

Planning Policy Committee – 2024/25 Proposed General Fund Budget and Medium-Term Financial Strategy

Planning Policy Committee Thursday, 18 January 2024

Report of: Helen Murch – Chief Planning Officer
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Purpose: For Decision

Publication status: Unrestricted

Wards affected: All

Executive summary:

The purpose of this report is to present the proposed Budget for 2024/25 and Medium-Term Financial Strategy (MTFS), including the Capital Programme (Community Infrastructure Levy), for this Committee.

Members are asked to agree the recommendations below. These recommendations will be consolidated into the overall position, which will form part of the Council-wide budget setting process (to be ratified by Full Council on 8th February 2024).

This report supports the Council's priorities of: Building a better Council/
Creating the homes, infrastructure and environment we need / Supporting economic recovery in Tandridge / Becoming a greener, more sustainable District.

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Recommendations to Committee:

The approved Planning Policy Committee budget will form part of the Council-wide budget setting process (to be ratified by Full Council on 8th February 2024). This report focusses on the budgets for this Committee, and recommends that Members:

- A. **Agree the Planning Policy Committee – Proposed Revenue Budget for 2024/25 of £1.817m**, as shown in **Appendix A**, taking account of pressures allocated to the Committee and note that further allocations will be made to distribute an amount equal to increments and the agreed Council pay award, subject to approval by Strategy & Resources Committee and Council.
- B. **Agree the Planning Policy Committee’s Fees and Charges** for 2024/25 as shown in **Appendix C**.
- C. **Agree the Planning Policy Committee’s (Community Infrastructure Levy) Capital Programme** for 2024/25 being the sum of £1.6m, as shown in **Appendix D**, subject to approval by Strategy & Resources Committee and Full Council.
- D. **Note the Subjective Revenue Budgets in Appendix B**, setting out movements from 2023/24 to 2024/25 and an estimated movement to 2025/26.

Reason for recommendation:

Section 151 of the Local Government Act 1972 requires all councils in England and Wales to make arrangements for the proper administration of their financial affairs. It is a legal obligation that the Council sets a balanced budget for 2024/25.

1. Introduction and Background

- 1.1 The Council’s proposed budget for 2024/25 has been collated through an extensive process over the past six months, beginning with a report to Strategy & Resources Committee on the 29th June 2023 which set out the timetable, process and key milestones. Throughout the process, the budget has been developed with an expectation that a savings target of £0.75m (with a range from £0.5m up to £1.4m) would be required to balance the Council’s overall budget.
- 1.2 The results of the budget process were captured in the Draft Budget 2024/25 and Future Tandridge Programme Update report that was presented to Strategy & Resources Committee on the 30th November 2023. The report set out a draft £0.6m savings plan for the Council overall, which at that point was sufficient to balance the budget, along with itemised budget pressures and a high-level assessment of the impact of inflation.

- 1.3 The Draft Budget was presented with significant uncertainty on whether Government funding would be sufficient to allow the budget to remain balanced with the existing £0.6m savings plan. On the 18th December 2023, the Government released the provisional Local Government Finance Settlement, which set out funding for each Council. Although the final settlement is not expected until later in January 2024, it is highly unlikely that funding allocations will materially change. This Council's allocation was sufficient to balance the budget for 2024/25 based on the £0.6m savings set out in the Draft Budget.
- 1.4 Significant uncertainties also face the Committee's budget in 2024/25, particularly:
- The unsound Local Plan, consequent appeal costs, and the cost of a new Local Plan;
 - The cost of implementing the new Enforcement Policy adopted on 22 June 2023;
 - The impact of national fee increases;
 - The impact of locally set fees, including the introduction of Planning Performance Agreements;
 - Workload for the Planning Policy team;
 - The impact of Biodiversity Net Gain;
 - The ability to recruit permanent staff; and
 - Resourcing implications from Gatwick.
- 1.5 Despite these uncertainties, there are clear pressures that the Committee's budget needs to address, including the impact of appeals and the additional cost of interim staff.
- 1.6 In addition, despite increasing national planning fees, the Secretary of State for Housing and Communities & Minister for Intergovernmental Relations, The Rt Hon Michael Gove MP, set out in a statement on the 19th December 2023 that "local authorities are obliged to spend these [increased] fees on planning services, and ... there should be no decrease in authorities' spend on planning from their general fund."¹
- 1.7 For these reasons, the 2024/25 budget continues to protect the Planning Policy Committee from savings, with the focus instead being on providing an improved and more robust planning service, financial stability whilst the service achieves a sustainable staffing model.

