

Commentary on main budget risks

Investment Income

The Council has earned £340,000 from its investments so far this financial year (including the gain from disposal of the UBS Multi Asset Income Fund). There is no reason to believe that the budget of £650,000 will not be achieved.

Staffing Savings

Vacancy savings of £136,000 were achieved in the first quarter of the year exceeding the £125,000 budget.

Inflation allowance on contracts

Each year a global sum is set aside within the budget for inflation increases and for 2019/20 this is set at £140,000. Throughout the year, as and when annual increases in contracts/annual payments are determined, virements are actioned to the appropriate budget headings from the set aside sum. To date, there has been no call on the inflation allowance.

Additional Grants

The Council has been notified that a further grant for Individual Elector Registration will be forthcoming this year. The amount is yet to be determined. Last year's grant was £13,680.

Eltham Crematorium

There is the possibility that the income budget of £225,190 may not be achieved. The last two years income from the crematorium did not meet the budget. 17/18 - £211,525 and 18/19 - £167,213. The reason provided by Greenwich Council was falling numbers, and additionally for 2018/19 there had been a reallocation of previous years' utility bills that had been charged elsewhere reducing the income even further. We will be advised of a projection for this year in November.

Corporate Land and Properties Income

The Corporate Land and Properties current income budget for rents and service charges for 2019/20 is £925,000. Income for the first quarter is as expected.

Benefits

During this year the number of cases changing to universal credit are expected to rise. Therefore expenditure is likely to be lower than historic levels which is certainly the trend to date.

In the past the combination of the subsidy arrangements and overpayment recovery have often led to a net income position. This is still expected but it is likely that the total net income received will be lower.

The overall figures will also be affected by the subsidy claim audit which takes place over the summer as adjustments are sometimes necessary.

Land Charges Income

The budget for land charges income for 2019/20 is £80,000. The actual to the end of June is £18,462, which is just below target and £20,770 lower than the first quarter of 2018/19. The number and search types at this stage of the year have changed significantly compared to 2018/19 levels. In the first quarter of 2018/19, 333 full searches were undertaken compared to 146 this financial year while the number of personal searches for 2018/19 for the same period was 448 against 576 this year.

At this stage it is anticipated that the income at the end of the year will be close to its budget of £80,000.

The position to the end of June is shown in the following table:

2018/19		2019/20
	Current Budget	£80,000
	Profile to Month 3	£20,000
£39,236	Actual to Period 3	£18,462
£115,824	Outturn	

Special Events

The net budget for the festival is £88,650. Last year's festival expenditure was £212,306 and the current year's expenditure is likely to be similar at £211,000 exceeding the budget of £158,650. The income budget is set at £70,000 and this year £58,000 is likely to be achieved. The potential net overspend will be just over £60,000. The final position will be included in the next formal report to Members when expenditure and income has been finalised.

Waste and Parks Management

The new waste contract came into effect from 1 July. The first quarter's costs with the previous contractor are yet to be finalised and therefore at this stage there is nothing specific to report upon.

Cemeteries Income

The 2018/19 income budget was not met, underachieving income by £8,000. However, in 2019/20 income to the end of June is meeting its target

The table below shows the position to the end of June.

2018/19		2019/20
	Current Budget	£195,000
	Profile to Month 3	£48,750
£44,026	Actual to Period 3	£48,593
£187,045	Outturn	

Licensing

General licensing income as at the end of June is £810 higher compared to the same period last year and is £1,700 higher than this year's profiled income. The majority of the income is received from September onwards when the Gambling Act 2005 and Licensing Act 2003 annual fees are due. It is therefore too early to predict an outturn at this stage.

Vehicle licensing income is £2,100 lower than the same period last year and £2,300 under its target income.

Overall income is similar to the first quarter of 2018/19, and it is close to target. It is likely that the income budget will be achieved.

The following table gives the position as at the end of June:

2018/19		2019/20
	Current Budget	£144,400
	Profile to Month 3	£23,980
£24,410	Actual to Period 3	£23,145
£149,828	Outturn	

Car Parks Income

The two tables below show the position as at 30 June for car parking fees and charges and fines and costs (PCN) income.

Fees and charges are overall on target for the first quarter and similar to 2018/19 income.

