital Receipts Reserve	0	0	0	0	0	0
New Homes Bonus Reserve	(2,395,311)	(2,395,311)	(2,395,311)	0	0	0
<b>Total Funding Brought Forward Generated in the Year</b>	<b>(4,593,321)</b>	<b>(4,593,321)</b>	<b>(4,593,321)</b>	<b>(2,759,047)</b>	<b>(2,759,047)</b>	<b>(2,759,047)</b>
Govt Grants: Disabled Facility Grants	(586,000)	(665,264)	(665,264)	(586,000)	(586,000)	(586,000)
Section 106 Contributions	0	(561,037)	(561,037)	0	0	0
Capital Receipts Reserve	(1,100,000)	(1,100,000)	(1,100,000)	(1,100,000)	(1,000,000)	(1,000,000)
Future Capital Expenditure Reserve		0	0	0		0
New Homes Bonus Reserve	(110,247)	(110,247)	(110,247)	(110,247)	(95,000)	(95,000)
<b>Total Generated Use of Funding</b>	<b>(1,796,247)</b>	<b>(2,436,548)</b>	<b>(2,436,548)</b>	<b>(1,796,247)</b>	<b>(1,681,000)</b>	<b>(1,681,000)</b>
Govt Grants: Disabled Facility Grants	586,000	665,264	665,264	586,000	586,000	586,000
Section 106 Contributions	0	0	0	0	0	0
CIL Contributions	722,000	791,979	1,604,761	0	0	0
Capital Receipts Reserve	1,100,000	1,100,000	1,100,000	1,100,000	1,000,000	1,000,000
Future Capital Expenditure Reserve	0	0	0	0		0
New Homes Bonus Reserve	2,505,558	2,505,558	2,505,558	110,247	95,000	95,000
Borrowing	2,124,702	13,359,964	13,108,080	1,300,173	1,898,174	1,758,350
<b>Total Use of Funding</b>	<b>7,038,260</b>	<b>18,422,765</b>	<b>18,983,663</b>	<b>3,096,420</b>	<b>3,579,174</b>	<b>3,439,350</b>
<b>Balance Carried Forward</b>						
Govt Grants: Disabled Facility Grants	(1,063,531)	(1,063,531)	(1,063,531)	(1,063,531)	(1,063,531)	(1,063,531)
Section 106 Contributions	(1,134,479)	(1,695,516)	(1,695,516)	(1,695,516)	(1,695,516)	(1,695,516)
Capital Receipts Reserve	0	0	0	0	0	0
Future Capital Expenditure Reserve	0	0	0	0	0	0
New Homes Bonus Reserve	0	0	0	0	0	0
<b>Total Funding Carried Forward</b>	<b>(2,198,010)</b>	<b>(2,759,047)</b>	<b>(2,759,047)</b>	<b>(2,759,047)</b>	<b>(2,759,047)</b>	<b>(2,759,047)</b>
<b>South Oxhey Initiative</b>						
Balance Brought Forward	0	0	0	0	0	0
Generated in the Year (Land Receipts)	(6,354,279)	(6,354,279)	(6,354,279)	0	0	0
Repayment of Borrowing	6,354,279	6,354,279	6,354,279	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Expenditure Capital Investment Programme</b>	<b>7,038,260</b>	<b>18,422,765</b>	<b>18,983,663</b>	<b>3,096,420</b>	<b>3,579,174</b>	<b>3,439,350</b>

