

2009/2010 BUDGET

	BUDGET 2009/2010	REVISED BUDGET 2008/2009	£ + / -	% + / -	ACTUAL 2007/2008
INCOME					
SUBSCRIPTIONS - HALF	1,575.00	1,575.00	0.00	0.00%	0.00
SUBSCRIPTIONS - FULL	2,312,100.00	2,331,000.00	(18,900.00)	(0.81)%	2,287,000.00
DIVIDENDS IN RESPECT OF CLAIMS	0.00	0.00	0.00		117,000.00
CURRENT ACCOUNT INTEREST	18,000.00	50,000.00	(32,000.00)	(64.00)%	167,000.00
GAIN ON SALE OF INVESTMENTS	0.00	0.00	0.00		1,000.00
JUDICIAL FACTORY FEES	25,000.00	40,000.00	(15,000.00)	(37.50)%	0.00
INSPECTION FEE INCOME	0.00	12,500.00	(12,500.00)	(100.00)%	20,000.00
MARK 2 INSPECTION FEE INCOME	70,000.00	50,000.00	20,000.00	40.00%	33,000.00
	2,426,675.00	2,485,075.00	(58,400.00)	(2.35)%	2,625,000.00
EXPENDITURE					
SALARIES	(992,338.00)	(962,534.00)	(29,804.00)	3.10%	(788,000.00)
OVERHEADS	(245,000.00)	(237,896.00)	(7,104.00)	2.99%	(189,000.00)
CONVENOR FEES	(10,500.00)	0.00	(10,500.00)		0.00
STOP LOSS INSURANCE	(211,650.00)	(180,000.00)	(31,650.00)	17.58%	(163,000.00)
MONITORING & ADMIN. OPERATIONAL COSTS	(91,750.00)	(125,200.00)	33,450.00	(26.72)%	(80,000.00)
INTERVENTIONS & J.F. OPERATIONAL COSTS	(121,952.00)	(128,675.00)	6,723.00	(5.22)%	9,000.00
OTHER PROFESSIONAL FEES	(69,250.00)	(30,000.00)	(39,250.00)	130.83%	0.00
DEPRECIATION	(5,000.00)	(7,500.00)	2,500.00	(33.33)%	(7,000.00)
CORPORATION TAX	(5,000.00)	0.00	(5,000.00)		(84,000.00)
AUDITORS FEES	(2,200.00)	(3,000.00)	800.00	(26.67)%	(3,000.00)
	(1,754,640.00)	(1,674,805.00)	(79,835.00)	4.77%	(1,305,000.00)
SURPLUS OF RUNNING COSTS AS @ 31/10	672,035.00	810,270.00	(138,235.00)	(17.06)%	1,320,000.00
CLAIMS	(1,418,826.00)	(976,500.00)	(442,326.00)	45.30%	(77,000.00)
UNBUDGETED FUNDING CONTINGENCY FUND	(50,000.00)	(50,000.00)	0.00	0.00%	0.00
OVERAL FUND SURPLUS / (DEFICIT) AS @ 31/10	(796,791.00)	(216,230.00)	(580,561.00)	268.49%	1,243,000.00
BALANCE SHEET					
RESERVES BROUGHT FORWARD	2,744,770.00	2,961,000.00	(216,230.00)	(7.30)%	1,718,000.00
SURPLUS / (DEFICIT FOR PERIOD)	(796,791.00)	(216,230.00)	(580,561.00)	268.49%	1,243,000.00
RESERVES CARRIED FORWARD AS @ 31/10	1,947,979.00	2,744,770.00	(796,791.00)	(29.03)%	2,961,000.00

Explanatory Note

Guarantee Fund subscription income funds the inspection work of the Financial Compliance Department and is used to pay any approved claims arising from dishonesty by a solicitor or their staff.

The Guarantee Fund Committee and Council have agreed that the Guarantee Fund subscription rates for 2009/2010 should be unchanged at £630 per principal and the 2009/2010 budget has been set on this basis. The draft budget shows a deficit for 2009/2010 of £796K. The main reason why this deficit is projected is because it is anticipated that significant grant payments will be necessary during 2009/2010.

A high level of grant payment is anticipated because a number of lengthy claims investigation processes are expected to conclude during the year and further payments are expected to arise from claims which were received during 2008/2009. The deficit will require Guarantee Fund reserves to be used to meet approved claims.

By maintaining the existing subscription rate the impact on the funds reserves can be limited. This is particularly important in a time of recession when it is generally accepted that claims levels will rise as a result of existing frauds being identified and an increased level of new frauds. The Guarantee Fund needs to maintain reserves at a prudent level in anticipation of the impact of the recession.