

## SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

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**REPORT TO:** Planning Portfolio Holder  
**AUTHOR/S:** Chief Executive / Accountant

26 January 2009

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### REVENUE AND CAPITAL ESTIMATES FOR THE PLANNING SERVICES PORTFOLIO

#### Purpose

1. To consider the Revenue Estimates up to the year 2009-10 and the Capital Programme up to the year 2011-12.
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 2009.

#### Background

3. The estimates for the Planning 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
  - Concessionary Fares
  - Footpath Diversions
  - Conservation
  - Museums
  - Tourism Initiatives
4. The Cabinet approved the Staffing and Central Overhead Estimates on 11 December 2008. 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 projected service structure approved by Cabinet in September. However, the new officer structure cannot be reflected in the comparative recharge figures, so these will be shown only in total on each service. As all the recharges have 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 5 February, consideration by the Cabinet on 12 February, and finally, presentation to the Council on the 26 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 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 bids agreed by Cabinet on 11 December 2008 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 and efficiency savings.
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 12 February 2009. However, none has been identified within this Portfolio.

## **Considerations**

### **REVENUE ESTIMATES: REVISED 2008-09 AND ESTIMATES 2009-10**

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, 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 2008-09 original estimates, the net direct costs increased in the Revised Estimates by £150,360 and increased by £83,740 in the 2009-10 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 2007-08 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 2008-09 exceeded the target by £114,360, and the 2009-10 Estimate also exceeded the target by £115,230. In both cases this is mainly due to the decrease in Planning fee income and increase in the Appeals and Advice on Current Applications (in the Revised 2007-08), partly offset by the reduction in the Concessionary Fares costs.

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

#### 13. ***Development Control:***

##### a) Hired and Contracted Legal Services:

The Appeals revised budget for 2008/09 represents an increase of £59,840 over the original estimate. Appeals costs in 2008/09 were mainly in respect of:

Church Farm, Steeple Morden  
Arbury Park  
Former White Horse Public House, West Wickham

Unit J Broad Lane Industrial Estate, Cottenham

Expected appeals in 2009 are:

Wadlow Wind Farm  
Longstanton  
Cambourne – Morrisons extension  
Papworth

b) Contracted Consultants:

The revised 2008/09 budget for advice on current applications has increased by £51,890 over the original estimate.

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.

14. ***Recharges from staffing and Overhead Accounts - Central, Departmental and Support Services (see estimates report to Cabinet 11 December 2008):***

- (a) The estimated recharges (net of the amounts funded from the Housing and Planning Delivery Grant) from Staffing and Overhead Accounts to this portfolio increased by £50,610 (1.5%) from £3,328,020 in the original 2008-09 Estimate to £3,378,630 in the 2009-10 Estimate. The 2008-09 Revised Estimate of £3,094,640 is £233,380 (7.0%) 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 £17.959m in the Original estimates 2008-09, £17.897m in the Revised Estimates 2008-09 and £18.876m in the Estimates 2009-10. These equate to a decrease of £0.062m (-0.3%) in 2008-09 and an increase of £0.979m (5.5%) in 2009-10, when compared with the original estimate 2008-09. The increase above inflation in 2009-10 is mainly due to, firstly, the salary costs of individual officers increasing by 5.1% (additional pay awards and pension costs), and secondly, the costs of additional staff appointments and other central costs approved by Cabinet as part of the bidding process.
- (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.

15. ***Planning Activity***

Statutory planning fees increased by an average of 23% from 6 April 2008.

Numbers of planning applications were:

2006-07	2,492
2007-08	2,240
2008-09 (to 22/12/08)	1,518

Based on fee income to date the revised estimate for 2008/09 has decreased by £224,000 from the Original Estimate 2008-09 of £1,307,000 to £1,083,000.

The level of fee income for 2009-10 has also been budgeted at £1,083,000 due to the uncertainty created by the current economic downturn.

16. **Building Control Service**

Overall, compared to the original 2008-09 estimates, the Building Control Service shows an increase of £930 in the revised estimates and £16,870 in the 2009-10 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 revised 2008-09 estimates include a transfer from reserves of £3,560 representing the under-recovered direct cost of fee-earning works, with £23,040 estimated for transfer in 2009-10.