## SECTION 106 BALANCES 2022/23

TA4950 - Reserves	Balance at 1 April 2022	Movement In year		Balance at 31 March 2023
		Contribution FROM	Contribution TO	
0155 - Resv-S106-Ecology-Abbotswd Pk	(22,761.54)	0.00	0.00	(22,761.54)
0159 - Resv-S106-Maint-Crox Common Mr	(12,435.24)	0.00	0.00	(12,435.24)
0166 - Resv-Env Maint Commuted Sums	(31,965.42)	0.00	0.00	(31,965.42)
0171 - Resv-S106 Huntonbury Village	(68,448.43)	0.00	0.00	(68,448.43)
0173 - Resv-S106 Green Lane	(19,832.04)	0.00	0.00	(19,832.04)
0177 - Resv-S106 Tanners Hill Amenity	(59,890.25)	0.00	0.00	(59,890.25)
0187 - Resv- S106 Redwing Gve (Trees)	(7,564.58)	0.00	0.00	(7,564.58)
0190 - Resv-S106 Oxhey Nu Oaklands Av	(43,632.41)	0.00	0.00	(43,632.41)
0191 - Resv-S106 49 Bucknalls Lane	(2,121.22)	0.00	0.00	(2,121.22)
0193 - Resv-S106 Horsefield - Abbots Langley (Op SP)	(1,050,333.10)	0.00	0.00	(1,050,333.10)
0196 - Resv-S106-Traffic Reg Orders	(20,549.85)	0.00	0.00	(20,549.85)
0197 - Resv-S106-Happy Man Berry Lane	(6,151.61)	0.00	0.00	(6,151.61)
0198 - Resv-S106-Gade View	(28,444.60)	0.00	0.00	(28,444.60)
0202 - S106-Chorleywd Working Mans Cl	(13,818.69)	0.00	0.00	(13,818.69)
0203 - S106-Open Space-8 Chiltern Dr	(1,437.54)	0.00	0.00	(1,437.54)
0210 - S106 1 Oakfield,MIEnd (Op Sp)	(1,419.22)	0.00	0.00	(1,419.22)
0227 - S106 Long Island Ex'ge (TRO)	(2,042.89)	0.00	0.00	(2,042.89)
0230 - S106 Leav'den Stud,Warner Dr	(27,476.29)	0.00	0.00	(27,476.29)
0238 - S106 Leavesden Country Park	(0.65)	0.00	0.00	(0.65)
0246 - S106 Hayling & Holmside Rise (Op Sp)	(14,105.09)	0.00	0.00	(14,105.09)
0252 - S106 2 Hornhill Road (AH)	(4,031.07)	0.00	0.00	(4,031.07)
0253 - S106 - 89 Northwick Road (AH)	(21,261.64)	0.00	0.00	(21,261.64)
0254 - S106 - Oxhey Hall Barnes (AH)	(22,752.15)	0.00	0.00	(22,752.15)
0255 - S106 - High View Caravan Park, Toms Lane, KL (AH)	(14,250.38)	0.00	0.00	(14,250.38)
0257 - S106 - 55 Penrose Road (AH)	(21,481.25)	0.00	0.00	(21,481.25)
0258 - S106 - 373 Prestwick Road (AH)	(22,586.88)	0.00	0.00	(22,586.88)
0259 - S106 - Swan House, Homestead Road (AH)	(100,338.88)	0.00	0.00	(100,338.88)
0260- S106 - Former Pocklington House site, Eastbury Avenue (AH)	(446,030.20)	0.00	0.00	(446,030.20)
0261 - S106 - 10 Harrogate Road (AH)	(29,980.10)	0.00	0.00	(29,980.10)
0262 - S106 - 6 Berkeley Close, Abbots Langley (AH)	(67,669.00)	0.00	0.00	(67,669.00)
0263 - S106 - 28 Chapel Close (AH)	0.00	(41,948.33)	0.00	(41,948.33)
0264 - S106 - Threshing Barn, Bullsland Farm, Bullsland Lane (AH)	0.00	(282,898.60)	0.00	(282,898.60)
0265 - S106 - 165-167 Hampermill Lane (AH)	0.00	(122,512.50)	0.00	(122,512.50)
0267 - S106- Petherick Pastures, Bucks Hill (AH)	0.00	(91,970.66)	0.00	(91,970.66)
0268 - S106 - Bell PH, 117 Primrose Hill, Kings Langley (AH)	0.00	(35,000.00)	0.00	(35,000.00)
0269 - S106 - 228 Gosforth Lane (AH)	0.00	(24,207.21)	0.00	(24,207.21)
<b>Total</b>	<b>(2,184,812.21)</b>	<b>(598,537.30)</b>	<b>0.00</b>	<b>(2,783,349.51)</b>

