ITEM 6 – SESplan Operating Budget: 2019/20 and 2020/21 Budget

Report By: Pam Ewen, Chief Officer Planning, Fife Council and SESplan Board Chair

Purpose

This report presents an update on the SESplan Operating Budget for 2019/2020 and sets out the SESplan Operating Budget for 2020/2021 for Joint Committee approval.

Recommendations

It is recommended that the SESplan Joint Committee:

1. Note the updated forecast expenditure against the approved Operating Budget for 2019/2020 set out within Appendix 1 to this Report;

2. Approve a rebate of £5,000 per each of the six constituent Councils within the current 2019/20 financial year;

3. Approve the updated Operating Budget for 2020/2021 set out within Appendix 1 to this Report;

4. Note that member contributions for financial year 2020/2021 are nil;

5. Note that member authorities will be required to ratify decision 3 above; and,

6. Note that an Operating Budget for 2021/2022 will be brought to a meeting of the SESplan Joint Committee in late 2020.

Resource Implications

It is projected that significant savings will be achieved this financial year as SESplan continues to operate through the SESplan Board, Joint Committee and a virtual team across the constituent authorities. A projected expenditure of £18,064 and a saving of £165,184 is forecast for 2019/2020. To manage the reserve a £30,000 rebate, if Recommendation 2 above is approved, will reduce the reserve balance to £130,187 at 31 March 2020. Appendix

One to this report builds in the projection based on the recommended rebate. Total expenditure for 2020/2021 is projected to be £84,000. As a consequence of the reserves built up in 2019/2020 and the further savings and staffing assumptions outlined below for 2020/2021, it is proposed that nil contributions are made by the SESplan member authorities in 2020/2021.

Legal and Risk Implications

The budget for 2020/2021 is allocated in principle with a focus on consultancy fees given the future governance arrangements for SESplan. Future Operating Budgets will be require to be reviewed against the provisions of the Planning (Scotland) Act 2019 and the associated secondary legislation as it is published and further details are known.

Policy and Impact Assessment

No separate impact assessment is required.

1. **Background**

1.1 The SESplan Financial Rules set out that Operating Budgets for the next financial year should be proposed by the SDP Manager, approved by the SESplan Joint Committee and that decision ratified by the member authorities by the end of December.

1.2 In compliance with these rules, the SESplan Joint Committee at its meeting on the 26 November 2018 agreed to approve the Operating Budget for 2019/2020.

2. **SESplan Operating Budget 2019/2020**

2.1 The latest position on the SESplan Operating Budget for 2019/2020 as at November 2019 is included as Appendix 1.

2.2 Traditionally the largest spend by SESplan has been on staffing. As set out in Appendix 1, the approved Operating Budget 2019/2020 includes a total staffing budget of

£75,000. However, as SESplan continues to operate through the Board, Joint Committee and a virtual team across the consistuent authorities, significant savings have been achieved this financial year. The absence of a SESplan core team and no requirement to provide a dedicated staffing resource or associated office costs results in a forecasted £91,684 underspend of fixed costs. The only fixed cost expenditure projected to be incurred this financial year relates to existing ongoing contracts for the online consultation portal (which hosts SESplan documents); the SESplan IT and web site provider; and the annual external auditing of SESplan accounts.

2.3   The approved 2019/2020 Operating Budget also includes an allowance of £73,500 for technical support/variable costs. As highlighted above, due to the absence of a core team and that SESplan is not within a plan preparation phase, no technical support/variable costs are projected to be incurred within 2019/2020.

2.4   The total expenditure within 2019/2020 is projected to be £18,064, which set against a budget of £183,248 results in a projected variance (underspend) of £165,184. This has resulted in the constituent authorities not being required to contribute the £60,000 income budgeted for in this financial year. Additionally, given the significant level of savings to assist in managing the reserve within the 2019/20 period, a rebate to each of the six constituent Councils of £5,000 would reduce the reserve by £30,000, as set out in Recommendation 2. This would also provide an opportunity for Councils to assist in collaboratively resourcing work on regional spatial planning through the Regional Growth Framework. The projected reserve at 31 March 2020 as set out in Appendix One is £130,187.