Fines and costs which include the safety car, although £7,000 lower than the same period last year, income is £7,000 higher than expected for the first quarter. Although income is exceeding its target, final year-end position will be dependent upon any change in the level of provision made for unpaid debts as at 31 March 2020 compared to the previous financial year.

Fees & Charges

2018/19		2019/20
	Current Budget	£426,970
	Profile to Month 3	£106,740
£105,636	Actual to Period 3	£106,626
£467,915	Outturn	

Fines & Costs

2018/19		2019/20
	Current Budget	£318,140
	Profile to Month 3	£79,535
£93,751	Actual to Period 3	£86,578
£439,027	Outturn	

Dartford Markets

The following table shows the position for market income as at the end of June. Following on from previous years' falling income, the income budgets for 2019/20 were reduced. Market receipts are under their target budget for the first quarter by £13,000. Saturday market income is £8,500 under target and Thursday market £4,500 under target. Although early in the financial year, initial indications are that budgets are unlikely to be achieved again.

2018/19		2019/20
	Current Budget	£213,100
	Profile to Month 3	£53,275
£45,243	Actual to Period 3	£39,977
£180,005	Outturn	

Planning Income

Income from planning fees is considerably higher than the profiled budget at this stage and in the first three months of the year 43% of the budgeted income has been received. Three receipts exceed £20,000 with one at £55,000.

Income from planning performance agreements currently stands at £33,000 against a budget of £76,000 while commercial and residential development pre-application advice income of £6,780 is currently low against its budget of £43,000. However, combining these two incomes with other minor income sources, the actual to date at £41,590 compares favourably with the first quarter's target of £31,875.

The table below gives the position for the main planning fees as at the end of June.

2018/19		2019/20
	Current Budget	£549,410
	Profile to Month 3	£137,350
£285,949	Actual to Period 3	£241,202
£769,557	Outturn	
254	No. of Receipts to period 3	113
8	No. of Receipts > £1K	27
£173,523	Value of Receipts > £1K	£218,100

Building Control

The number of In-year receipts is very similar to the same period last financial year. Income in the first quarter is £13,000 higher than its target. It is lower than last year's first quarter which included an usually high single receipt for £39,580 in respect of a the final inspection fee for a large development.

The following table shows the position at 30 June.

2018/19		2019/20
	Current Budget	£284,000
	Profile to Month 3	£71,000
£103,331	In Year Receipts to Period 3	£83,956
£320,842	Outturn	
169	No of Receipts to Period 3	172

Temporary Accommodation

Expenditure on housing homeless clients continues to put pressure on the budget. However, the total number of nights in temporary accommodation have reduced in this quarter compared to the same quarter last year. The 2019/20 Q1 figures were 20,500 compared to 22,000 for 2018/19 Q1.

Initial monitoring is showing that the increased budget of £900,000 is likely to be overspent by year-end with the net financial cost likely to be over £1m as in the last three years. However, assuming the reduction in activity is sustained, net expenditure is likely to be lower than the £1.38m net spend in 2018/19.

Business Rates Income

Initial in year figures project a similar retained income to that budgeted for. Any in year improvements in retained income may affect the income accounted for in 2019/20 negatively as gains will be distributed in future years but pool contributions to other Kent authorities and specific funds will be due in year.

Going forward, the appeals position remains uncertain as there are still a significant number of undecided appeals remain from the 2010 list. Additionally, it is still expected that there will be significant challenges to the 2017 valuations. The appeal provision will be revisited at year-end to take account of these changes and appeal determinations.

Next year's income had been projected to fall owing to an expected reset and spending review. This is still to be announced. Given the Conservative leadership election it is possible that the current arrangements and therefore similar income levels could continue for another year.

HOUSING REVENUE ACCOUNT

The Housing Revenue Account (HRA) continues to be in a sound financial position, having carried forward a balance of just over £12.3m from 2018/2019.

This early in the financial year it is too soon to draw conclusions on the main expenditure and income areas. Repairs and Maintenance expenditure is low to date but it's too early to tell if last year's underspend in this area will be repeated as the majority of spend often takes places in the winter period.

Continuing challenges this year include the last year of 1% rent reductions. It should also be noted that provision will need to be made for the £5 million maturity payment on the HRA debt, due in 2022, which is in addition to the budgeted principal of £4.4m per annum.

The HRA will be closely monitored and the Business Plan regularly updated, with Cabinet being informed of any significant variances.