

ITEM 8 – FINANCE

Report By: Alice Miles, Acting SDP Manager

Purpose

This report presents an update on the SESplan Operating Budget for 2018 / 2019 and sets out the SESplan Operating Budget for 2019 / 2020 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 2018 / 2019 set out within Appendix 1 to this Report;
2. Approve the updated Operating Budget for 2019 / 2020 set out within Appendix 1 to this Report;
3. Note that member contributions for financial year 2019 / 2020 are nil;
4. Note that member authorities will be required to ratify the decisions above;
5. Note that an Operating Budget for 2020 / 2021 will be brought to a meeting of the SESplan Joint Committee in late 2019.

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 27 November 2017 agreed to approve the Operating Budget for 2018 / 2019.

2. SESplan Operating Budget 2018 / 2019

- 2.1 The latest position on the SESplan Operating Budget for 2018 / 2019 as at November 2018 is included as Appendix 1.

- 2.2 The largest spend by SESplan is on staffing. As set out in Appendix 1, the approved Operating Budget 2018 / 2019 includes a total staffing budget of £75,000. There is a saving in staffing of around £20,100. This primarily relates to the part time SDP Manager / Lead Officer position and vacant posts. The post of graduate planner was vacated in May 2018 and the SDP Manager and Lead Officer positions will be vacant from the 4 January 2019.
- 2.3 The Operating Budget for 2018 / 2019 also includes other fixed costs relating to training, rent and accommodation, travel, IT hardware, software and maintenance and audit / professional fees. The forecast sets out underspend in these areas of around £2,200. This is related in particular to rent and accommodation. The Core Team from May 2018 has been made up of one member of staff, the rental agreement with West Lothian has therefore been updated to reflect the requirement for one desk. This has resulted in an underspend of around £2,500.
- 2.4 The approved 2018 / 2019 Operating Budget also includes an allowance of £73,500 for variable costs. This includes for spend on the examination, technical support, printing and advertising.
- 2.5 The largest spend in 2017 / 2018 was related to the Examination. Costs for the Examination accrued in 2017 / 2018 totalled £14,700. Further costs in 2018 / 2019 were £8,600, making a total spend on the SDP2 Examination of £23,300.
- 2.6 A total of £65,000 was included within the Budget for technical support. A sum of £60,000 was included within this for further transport modelling / appraisal work to be undertaken in support of the Supplementary Guidance on Cross Boundary Developer Contributions. A working group made up of officers from within the Member Authorities and Transport Scotland has been convened. The modifications to the Plan recommended by the reporter have changed the scope of this work, therefore the spend will likely fall into the 2019 / 2020 financial year. There will be a continuous review of additional work required in this area with an assessment of resources available in-house undertaken first to ensure best value and minimal spend where possible. Partnership funding will also be sought.
- 2.7 A sum of £5,000 has also been allocated within the technical support budget to the provision of technical GIS and mapping support from the City of Edinburgh. SESplan does not have any mapping or GIS capability / expertise and mapping has been required in support of the Supplementary Guidance on Green Networks and in finalising the graphics within the Plan itself to pick up on modifications required by the Reporter.

2.8 Across the entire Operating Budget for 2018 / 2019, the updated position as at November 2018 is a forecast underspend of £79,686. This represents a 43% saving on the approved Operating Budget for 2018 / 2019.

3. SESplan Operating Budget 2019 / 2020

3.1 Over the first few months of the 2019 / 2020 financial year, the SESplan work programme will be focussed on finalising the Supplementary Guidance on Green Network Priority Areas for submission to Ministers, preparation of draft Supplementary Guidance on Transport and Developer Contributions and preparation of post approval documents such as the post adoption SEA statement, Habitats Regulation Appraisal and the Action Programme. The latter are required to be prepared within three months of the approval of the second Strategic Development Plan (SDP) (the report of the examination was submitted to Ministers on the 24 July 2018, with a decision on the approval of SDP2 to be made within two months, a decision is currently awaited).

3.2 The staffing assumptions for 2019 / 2020 include SDP Manager (0.2FTE). The work of SESplan will be resourced via the member authorities, project managed by the Project Board.

3.3 For other fixed costs within 2019 / 2020, costs related to rents payable, travel and mobile line rental will be zero as there will be no dedicated SESplan Core Team based within Civic Centre in Livingston. The largest spend is IT which includes the running and maintenance of Objective Connect and the online SESplan Consultation Portal at £12,500 and the operation and running of the SESplan email and website (£2,900). These costs together with the Audit costs incurred by Audit Scotland will remain the same as 2018 / 2019.

3.4 The technical support budget of £65,000 has been rolled forward into the 2019 / 2020 financial year. The largest spend within this area will be on transport assessment and modelling. A sum of £5,000 has been allocated for other technical spend on GIS and graphics should it be required.