Three Rivers District Council

APPENDIX 5

# Treasury Management Strategy Statement 2022/23

## 1. Summary

- 1.1. This document sets out the Council's Treasury Management Strategy Statement (TMSS).
- 1.2. The Chartered Institute of Public Finance and Accountancy (CIPFA) defines treasury management as: "the management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks".
- 1.3. The TMSS supports the delivery of the Council's Capital Strategy and provides additional detail on how the Council manages its Treasury Management Activity.
- 1.4. The TMSS details the policies, practices, objectives and approaches to risk management of its treasury management activities, which is to be monitored by the Audit Committee. The primary objectives of the Treasury Management Strategy Statement are:
  - Security - Safeguard the repayment of the principal and interest of its investments on time
  - Liquidity - Ensure adequate liquidity to meet obligations as they fall due
  - Yield - Investment return is the final objective and is considered after security and liquidity requirement have been satisfied.
- 1.5. This statement is reviewed and approved annually by Council alongside the Council's budget, Medium Term Financial Plan (MTFP) and Capital Strategy.
- 1.6. The Director of Finance in consultation with the Lead Member for Resources and Shared Services has delegated authority to approve any variation to the Strategy Statement during the year with the objective of maximising the Council's returns without significantly increasing risk.

## 2. Risks

- 2.1. The key Treasury Management risks are set out in the CIPFA Treasury Management Code of Practice ("the TM Code"). The following paragraphs set out these risks and how they are managed:

### **Liquidity Risk**

That the Council may not have the cash it needs on a day to day basis to pay its bills.

This risk is managed through forecasting and the retention by the Council of an adequate working capital balance. In addition, through the Public Works Loan Board and other organisations, the Council is able to access short term borrowing, usually within 24 hours.

### **Interest Rate Risk**

That the costs and benefits expected do not materialise due to changes in interest rates.

This risk is managed through the placing of different types and maturities of investments, the forecasting and monitoring of the interest budget (with assistance from the Council's retained advisors).

### **Exchange Rate Risk**

That losses or gains are made due to fluctuations in the prices of currency.

The Council does not engage in any significant non-sterling transactions.

## **Credit and Counterparty Risk**

That the entity holding Council funds is unable to repay them when due. This risk is managed through the maintenance of a list of authorised counterparties, with separate limits to ensure that the exposure to this risk is limited.

## **Refinancing Risk**

That the loans taken by the Council will become due for repayment and need replacing at a time when there is limited finance available or interest rates are significantly higher.

The timing of loan maturities is monitored along with interest rate forecasts. Officers ensure that due dates are monitored and seek advice from the Council's advisors about when to raise any finance needed.

## **Legal and Regulatory Risk**

That the Council operates outside its legal powers.

This risk is managed through the Council's training and development of Officers involved in Treasury Management, the independent oversight of Internal and External Audit, and the advice (for example on the contents of this strategy) taken from the Council's Treasury advisors.

## **Fraud, Error and Corruption**

The risk that losses will be caused by impropriety or incompetence.

This risk is managed through the controls in the Council's financial procedures. For example, the segregation of duties between those making investment decisions and those transferring funds.

## **Market Risk**

That the price of investments held fluctuates, principally in secondary markets.

The majority of the Council's investments are not traded, but where they are (e.g. Property investment portfolio) the main investments' value comes from the income they generate which is generally long term and secure.

## **3. Treasury Indicators: Limits to Borrowing Activity**

- 3.1. There are two limits on external debt: the 'Operational Boundary' and the 'Authorised Limit'. Both are consistent with existing plans and the proposals in the budget report for capital expenditure and financing, and with approved treasury management policy statement and practices. These indicators are set out in the Capital Strategy.
- 3.2. The key difference is that the Authorised Limit cannot be breached without prior approval of the Council. The Operational Boundary is a more realistic indicator of the likely position. The difference between the authorised limit and operational boundary for borrowing is that the authorised limit includes a head room for borrowing for future known capital needs now. The Authorised Limit represents the limit beyond which borrowing is prohibited, and needs to be revised if necessary by members.

