

PLANNING POLICY COMMITTEE
THURSDAY, 24TH JUNE, 2021 AT 7.30 PM

Supplementary Agenda

To all members of **PLANNING POLICY COMMITTEE**: The following papers, which were not available for dispatch with the agenda, are attached. Please bring them with you to the meeting:-

Item 6 – Planning Policy finance report – Month 2 (21/22) (page 3)

Yours faithfully,

David Ford
Chief Executive

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Budget Monitoring Finance Report – Month 2 (May 2021)

Planning Policy Committee – 24 June 2021

Report of: Anna D’Alessandro – Chief Finance Officer (Section 151)

Purpose: To approve the relevant budget changes since approval of the 2020/21 Budget at Full Council in February 2021.

To note that the 2021/22 Planning Policy Budget, after the budget virements stated in this report is provisional on confirmation of the 2020/21 Outturn. The Outturn for the Council will be presented upon completion of the Forensic Review & Fact Finding by Grant Thornton LLP UK (GT) commissioned by S&R on 8th June.

To note the 2021/22 Month 2 (May) financial position of the Committee.

Publication status: Unrestricted

Wards affected: All

Executive summary:

This report accompanies the presentation that outlines the Planning Policy **2021/22 budget position at the end of May 2021 (M2)**.

This report supports the Council’s priority of:

Effective budget monitoring giving a clear and precise overview of the Planning Policy Committee’s financial position.

Contact officer Kathryn Scott – Finance Business Partner
KScott@tandridge.gov.uk

Recommendations to Committee:

That:

- A. that the relevant budget changes since approval of the 2021/22 budget at Full Council in February 2021 be approved (para 4);
- B. the 2021/22 budget after recent budget virements be noted (*this budget is provisional pending the 2020/21 budget outturn being presented to S&R -likely to be in September 2021- following the completion of the forensic review by Grant Thornton. The Phase 1 work of GT focusses on the forensic review of the c£920k pensions adjustment and is unlikely to directly impact the Planning Policy Budget. Following the outcomes of Phase 1 there may need to be a Phase 2 which may look more broadly at financial issues across the Council to provide a solid and robust basis for the Council's finances moving forward. There is a possibility that this could impact other Committee budgets. The changes proposed in this report are provisional on the outcomes of this work.*); and
- C. the Committee's forecast revenue and capital budgets position as at M2 (May 2021) be noted

Reason for recommendations:

Please see slide presentation

Introduction and background

- 1 The 2021/22 Planning Policy revenue budget was approved at c£1.1m on 11th Feb 2021. Since the initial approval, the Council has reset some of its revenue budgets.
- 2 The reason for the reset of budgets is due to a number of factors including;
 - alignment of the corporate items (those that are outside the direct control of the Committee in day-to-day decision making);
 - realignment of case workers across the Council (therefore requiring the realignment of salaries across Committees);
 - aggregation of legal costs; and
 - reversal of the Council's unconventional treatment of depreciation (which consists of the application of budgets to non-cash/accounting only items). These changes have resulted in altered Committee budgets. This has had no impact on the Committee's budget.
- 3 As these budget transfers are between Committee budgets and corporate items, the overall General Fund budget is unchanged at £11,295,340.

Table 1: Planning Policy approved budget to Provisional proposed budget (subject to the 2020/21 outturn presented and approved by S&R and the review by GT).

	2021/22 Council Approved Budget £	Virements £	2021/22 Provisional Budget M2 £
Planning Policy (Chair: Cllr Sayer; Lead Officer: L Wesson)			
Local Plan & Policy	491,400	(14,800)	476,600
Development Management	560,200	150,900	711,100
Environmental Improvement	400	0	400
Planning Grants	0	0	0
	1,052,000	136,100	1,188,100

- 4 The most significant reason for Planning Policy budget to be reset is to realign the relevant case workers to Planning (+£170.9k), and aggregation of legal costs to Legal Services (-£34.8k). Overall, the Planning Policy Committee budget has increased by c£136k
- 5 The Planning Policy Budget is not affected by the removal the unconventional practice of assigning budgets to non-cash/accounting items, due to having no depreciation budgets to remove. In usual circumstances and for budgeting purposes, only cash items would have a budget set against them as they have an element of controllability. The Council's practice (which goes back some time it is understood) has been to apply budgets to items which are of an "accounting treatment" nature only, depreciation is an example.
- 6 S&R has commissioned GT to perform a forensic review and fact-finding to fully understand the implications of the potential budget gap. Until S&R receives this report, we are unable to finalise and present the 2020/21 Outturn position. This means that the 2021/22 budget is provisionally reset until receipt of the forensic report.
- 7 The budget monitoring report shows the financial revenue and capital position of the Planning Policy committee as at M2 (May).
- 8 Incorporated in the slide presentation is an update on the saving programme. Council approved an overall saving programme of £2.7m of which 17% is attributed to Planning.