3.5 A sum of £1,000 has been allocated for printing and photocopying which will include the printing and publication of supplementary guidance, post approval documents and the development plan scheme. Copies are required to be provided to every library in the SESplan area, neighbouring authorities and planning receptions. A sum of £1,000 has also been allocated to advertising and marketing should any further advertising of the Plan and / or any supporting documents including the supplementary guidance be required.

3.6 As detailed in Appendix 1, the Budget for 2019 / 2020 sets out total expenditure of £108,100. Using the reserves built up in 2018 / 2019 and on the savings and staffing assumptions outlined above, it is proposed that nil contributions are made by the SESplan member authorities in 2019 / 2020. This will result in a usable reserve balance going into 2020 / 2021 of £12,718 which is in excess of the £9,008 one month's operating costs target reserve.

4. SESplan Operating Budget Going Forward

4.1 The consultation on the future of the Scottish planning system (Places, People and Planning) was published in January 2017. This sets out that strategic development plans should be removed from the system so that strategic planners can support more proactive regional partnership working.

4.2 The amended [Planning Bill](#) following Stage 2 of the parliamentary process was published on the 16 November 2018. For the purposes of assisting Scottish Ministers in the preparation of the National Planning Framework (NPF), Ministers may direct a planning authority, or two or more planning authorities, to provide information on the housing needs of the population of the area, the capacity of education and health services, health needs, housing needs of older and disabled people and infrastructure amongst other matters including the principal physical, cultural, economic, social, built heritage and environmental characteristics of the area.

4.3 For SDPs, the amended Bill refers to the preparation of an evidence report instead of a main issues report prior to the preparation of an SDP. The Bill also refers to the Strategic Development Planning Authority (SDPA) being able to request that an adjoining local authority that is not part of the strategic authority provides relevant information to the evidence report for the SDP for their area.

4.4 NPF and LDP will cover a 10 year timeframe whilst no change to the 5 year SDP cycle has been made.

4.5 Whilst the Bill has progressed, more detail on the work, role and remit of SESplan and the requirement for strategic planning beyond 2019 / 2020 other than the work programme referred to above and statutory requirements around audit, finance and governance is not clear. Timescales for Stage 3 of the Bill are not yet known. On that basis indicative Operating Budgets beyond 2019 / 2020 are not shown in Appendix 1.

4.6 Future Operating Budgets will be required to be reviewed against the outcome of the ongoing planning review. This will continue to be reviewed as the Planning Bill is published and further details are known.

4.7 It should be noted that following a year of nil contributions, unless SESplan as an authority is formally wound down over the next year, member contributions will be required into 2020 / 2021, as the reserves built up will have been used in 2019 / 2020. Work into 2020 / 2021 may be limited solely relating to statutory requirements around finance and audit or resources may be required to take forward the preparation of the evidence report for the next SDP. More will be known as the Bill progresses over the next year.

Appendices

Appendix 1	2018 / 2019 Operating Budget, Forecast and Variance and 2019 / 2020 Operating Budget
------------	--

Report Contact

Alice Miles, Acting SDP Manager

01506 282880

alice.miles@sesplan.gov.uk

Description	2018 / 2019 Operating Budget Approved at Joint Committee November 2017	2018 / 2019 Forecast at November 2018	2018 / 2019 Variance - Approved Operating Budget vs. Forecast	2019 / 2020 Operating Budget
Staff	75,000	54,055	20,945	15,500
Training	1,000	0	1,000	0
Rents Payable (including Service Charge)	4,292	1,787	2,505	0
Travel	1,500	1,885	-385	0
IT Hardware, Software and Maintenance	15,500	15,500	0	15,500
Mobile Line Rental	206	415	-209	0
Audit / Professional Fees	3,400	3,400	0	3,400
Miscellaneous	1,500	2,210	-710	0
Total Fixed Costs	102,398	79,252	23,146	34,400
Examination	0	8,600	-8,600	0
Technical Support	65,000	5,000	60,000	65,000
Printing / Photocopying	4,000	4,000	0	1,000
Postages / Franking	500	500	0	0
Advertising / Marketing	4,000	4,000	0	1,000
Contingency 10%	7,350	2,210	5,140	6,700
Total Variable Costs	80,850	24,310	56,540	73,700
Total Expenditure	183,248	103,562	79,686	108,100
Member Authority Contributions	60,000	60,000	0	0
Income / Interest on Revenue Balance	0	0	0	0
Total Income	60,000	60,000	0	0
Net	-123,248	-43,562	-79,686	-108,100
Take From / Add to Reserves	-123,248	-43,562		-108,100
Usable Reserve Balance (Reserves at 31 March 2018 £164,380)	41,132	120,818		12,718
Usable Reserves as % of Expenditure	22.4%	116.7%		11.8%
Target Reserve (1 Month's Operating Costs)	15,271	8,630		9,008
Shortfall / Surplus on Target Reserve	25,861	112,188		3,710