

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO:	Planning and Economic Development Portfolio Holder Scrutiny Committee	29th January 2004 12th February 2004
AUTHOR/S:	Finance & Resources Director	

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

Purpose

1. To consider the Revenue Estimates up to the year 2004-05 and the Capital Programme up to the year 2006-07.

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

3. The Staffing and Central Overhead Estimates were approved by the Cabinet on 18th December 2003. The recharges presented at that meeting are recharged to all services, as appropriate. These are shown as Central, Departmental and Support Services in the detailed estimates. The recharge figures for the Revised 2003-04 and 2004-05 Estimates reflect the new departmental structure. However, it should be noted that the original estimate figures relate to the previous structure and are therefore not directly comparable with the current ones. Although some bids included in the Continuous Improvement Plans (CIP) will eventually affect the central rechargeable costs in 2004-05, no adjustment will be made to the recharges until the estimates are considered again next year.

4. The estimates for each portfolio are being reported to the relevant Portfolio Holder. Subsequently, all the estimates will be brought together for final scrutiny on the 5th February by a panel consisting of the Leader and Deputy Leader of the Council together with the Chairman and Vice-Chairman of the Scrutiny Committee. The estimates will then be presented to the Scrutiny Committee on 12th February before being considered by the Cabinet on the 16th February and, finally, to Council on the 26th February for confirmation of the estimates and levels of the Council Tax and Rents.
5. **Appendices A** (Revenue Summary) and **B** (Capital Programme) only 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. Provision for increased expenditure of 2.5% has been applied throughout the estimates for inflation.
7. Where applicable, the estimates of each portfolio incorporate the direct costs of both the non-recurring CIP bids approved at the Cabinet meeting on 8th January and the recurring ones agreed by the special Cabinet meeting on 29th January. One of the CIP bids for £125,000 agreed on the 8th January in respect of the Local Plan Framework, relates to this Portfolio (see paragraph 12a 2) below).
8. On 8th January, the Cabinet called for permanent savings to be made, starting from the 2004-05 estimates. As a result, reductions were agreed by the Cabinet on the 29th January and have been applied in the following areas within this portfolio:

East West Rail Consortium	£5,000
Economic Development Grants	£5,500
Cycleways	£20,000

9. All the estimates exclude the special list of 2004-05 Precautionary Items reported to Cabinet on 8th January 2004. None of these precautionary items relates to this portfolio. However, the Precautionary Items list for 2003-04 included another possible provision relating to the Cambs Sub Region Infrastructure Partners. This has been taken up during the current year, with the approval of the Resources and Staffing Portfolio Holder. This item is now included in the Revised Estimates 2003-04.

Considerations

REVENUE ESTIMATES: REVISED 2003-2004 AND ESTIMATES 2004-05

10. The revenue estimates for this Portfolio are shown at **Appendix A**. The total estimates have been analysed between direct costs, 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 budget manager. By contrast, the recharges are determined by the Staffing and Overhead Estimates.

11. Comments on specific services are given in the following paragraphs.

12. Planning Service

a) Services

These consist of legal and consultants fees and include:

1. Hired and Contracted Legal Services

An amount of £104,687 was held in a reserve account at 31st March 2003 to meet unexpected inquiry costs not provided for in this budget.

Current and planned/possible inquiries include:

Traveller's Site, Swavesey, Cottenham, Rampton & Histon
Ice Rink, Cambourne
"Cambourne Enhanced"
Proposed overhead line, Fen Ditton

In my Capital and Revenue Estimates report to this Committee five years ago, it was agreed that the sum provided under this particular budget heading would not be available for virement (Planning Committee of 6th January 1999). It would appear appropriate for the same constraint to be imposed in relation to the 2004-05 budget.

2. Planning Policy & Local Plan Inquiry

As reported to Cabinet on the 22nd January 2004 the Government is in the process of changing the system of plan making from single District-Wide Local Plans to Local Development Frameworks.

As a consequence the provision of £90,000 for the 1st and 2nd deposit Local Plan in the original budget for 2003/04 has been carried forward to 2004/05. This has been added to the CIP bid mentioned in paragraph 7 above.

b) Projects

1. Minor Transport Improvements

The contributions for 2003/04 and 2004/05 for this project, administered by the Area Joint Committee, will be funded from the Road Safety and Improvement Schemes Reserve, as shown on **Appendix C**.

2. 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.

The grant will also be available in 2004/05 or 2005/06 on the basis of improved performance. The amount of future grant allocation is yet to be decided. For the 2004/05 estimate it has been assumed that the grant receivable will be based on the 2003/04 grant plus inflation.

Currently two temporary posts (Informals Officer's) are being funded over a two year period. The Development Services Department are identifying a list of further projects to be funded from the grant, including training for the Informals Officer's and a flooding study.

The Planning Service estimates, shown on page H2 of the detailed report, includes the Informals Officer's costs within the Development Service recharge. The amounts of £75,560 for 2003/04, and £73,800 for 2004/05, represent the balance available for the further projects mentioned above.