Key implications

Comments of the Chief Finance Officer

- 9 The Council has a duty to ensure its expenditure does not exceed resources available. The short and medium-term financial outlook remain uncertain.

- 10 On 8th June S&R commissioned Grant Thornton LLP UK (GT) to undertake a Forensic Review and Fact Finding into the c£920k potential budget gap, via a Pensions adjustment. Phase 1 of this review will be to understand the reasons for this adjustment and implications on the 2020/21 and subsequent years' budgets. Phase 2, if required, may look more broadly at the finances across the Council to provide a solid basis to make financial decisions in the future. As a result, we have been unable to present the 2020/21 Outturn position to S&R.
- 11 There have also been a number of adjustments as outlined above to the Committee's budget – including the removal of non-cash/accounting item budgets and the realignment of salary costs across Committees.
- 12 Until the work of GT is complete and the Outturn has been presented to S&R for approval (likely to be sometime in September) the budget adjustments proposed on this report are provisional and contingent on the items described above.
- 13 Until the Forensic review has been completed – we are maintaining a closer and tighter grip on costs particularly salaries. There is a substantial £2.7m saving programme for the Council to deliver in 2021/22 to provide us with the best opportunity to balance the 2021/22 budget. If this savings programme is not delivered this will have a detrimental impact on our finances. It will be kept under constant review and progress will be reported to Members in monthly financial reports
- 14 Much work on the budget setting process for next year and into the medium-term indicates that the Council's finances will continue to be constrained, as they have been for much of the past decade. This subsequently places an onus on the Council to continue to consider issues of financial sustainability as a matter of urgency in order to ensure stable provision of services in the future. Within this context the Council will continue to develop and implement plans to ensure that the delivery of services is contained within resources and we work towards closing the medium-term gap.
- 15 The Section 151 Officer confirms the financial information presented in this report has been based on reasonable working assumptions, taking into account all material, financial and business issues and risks.

Comments of the Head of Legal Services

- 16 The Council must set the budget in accordance with the provisions of the Local Government Finance Act 1992 and approval of a balanced budget each year is a statutory responsibility of the Council. Sections 25 to 29 of the Local Government Act 2003 impose duties on the Council in relation to how it sets and monitors its budget. These provisions require the Council to make prudent allowance for the risk and uncertainties in its budget and regularly monitor its finances during the year. The legislation leaves discretion to the Council about the allowances to be made and action to be taken.

- 17 The Committee should be aware that if the Section 151 Officer, at any time, is not satisfied that appropriate strategies and controls are in place to manage expenditure within the in-year budget they must formally draw this to the attention of the Committee and Council and they must take immediate steps to ensure a balanced in-year budget, whilst complying with its statutory and common law duties.
- 18 It is essential, as a matter of prudence that the financial position continues to be closely monitored. In particular, Members must satisfy themselves that sufficient mechanisms are in place to ensure both that savings are delivered, and that any new expenditure is contained within the available resources. The Monitoring reports set out the additional detail so that Members can get a feel for where the potential issues are.
- 19 Members will be updated on the findings on the commissioned forensic review outcomes once their report has been finalised.

Equality

- 20 This report does not disadvantage or discriminate against any different groups with protected characteristics in the community.

Climate change

- 21 There are no significant environmental / sustainability implications associated with this report.

Appendices

Appendix 'A' – Committee's Month 2 (May) Financial Report

Background papers

None

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Month 2 (May 21) Financial Report

Planning Policy 24th June 2021

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Kathryn Scott
Finance Business Partner

Anna D'Alessandro
Chief Finance Officer (s151)

Contents

- Key Messages

- **Annex**
 - Planning Committee - Detailed Revenue
 - Planning Committee Saving Tracker
 - Planning Committee Financial Risks

Key messages

General Fund Budget:

- On 13th Feb 2021, Council **Approved a £1,052k Revenue Budget**.
- Since the initial approval, the Council has had to reset some of its revenue budgets. The **reason** for the reset of budgets is due to a number of factors including; (**refer Cover Report**)
 - **+£171k - realignment of case workers** across the Council (therefore requiring the realignment of salaries across Committees); and
 - **-£35k - aggregation of legal costs.**
- 2021/22 Budget for Committee is provisional pending the 2020/21 Budget Outturn being presented to S&R. This will follow the completion of the forensic review by Grant Thornton LLP UK. There is a possibility that this work could impact other Committee budgets.
- **At 24th June virements approved totalling £136k were added to the original budget,**
- **Provisional Budget now set at £1,188k**