¹ <https://questions-statements.parliament.uk/written-statements/detail/2023-12-19/hcws161>

1.8 Since the Draft Budget was presented, an additional investment of £338k for the Committee has been proposed, in discussion with the Committee Chair and the Member Reference Group. Along with the Draft Budget allocations of £102k and an inflationary allocation of £39k, this brings the total increase to £479k. The additional investment responds to the pressures set out above and reflects the 2023/24 projected overspend of £419k. Alongside the Committee's budget, the wider Council's corporate budget includes a modest contingency of £445k and a service capacity fund of £200k (more details of which will be presented to Strategy & Resources Committee).

1.9 The report allocates funding to the Committee for the budget pressures set out in Appendix A. These are based on the pressures included in the Draft Budget with additional amounts to reflect an ongoing budget review and an allocation for non-pay inflation, as set out above.

1.10 The overall budget has been drawn together on the following principles:

- A balanced revenue budget with the use of General Fund Reserves avoided in anything but unforeseen circumstances that cannot be met from contingencies or reduced spend elsewhere;
- Maintaining and ideally building the contingency to provide further medium-term financial resilience and to mitigate risk;
- Supporting and enabling the Council to fund the Future Tandridge Programme and associated improvements to its services;
- Continuing to explore options to build resilience of General Fund Reserves;
- Completing the Future Tandridge Programme within available resources, delivering services with appropriately set budgets;
- Producing evidence-based savings plans which are owned/delivered, tracked, monitored and reported monthly; and
- Ensuring that managers are accountable for their budgets.

1.11 The principles more specifically relating to setting sustainable medium-term budgets are:

- Developing multi-year plans, integrated with capital investment across the Council;
- Application of a budget envelope approach with a model to determine a consistent and transparent application of funding reductions to Committee budget envelopes, backed by formal reporting to Committee;
- Envelopes validated annually based on realistic assumptions;
- Evidence bases used to underpin savings proposals and investments;
- Assurance that all savings, pressures and growth are managed within budget envelopes to ensure accountability for implementation;
- Pay and contract inflation allocated to Service budgets to be managed within budget envelopes; and
- A corporate contingency held centrally to mitigate risk.

1.12 The remainder of this report sets out more detail for the Planning Policy Committee.

2. Planning Policy Committee Overview

2.1 The Planning function is a key statutory function of the Council. The Planning Policy Committee is responsible for influencing and controlling development and use of land throughout the district in its role as Local Planning Authority. This includes:

- The preparation, adoption and review of all Statutory Development Plans;
- All transport and infrastructure related issues;
- Allocation of Community Infrastructure Levy; and
- Co-operation and liaison with agencies outside the Council in respect of conservation, heritage, economic development and other planning related issues.

2.2 Progress on the Local Plan was subject to a report to Committee on 16th November 2023. On 19th October 2023, Full Council asked the Inspector to write his final report on the emerging Local Plan and bring the Examination to a close. The Council has been advised that the Inspector will find the emerging local Plan unsound in his report. The remaining Local Plan funding will be treated as ringfenced for policy matters whilst the future spending need on preparing a new local plan and for other policy related workstreams is established. Any amounts not spent in each financial year will be preserved for future use.

2.3 Transformation of the Planning function started in 2021 and has continued into 2023. Development Management are actively seeking to move towards a full-time complement of staff with significantly reduced reliance on contract staff. This should reduce budgetary pressures moving forward into the 2024/25 financial year however some reliance on interim staff will remain. Changes are also being progressed in working practices to improve efficiency and to allow staff more time to work on processing and determining planning applications.

