

## SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

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<b>REPORT TO:</b>	Planning and Economic Development Portfolio Holder	24 <sup>th</sup> January 2007
<b>AUTHOR/S:</b>	Scrutiny Panel Chief Executive / Accountant	1 <sup>st</sup> February 2007

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### REVENUE AND CAPITAL ESTIMATES FOR THE PLANNING AND ECONOMIC DEVELOPMENT PORTFOLIO

#### **Purpose**

1. To consider the Revenue Estimates up to the year 2007-08 and the Capital Programme up to the year 2009-10.

#### **Background**

2. The estimates for the Planning and Economic Development Portfolio form part of the overall considerations for the Council's annual budget setting exercise and include the following services:  
  
Planning Service  
Travellers Issues (All Sites)  
Planning Delivery Grant  
Building Control Service  
Street Naming and Numbering  
Open Space Agreement Cherry Hinton  
Transport Initiatives  
Concessionary Fares  
Footpath Diversions  
Economic Development
3. The Cabinet approved the Staffing and Central Overhead Estimates on 14 December 2006. 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 reflect the new corporate manager structure, in that recharges are now analysed in terms of the new services with effect from the revised estimates 2006-07 onwards, rather than in the old department structure. As these recharges have already been approved, they cannot be amended by individual Portfolio Holders.
4. The estimates for each portfolio are being reported to the relevant Portfolio Holder. Subsequently, it is intended that all the portfolio estimates will then be examined by a scrutiny panel consisting of the Leader of the Council, together with the Chairman and Vice-Chairman of the Scrutiny and Overview Committee and the Resources, Staffing, Information and Customer Services Portfolio Holder. The summary estimates will then be considered by the Cabinet on 8 February and finally, by the Council on the 22 February for confirmation of the estimates and levels of the Council Tax and Rents.

5. Only the revenue summary (**Appendix A**), together with the capital programme (**Appendix B**), have been included within the main body of the agenda to concentrate attention on the overall position. The detailed estimates will be available to the Portfolio Holder and the Scrutiny Panel and, in due course, to all Members for information.
6. Provisions for increased expenditure of 2.5% have been applied throughout the estimates for general inflation. However, additional provision was made for staff salaries and wages, to account for the rising cost of pension contributions.
7. Where applicable, the estimates of each portfolio incorporate the approved savings and additional expenditure proposals that were agreed by Council in October and November 2006. They also take account of any virement made during the year and rollover of budget from the previous year.
8. All the estimates exclude the 'Precautionary Items', which were reduced to just eight items last year; these 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 8 February 2007. However, none has been identified within this Portfolio.

### **Considerations**

#### **REVENUE ESTIMATES: REVISED 2006-07 AND ESTIMATES 2007-08**

9. A summary of the revenue estimates for this Portfolio is shown at **Appendix A**. The total estimates have been analysed between direct costs, transfers to and from reserves, 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. Compared with the 2006-07 original estimates, the net direct costs decreased by £105,230 in the Revised Estimates and £657,750 in the 2007-08 Estimates.
10. The **Appendix A** also shows a net direct costs comparison for 2007-08, between the 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 2006-07 estimates and adjusting for the approved savings, approved additional expenditure and inflation. The result is that the 2007-08 Estimate is under the target, by £196,910.

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

11. Planning Service

- a) Services

These consist of legal and consultants fees and include:

i) Hired and Contracted Legal Services

The revised budget for appeals for 2006/07 at £95,000 represents an increase of £65,000 over the original estimate. This overspend is mainly due to the appeal in respect of the Wind Farm at Boxworth the costs of which amounted to £70,890. The budget for 2007/08 has been set at £30,750, which allows for the inflation increase on the original estimate and is within cash limits.

Judicial Review costs have resulted in new expenditure of £9,550 for 2006/07. These were mainly in respect of Sawston Hall and land to the west of Home Farm, Longstanton.

ii) Contracted Consultants

The revised 2006/07 budget for advice on current applications has increased by £44,300 from the original estimate. This additional expenditure has been partly met by virement to date of £31,730. The remaining amount of £12,570 is new expenditure.