Revenue Position:

- **At M2 Planning Policy is forecasting a £23k overspend** predominately due to: (**refer Annex**)
 - **£23k overspend** relating to the increased costs due to the public inquiry for the crematoria planning application
- Provisional and subject to the Council's 2020/21 Outturn being approved pending the GT Forensic Review

Key Messages (cont'd)

2021/22 Savings Programme:

- There is a Council-wide £2.7m savings programme, of which £0.5m (17%) is attributed to Planning

Committee	Target £000	Achieved £000	Plans in Place £000	Potential Barriers £000	High Risk £000	BAU Full year Forecast £000	Unachievable £000
Planning Policy	451	75	107	269	0	451	0

- Of the planned c£0.5m savings,
 - £0.1m (BLUE) are considered to be achieved (ie there has been a reduction in spend compared with 2020/21 attributed to the savings areas)
 - £0.1m (GREEN) have plans in place that will be evident later in the year
 - £0.3m (AMBER) currently on target but could have potential barriers to achievability (*refer Saving Tracker Annex*)

Risks & Opportunities:

- No risks have been included in the forecast position at M2
- Net risks of £421k have been quantified for the Committee (*refer Financial Risks Annex*)

Key messages (cont'd)

Capital:

- 2021/22 capital budget was approved by Council on 13th February 2021, at **£733k for Community Services**;
 - Programme slippage of £284k from 2020/21 is shown below as being carried forward in to 2021/22 but is yet to be approved. Approval is anticipated in September when the 2020/21 outturn position is reported to Strategy and Resources Committee.
 - As Outturn is still pending, **the provisional budget is £1,017k**, if the 2020/21 carry forward is approved

- **At M2, the Committee's Capital budget is forecast as balanced**

Capital Budget Monitoring at Month 2 end May	Original Budget 2021/22 £	Pending Potential Carry Forward from 2020/21 £	Provisional Budget including Carry Forwards £	Forecast at M2 2021/22 £	Forecast Variance at M2 2021/22 £
Planning Policy - Committee Chair: Councillor C Sayer - Officer: A Boote					
Capital contributions to third parties from CIL	733,000	284,000	1,017,000	1,017,000	0
Total Planning Policy	733,000	284,000	1,017,000	1,017,000	0

ANNEX

DETAILED REVENUE

- Planning Committee - Detailed Summary (slide 7)
- Planning Committee - Saving Tracker (slide 8 & 9)
- Planning Committee - Financial Risks (Slide 10)

