

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Planning Services Portfolio Holder

26 January 2010

AUTHOR/S: Executive Director (Corporate Services) / Accountant

REVENUE AND CAPITAL ESTIMATES FOR THE PLANNING SERVICES PORTFOLIO

Purpose

1. To consider the Revenue Estimates up to the year 2010-11 and the Capital Programme up to the year 2014-15.
2. This is not a key decision. However, the report presents the relevant 2008-09 revised and 2009-10 estimates for endorsement by the Portfolio Holders, prior to being included as part of the overall estimates to be presented to the Cabinet and confirmed by Council in February 2010.

Background

3. The estimates for the Planning Services Portfolio form part of the overall considerations for the Council's annual budget setting exercise and include the following services:

Planning Services Portfolio

Development Control
Building Control Service
Street Naming and Numbering
Open Space Agreement Cherry Hinton
Transport Initiatives
Economic Development
Concessionary Fares
Footpath Diversions
Conservation
Museums
Tourism Initiatives

4. The Finance and Staffing Portfolio Holder approved the Staffing and Central Overhead Estimates on 16 December 2009. The recharges approved at that meeting are recharged to all services, as appropriate. These are termed as Central, Departmental and Support Services in the detailed estimates and the analysis reflects the current service structure. It should be noted that, as all the recharges have already been approved, individual portfolio holders cannot amend them.
5. The estimates for each portfolio are being reported to the relevant Portfolio Holder. These estimates will then be summarised in a report for examination by the Scrutiny and Overview Committee on 4 February, consideration by the Cabinet on 11 February, and finally, presentation to the Council on the 25 February for confirmation of the estimates and levels of the Council Tax and Rents.

6. The revenue estimates are set out in **Appendix A**, whilst the capital programme is shown at **Appendix B**.
7. **Appendix C** consists of capital proposal forms, for consideration alongside the capital programme being approved.
8. Provisions for inflation have been applied only in cases where price increases can be justified. No automatic inflation allowance has been applied, but the 2.5% overall assumption of non-pay inflation in the Medium Term Financial Strategy remains as the overriding level of inflation provision.
9. Where applicable, the estimates of each portfolio incorporate the approved savings agreed by Cabinet and Council in November 2009 and all other expenditure approvals made up to that date. They also take account of any virement made during the year and rollover of budget from the previous year.
10. All the estimates exclude the small list 'Precautionary Items', which are listed at the back of the current estimate book. They are specific, exceptional items of expenditure that may or may not occur during the budget period, but if they did the Council would be required to meet them. An updated list will be presented to the Cabinet on 11 February 2010. However, none has been identified within this Portfolio.

Considerations

REVENUE ESTIMATES: REVISED 2009-10 AND ESTIMATES 2010-11

11. A summary of the revenue estimates for the Planning Services Portfolio is shown at **Appendix A**. The total estimates have been analysed between direct costs, transfers to and from reserves, Housing & Planning Delivery Grant transferred to capital, income, grants and recharges, so that the direct costs can be identified for comparison. This is considered appropriate because the direct costs are specifically within the control of the relevant cost centre manager. By contrast, the Staffing and Overhead Estimates determine the recharges and the capital charges are notional charges that do not affect the overall expenditure of the Council. Compared with the 2009-10 original estimates, the net direct costs increased in the Revised Estimates by £326,770 and increased by £292,490 in the 2010-11 Estimates.
12. The **Appendix A** also shows a net direct costs comparison for both years, between the expected target expenditure and the new estimates that have been compiled for this meeting; the target was arrived at by taking the total direct costs in the original 2009-10 estimates and adjusting for transfers to and from other accounts, virement, any approved additional expenditure and, for next year, inflation. The result is that the Revised 2009-10 exceeded the target by £321,770, and the 2010-11 Estimate also exceeded the target by £401,950. In both cases this is mainly due to the decrease in Planning fee income and the increase in the Concessionary Fares Scheme costs.

Comments on the individual estimate headings are given in the following paragraphs.

13. Development Control:
Hired and Contracted Legal Services:

Appeals costs in 2009/10 were mainly in respect of:

Wadlow Wind Farm
Cambourne – Morrisons extension

In addition costs of £18,890 were incurred due to the Bayer Crop Science, Hauxton, judicial review. This was not in the original budget.

Expected appeals in 2010 are:

Linton Wind Farm

14. Planning Activity

Numbers of planning applications registered were:

2007-08	2,240
2008-09	1,883
2009-10 (to 31/12/09)	1,358

Based on fee income to date the revised estimate for 2009/10 has decreased by £271,000 from the Original Estimate 2009-10 of £1,083,000 to £812,000 due to the current economic downturn. The level of fee income for 2010-11 has been budgeted at £900,000 as the level of income in the last 3 months has indicated a slow increase in fees received.