2.4 The Chief Planning Officer and Director of Resources have jointly defined a piece of work to review the software used by the Planning service to determine whether improvements can be made, and assess longer-term options for the future of the service's IT estate. This review was discussed and agreed with the Chairs of the Planning Policy and Planning Committees and will be taken forward as soon as possible, with updates provided to Members.

2.5 The pre-application service is bringing in additional income as part of the overall budget for the Committee. There is potential for Planning Performance Agreements to also provide additional income streams.

- 2.6 The Land Charges service is undergoing a digital transformation which is being funded by Government Grant.
- 2.7 A separate statutory function for which the Planning Policy Committee is responsible is the oversight of Building Control, which can be broadly split as follows:
- Fee Earning service. These functions are those elements of the service for which the organisation can charge a fee; and
 - Non-Fee Earning Work.
- 2.8 Building Control is delivered by the Council as the host of a shared service in partnership with Reigate and Banstead Borough and Mole Valley District Councils under the name Southern Building Control Partnership (SBCP).
- 2.9 The partnership member authorities require that the partnership sets a balanced budget which ensures that its costs are covered by income from its chargeable services. The draft for 2024/25 includes items based on a revised staff structure and the completion of an IT project to upgrade the partnership's Salesforce platform and bring the IT support under the umbrella of Tandridge's IT team.
- 2.10 There is no change in the level of support service recharges paid to the Council in respect of its role as host authority.
- 2.11 Following a revision in the Inter Authority Agreement and a review of application numbers, Tandridge District Council's share in the partnership has been reduced from 35% to 31%. The Council holds a ringfenced reserve to meet deficits that may arise.

3. Revenue Budget

- 3.1 **The proposed revenue budget for Planning Policy Services totals £1,817m. Appendix B** details the subjective budgets from 2023/24 budget to Proposed Budget for 2024/25 and estimates for 2025/26.
- 3.2 The Planning Policy Committee is overspending by £419k in the current financial year. Elements of this (for example on appeals provision and land charges income reduction), were already reflected in the 2024/25 Draft Budget.
- 3.3 The Chief Planning Officer is working with the Planning Service, the Chief Executive, Deputy Chief Executive, Section 151 Officer and Finance to establish a realistic and workable budget for the Committee. This work is ongoing and will continue in consultation with the Chair and Vice Chair of the Planning Policy, Planning and Strategy & Resources Committees.
- 3.4 In order to set a balanced budget for the Council overall and reflect the insufficiency evident in the current Committee budget, a £479k / 36% increase in the Committee's budget is proposed as set out, below.

3.5 Furthermore, a £200k Service Capacity Fund will be held Corporately, subject to approval by Strategy & Resources Committee and Full Council. This will be available to all Committees subject to a Member approval process and will enable the Council flexibility to meet budget pressures as they arise during the year.

3.6 No corporate savings are required from this Committee and any savings generated will be held by the Committee to reallocate against Planning priorities.

3.7 **Financial pressures excluding increments, and pay award (totalling net £479k / 36%)** have therefore been included and are summarised as follows:

- **Allowance for Planning Appeals and other Legal Costs - £120k increase (to £200k in total):** The Council is increasing the specific allowance in the Planning budget to fund the expected increased pressure from planning appeals and other legal costs, arising from the lack of a 5-year housing land supply and developments with the Local Plan. Previously these costs have been absorbed into the service budget.
- **Investment of £320k in the Planning Policy Committee:** as an initial measure to re-base the Committee's budget whilst a line-by-line budget review takes place. This will include strengthening Development Management and investment in delivering the new Enforcement policy: this policy was adopted in June last year in response to widespread councillor concern that improved enforcement was needed against breaches of the planning rules. Allocation of the additional investment will be reported to Committee, following consultation with the Chairs and Vice Chairs of this Committee and Planning Committee.