- (a) The main increase in the revised estimates is £13,040 recharges relating to ICT and central overhead costs. Other adjustments include a reduction in expected income of £36,560 in 2008-09 and £42,560 in 2009-10 when compared to the original 2008-09 estimates and a reduction in engineer and local authority services of £26,610 in both years reflecting the anticipated expenditure.
- (b) The number of applications received by Building Control is showing a year on year reduction; this is primarily attributable to private sector Approved Inspectors gaining market share, the current economic downturn contributing to the overall decline. The level of income is expected to show variability over time reflecting the progression of applications from the plan to inspection stage; the decrease in Statutory/Local Fees income of £42,760 in the revised estimate when compared to the original is consistent with an over-estimate of progression and a fall in applications. Overall the distribution of applications between schedules remains consistent with the previous four years, the total number of applications decreasing by approximately 23% over the same period. 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 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 2009-10, the Council will therefore set charges at levels in accordance with the Building (Local Authority Charges) Regulations 1998.
- (d) 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'.
- (e) In view of the economic downturn the Council could choose to support local residents and businesses by making a charge for services that recovers less than the full direct cost, the under-recovery being financed from the Building Control Reserve. It is proposed to maintain the current schedule of charges, whilst continuing to monitor levels of applications and income, should the

review indicate the requirement for a revision of fees this information will be reported to the portfolio holder for endorsement.

- (f) Maintaining the current level of charges will require a contribution from reserves in 2009-10 of £23,040 based on the current level and distribution of applications. Should the property market show an upturn; an increase in the number of applications would result in a lower or nil transfer from reserves; alternatively a decrease in applications would require an increase in the transfer from reserves.
- (g) Retaining the current charges and discount factors will result in the Authority having an estimated overall deficit of £14,280 over the three-year rolling period 2007-08 to 2009-10. This assumes a surplus on the fee-earning account of £12,910 (2007-08) and a projected deficit of £3,560 (2008-09) and £23,630 (2009-10) respectively, and is based on current levels of staffing and expenditure.

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

<b>2001-2002</b>	<b>2002-2005</b>	<b>2003-2006</b>	<b>2004-2007</b>	<b>2005-2008</b>	<b>2006-2009</b>	<b>2007-2010</b>
(168,912)						
	(3,023)					
		(73,096)				
			(119,405)			
				(108,374)		
					(52,866)	
						14,280

- (h) The constraints forced by capping have reduced the resources available to the Council to continue to 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 £472,883 at the 31<sup>st</sup> March 2008. 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. The uncommitted sum in reserves, after General Fund reductions and transfers from reserves in 2008-09 and 2009-10 as included in the estimates, is £2,283.

#### **17. Concessionary Fares**

- (a) A new national concessionary travel scheme was introduced on 1<sup>st</sup> 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 funded the cost of travel by South Cambridgeshire residents in other Cambridgeshire districts as under the previous scheme.

- (b) As a result of the change to reimbursement arrangements it is now estimated that actual costs will be considerably less than budgeted. However, final outturn estimates may be subject to further change because expenditure is proving to be difficult to predict for several reasons:
- Reimbursement information received from bus operators is generally subject to a delay due to the complexity of the information and is currently only available for the first four or five months of the year.
  - The Cowley Road Park and Ride site relocated to Milton in November 2008 and the Council will therefore be responsible for concessionary fares on the in-bound leg of park and ride journeys from then on.
  - Reimbursement information has not yet been provided for journeys made within South Cambridgeshire on buses operating from Stagecoach's Peterborough Depot.
- (c) In addition the introduction of the guided bus is likely to increase costs from 2009-10 onwards since concessionary travel passes will be valid on these journeys. This increase is reflected in the Medium Term Financial Strategy.

18. ***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.

19. ***Planning Delivery Grant/Housing & Planning Delivery Grant***

- (a) The Planning Delivery Grant (PDG) 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. Of the grant received, 25% is required to be used for capital purposes.
- (b) The grant was replaced by the Housing and Planning Delivery Grant on the 1 April 2008. The grant awarded is based on improved plan making and increased housing delivery. The level of grant received for 2008-09 was £1,318,768 of which £428,600 (32.5%) is for capital. The revenue element of the grant, £890,168 (67.5%) is 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 and used to offset the estimated shortfall in planning and land charges fees from 2009-10 onwards to smooth out the effect on the Medium Term Financial Strategy.
- (c) It is unlikely that the same level of grant will be received in 2009-10. Therefore, the grant has been budgeted for at the 2007-08 amount received, £450,280 in accordance with the provision made in the Medium Term Financial Strategy.
- (d) The grant and estimated balances available are shown in **Appendix A (1)**. In this Appendix, the revenue element of the net grant received/used in the year

shows a net estimated reduction of £102,004 in 2009/10 and this net deficit during the year is likely to continue in the years beyond 2009/10.

**CAPITAL ESTIMATES: REVISED 2008-09 AND ESTIMATES 2009-10 TO 2011-12**

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 2008-09 revised and 2009-10 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 C5** gives further details.

(b) ***Conservation***

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

**Use of resources**

21. The Use of Resources assessment requires an organisation to have a sound understanding of its costs. The costs per head of population are shown below for two of the major services of this portfolio compared to fifteen other local authorities which are our nearest statistical neighbours in terms of population, age profile of population, density, sparsity, etc. There may be alternate unit costs; for example, unit costs per application for Building Control may be more appropriate but the costs per head shown below give a preliminary indication of services where further understanding of our costs, combined with performance, may be needed. The information used to determine the unit costs in the table below includes services which are not reported in this Portfolio for example Travellers Issues, Sustainability and Community Development.