15. Building Control Service

Overall, compared to the original 2009-10 estimates, the Building Control Service shows a decrease of £7,020 in the revised estimates and £8,080 in the 2010-11 estimates. This figure is, in effect, a decrease in the cost of non fee-earning work charged to the General Fund, the fee-earning deficit or surplus being shown as a transfer to or from Reserves. The revised 2009-10 estimates include a transfer from reserves of £189,770 representing the under-recovered direct cost of fee-earning works, with £187,680 estimated for transfer in 2010-11.

- (a) The movement in the revised estimates is primarily attributable to a reduction in anticipated income of £180,000 in 2009-10 and £160,000 in 2010-11 when compared to the original 2009-10 estimates; the reduction reflects the impact of the current economic downturn and the ongoing effect of private sector Approved Inspectors gaining market share. In view of the economic downturn the charges for Building Control services were not increased in 2009-10, the Council effectively supporting local residents and businesses by making a charge for services that recovered less than the full direct cost, the under-recovery being financed from the Building Control Reserve. Other adjustments include a reduction in recharges relating to ICT and central overhead costs in the 2009-10 revised estimates the position being reversed in 2010-11.

Savings of £4,400 have been achieved through reductions in Engineering Consultants Fees and Miscellaneous Expenses in both the 2009-10 and 2010-11 estimates.

- (b) The number of applications received by Building Control is continuing to show a year on year reduction as shown below; this is currently attributable to the prevailing economic downturn, private sector Approved Inspectors gaining market share contributing to the overall decline.

	Number of application in the period April to December (all schedule types)	% Decrease in applications
2007/2008	1,084	
2008/2009	902	-16.8%
2009/2010	832	-7.8%

The level of income is expected to show variability over time reflecting the progression of applications from the plan to inspection stage; the exceptional decrease in Statutory/Local Fees income of £180,000 in the revised estimate when compared to the original is due to the factors mentioned above. Overall the distribution of applications between charging schedules remains largely consistent with the previous five years; however, for the period April to December 2009 the number of applications for Schedule 1 work (small domestic buildings) has fallen by approximately 50% when compared to the previous year. The level of income and applications received will continue to be kept under review. It is noted that a rise or fall in income will have no impact on the level of Council tax, the balance being funded from the Building Control Trading Reserve.

- (c) The Building (Local Authority Charges) Regulations 1998 came into effect on 1st April 1999 replacing the 1994 national fee scales. Local Authorities are now required to set their own fee charges at a level to ensure that, over a three-year period, income from fees will cover the cost of providing the fee-earning element of the service. The Building Control service is currently consulting with neighbouring local authorities to produce a scheme of charges to provide consistency across the county; any scheme of charges adopted will still be required to be set at appropriate levels to ensure that costs incurred in providing the fee-earning element of the Building Control service are covered. The Building Control Manager will report the proposed 2010-11 Schedule of Charges to the Planning and New Communities Portfolio Holder meeting to be held 2 March 2010.
- (d) The 2010-11 estimated income reflects the expectation that the level of applications received will continue at current levels, therefore, a contribution from reserves of £187,680 has been included to offset the under recovery of costs. Should the property market show an upturn: an increase in the number of applications would result in a lower or nil transfer from reserves: alternately a decrease in applications would require an increase in the transfer from reserves.
- (e) The 2010-11 estimates include an increase of £20,000 income when compared to the revised estimate and assumes an overall increase of approximately 7.0%. It is expected that the percentage increase will be applied

variably across schedules. Levels of applications and income will continue to be monitored during the year, should the review indicate the requirement for a revision of fees this information will be reported to the portfolio holder for endorsement.

- (f) The current charges and discount factors, allowing for a projected 7% increase in income will result in the Authority having an estimated overall deficit of £412,990 over the three-year rolling period 2008-09 to 2010-11. This assumes a deficit on the fee-earning account of £35,540 (2008-09) and a projected deficit of £189,770 (2009-10) and £187,680 (2010-11) respectively, and is based on current levels of staffing and expenditure.
- (g) It is considered that the three year rolling programme is a forward rolling programme so that any historic deficit is charged against the reserve and that proposed savings not yet agreed and not in the 2010/11 expenditure estimates together with increased income in years 2 (2011/12) and 3 (2012/13) will allow the trading account to break even over a three year forward rolling period.