Staffing pressures and the requirement that the Council continues to meet Government standards to determine applications has necessitated the use of consultants to process specific applications. Failure to meet targets would result in the Council being designated a Standards authority and a loss of funding leading to a further deterioration in the service. Ultimately the Government could intervene and remove the powers of the authority to control development.

iii) Cambourne

Provision has been made in 2007/08 for new expenditure of £54,500 for consultancy costs in respect of Upper Cambourne and the increased housing density allowed for in the Local Development Framework. This represents an increase of £46,610 over the original 2006/07 budget plus inflation.

Funding from the growth area fund allocation in 2007/08 may be available to meet the cost of the viability assessment (£30,000).

iv) Planning Policy & Local Development Framework

The revised budget for 2006/07 of £500,030 includes an approved "rollover" from 2005/06 of £72,480. The additional amount of £25,550 is new expenditure. The estimate for 2007/08 is £524,750 and is predicted to fall to around £202,000 in 2008/09.

v) Northstowe

A budget provision of £40,000 has been made in 2007/08 for consultancy costs. This is new expenditure, the cost of which may be met by funding from the growth area fund allocation in 2007/08.

(b) Central, Departmental and Support Services

The estimated recharges from Staffing and Overhead Accounts to this portfolio decreased by £217,800 (5.3%) from £4,089,560 in the original 2006-07 Estimate to £3,871,760 in the 2007-08 Estimate (net of the amounts funded from the Planning Delivery Grant). The 2006-07 Revised Estimate of £3,654,180 (net of the amount funded from the Planning Delivery Grant) is £435,380 (10.6%) lower than the original estimate. This may be compared with the Council's overall recharges to services, as below.

In general, the level of recharges depends on the cost of the service and support officers' time, ICT, administrative buildings (mainly Camborne Offices), Central Expenses and Central Support Services. Over the whole Council, these costs to be recharged have reduced from £16.8m in the Original Estimates 2006-07 to £15.9m in the Revised Estimates 2006-07 and £16.6m in the Estimates 2007-08. These are reductions of £0.9m (5.4%) and £0.2m (1.2%) respectively. The biggest factor in these reduced recharges in both years was the change in the application of capital charges (which in fact has no effect on Council Tax). Without this change, the recharges would have increased in 2007-08, mainly due to the salary costs of individual officers increasing by 4.6% (pay award and pension costs) and a further 3.4% if a salary increment applies.

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.

(c) Planning Activity

Statutory planning fees increased by an average of 39% from 1 April 2005.

Numbers of planning applications were:

2004/05	2,575
2005/06	2,546
2006/07 (to 15/12/06)	1,803

Based on fee income to date the revised estimate for 2006/07 has increased by £95,000.

12. Travellers Issues (All Sites)

On the 26 January 2006 Council approved the transfer of the unused budget into a reserve account to meet the cost of future expenditure. Cabinet placed a cap of £1,000,000 on this reserve on the 9 November 2006 as part of the consideration of the Medium Term Financial Strategy (Agenda item 3).

The 2007/08 budget reflects a reduction of £275,000 included within the Medium Term Financial Strategy and also a further saving of £175,000 agreed at the above meeting leaving a net budget of £100,000. To this has been added a further £200,000 to meet the cost of possible action in 2007-08. If this is required the cost will be met from the reserve, leaving the reserve at an estimated £593,000 as at the 31 March 2008.

13. Planning Delivery Grant

The Planning Delivery Grant is an additional sum of money granted to each planning authority to facilitate the delivery of service improvements important to the Government i.e. speed and quality in Development Control decision-making and the provision of an up to date high quality Development Plan System.

Planning delivery Grant is made up of two parts:

i) Development Control

The total grant is estimated to be £173,000 of which £43,355 has been confirmed. The remainder of the grant, £129,645 is expected to be received in full in June 2007.

ii) Other Elements

The Council may in addition receive a final allocation of grant, which will be notified to us in June 2007. For the purpose of the 2007/08 estimate this has been assumed at £127,000.

25% of the total grant received is required to be used for capital purposes.