Planning Policy - Revenue

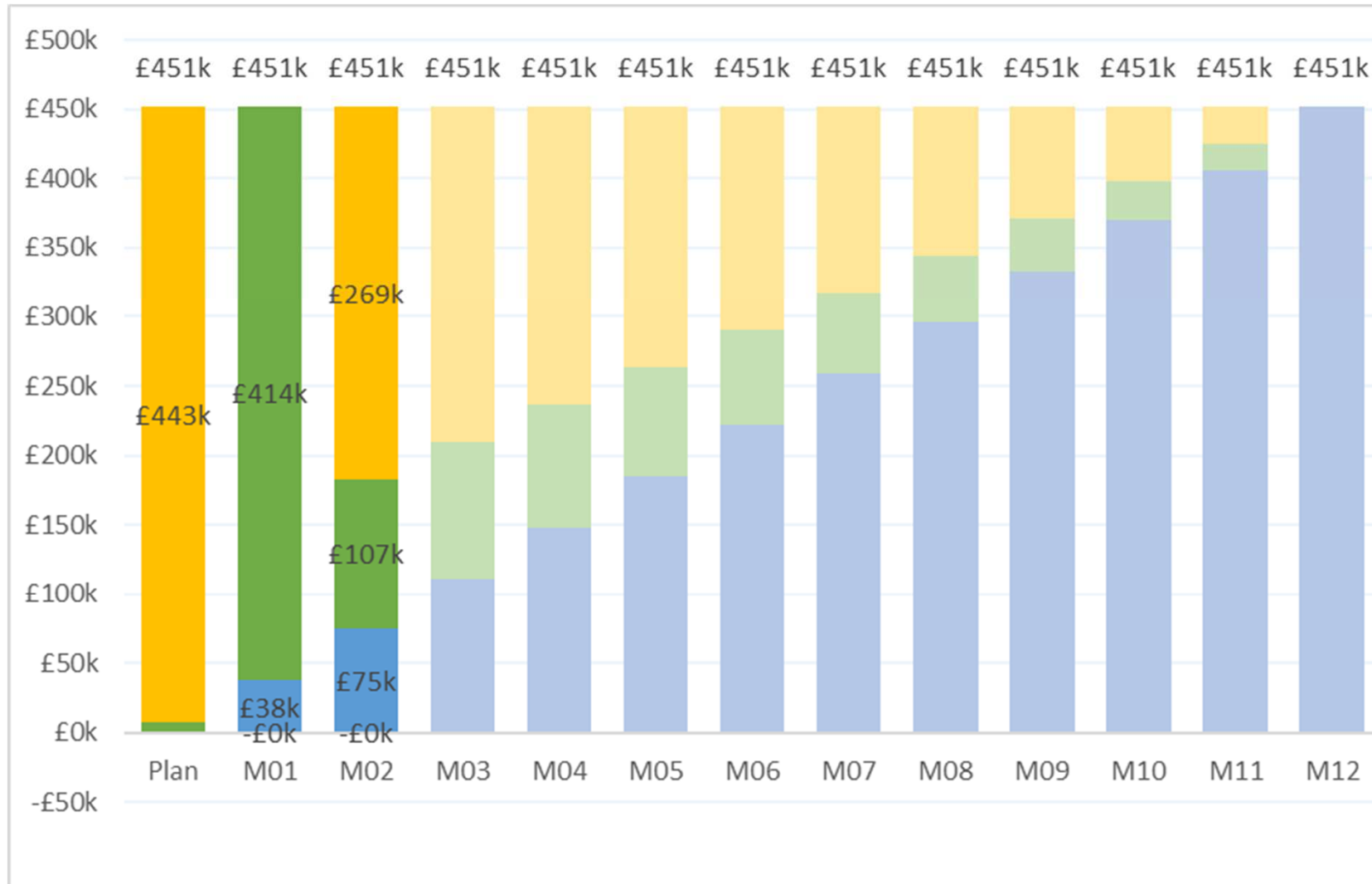
TABLE 2: 2021/22 Forecast: General Fund Financial Position at year end 31/03/2022

	2021/22 Outturn forecast at M2 £	2021/22 Provisional Budget M2 £	M2 Forecast Variance £
Planning Policy (Chair: Cllr Sayer; Lead Officer: L Wesson)			
By function:			
Local Plan & Policy	476,600	476,600	0
Development Management	733,600	711,100	22,500
Environmental Improvement	400	400	0
Planning Grants	0	0	0
	1,210,600	1,188,100	22,500
By subjective:			
Salaries (non planning grants)	1,618,400	1,618,400	0
Salaries (planning grants)	117,300	117,300	0
Non Salaries	1,997,900	1,975,400	22,500
Income	(2,523,000)	(2,523,000)	0
	1,210,600	1,188,100	22,500

At M2 the Committee is forecasting a c£23k overspend due to the public inquiry for the crematoria planning application. The application was submitted after the budget was approved.

Saving Tracker at M2 – Overall for Committee

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Key:

Blue – Savings Achieved; Green – Plan in place to deliver the savings; Amber – Potential barriers to delivery of savings

Savings Tracker as at M2 – By Project

Committee	Description	Target £000	Achieved £000	Plans in Place £000	Potential Barriers £000	High Risk £000	BAU Full year Forecast £000
Planning	Evaluate external counsel policy and process	123	20	0	102	0	123
Planning	Improved agency / flexible resourcing approach	121	20	101	0	0	121
Planning	Evaluate consultants policy and procurement process	100	17	0	83	0	100
Planning	Reduce Local Plan - whilst review success criteria and timeline	100	17	0	83	0	100
Planning	Provide statutory minimum for local plan adverts	8	1	7	0	0	8
TOTAL		451	75	107	269	0	451

Revenue Risks

Committee	Risk	Mitigation	Min & Max Range	Likely / Average Financial impact	RAG Risk
Across the Council	Continuation of COVID-19 social distancing affecting business interruptions	Applying current COVID-19 directions and identifying costs onto the COVID-19 loss of income & expenditure tracker	£50k - £1.5m	£100k	A
Planning	Insufficient Senior Management direction to successfully achieve staffing efficiencies			£221k	A
	Local Plan business case roadmap is unrealistic and unachievable	Subject to the pending 2020/21 outturn / carry forwards		£200k	A
	Amalgamation of legal and counsel services achieve appropriate economies of scale	Depending on specialist advice and no future public inquiries	£0k - 30k		G
	Committee member direction appropriate understanding to drive success	Good member development plan, training and transparency of direction			G
Risk Criteria:					
R: Critically severe & Probable		Amber: Moderately severe & Occasional		Green: Marginally severe & Remote	