Building Control Chargeable Account (3 year rolling period net (surplus)/deficit)

2002-2005	2003-2006	2004-2007	2005-2008	2006-2009	2007-2010	2008-11
(3,023)						
	(73,096)					
		(119,405)				
			(108,374)			
				(20,887)		
					212,400	
						412,990

- (h) The Building Control Trading Reserve held a balance of £437,343 at the 31 March 2009. The high level of reserves accrued in 2000 – 2002 were due to abnormally high levels of applications and associated income. Since 1st April 2002 charges have been levied to ensure the Building Control Trading Account maintains a minimal surplus balance over a three-year rolling period as required by the Building (Local Authority Charges) Regulations 1998. The uncommitted sum in reserves, after transfers from reserves in 2009-10 and 2010-11 as included in the estimates, is £59,893.

16. Concessionary Fares

- (a) A new national concessionary travel scheme was introduced on 1st April 2008, which allowed free travel for holders of English concessionary travel passes anywhere in England. It was widely anticipated that there would be increased take-up of concessionary travel, and increased reimbursement costs for councils, as a result of the new scheme. The Council therefore set a prudent budget to allow for the possibility of increased cost. However, the new scheme also introduced changes to the reimbursement arrangements with the Council now responsible for funding all concessionary journeys originating in

the District on a one-way ticket basis, rather than funding the cost of travel by South Cambridgeshire residents to and from other Cambridgeshire districts as under the previous scheme.

- (b) The original estimate for 2009/10 was £588,000. This has been revised to £684,360 due in part to the final 2007/08 reimbursement being £25,000 more than expected and recovered in 2009/10. Also, an additional amount of £71,000 has been added due to the increase in usage resulting from the opening of the Milton Park and Ride site and a general increase in usage.
- (c) The Council has received notification of a possible reduction of £100,000 in the concessionary fares special grant funding for 2010/11 and this has been allowed for in the budget.
- (d) From the 1st April 2011 the scheme will be administered by the County Council. There will no longer be a requirement for a budget other than for any administration costs incurred as a result of the transfer. These will be considered in the 2011/12 budget estimates. However, the Council is also likely to have a substantial reduction in Formula Grant which will more than offset any saving on the service transferring in 2011/12.

17. Footpath Diversions

Cambridgeshire County Council now carries out the administration of footpath diversions under an agency arrangement. The only future costs that are likely to fall on this Council will be in connection with the additional administration costs arising from opposed orders submitted to the Secretary of State for determination. These are not recoverable under the regulations.

18. Planning Delivery Grant/Housing & Planning Delivery Grant

- (a) The Housing and Planning Delivery Grant replaced the Planning and Delivery Grant on the 1 April 2008. The grant awarded is based on improved plan making and increased housing delivery. The level of grant for 2009-10 is £1,262,274 subject to ministerial approval. This is all revenue grant and is mainly used to fund a number of posts within the Portfolio and a post in the New Communities Portfolio. The unused balance will be transferred to a reserve account.
- (b) It is unlikely that the same level of grant will be received in 2010/11 therefore a lower figure of £1,000,000 has been budgeted for.
- (c) The grant and estimated balances available up to 2014/15 are shown in **Appendix A (1)**.

19. Recharges from Staffing and Overhead Accounts - Central, Departmental and Support Services (see estimates report to the Finance and staffing Portfolio holder 16 December 2009):

- (a) The estimated recharges (net of the amounts funded from the Housing and Planning Delivery Grant) from Staffing and Overhead Accounts to this portfolio decreased by £522,300 (15%) from £3,469,480 in the original 2009-10 Estimate to £2,947,180 in the 2010-11 Estimate. The 2009-10 Revised Estimate of £3,264,120 is £205,360 (5.9%) lower than the original estimate.

- (b) In general, the level of recharges depends on the cost of the service and support officers' time, ICT, contact centre, administrative buildings (mainly Cambourne Offices), Central Expenses and Central Support Services. Over the whole Council, these costs to be recharged were £18.876m in the Original estimates 2009-10, £18.198m in the Revised Estimates 2009-10 and £17.419m in the Estimates 2010-11. These equate to a decrease of £0.678m (-3.6%) in 2009-10 and £1.457m (-7.7%) in 2010-11, when compared with the original estimate 2009-10. The savings reductions were the main reason for the 2010-11 decrease, but only one factor in 2009-10, when the substitution of the 2.5% pay award with 1% and vacancies in Cambridgeshire Horizons/Housing and Planning Delivery Grant funded posts were also major reasons for the reduction.
- (c) The costs being recharged to each portfolio, however, depend on how the above sums are allocated across services. Most central overhead costs are distributed per head to each officer, whose total cost is then allocated according to the officer's latest estimate of time spent on each service.

CAPITAL ESTIMATES: REVISED 2008-09 AND ESTIMATES 2009-10 TO 2014-15

20. The capital programme for the Planning Services Portfolio is attached at **Appendix B**. Members attention is drawn to the following capital items:

- (a) Planning IT Systems

Budget provision has been made in 2009-10 revised estimate for the development of spatially enabled software to bring together information on land, people and property. This will be funded from the capital element of the planning delivery grant.