Inflation and Land Charge income changes: allocation of £39k to cover inflation on non-staff costs across the Committee and minor changes to income from third parties for providing Land Charges information (eg LLC1 information).

3.8 The increments and pay award allocation will be distributed from Corporate Items when it has been agreed by Strategy & Resources Committee and Full Council.

3.9 **Appendix A** is an extract from the MTFs for this Committee which details the pressures identified and details the overall budget position for the Committee.

3.10 **Appendix B** shows the detailed budget for this Committee, taking account of the changes set out in this report.

- 3.11 With the exception of the pressures set out above, the Committee's net budget remains unchanged overall from 2023/24. A number of staffing changes currently in progress will ultimately need to be reflected in an update to the staffing budget, along with the impact of the increased fees and charges set out in section 4, below. A full review of projected activity and income levels (particularly in light of economic uncertainty and high borrowing and construction costs) is under way.
- 3.12 Similarly, with uncertainty on national planning considerations, budgets for the Local Plan and other Planning Policy matters remain unchanged until likely spending requirements become clear.
- 3.13 The accumulation of £1.048m prior-year underspends for Planning Policy are ringfenced to continued policy work to provide further comfort that the overall Committee budget is sufficient.

4 Review of Fees and Charges

- 4.1 Charging for services forms a key part of the overall mechanism for financing local services. In simple terms income from fees and charges offsets the cost of the service. If income from charging does not fully offset costs, then the Council taxpayer must pay for the difference.
- 4.2 It is therefore important that charges are regularly reviewed and assessed to reflect the Council's corporate priorities and are increased annually to take account of inflation, demand and any other appropriate factors particular to individual charges. 2024/25 will be a challenging year with ongoing uncertainty relating to inflation and cost of living. This is exacerbated by the significant uncertainty with funding and policy from Central Government for 2025/26 and over the medium-term. The Spending Review and the provisional settlement has only provided us with surety for one year.
- 4.3 There are a number of charges that are set externally over which the Council has no control to alter. This restricts the Council's ability to raise additional income and therefore the fees and charges set by statute are not required to be approved by this Committee.
- 4.4 Fees and charges have been reviewed by service managers with support from Finance, taking into account factors such as the impact of increases on residents, anticipated demand, comparison with other Councils, previous levels of performance and inflation.

4.5 As a result, it is proposed that fees and charges are uplifted according to the following broad principles, with full detail set out in **Appendix C**. Fees and charges were discussed with Members at an all-Member workshop on the 19th December 2023, with these proposals reflecting the discussion:

- Consumer Price Inflation (CPI) is currently running at 3.9% and core CPI (excluding energy, food, alcohol and tobacco) is running at 5.1%. (November 2023). It is therefore proposed that the majority of discretionary fees are increased by an average of 5%.
- In order to move the Planning Applications and Advice (Development Management) budget towards full cost recovery, a 10% increase has been applied to Developer Pre-application fees.
- Reviewing the cost of providing Householder Pre-application fees shows that a 5% increase remains justifiable.
- Government has stated that the national fee increase (as set out below) “strikes the right balance between ensuring that costs are reasonable, with larger developers paying more than smaller businesses or householders, whilst providing additional fee income for local planning authorities to support the delivery of the planning application service.”² The Council’s proposal to increase fees for Developers by a higher percentage than Householders reflects the national position.
- For Land Charges, some of the proposed increases vary from the standard level as a result of fee changes based on cost analysis or benchmarking charges with other local authorities.
- It should be noted that from 6th December 2023, statutory Planning Application fees were increased by 35% for major developments and 25% for all other applications. In addition, an annual indexation of planning applications fees has been introduced, capped at 10%, from 1 April 2025. Accompanying the increase was a statement from Government as follows (quoting the same source as reference 2 above): [Fees are increased] “so that the planning application service is principally funded by the beneficiaries of planning gain – landowners and developers – rather than the taxpayer. To support greater financial sustainability, we also propose to introduce an annual adjustment of planning fees in line with inflation, so that they maintain their value year on year. Additionally, to discourage unauthorised development, we propose to double planning fees for retrospective applications.”
- As part of this change, the fee exemption for repeat applications (the ‘free-go’) has also been removed. An applicant will still be able to benefit from a ‘free-go’ if their application was withdrawn or refused in the preceding 12 months, subject to all other conditions for the free-go being met. The Planning Guarantee for non-major planning applications is also reduced from 26 to 16 weeks.