3. Growth Area Grant

The amount of £50,000 represents the planning element of the Council's bid for monies from the Infrastructure Partnership.

c) Central, Departmental and Support Services

The estimated recharges to this portfolio increased from £3,259,800 in the original 2003/04 Estimate to £3,750,280 in the 2004/05 Estimate. This represents a 15% increase.

In 2004-05, the anticipated pay awards and higher employer's contributions for national insurance and superannuation, and the extra central costs arising from ICT development and the occupation of the Cambridge and Cambourne offices have also increased staff costs recharged to all services.

d) Planning Activity

Statutory planning fees increased by an average of 14% from 1st April 2002. The last increase was in October 1997.

The numbers of planning applications were:

2001/02	2,478
2002/03	2,563
2003/04 (to 12/01/04)	2,005

Not all applications are fee earning (e.g. Crown developments, listed building consents, and modification of an approved application) and the amount of fee received is dependent on the type of application.

13. Building Control Service

The revised estimate 2003-04 for the Building Control Service, including fee earning and non-fee earning work increases by £126,980 raising the deficit from £142,670 to £269,650. This is primarily due to a fall of £140,000 in the estimated fee-earning income. Whilst the total number of applications received is expected to exceed those of 2002-03, the value of those applications has fallen, due in part to building works not commencing after receipt of the initial application. The level of income and applications received will continue to be kept under review. The fall in income received will have no impact on the level of Council Tax, the balance being funded from the Building Control Trading Reserve but this is not sustainable in the long run. In addition, volume of work and delays in recruiting staff have led to an on-going requirement for the outsourcing of work to other local authorities. The revised estimate 2003/04 has been increased by £29,850 to reflect this.

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. As a result of this legislation the Local Government Association (LGA) has devised a Model Scheme to ensure that wide variations in fees do not occur between local authorities. Authorities are recommended not to vary their fees by more than 10% (plus or minus) from the Model Scheme.

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'.

A 'Notice of Changes to the Scheme of Charges' has been published notifying an amendment to the Scheme with effect from the 1st December 2003. The amendment increased charges by an average 7%.

Table 1 below shows the position of the fees charges by the Council against the benchmark of the 2003/04 LGA Model Scheme, after the fee amendment of the 1st December 2003.

Table 1

Schedule 1	Charges for one or more small domestic buildings and connected work	LGA Model Scheme 2003/04 less 6.2%
Schedule 2	Charges for certain small buildings, extensions and alterations	LGA Model Scheme 2003/04 less 4.88%
Schedule 3	Charges for other building work	LGA Model Scheme 2003/04 less 4.33%

In order that this Authority complies with the DETR guidance issued, it is recommended that the fees charged for Schedule 1 and 2 works in 2004-05 be increased in line with the 2003-04 LGA Model Scheme with effect from the 1st April 2004. Schedule 3 charges are recommended to remain at the current competitive market levels. It is anticipated that the recommended fees for 2004-05 will be within

the 2004-05 LGA scheme. This should allow the Authority to maintain an estimated overall deficit of £224,604 over the three-year rolling period 2004-05 to 2006-07. The projected deficit on the fee-earning account is estimated to be £83,000 (2004-05), £75,632 (2005-06) and £65,972 (2006-07) respectively and this unsatisfactory position is the subject of ongoing discussions with the Chief Building Control Officer.

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

1999-2002	2000-2003	2001-2004	2002-2005	2003-2006	2004-2007
(661,035)					
	(454,663)				
		(103,770)			
			169,058		
				226,565	
					224,604

In addition to the deficit of £83,000 on the fee-earning account in 2004-05, there is also an increase of £112,460 to the General Fund in 2004-05 compared to 2003-04, mainly due to a reallocation of the salary costs of the Building Control Section. In 2003/04 the ratio of regulatory work to fee earning activity was 41% to 59% respectively; this is in marked contrast with the allocation of salaries for previous years where the ratio was 19% to 81% respectively.

14. Concessionary Fares

With effect from 1st April 2003 Central Government extended the scheme nationwide to include men aged 60 and over (prior to this, the eligibility for men was restricted to 65 and over).

The Authority has a statutory duty to provide a concessionary bus fare scheme, as laid down by Central Government so that the current scheme has little scope for change at district level.

CAPITAL ESTIMATES : REVISED 2003-2004 AND ESTIMATES 2004-05 TO 2006-07

15. Capital expenditure on the General Fund is normally financed from reserves, which are built up from revenue contributions. **Appendix B** shows the capital programme up to the year 2006-07 for this Portfolio on a commitment basis, that is, the amount of the contribution from the revenue account and, therefore, the capital expenditure for 2003-2004 and 2004-05 also appears in the revenue estimates in **Appendix A**.