- (b) Conservation

The capital proposal forms at **Appendix C1 to C4** give details of the grant funded schemes.

Implications

21. Financial:

- (a) The estimates for the General fund services of the Planning Services Portfolio will be included in the General Fund Summary of estimates along with the expenditure of other Portfolios.
- (b) The Capital Estimates for the Planning Services Portfolio will be included in the Council's Capital Programme.

22	Legal	No additional implications. The estimates show the financial effect of decisions that have already been made.
	Staffing	As above
	Risk Management	As above
	Equal Opportunities	As above

Consultations

23. The relevant cost centre managers, who are responsible for setting the level of their respective budgets and controlling the expenditure within them, have been consulted in the compilation of the estimate figures.

Effect on Strategic Aims

24.	Commitment to being a listening council, providing first class services accessible to all.	To determine detailed Planning Services Portfolio budgets to provide the resources for the Council to continue its services to achieve its strategic aims as far as possible within the current financial constraints.
	Commitment to ensuring that South Cambridgeshire continues to be a safe and healthy place for all.	
	Commitment to making South Cambridgeshire a place in which residents can feel proud to live.	
	Commitment to assisting provision for local jobs for all.	
	Commitment to providing a voice for rural life.	

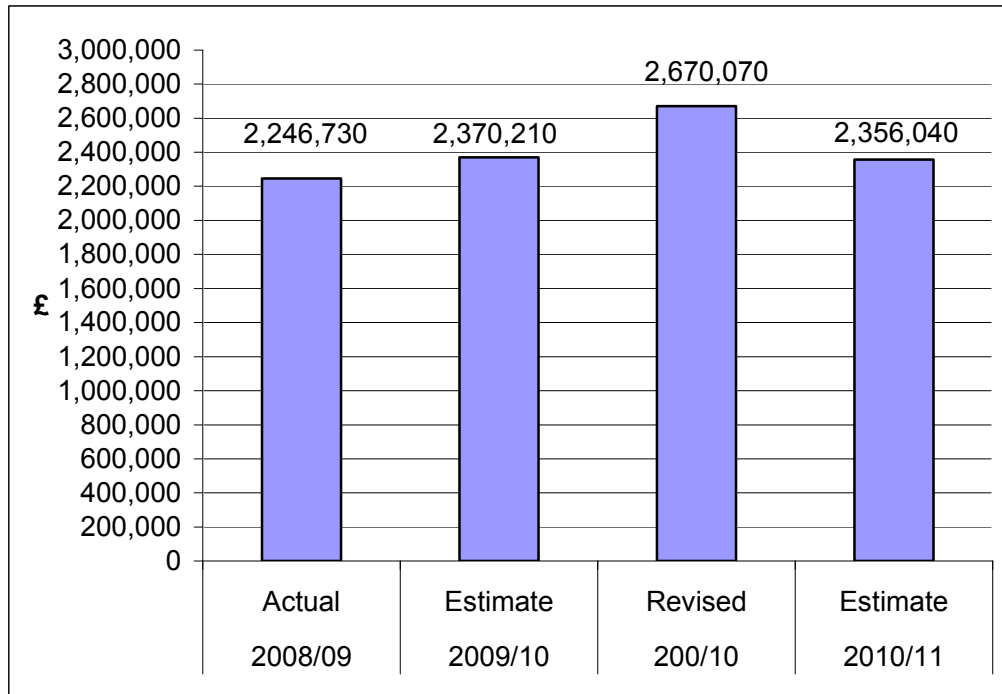
Conclusions/Summary

25. The total net expenditure as shown at **Appendix A** is reproduced below to show the percentage increase between budgets.

Year	Amount £	£	Increase %
2008-09 Actual	2,246,730		
		+123,480	+5.5%
2009-10 Estimate	2,370,210		
		+299,860	+12.7%
2009-10 Revised	2,670,070		
		-314,030	-11.8%
2010-11 Estimate	2,356,040		

These comparisons are shown diagrammatically below:

PLANNING SERVICES PORTFOLIO



Recommendations

26. The Portfolio Holders for the Planning Services Portfolio is requested to endorse:
- (a) the Revenue Estimates as shown at **Appendix A**; and
 - (b) the Capital Programme as shown at **Appendix B**, and associated proposal forms **Appendix D1 to D5**,

and recommend them for consideration by the Cabinet.

Background Papers: the following background papers were used in the preparation of this report:

Estimate files within Accountancy Services
Detailed estimate pack distributed to Members
LGA Circular 782/99 – Building (local authority charges) Regulations 1998

Contact Officers:

David Grimster, Accountant (Planning) Telephone No. (01954) 713075
Sally Smart, Principal Accountant (Building Control) Telephone No. (01954) 713076