## **4. Borrowing Strategy**

- 4.1. The Council's treasury team maintains a cashflow forecast and works its liquidity requirements within this forecast; it may, on rare occasions, be necessary to borrow short-



term for cashflow purposes. This will be in the form of short term debt or overdraft facilities and is normally for small amounts for minimum durations. As this is based on need and has a defined repayment period it is not normally included within the limits set above.

- 4.2. The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates and will be considered carefully to ensure that value for money can be demonstrated (ie: the cost of holding does not outweigh the benefits of early borrowing) and that the Council can ensure the security of such funds. Any associated risks will be approved and reported through the standard reporting method.

## **5. Investment Policy**

- 5.1. The Council's investment policy has regard to the statutory Guidance on Local Government Investments and TM Code. The Council's investment priorities are security first, liquidity second, then yield.
- 5.2. Investment instruments identified for use in the financial year are listed below under the 'Specified' and 'Non-Specified' Investments categories. Counterparty limits will be as set through the Council's Treasury Management Practices Schedules and are detailed at Annex A.
- 5.3. As part of its diversification of investments, the Council has invested some of its core funds (ie: funds not immediately required for cashflow reasons) in longer-term investment property instruments. These are in the form of individual assets directly owned by the council. Although the Council has no current investments or plans to invest in pooled property funds, these are an option that could be considered in the future. All property investments are controlled through the Property Investment Board (PIB) and each investment is subject to its own business case and appraisal before a decision to invest is taken and before any Council funds are committed.
- 5.4. During 2020/21 the Council made a small Money Market Fund investment with Royal London Asset Management to diversify placement of some longer term cash. It is intended to continue to make use of this fund during 2023/24 while cash balances permit.

## **6. Creditworthiness policy**

- 6.1. The Council will ensure:
  - It maintains a policy covering both the categories of investment types it will invest in and the criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the Specified and Non-Specified investment sections below.
  - It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed.

These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.

- 6.2. The Director of Finance will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary and will provide an overall pool of counterparties considered high quality.
- 6.3. Credit rating information is supplied by our treasury consultants on all active counterparties that comply with the Council's criteria. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of a possible longer term change) are provided to officers almost immediately after they occur and this information is considered before dealing.

## **7. Counterparty Categories**

- 7.1. The Council uses the following criteria in choosing the categories of institutions in which to invest:
  - **Banks 1 - Good Credit Quality**

The Council will only use UK banks or foreign banks trading in the UK in sterling denomination and which meet the Rating criteria.
  - **Banks 2 – The Council's Own Banker**

For transactional purposes, if the bank falls below the above criteria, it will be included, although in this case balances will be minimised as far as possible in both monetary size and time within operational constraints.
  - **Bank Subsidiary and Treasury Operations**

The Council will use these where the parent bank has the necessary ratings outlined above and the parent has provided an indemnity guarantee.
  - **Building Societies**

The Council will use all Societies which meet the ratings for banks outlined above.
  - **Specific Public Bodies**

The Council may lend to Public Bodies other than Local Authorities. The criterion for lending to these bodies is that the loan has been approved by Council.
  - **Money Market Funds AAA Rated**

The Council may lend to Money Market Funds in order to spread its investment risk.
  - **Local Authorities**

A limit of £5m per authority will be applied.
  - **Debt Management Deposit Account Facility**

A Government body which accepts local authority deposits.
  - **Council Subsidiaries (non-specified)**

The Council will lend to its subsidiaries subject to approval of a business case by the Portfolio Holder, in consultation with the Director of Finance. Business cases must be accompanied by an independent assessment of viability, and be subjected to regular monitoring by the Director of Finance.

