

**BUDGET AND PERFORMANCE PANEL 16TH SEPTEMBER 2008  
REVENUE AND CAPITAL OUTTURN 2007/08**

**COMMENTS OF THE HEAD OF LEGAL AND HUMAN RESOURCES**

The Head of Legal and HR will be on annual leave and therefore unable to attend the meeting on the 16th September 2008. She will be represented at the meeting by the Legal Services Manager, HR Manager and Licensing Manager, but her comments are as follows:

Background Information

Variances of £5,000 or more on any individual budget code are always reported to the Legal and HR PRT meetings. These variances are identified by Financial Services in advance of the meetings.

During 2007/08, separate PRT meetings were held for Legal, Licensing and HR, and the variances reported to each of the Quarter 4 meetings are set out in the attached Appendix 1.

It should be pointed out that the variances set out in Appendix D to the Cabinet report of the 31st July 2008 are variances on budget headings or cost centres which combine a number of individual budget codes. It is inevitable, therefore, that these variances will be different from the more detailed ones reported to the PRT. It seems unfair for this now to be a matter for apparent criticism. Clearly, if two individual budget codes each show a variance of say £3,000, individually they will be under the £5,000 threshold for reporting to the PRT, but together, under the wider budget heading, will create a variance of more than £5,000. It seems important therefore to apply the same reporting criteria all the time, or at least to recognise that there will be differences if different criteria are used..

Appendix D

Having said that, some of the figures in Appendix D for Legal and HR in the "QTR4 PRT" column seem to be incorrect, and do not reflect what was actually reported to the PRT meetings.

A template explaining the variances in Appendix D is attached as Appendix 2 to this note, but the Service Head's more detailed comments on each budget heading set out in Appendix D are as follows:

Gambling Act 2005 – Income

A figure of £25,100 was not reported to the service's PRT. A variance of £19,853 (favourable) on gaming machines income was reported. At the time of the PRT there had been coding problems within the Gambling Act 2005 income codes, as 2007/08 was the first year of operation of the new Act. Some amusement machines had been incorrectly coded to gaming machines.

The reason for the overall £14,000 favourable variance at outturn was that the Gambling Act 2005 was not implemented until 2007. It had been impossible to estimate in advance what the effect of the new Act would be, and in fact many more applications for amusement arcades were received under the new Act than had been anticipated, with a number of operators electing to divide up existing premises, and to apply for a number of separate licences for those premises. Thus the income was

considerably more than expected. This could not have been anticipated in advance. Licensing income is always difficult to estimate, because the number of new applications and renewals will always be an unknown. This is all the more so when new legislation is introduced.

#### Hackney Carriage Licences – Mainly Income

This budget heading actually covers not only hackney carriage licences but also private hire licences, ie taxis generally.

At the PRT, two variances were reported under this heading – a favourable variance of £5,887 on private hire vehicle licence income, and an adverse £6,466 on expenditure for vehicle tests. These in effect balanced each other, as the extra spending on tests was required because of the additional number of licensed vehicles. As part of the close-down of accounts for CC(D)S who carry out the vehicle tests, a refund of £5,500 was subsequently received.

In fact, at outturn, none of the individual budget codes under this heading showed a variance of more than £5,000, with the exception of the “support recharge”, which is outside the Service’s control.

The figure of £7400 in appendix D actually represents the net figure for the cost centre, without the support recharge. The variance had not been calculated by Financial Services in this way for the purposes of the PRT meeting – as indicated above, individual budget code variances exceeding £5,000 were reported to that meeting. The overall figure of £7400 is made up of a number of variances in individual budget codes, each less than £5000.

The reason for the £7,400 variance, is again the impossibility of estimating in advance how many new applications for vehicle and driver licences will be submitted during the course of a year, and how many existing licences will be renewed. Taxi driving is a particularly transitory trade, and whilst the number of hackney carriages is fixed, the number of licensed private hire vehicles can vary considerably throughout the year.

#### Licensing Act 2003:

The favourable variance in Licensing Act income was correctly reported to the PRT. The Licensing Act 2003 was implemented in late 2005, and is still therefore “bedding in”, and it has been very difficult to accurately estimate the income from new applications, variations and annual fees.

#### Miscellaneous Licences: Income

This heading covers a number of different types of licences ranging from tattooists to animal boarding establishments. A favourable variance of £5,240 was reported to the PRT against the coding of game dealers, and was reported at that time as a miscoding of income. The variance under this heading in fact relates to a sex shop licence, for which the current fee is £5,125. A sex shop licence application was received in 2007/08 for the first time in very many years. It is impossible to budget accurately for such an eventuality. In fact, the shop has now closed, so a similar fee will not be received in the current year.

#### HR: Consultancy/Corporate Training/Equality and Diversity

Appendix D states that a variance of only £7,700 under these headings was reported to the PRT. This is incorrect, as variances of £7,707 on corporate training and £23,990 on consultants were reported to the PRT.

An underspend of £4,200 arose on equality and diversity because a decision was taken in consultation with Cabinet Members during 2007/08 to defer the work on achieving Level 2 of the Equality Standard.

An underspend of nearly £24,000 arose under the heading of consultants, as it did not prove possible to appoint a suitable Interim Principal Human Resources Officer during 2007/08 to assist with the routine workload during the Fair Pay project.

Corporate Training was overspent by £1,293 as compared with the original budget, as a result of the liP accreditation process. This budget had in fact been increased at revised budget time. This proved to have been unnecessary and arose as a result of an error on the Powersolve system, but this led to the apparent underspend.

#### Searches: Mainly Income

A variance of £9,000 was reported to the PRT, which was the figure provided by Financial Services at the time. At outturn, the variance was £8,000. The level of search income is outside the control of the Service, and depends on the strength of the housing market at the time. As with licensing income, search fee income is extremely difficult to estimate accurately in advance.

Head of Legal and Human Resources  
27th August 2008