In order to identify the projects and staffing costs to be funded from the grant a separate cost centre has again been included within the Portfolio. Any unspent or unallocated grant available at the end of the financial year will be transferred to a reserve account for use in future years. The balances on the reserve accounts are estimated to be £19,200 (revenue) and £72,500 (capital) as at 31 March 2008.

14. Building Control Service

Overall, compared to the original 2006-07 estimates, the Building Control Service shows reductions of £68,120 in the revised estimates and £71,120 in the 2007-08 estimates. This figure is, in effect, the cost of non fee-earning work, the fee-earning deficit or surplus being shown as a transfer to or from Reserves. The main savings in the revised estimates are £38,000 recharges relating to Planning and Sustainable Communities and Finance and Support Services, a reduction in engineer and local authority services of £12,000 and additional income of £35,700. The increase in income is attributable to the schedule type of application received by the Council, the overall number of applications being consistent with previous years. 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.

The Building (Local Authority Charges) Regulations 1998 came into effect on 1<sup>st</sup> 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. As a result of this legislation the Local Government Association (LGA) devised a model scheme to ensure that wide variations in fees did not occur between local authorities. Authorities had been recommended not to vary their fees by more than 10% (plus or minus) from the model scheme. As the LGA have not yet published scheme

guidance for the year 2007-08, the Council will therefore set charges at levels in accordance with the Building (Local Authority Charges) Regulations 1998.

In an annex accompanying their letter of the 15th May 2001 the then Department of the Environment, Transport and the Regions (DETR) reiterated their view that 'unjustified high charges could be regarded as an indirect local taxation', and that 'building control authorities are not empowered to levy charges for the purpose of accruing a surplus to cross-subsidise other services or activities'. In view of the current number and schedule type of applications being received, it is considered prudent to retain the current level of fees, for a second year, across all schedules. This should allow the Authority to maintain an estimated overall surplus of £106,700 over the three-year rolling period 2006-07 to 2008-09. This assumes a projected surplus on the fee-earning account of £43,160(2006-07) and £38,470(2007-08) and £25,070 (2008-09) respectively, and is based on current levels of staffing and expenditure.

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

2000-2003	2001-2004	2002-2005	2003-2006	2004-2007	2005-2008	2006-2009
(454,633)						
	(168,912)					
		(3,023)				
			(73,090)			
				(119,040)		
					(133,570)	
						(106,700)

The constraints forced by capping have reduced the resources available to the Council to continue and improve its services; therefore, it has been agreed that the balance on the Building Control Trading Reserve be reduced by £111,000 per annum (Council, Medium Term Financial Strategy, November 2006) over a five-year period beginning in 2007-08 and transferred to the General Fund. The Building Control Trading Reserve held a balance of £527,722 at the 31<sup>st</sup> March 2006. The high level of reserves accrued in 2000 – 2002 were due to abnormally high levels of applications and associated income. Since 1<sup>st</sup> 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.

15. **Concessionary Fares**

On the 1 April 2006 the existing countywide half fare scheme was replaced by a free travel scheme within the district. Following various representations to Members and subsequent meetings with other authorities within the Cambridgeshire scheme, it was agreed to change to a countywide scheme from the 1 October 2006.

Cambridgeshire County Council, the scheme administrator, has capped our contribution at £525,000 for 2006/07. In addition costs have been incurred for reimbursement to Whippet Coaches for replacement ticket machines.

The revised budget figure of £557,690 includes provision for reimbursement of these and other operator costs claimable under the scheme.

The Government intends to introduce a new nation wide scheme from the 1 April 2008, the details of which are still to be finalised.

16. Footpath Diversions

Negotiations are currently underway for the administration of footpath diversions to be transferred to Cambridgeshire County Council 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.

**CAPITAL ESTIMATES: REVISED 2006-07 AND ESTIMATES 2007-08 TO 2009-10**

17. The capital programme for this portfolio is attached at **Appendix B**. Members attention is drawn to the following capital items:

i) Sustainable Transport Projects

Sustainable Transport Projects are decided by the South Cambridgeshire Environment and Transport area Joint Committee and are jointly funded with the County Council.

At the 31 March 2006 there was a balance of £204,197 in reserves (see **Appendix C**). This amount has been paid in 2006/07.

