

## Strategic Finance Medium Term Revenue Budget

Corporate Costs	Original Budget 2022/23 £	Latest Budget 2022/23 £	Spend to Date £	Forecast Outturn 2022/23 £	Variance @ P10 £	Forecast 2023/24 £	Forecast 2024/25 £	Forecast 2025/26 £	Officer Comments
Interest Earned	(270,000)	(270,000)	(366,451)	(270,000)	0	(670,000)	(660,000)	(660,000)	Increased Income generated from Treasury Management activities
Interest Paid	302,150	309,150	96,400	309,150	0	682,989	682,989	682,989	
Transfer to Reserves	(59,910)	(59,910)	5,879,053	(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>2,207,973</b>	<b>7,837,735</b>	<b>2,207,973</b>	<b>0</b>	<b>2,226,386</b>	<b>2,281,859</b>	<b>2,328,239</b>	

## Funding the Capital Investment Programme

CAPITAL INVESTMENT PROGRAMME 2022-2025 - FUNDING						
Capital Programme	2022/23 Original Budget £	2022/23 Latest Budget £	2022/23 Outturn Forecast at P10 £	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)	(1,637,016)	(1,637,016)	(1,637,016)
Capital Receipts Reserve	0	0	0	0	0	0
Future Capital Expenditure 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</b>	<b>(4,593,321)</b>	<b>(4,593,321)</b>	<b>(4,593,321)</b>	<b>(2,700,547)</b>	<b>(2,700,547)</b>	<b>(2,700,547)</b>
<b>Generated in the Year</b>						
Govt Grants: Disabled Facility Grants	(586,000)	(665,264)	(665,264)	(586,000)	(586,000)	(586,000)
Section 106 Contributions	0	(561,037)	(602,537)	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	0
New Homes Bonus Reserve	(110,247)	(110,247)	(110,247)	(110,247)	(95,000)	(95,000)
<b>Total Generated</b>	<b>(1,796,247)</b>	<b>(2,436,548)</b>	<b>(2,478,048)</b>	<b>(1,796,247)</b>	<b>(1,681,000)</b>	<b>(1,681,000)</b>
<b>Use of Funding</b>						
Govt Grants: Disabled Facility Grants	586,000	665,264	665,264	586,000	586,000	586,000
Section 106 Contributions	0	0	100,000	0	0	0
CIL Contributions	722,000	1,604,761	613,553	928,750	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	0
New Homes Bonus Reserve	2,505,558	2,505,558	2,505,558	110,247	95,000	95,000
Borrowing	2,124,702	13,108,080	12,367,272	1,877,481	1,898,174	1,758,350
<b>Total Use of Funding</b>	<b>7,038,260</b>	<b>18,983,663</b>	<b>17,351,647</b>	<b>4,602,478</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)	(1,637,016)	(1,637,016)	(1,637,016)	(1,637,016)
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>(2,700,547)</b>	<b>(2,700,547)</b>	<b>(2,700,547)</b>	<b>(2,700,547)</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>18,983,663</b>	<b>17,351,647</b>	<b>4,602,478</b>	<b>3,579,174</b>	<b>3,439,350</b>

## Budgetary Risks

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

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Apr-06	FIN11	Director of Finance	Budgetary	Inaccurate estimates of fees and charges income and / or estimates of cost of delivering chargeable services	A budget pressure is created due to income shortfalls or increased expenditure	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
Apr-06	FIN12	Director of Finance	Budgetary	Revenue balances insufficient to meet loss of partial exemption for VAT	If the council's expenditure on functions for which it receives income that is exempt for VAT purposes exceeds 5% of its total vatable expenditure, then the Council may lose its ability to recover VAT on all of its exempt inputs. This is mitigated by close monitoring of exempt supplies and prudent VAT planning. The Council elects to tax on development schemes.	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
Dec-13	FIN13	Director of Finance	Budgetary	The estimated cost reductions and additional income gains are not achieved	Savings identified and included in the budget will be monitored as part of the budget monitoring process. See fees and charges above. MTFs agreed for next 3 years.	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
Apr-06	FIN14	Director of Finance	Budgetary	The Council is faced with potential litigation and other employment related risks	The Council has no outstanding litigation cases.	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

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
Dec-13	FIN18	Director of Finance	Budgetary	Fluctuations in Business Rates Retention	From April 2020 the system was due to be subject to reset and increase to 75% retention. This has been further postponed to 2023/24.	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
Mar-16	FIN19	Head of Property Services	Budgetary	Failure to deliver the South Oxhey initiative to desired outcomes and objectives resulting in a delay in the capital receipt	This is a key project. This appears as item no.7 in the Council's strategic risk register. Phase 1 delivered. Enhanced next phase agreed. Work is scheduled to conclude in 2021/22 and remains broadly on track.	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
Jul-16	FIN20	Director of Finance	Budgetary	Failure of ICT systems	The Council's integrated Financial Management System (FMS) is held on an ICT platform. If this were to fail then potentially there will be a loss of functionality occurring during any downtime	3	2	6	System migrated to latest version. Payments system updated.	Head of Finance	1	2	2	→	Monitor reliability	Head of Finance	Continuous
Mar-18	FIN21	Director of Finance	Budgetary	Property Investment	The Property investment Board manage its property portfolio in order to secure additional income to support its general fund.	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
Sep-18	FIN23	Director of Finance	Budgetary	Commercial Investment	The Council is currently exploring other commercial options to improve self sustainability. Currently there is a commercial income target of £1m pa which is being met.	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

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
Nov-19	FIN 24	Director of Finance	Service	Loss of Key Personnel	As the Council becomes more complex in its financial arrangements, key skills become more important.	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

## Appendix 7

## Reserves Forecast 2022/23

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)	1,053,563	(4,309,982)	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>1,516,082</b>	<b>(6,181,309)</b>	
<b>Capital Reserves</b>				
Capital Receipts	0	(305,467)	(305,467)	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)	(602,537)	(1,837,794)	Developers contributions towards facilities
Grants & Contributions	(1,063,531)	(846,848)	(1,910,379)	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>(1,754,852)</b>	<b>(6,448,951)</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)	Developers contributions towards maintenance of site
Community Infrastructure Levy (CIL)	(6,194,685)	(1,644,308)	(7,838,993)	Developers 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>(1,644,308)</b>	<b>(13,582,447)</b>	
<b>Total All</b>	<b>(24,329,630)</b>	<b>(1,883,078)</b>	<b>(26,212,707)</b>	