

REPORT TO: Cabinet Member (Finance & Resources)

DATE: 17 December 2008

DEPARTMENT: Resources

REPORTING OFFICER: Head of Legal and Democratic Services

SUBJECT: **REVISED ESTIMATES 2008/09 AND DRAFT
GENERAL FUND BUDGET 2009/10 FOR THE
LEGAL AND DEMOCRATIC SERVICES BUSINESS
UNIT**

WARD/S AFFECTED: N/A

FORWARD PLAN REF: N/A

1.0 PURPOSE OF REPORT

1.1 To provide the Portfolio Holder with financial information for Legal and Democratic Services in respect of:-

- The revised estimates (RE) for 2008/09
- The original estimates (OE) for 2009/10
- Forecast budgets for 2010/11 and 2011/12
- Use of reserves
- Details of efficiency savings

2.0 RECOMMENDATION/S

2.1 It is recommended that the Cabinet Member:-

- (i) notes the revised 2008/09 estimates;
- (ii) recommend the Draft General Fund estimates for 2009/10 to Cabinet;
- (iii) notes the projections for 2010/11 and 2011/12.
- (iv) notes the proposed efficiency savings.
- (v) notes the earmarked reserve review forms.

3.0 RECOMMENDED REASON/S FOR DECISION/S

3.1 To secure approval to the revised 2008/09 and original 2009/10 budgets.

4.0 ALTERNATIVE OPTION/S CONSIDERED AND RECOMMENDED FOR REJECTION

4.1 None.

5.0 THE REPORT

5.1 Overview

5.1.1 The Legal and Democratic Services budget contains two elements. The business unit accounts are shown in Pages A1 to A3 and set out the costs of democracy and the Officer support to Members from both the Member Services Section and other Officers working with and advising Members and the Mayoralty. The other services included in this part of the accounts are those provided direct to the public in respect of electoral registration and the management of Elections and Local Authority Searches.

5.1.2 Pages A4 to A6 concern rechargeable holding accounts where support activity such as Legal Support, Customer services and the Town Hall Keepers are ultimately recharged to those services that they support.

5.2 General Fund Revised 2008/09 Estimate

5.2.1 The General Fund Revised Estimate for 2008/09 is £2,180,240 compared to an original estimate of £2,041,170 a net increase of £139,070. The major variances are set out on page A2 attached. You will note that by far the most significant element is the projected fall in Land Charges income estimated at £175,000, which is wholly attributable to the Housing Market conditions.

5.2.2 At the time of writing this report I have established that income for November 2008 at 40% of that budgeted is the worst recorded month to date. The projected fall in income is being carefully monitored.

5.3 General Fund Original Estimate for 2009/10

The proposed original estimate for 2009/10 is £2,317,400 an increase on the original estimate for the current year of £276,230. Again, by far the largest variation is the projected full year fall in land charges income of £200,000. A significant increase in officer time charged to the DRM budget of £74,000 has also been noted. With the exception of these two issues which are beyond the control of the budget holder, costs have been maintained at the same level year on year.

5.4 Holding Account Revised 2008/09 Estimate

These accounts show a revised estimate of £1,970,420 for the current year compared to an original estimate of £1,838,180 an increase of £132,240. The major variances are shown on page A5. Many of these reflect the increased operations of the CSU, including the centralisation of the mobile phone budget. Another significant issue is the major call on Counsel's fees due to a very heavy year of activity on a range of planning and employment issues. Many of these costs are being met from reserves allocated for these purposes.

5.5 Holding Account Original 2009/10 Estimate

The proposed original estimate for 2009/10 in respect of rechargeable accounts is £1,960,070 resulting in an increased net expenditure of £121,890 above the original estimate for 2008/09. The major variances relate to CSU backfilling and honoraria which are to be met from reserves and the centralisation of the mobile phone budget discussed above. The main variances from the 2008/09 original estimate are as set out on page A6.

5.6 Use of Reserves

5.6.1 The attached papers refer to the use of reserves. In line with CIPFA guidelines, details of reserves are required as part of both the final accounts and the budget process.

5.6.2 Further details on the position of earmarked reserves are listed at Appendix B.

5.7 Local Land Charges Fees

5.7.1 There is always considerable uncertainty about the likely level of income arising from fees for local searches. A judgement is required each year which seeks to forecast Housing Market conditions up to 18 months into the future. This is a difficult task in any year, but is particularly difficult this year due to the on-going housing market slowdown.

5.7.2 At the meeting on 26 November 2008, the Cabinet Member (Finance and Resources) agreed to maintain current fees for standard searches in the hope that this would make them more attractive compared to private searches. The impact of this on budgets is extremely difficult to forecast at the present time.

5.7.3 The most optimistic scenario would be that there may be a slow recovery in housing market activity in the early part of 2010.

5.8 **Details of Cash and Efficiency Savings**

Savings have been identified totalling £38,892 involving the deletion of a part-time post in Member Services and reduced costs arising from new photocopying equipment.

5.9 **Details of Discretionary Growth**

No growth proposals have been included.

5.10 **Projections 20010/11 and 2011/12**

These are set out in the budget papers.

5.11 **Financial Risk Management**

5.11.1 The risks relating to the Local Land Charges income are set out earlier in this report.

5.11.2 The other key issue for 2008/09 has been the considerable spending on Counsel's fees due to the high level mainly from planning related work. The revenue budget and reserve for this activity is likely to be fully utilised this year. The extent of our ability to replenish the reserve at year end will influence the degree of risk of a repeat of this situation during 2010/2011.

5.11.3 Another major uncertainty relates to the amount of work and likely costs arising from which will be required to defend and support the Council's position in regard to the ongoing Single Status and Equal Pay Act discussions currently underway.

5.12 **Scrutiny**

The report will be considered at the Organisation and Improvement and Environment Commission at its meeting on 14 January 2009.

Background Papers -

OFFICER CONTACT: Please contact Peter Jordan if you require any further information on the contents of this report. The officer can be contacted at Crescent Gardens, Harrogate by telephone on (01423) 556029 or by Email – peter.Jordan@harrogate.gov.uk

SUSTAINABILITY ASSESSMENT / POLICY CONSIDERATIONS

		Implications are		
		Positive	Neutral	Negative
A	Economy		✓	
B	Environment		✓	
C	Social Equity			
i)	General		✓	
ii)	Customer Care / People with Disabilities		✓	
iii)	Health Implications		✓	
D	Crime and Disorder Implications		✓	

If all comments lie within the shaded areas, the proposal is sustainable.