

CABINET - 5 OCTOBER 2005

LAND CHARGES - UNDERACHIEVEMENT OF BUDGETED INCOME

1. INTRODUCTION

- 1.1 Land charge income has for many years made a substantial contribution to the Council's overall income stream. In 2004/5 this income fell substantially below predicted levels and this situation has intensified in the first four months of the 2005/6 financial year.
- 1.2 The Land Charges team consists of three full time employees plus some limited clerical support. This is the minimum staffing level needed to cover for holiday and sickness and to achieve a 99.9% turnaround within ten working days (BVPI 179).

2. PURPOSE OF THIS REPORT

- 2.1 This report predicts the extent of the likely net budget shortfall in the 2005/6 financial year and explains the reasons for this.

3. SHORTFALL OF BUDGETED INCOME

3. For 2005/6 it was predicted that we would receive 5,600 searches, the same number as we dealt with in 2004/5. Following an increase in land charge fees it was anticipated that the income from these searches would be £821,000. The budget is profiled, based upon previous years experience, because the numbers vary from the peak month of June (660 predicted) to the lowest month of December (270 predicted).
- 3.2 In the first four months of this year it was estimated that we would receive 2317 full searches and 172 personal searches. The actual number of full searches was down by 29% at 1656. The actual number of personal searches, which produce much less income (£11 compared with £146), was 266, an increase of 54%. Overall this still represents a 23% reduction in total search numbers.
- 3.3 In financial terms it was predicted that by the end of July we would have received £340,000 of income from land charge searches. The actual figure received was £240,000, a shortfall of £100,000. This deficit is slightly off-set because for every full search we do not receive we save £10.50 which is paid to Hampshire County Council for highway input. The expenditure budget saving to the end of July is £7,000.

- 3.4 Projecting these budget figures forward for the whole of the financial year, and on the assumption that the property market does not improve substantially, it is estimated that we will have a budget shortfall of £220,000. A supplementary estimate is being sought for this amount.

4. REASONS FOR THE VARIATION

- 4.1 The principal factor here is the state of the property market and particularly the number of residential sales which are taking place. There has been a major slowdown in the property market in the last 18 months and there is no sign of this changing significantly despite the recent minor cut in interest rates.
- 4.2. The other factor is the growth of personal searches where people come to the Council offices to collect information themselves and the fee we can charge for providing certain information is set (£11) by the Lord Chancellor. A number of companies specialise in providing this service and they are being used by solicitors to an increasing extent as opposed to submitting a full search to the local authority.
- 4.3 In practice there is little we can do to influence either of these factors as one is related to the state of the economy and the other is a decision made as a matter of principle by solicitors as opposed to a judgement on the costs or service standards of a particular local authority. At New Forest District Council, although our full search costs are towards the top of the Hampshire authorities, our service standards in terms of the quality of information and the time in which it is provided are very good. As has already been said, with a team of three providing this service there is no scope for staffing cuts if we wish to continue to provide a good service at all times.

5. ENVIRONMENTAL/CRIME AND DISORDER IMPLICATIONS

- 5.1 None.

6. PORTFOLIO HOLDER COMMENTS

- 6.1 Councillor J Heron :-

I am disappointed at the low level of fee set by the Lord Chancellor for the provision of information provided by this Council, as described in paragraph 4.2 above. This fee of just £11 enables Solicitors to offer a service (albeit inferior in terms of extent of information supplied) at a charger lower than the Council, a major factor in the lower income now being received by this Council for the Land Charges service.

7. CONCLUSIONS

- 7.1 Whilst a very substantial reduction in income is predicted there appears to be very little we can do to reduce this as the circumstances are very largely beyond our control.
- 7.2 It is worth noting, although not directly relevant to this report, that other areas of income related to the property market are holding up well and exceeding budget projections. This particularly applies to planning applications and to a lesser extent Building Regulation fee income.

8. RECOMMENDATION

- 8.1 That Cabinet recommend Council to approve a net supplementary estimate of £220,000 in relation to the predicted fall in land charges income.

For further information:

Chris Elliott
Head of Development Control
Tel: 023 8028 5310
e-mail dev.control@nfdc.gov.uk

Background papers:

None.