- 7.2. Further details of counterparty categories and limits are set out Annex A Schedule of Specified and Non-Specified Investments.
- 7.3. The Council will also consider investment in property in accordance with its Property Investment Strategy. All property investments will be dependent on a standalone business case being proven.

## **8. The Monitoring of Investment Counterparties**

- 8.1 The credit rating of counterparties is monitored regularly. The main rating agencies (Fitch, Moody's and Standard & Poor's) provide credit ratings for financial institutions. The Council receives credit rating information (changes, rating watches and rating outlooks) from Capita Asset Services Treasury Solutions as and when ratings change, and counterparties are checked promptly. The Council considers minimum short term ratings as key criteria in the choice of creditworthy investment counterparties; F1+, P-1 and A-1+ are the highest short term credit ratings of Fitch, Moody's and Standard & Poor's respectively. Minimum Short Term Ratings, where given, must be met for all categories.
- 8.2 On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately by the Director of Finance, and if required new counterparties which meet the criteria will be added to the list.
- 8.3 For non-specified investments (e.g. e-f above) the progress of the entity against the approved, independently verified business case will be monitored by the Director of Finance.

## **9. Use of Additional Information Other Than Credit Ratings**

- 9.1 Additional requirements under the Code of Practice require the Council to supplement credit rating information. Whilst the above criteria rely primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example Credit Default Swaps, negative rating watches/outlooks) will be applied to compare the relative security of differing investment counterparties.

## **10. Time and Monetary Limits Applying to Investments**

- 10.1 The time and monetary limits for institutions on the Council's Counterparty List summarised in the table below, are driven by the above criteria. These limits will cover both Specified and Non-Specified Investments.

## **11. Exceptional Circumstances**

- 11.1 The criteria for choosing counterparties set out above provide a sound approach to investment in "normal" market circumstances. Whilst Members are asked to approve this base criteria above, under the exceptional current market conditions Director of Finance

may temporarily restrict further investment activity to those counterparties considered of higher credit quality than the minimum criteria set out for approval. These restrictions will remain in place until the banking system returns to “normal” conditions. Similarly, the time periods for investments will be restricted.

11.2 Examples of these restrictions would be the greater use of the Debt Management Deposit Account Facility (DMO) – a Government body which accepts local authority deposits, money Market Funds, and strongly rated institutions. The credit criteria have been amended to reflect these facilities.

**12. Investment Strategy**

12.1 In-House Funds - investments will be made with reference to the core balance and cashflow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

12.2 Investment Treasury Indicator and Limit - total principal funds invested for greater than one year. These limits are set with regard to the Council’s liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

Treasury Indicator & Limit	2022/23	2023/24	2024/25	2025/26
Maximum Principal Sums invested for greater than one year (excluding property investment and loans to Council subsidiaries).	£10m	£10m	£10m	£10m

### **13. Investment Risk & Security Benchmarking**

13.1 These benchmarks are simple guides to maximum risk and so may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmarks is that officers will monitor the current and trend position and amend the operational strategy to manage risk as conditions change. Any breach of the benchmarks will be reported, with supporting reasons in the Mid-Year or Annual Report. The benchmarks are as follows:

#### **Security:**

Security of the investments is measured by credit ratings, which is supplied by the three main credit rating agencies (Fitch, Moodys and Standard & Poors). Where investments are made to Council subsidiaries (non-listed), the security is measured through a business case with independent viability assessment.

#### **Liquidity:**

- The Council set liquidity facilities/benchmarks to maintain: Authorised bank overdraft - nil.
- Liquid short term deposits of at least £0.5m available with a week's notice.

The Council has the benefit of instant access to its funds on the general account with Lloyds.

#### **Yield:**

13.2 The Council benchmarks the yield on its operational cash against SONIA (the Sterling Overnight Index Average). This is a measure of market rates for actual returns on overnight cash deposits. Performance against this indicator will be reported in the reports produced at mid-year and year-end.

### **14. Reporting Requirements**

14.1 The Audit Committee has the responsibility for the scrutiny of Treasury Management policies and practices and receives the Treasury Management Policy for review prior to approval by Council.