	<b>Planning Policy, Building &amp; Development Control</b>	<b>Economic Development <sup>(1)</sup> &amp; Community Development <sup>(2)</sup></b>
<b>2008-09 £ per head</b>	24.80 (21.60*)	<div style="display: flex; align-items: center; justify-content: center;"> <div style="margin-right: 10px;"> <sup>(1)</sup> 0.64 (0.64*)   <sup>(2)</sup> 9.25 (9.15*)         </div> <div style="font-size: 2em; margin-right: 10px;">}</div> <div style="text-align: center;">           9.89 (9.79*)         </div> </div>
<b>Average £ per head</b>	19.19	2.70
<b>Ranking against</b>		

<b>nearest neighbour group</b>	12 lowest out of 16	15 lowest out of 16
<b>2009-10 £ per head*</b>	20.11*	(1) 0.82 (2) 10.50 } 11.32*
<b>Ranking against nearest neighbour group</b>	Not available	Not available

\* excludes pension

### Implications

22. 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.

23.	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

24. 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

25.	<p><b>Work in partnership to manage growth to benefit everyone in South Cambridgeshire now and in the future</b></p> <p><b>Deliver high quality services that represent best value and are accessible to all our community</b></p> <p><b>Enhance quality of life and build a sustainable South Cambridgeshire where everyone is proud to live and work</b></p>	To determine detailed New Communities 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.
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### Conclusions / Summary

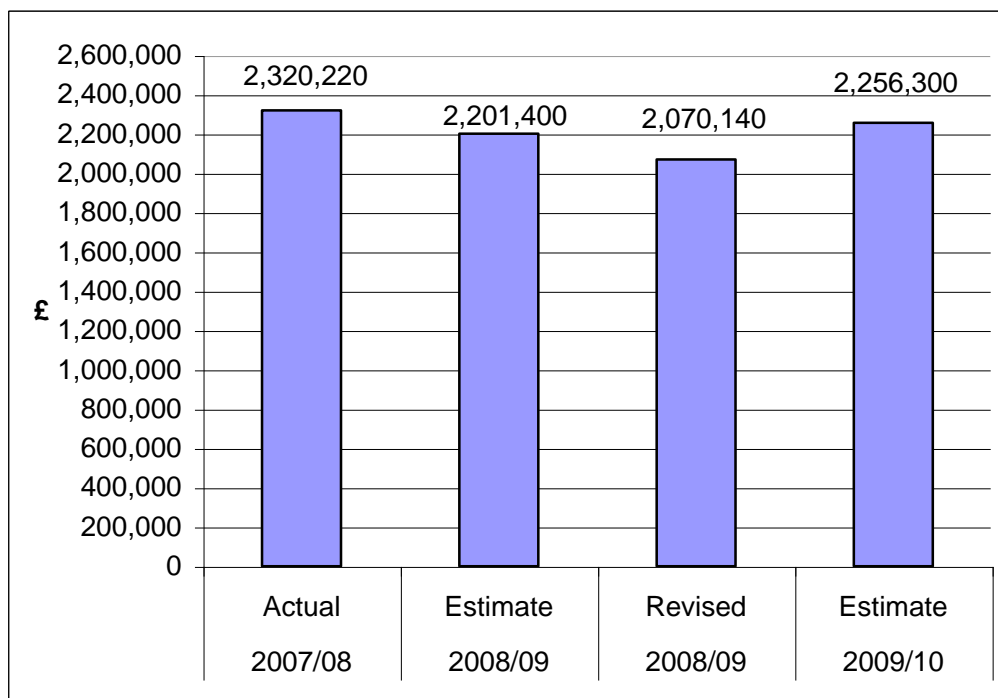
26. The total net expenditure as shown at **Appendix A** is reproduced below to show the percentage increase between budgets.



Year	Amount £	£	Increase %
2007-08 Actual	2,320,220		
		-118,820	-5.1%
2008-09 Estimate	2,201,400		
		-131,260	-6.0%
2008-09 Revised	2,070,140		
		+186,160	+9.0%
2009-10 Estimate	2,256,300		

These comparisons are shown diagrammatically below:

### PLANNING SERVICES PORTFOLIO



### Recommendations

27. The Portfolio Holder for Planning is requested to endorse:
- the Revenue Estimates as shown at **Appendix A**,
  - the Housing & Planning Delivery Reserve at **Appendix A(1)**,
  - the Capital Programme as shown at **Appendix B**, and associated proposal forms **Appendix C1 to C5**,
  - the level of Building Control fees for 2009-10 (paragraph 16)

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

LGA Circular 782/99 – Building (local authority charges) Regulations 1998

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