3.   SESplan Operating Budget 2020/2021

3.1   As detailed in Appendix 1, the budget for 2020/2021 is allocated in principle with a focus on consultancy fees given the future governance arrangements for SESplan. The consultant fees are projected as £65,000 which reflects the total technical support/variable costs budget for undertaking any regional spatial planning consultancy work.

3.2   Staffing assumptions for 2020/2021 reflect the existing governance arrangements, with SESplan continuing to operate through the Board, Joint Committee and virtual team across the consistuent authorities. This will continue to achieve significant operating cost savings. Again, as in 2019/2020, the only fixed cost expenditure projected to be incurred in 2020/2021 relates to existing ongoing contracts for the online consultation portal; the SESplan IT and web site provider; and the annual external auditing of SESplan accounts. Total fixed cost expenditure is projected to be £19,000.

3.3   As detailed in Appendix 1, the Budget for 2020/2021 sets out total expenditure of £84,000. Using the reserves built up in 2019/2020 and on the further savings and staffing assumptions outlined above, it is proposed that nil contributions are made by the SESplan member authorities in 2020/2021. This will result in a usable reserve balance going into 2020/2021 of £130,187 which is in excess of the one month's operating costs target reserve.

4.   SESplan Operating Budget Going Forward

4.1   Future Operating Budgets will be require to be reviewed against the provisions of the Planning (Scotland) Act 2019 and the associated secondary legislation as it is published and further details are known.

Appendices

Appendix 1:   2019/2020 Operating Budget, Forecast and Variance and 2020/2021 Operating Budget

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Appendix 1: 2019/2020 Operating Budget, Forecast and Variance and 2020/2021 Operating Budget

DESCRIPTION	19/20 Budget	19/20 Projection	19/20 Variance	20/21 Budget
Staff	75,000	0	(75,000)	0
Training	1,000	0	(1,000)	0
Rents Payable (Including Service Charge)	4,292	0	(4,292)	0
Travel	1,500	0	(1,500)	0
IT Hardware,Software and Maintenancer)	15,500	14,564	(936)	15,500
Mobile Line Rental	206	0	(206)	0
Audit/Professional Fees	3,400	3,500	100	3,500
Miscellaneous	8,850	0	(8,850)	0
Total Fixed Costs	**109,748**	**18,064**	**(91,684)**	**19,000**
Technical Support				
Printing/Photocopying Costs	4,000	0	(4,000)	0
Consultant Fees	65,000	0	(65,000)	65,000
Postages/Franking	500	0	(500)	0
Advertising/Marketing	4,000	0	(4,000)	0
Other Services (Contingency 10%)	0	0	0	0
Total Variable Costs	**73,500**	**0**	**(73,500)**	**65,000**
Total Expenditure	**183,248**	**18,064**	**(165,184)**	**84,000**
Contribs/Rebates To/From Other LA'S	(60,000)	30,000	90,000	0
Interest On Revenue Balances	0	0		0
Total Income	**(60,000)**	**30,000**	**90,000**	**0**
Net	**123,248**	**48,064**	**(75,184)**	**84,000**
Usable Reserve balance (at 31 March 2019 Budgeted £197,979/actual £178,251)	197,979	178,251		130,187
Take from/(add) to Reserves	123,248	48,064		84,000
Usable Reserve balance (at 31 March 2019 Budgeted £197,979/actual £178,251)	74,731	130,187		46,187
Usable reserves as % of expenditure	41%	721%		55%
Target Reserve (1 month's operating costs)	15,271	1,505		7,000
(Shortfall)/Surplus on target reserve of 1month's operating costs	59,460	128,682		39,187