14.2 An annual report on the performance of the Treasury Management function, including the effects of the decisions taken and the transactions executed in the past year, and on any circumstances of non-compliance with the organisation's treasury management policy is considered by Council following the end of the financial year

14.3 Council also receives a Mid-Year Treasury Management Report setting out activity to 30 September.

## **15. Policy on the Use of External Service Providers**

- 15.1 Link Asset Services are the appointed external advisors. The Council recognises that responsibility for treasury management decisions remains with the Council at all times and will ensure that undue reliance is not placed upon our external service providers. It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.
- 15.2 The Council will also, from time to time, procure specialist advice for ad-hoc pieces of work; this will be procured in accordance with the Council's normal procedure rules.

## **16. Member and Officer Training**

- 16.1 In order to ensure that Members and Officers are sufficiently trained and qualified to monitor and manage the Council's Treasury Management activity, the following measures are in place:
- Ensuring that officers attend suitable courses and seminars to keep their technical knowledge up to date;
  - Keeping up to date with CIPFA publications on Treasury Management;
  - Regular briefings both by email and face to face with the Council's Treasury advisors;
  - Reports and briefing sessions to Members on major changes to Treasury policies and strategies.

Non Specified Investment Category	Limit (£ or %)
<p><b>Any bank or building society</b> that has a minimum long term credit rating of A (or equivalent), for deposits with a maturity of greater than one year (including forward deals in excess of one year from inception to repayment).</p>	£5m
<p><b>The Council's own banker</b> if it fails to meet the basic credit criteria.</p>	In this instance balances will be minimised as much as possible
<p><b>Building Societies not meeting the basic security requirements</b> under the specified investments.</p> <p>The operation of some building societies does not require a credit rating, although in every other respect the security of the society would match similarly sized societies with ratings. The Council may use such building societies which were originally considered Eligible Institutions and have a minimum asset size of £5,000m, but will restrict these types of investments to £2m for up to six months.</p>	£2m
<p><b>Specific Public Bodies</b></p> <p>The Council can seek Member approval to make loans to other public bodies for periods of more than one year.</p>	£10m
<p><b>Loans to Council Subsidiaries</b></p> <p>The Council will lend to its subsidiaries subject to approval of a business case by the Portfolio Holder, in consultation with the Director of Finance. Business cases must be accompanied by an independent assessment of viability, and be subjected to regular monitoring by the Director of Finance.</p>	£10m limit for any single loan
<p><b>Other unspecified investments</b></p> <p>The strategy allows the Portfolio Holder, in consultation with the Director of Finance, in consultation with the Lead Member, the delegated authority to approve any variation to the Treasury Management Strategy during the year which may be brought about by investigating the opportunity to invest for greater than one year and also to invest in other investment instruments i.e Government bonds, Gilts and investment property with a view of to maximising the Council's returns without significantly increasing risk. This allows the addition of further unspecified investments, subject to conditions which will be generally similar to (e).</p>	£10m

Institution Type	Minimum Short Term Ratings			Schedule 1 (A) – UK Banks & Building Societies			
	Fitch	Moody's	S&P				
The Council's own Bankers	F1m	P-1	A-1	If Council's own bankers fall below the minimum long term criteria for UK banks, cash balances will be managed within operational liquidity constraints and balances will be minimised as much as possible.			
Wholly Owned Subsidiaries of UK Clearing Banks - Parent Ratings	F1	P-1	A-1	Long Term Credit Rating: AA(F), Aa2(M), AA(S&P)	Long Term Credit Rating: Single A (All agencies)	Long Term Credit Rating: Lower than A (All agencies)	Long Term Credit Rating: Lower than A
Partially Owned Subsidiaries of UK Clearing Banks - Parent Ratings	F1	P-1	A-1				
UK Building Societies (Credit Rated)	F1	P-1	A-1				
UK Building Societies (Unrated)				Assets over £15bn	Assets over £5bn	Assets of £2.5bn	Assets of £1bn
	<b>Maximum Amount / Duration:</b>			<b>£10m 364 Days</b>	<b>£10m 6 Months</b>	<b>£10m 3 Months</b>	<b>£10m 1 Month</b>