16. Members' attention is drawn to the following capital items:

i) Car Parks

Responsibility for the Car Park budget has been transferred to the Housing Portfolio. This resulted from a decision of the Planning and Economic Development Portfolio Holder as reported in the Councillor's Bulletin dated 13th August 2003.

ii) Cycleways

Cycleway projects are decided by the South Cambridgeshire Environment and Transport Area Joint Committee and are jointly funded with the County Council.

At 31st March 2003 there was a balance of £234,298 in reserves (see **Appendix C**). The Council's share of the cost of projects for 2002/03 is still awaited.

A request was received in November 2003 from the NOW Group for assistance in funding additional IT requirements prior to the move to Cambourne. The Planning Portfolio holder agreed to contribute an amount of £20,000 from the cycleways budget for 2003/04. This is a one-off contribution.

Additionally a reduction of £20,000 has been made to the 2004/05 budget as detailed in paragraph 8.

The only major scheme currently in progress is Coton to Hardwick The Joint Area Committee meeting on the 8th December 2003 (Agenda item 9) identified a number of possible future schemes. However, at this time these have not been prioritised.

BALANCE IN RESERVES

17. The uncommitted balances held in reserves in respect of grants are shown in **Appendix C**, for information only. The balances will be reported to the Portfolio Holder early in the new financial year, when it may be possible to carry forward uncommitted balances, but subject to full Council approval in cases over two years old.

Financial Implications

18. 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.
19. The Capital Estimates for this Portfolio will be included in the Council's Capital Programme.

Legal, Staffing and Sustainability Implications

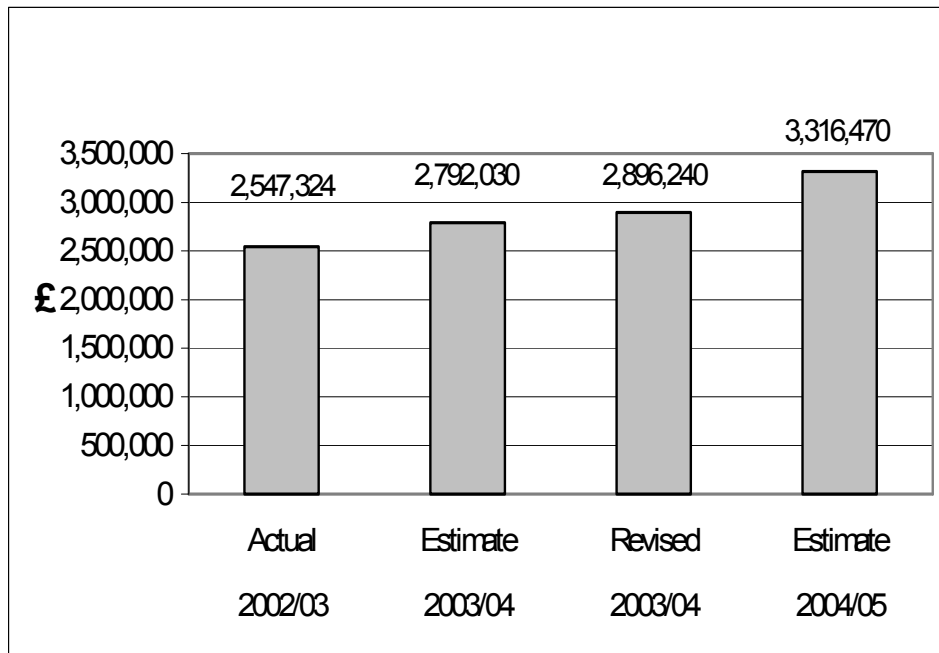
20. None

Conclusions

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

Year	Amount £	£	Increase %
2002-03	2,547,324		
		+ 244,706	+9.6
2003-04 Estimate	2,792,030		
		+ 104,210	+3.7
2003-04 Revised	2,896,240		
		+ 420,230	+14.5
2004-05 Estimate	3,316,470		

These comparisons are shown diagrammatically below:



22. The analysis shown on the Planning & Economic Development Portfolio summary separates expenditure and income.
23. Expenditure items are those more under the control of budget holders, whereas income is subject to market conditions. The summary therefore shows that expenditure for the 2004/05 estimate of £957,850 represents an increase of 0.4% over the original estimate for 2003/04 and, an increase of 10.4% over the revised 2003/04 estimate.

Recommendations

24. The Portfolio Holder for Planning and Economic Development is requested to endorse:
- i) the Revenue Estimates as shown at **Appendix A**,
 - ii) the Capital Programme as shown at **Appendix B**,
 - iii) the level of Building Control fees for 2003-04 (paragraph 13); and
- recommend item i) and ii) for consideration by the Cabinet.
25. The Scrutiny Committee is requested to make comments on the Revenue and Capital Estimates of the Planning and Economic Development Portfolio, for consideration by the Portfolio Holder and the Cabinet.

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

Estimate files within the Accountancy Division of the Finance and Resources Department
Detailed estimates pack distributed to Members
LGA Circular 782/99 – Building (local authority charges) Regulations 1998

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