

**GENERAL FUND PROBABLE OUTTURN 2016/17**

The General Fund probable outturn for 2016/17 is as follows:

	Current Budget	Probable Outturn
	£	£
Internal Services	6,676,320	5,284,120
Managing Director	312,020	311,200
External Services	5,790,640	6,245,080
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	12,778,980	11,840,400
Allowance for inflation	59,840	30,000
Employee vacancy factor	262,510	0
Support to other funds	(850,000)	(850,000)
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	12,251,330	11,020,400
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The probable outturn net expenditure for services on the General Fund for 2016/17 is £939,000 lower than the current budget.

The significant variances on the current budget are:

**Staffing vacancy factor**

The original budget for the year of £125,000 has been exceeded and as at the end of October individual General Fund salary budgets have been reduced by £387,500 due to the identification of vacant posts or reduced hours.

**Inflation allowance on contracts**

The allowance in the budget for inflation on major contracts is £80,000, and with low inflation rates, only £20,000 of this has been required. With the majority of the annual contract increases having already being agreed in this financial year, an inflation allowance of £30,000 will be held for use in the latter part of the year.

**INTERNAL SERVICES****Land Charges**

The fees and charges for 2016/17 were set on a prudent assumption of numbers of personal and full searches compared to the previous year.

However, the housing market has remained buoyant this year with the numbers of searches remaining similar to the previous financial year. This is likely to result in additional income of £42,000 for the current financial year.

### **The Orchard Theatre**

Expenditure is projected to be £13,000 under budget and the income from the profit share at £34,000, will be £14,000 higher than budget, producing a net underspend of £27,000.

### **Eltham Crematorium**

The latest information available from the Royal Borough of Greenwich shows that the Council's share of the income distribution from the joint arrangement at Eltham crematorium for 2016/17 is £39,000 more than budget.

### **Interest**

The projected outturn for interest has been increased to £900,000, £735,000 more income than budgeted. The interest received to date on external pooled funds is £537,000 and on internal investments is £125,000. A further £177,000 of declared dividends on external pooled funds are due and further dividends are still to be declared. £900,000 is a prudent estimate of the likely outturn. The increase has been the result of a revised investment strategy balancing enhanced return with managed risk. Preservation of capital is always the prime objective.

### **Benefits**

Expenditure is currently lower than expected for benefits payments to those in private accommodation but more for emergency accommodation cases. Total expected expenditure is estimated at £27.5 million, which is £1.5 m lower than expected. The Council is reimbursed most of its expenditure by Government grant and also receives income from the recovery of overpaid housing benefit.

In total, it is estimated that income will exceed expenditure, resulting in a favourable budget variance of £300,000.

The projection is related to levels of payments and collection to date and possible audit adjustments of the 2015/16 grant claim.

### **Revenues & Benefits**

A prudent budget is assumed for court costs, however the projected receipts are expected to be similar to 2015/16, giving rise to income of £135,000 above budget.

**Fraud**

All major preceptor authorities and councils in Kent have agreed to share responsibilities to minimise Council Tax and Business Rate fraud and maximise the collectable tax base, and thus the tax collected. Under the partnership arrangement with Sevenoaks District Council, a three-year funding agreement has been entered into with the preceptors. A grant of £92,988 will be allocated on a fifty percent share between the two councils for the three year term of the agreement. However, funding for years two and three are subject to achieving additional Council Tax and Business Rates yield to the Preceptors of 200% or more of the grant paid in each year. Mid-year reviews will be conducted in October of each year.

**Special Events**

The net budget for the festival is £85,470. As previously reported, the procurement for the delivery of the 2016 festival identified a likely net budget overspend of £25,000. Final expenditure was higher than anticipated but the festival income of £44,000, which is mainly from sponsorship and concessions, exceeded the target budget by £4,000, reducing the net overspend to £24,000.

**Fairfield**

The budget for Fairfield will overspend by £53,000 in 2016/17. The final agreement with the management company at Fairfield Pool provides for the surplus annual payments to the Council to commence from 2017/18. These payments are calculated annually but will be paid monthly. It was initially anticipated that the income flow would start from March 2017 and £35,000 was included within the 2016/17 budget accordingly. During the contract agreement process, it was agreed to keep payments within financial years, whilst keeping the total income to the Council the same over the contract. Therefore, as monthly payments will not commence until April 2017, the income budget will not be met for 2016/17

Another contributor to the over spend is that the agreement with Places for People provides for a one-off contribution of £18,000 for NNDR to assist with year 1 running costs. NNDR costs were unknown at the tendering stage by both parties. Part of the cost of this contribution can potentially be met from the current budget.

## **EXTERNAL SERVICES**

### **Planning Fee Income**

Income from planning fees has continued to perform well and currently it is expected that income will exceed the budget by £103,000. In addition, and following on from the introduction of planning performance agreements, the budget of £43,000 for other planning income is likely to be exceeded by £29,000.

### **Litter Enforcement**

This new service has been trialled since late January 2016 and has now been procured for three years. As the service was only at a trial stage during the 2016/17 budget process, budgets were not included for the current financial year. Current volumes indicate a net income of £48,000 for the year. Expenditure and income budgets have been introduced as part of the 2017/18 budget process.

### **Refuse & Street Cleansing**

A net overspend of £57,500 is projected for this service. There are a number of reasons for the variations from budgets. Two major overspends are fly tipping and the garden waste service. The cost of clearing fly tipping has increased hugely this year due to a general increase together with a number of serious incidents including the dumping of two lorry trailers full of tyres. In addition, it has not been possible to expand the garden waste collection service as quickly and as extensively as originally thought, so income from this service has underachieved. However, income from sales of wheeled bins to developers is greater than expected and this has partially offset the overspends.

### **Car Parking**

Overall car parking income is £62,000 lower than budget. This is mainly because fines and costs are projected to be £79,000 lower than budget with the decrease falling mainly within on-street areas. In addition, fines and costs from the safety car are lower than anticipated. Income from fees and charges has increased during the year and it is expected that this income will exceed budget for both on and off street car parking areas by £17,000 in total. Ultimately, the aim of the Civil Enforcement Officer service is to positively influence driver behaviour and this is reflected in improved compliance but has resulted in a drop in revenue from fines.

### **Temporary Accommodation**

A net overspend of £565,000 is expected for Temporary Accommodation. Expenditure on housing homeless clients continues to be very high. There is increased pressure on the availability of rented housing in the area, partly as a result of London boroughs placing their temporary accommodation clients in

out of borough placements, and a general drift of people from London to outlying areas, driven in part by the Housing Benefit cap.

If expenditure continues at an increased rate throughout the rest of the year, a higher overspend would be expected.

The Housing Department is actively pursuing a number of strategies to help contain the issue including leasing more properties, but the service is demand-led and there is a lack of suitable accommodation in the area.