### Schedule 1 (B) – Other Entities

Specific Public Bodies	As approved by Members – up to £10m for up to 10 years
Debt Management Deposit Facility (UK Government)	Unlimited – this is the Council’s Safe-Haven Deposit facility with the UK Government
Money Market Funds (AAA Rated)	£10m per fund
Municipal Bond Agency	As approved by Members
UK Local Authorities	<p>A Maximum of £5m applies per Authority.</p> <p>The Council can invest in all UK Local Authorities whether rated or not.</p> <p>The Council will not lend to an authority which is subject to a s.114 notice without member approval.</p>

Notes:

1. F1+, P-1 and A-1+ are the highest short term credit ratings of Fitch, Moody's and Standard and Poor's respectively.
2. Minimum Short Term Ratings - Where given, these must be met, for all categories (except RBS Group).
3. Building Societies - A Building Society has to meet either the ratings criteria or the assets criterion to be included in the category, not both.
4. Maximum amount is the maximum, in total, over all investments, with any one institution (with the exception of RBS Group).

### Minimum Revenue Provision (MRP) Strategy and Policy Statement

The Minimum Revenue Provision (MRP) is designed to pay off an element of the capital spend which has not already been financed from existing revenue or capital resources. The Council is required to make prudent provision, by way of a charge to the revenue account, which means that the repayment of debt is enabled over a period that is reasonably commensurate with that over which the capital expenditure provides benefits.

The Council is also able to increase the rate it reduces its CFR by undertaking additional voluntary payments (voluntary revenue provision - VRP) in addition to any MRP; this is not currently the Council's policy.

Government Regulations require the Council to approve a MRP Statement in advance of each year. The following is the Council's MRP statement:

From 1 April 2008 for all unsupported borrowing (including PFI and finance leases) the MRP policy will be:

- **Asset life method** – MRP will be based on the estimated life of the assets, in accordance with the regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction) (option 3)

This option provides for a reduction in the borrowing need over the asset's estimated life.

No MRP provision is made in respect of investments or payments to the joint ventures as such investments are intended to be time-limited and allow for the repayment of debt. For finance leases the council will charge MRP to its General Fund each year dependant on the life of the underlying asset.

## BUDGET: EQUALITY IMPACT ASSESSMENTS

The council is legally required by the Equality Act 2010 to evidence how it has rigorously considered its equality duties in the budget-setting process. To achieve this, Equality Impact Assessments (EIAs) have been completed on all budget proposals with a potential impact on service-users, related to their legally protected characteristics.

EIAs assess how proposals may impact on specific groups differently (and whether/how negative impacts can be reduced or avoided) so that these consequences are explicitly considered.

Members are referred to the full text of s149 of the Equality Act 2010 which must be considered when making decisions on budget proposals.

### Budget Equality Impact Assessment Template 2023-24

<b>Service Area</b>	Corporate Finance	<b>ID No</b>	BUD23
<b>Head of Service</b>	Alison Scott		
<b>What is the Budget Proposal?</b>	<p>The Council is obliged to set a balanced budget and commensurate Council Tax level in accordance with the Local Government Finance Act 1992.</p> <p>The Council must also, in the exercise of its functions, comply with the requirements of the Equality Act 2010 and in particular section 149 (the Public Sector Equality Duty). The purpose of this assessment is to look at possible equalities implications of the overall budget and significant specific proposals included within it.</p> <p>For 2023/24, the key features of the proposed budget are:</p> <ul style="list-style-type: none"> <li>• a 2.99% increase in the District Councils element of the Council Tax</li> </ul>		