There is no budget provision after 2006/07 as this was a permanent saving identified by Cabinet on the 13 January 2005.

ii) Planning IT Systems

Budget provision has been made in 2006/07 revised and 2007/08 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. The capital proposal form at **Appendix B1** gives further details.

**BALANCES IN RESERVES**

18. The uncommitted balances held in reserves in respect of grants are shown in **Appendix C**, for information only.

**Implications**

19. Financial:

- a. The estimates for the General fund services of the Planning and Economic Development Portfolio will be included in the General Fund Summary of estimates along with the expenditure of other Portfolios.

- b. The Capital Estimates for this Portfolio will be included in the Council's Capital Programme.

20.	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

21. 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 Annual Priorities and Corporate Objectives

22.	Affordable Homes	To determine detailed Planning and Economic Development budgets to provide the resources for the Council to continue and improve its services to achieve its corporate objectives as far as possible within the current financial constraints.
	Customer Service	
	Northstowe and other growth areas	
	Quality, Accessible Services	
	Village Life	
	Sustainability	
	Partnership	

### Conclusions/Summary

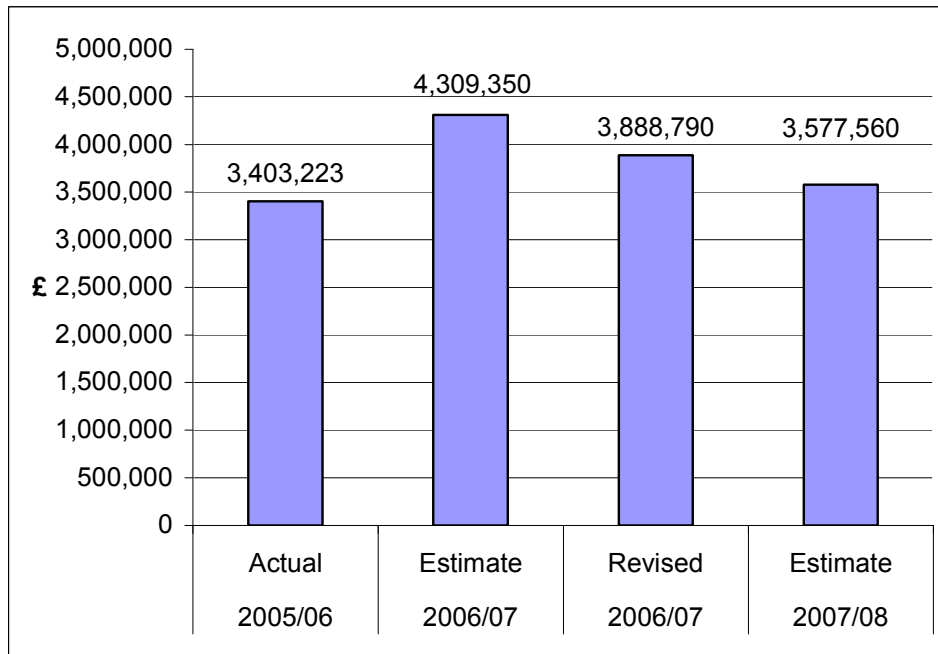
The total net expenditure as shown at **Appendix A** is reproduced below to show the percentage increase between budgets.

Year	Amount £	£	Increase %
2005-06 Actual	3,403,223		
		+906,127	+26.6%
2006-07 Estimate	4,309,350		
		-420,560	-9.8%
2006-07 Revised	3,888,790		
		-311,230	-8.0%
2007-08 Estimate	3,577,560		

These comparisons are shown diagrammatically below:



## PLANNING AND ECONOMIC DEVELOPMENT PORTFOLIO



### Recommendations

23. The Portfolio Holder for Planning and Economic Development is requested to endorse:
- the Revenue Estimates as shown at **Appendix A**,
  - the Capital Programme as shown at **Appendix B**, and associated proposal form **Appendix B1**
  - the level of Building control fees for 2007-08 (paragraph 14); and
- recommend them for consideration by the Cabinet.
24. The Scrutiny Panel is requested to review the Revenue and Capital Estimates of the Planning and Economic Development Portfolio, before 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