	<ul style="list-style-type: none"> <li>• a small number of efficiency measures</li> </ul>
<p><b>Summary of Impacts</b></p>	<p><b>Highlight the most significant disproportionate impacts on groups</b></p>
	<p>The analysis is split into 2 parts:</p> <ul style="list-style-type: none"> <li>• the impact of increasing the Council Tax,</li> <li>• the impact of significant specific proposals which are included in the overall budget</li> </ul> <p>Increasing the Council Tax In terms of Council Tax liability, residents fall into one of the following 4 categories:</p> <ol style="list-style-type: none"> <li>1. those liable to pay full Council Tax,</li> <li>2. those eligible for some form of discount or exemption (other than Council Tax Support),</li> <li>3. those eligible for Council Tax Support,</li> <li>4. those with no Council Tax liability.</li> </ol> <p>A 2.99% increase in the Band D Council Tax would result in a cash increase of £5.65 per year (11p per week) for those required to pay the full charge.</p> <p><u>Group 1 - Those liable to pay full Council Tax</u>  For the majority of Three Rivers residents, the Council believes that the proposed increase will not have a significant impact. Three Rivers is known as an affluent district with high levels of employment (86.3% economically active households, 1,275 out of work benefit claimants)<sup>1</sup>. There will be an impact for those Council Tax payers whose income is just above the threshold for Council Tax Reduction who will suffer the full increase. The Council has no specific equalities monitoring data on this group of residents.</p> <p><u>Group 2 - Those eligible for some form of discount or exemption (other than Council Tax Support)</u>  As per Group 1 but for those in receipt of a discount or exemption the effect of the increase would</p>

<sup>1</sup> |Source: NOMIS Official Labour Market Statistics  
<https://www.nomisweb.co.uk/reports/lmp/la/1946157229/report.aspx?town=three%20rivers>

	<p>be proportionately less. For example, a Band D taxpayer who is eligible for a single person discount would be subject to an increase of £4.21 (8p per week) rather than £5.65 (11p per week).</p> <p><u>Group 3 – Those eligible for Council Tax Support</u> The Council operates a Council Tax Reduction scheme the details of which are advertised on its website <a href="https://www.threerivers.gov.uk/egcl-page/council-tax-reduction-scheme">https://www.threerivers.gov.uk/egcl-page/council-tax-reduction-scheme</a></p> <p><u>Group 4 – Those with no Council Tax liability</u> The effect on this group is neutral.</p>
<b>Assess Level of impact (1=low; 5 = high)</b>	Low - 1
<b>Key Actions to reduce negative impacts</b>	<b>What Actions are planned to reduce/avoid negative impacts and increase positive impacts?</b>
	<p>Communications regarding support with council tax payment will be circulated with new billing, is available via the council's website and support and will continue to be provided directly by officers where it is needed.</p> <p>The Council has a commissioned service of financial (including debt) advice for residents which is provided by Citizens Advice.</p>
<b>Full EIA?</b>	Not at this time
<b>Monitoring and Evaluation</b>	<p>It is open to the council to formulate its budget proposals (having regard to the likely impact on protected characteristics), and then at the time of developing any policies, the council will consider in greater detail the specific impact of the proposed policies that might be implemented within the budgetary framework. Where it is the case that decisions on how to achieve savings or agree growth within the agreed budget will be taken in-year, subsequent decisions will be taken as per the budget governance arrangements of the Councils Constitution and shall be made based on a clear understanding of what the potential impacts might be. Impacts will be monitored through the council's normal quarterly budget and performance monitoring processes with any emerging impacts, both positive and negative, on groups with protected characteristics considered via a reviewed EIA</p>

<b>Cumulative Impacts</b>	<b>Might related proposals from other service areas (or other changes) worsen or mitigate impacts from your proposal?</b>
	Analysis of the EIAs shows that there are no identified cumulative impacts from the 2023/24 budget proposals in relation to any specific protected groups.

**EIA sign-off:**

**Person completing the EIA: Hannah Doney, Head of Finance**

**Date: 03/02/2023**

**TRDC Equality lead: Emma Sheridan, Head of Community Partnerships**

**Date: 07/02/2023**