² <https://www.gov.uk/government/consultations/increasing-planning-fees-and-performance-technical-consultation/technical-consultation-stronger-performance-of-local-planning-authorities-supported-through-an-increase-in-planning-fees>

- New fees are introduced for:
 - Planning Performance Agreements (Project Management across all stages of an application)
 - Biodiversity Net Gain (ensuring a development has a positive impact on the natural environment)
 - S106 Admin Fee
 - Street Naming and Numbering: Research fee
 - Land Charges: Pre search enquiry fee
 - Land Charges: Expedited searches

4.6 Additional income generated by the uplifts is retained within the Committee.

4.7 It should also be noted that the Secretary of State has committed to reviewing arrangements for Planning Performance Agreements across all Local Authorities. This review has not yet commenced, but may affect how the Council charges for PPAs in future:

“On accelerated planning services, which were confirmed in the Autumn Statement, these will build on the existing model of Planning Performance Agreements, which are struck between local authorities and developers, detailing how an application will be handled and what timescales will apply. While we know these agreements work well in some areas, it is also clear that they are used inconsistently – with many developers finding that the payments charged and the level of service offered vary significantly between authorities.

We will now look to regularise these arrangements – making sure that they are offered across England, that clear milestones have to be agreed, that fees are set at an appropriate level, and that those fees have to be refunded where milestones are missed. Given the complexity and necessary flexibility that comes with such applications, we will work closely with the sector as we design these arrangements before consulting in the new year.”³

5 Capital Programme

5.1 The proposed Capital Programme (Community Infrastructure Levy) for this Committee is shown at **Appendix D**. The programme covers a three-year period but will be reviewed and updated annually. The Appendix shows the current agreed programme, revisions to existing schemes and any new schemes added and the proposed programme after all revisions.

5.2 Included in the Appendix is a narrative description of the CIL programme. CIL is entirely funded the levy and the Committee’s role is to manage its allocation to individual schemes.

³ <https://questions-statements.parliament.uk/written-statements/detail/2023-12-19/hcws161>

6 Consultation

- 6.1 In the January 2024 Council newsletters, residents and business have been asked for their comments on the Draft Budget approved by Strategy & Resources Committee on the 30th November 2023. Any comments received will be incorporated into the final budget presented to Full Council on the 8th February 2024.

Key implications

7. Comments of the Chief Finance Officer

- 7.1 With no clarity over Government funding from 2025/26 onward, our working assumption is that financial resources will continue to be constrained. This places an onus on the Council to continue to consider issues of financial sustainability as a priority in order to ensure stable provision of services in the medium-term.
- 7.2 It is a legal obligation that the Council sets a balanced budget for 2024/25. This relies on the identification of sufficient savings to meet spending pressures and any income reductions. Drawing on already low General Fund reserves to cover a shortfall in savings is not a sustainable option and would only be used as an absolute last resort. The Council needs to build, rather than draw on reserves to safeguard its medium-term financial stability.
- 7.3 The Section 151 Officer confirms that the proposed 2024/25 Budget and MTFS is based on reasonable assumptions, taking into account all known material, financial and business issues and risks and is confident that if the principles and recommendations set out in this report are adopted that a balanced budget can be set for 2024/25.

8. Comments of the Head of Legal Services

- 8.1 Section 151 of the Local Government Act 1972 places a general duty on local authorities to make arrangements for 'the proper administration of their financial affairs'. The Local Government Act 2003 places a duty on the Council's Chief Finance Officer to advise on the robustness of the proposed budget and the adequacy of reserves.
- 8.2 The report updates Members with the MTFS for this Committee. This is a matter that informs the budget process, is consistent with sound financial management and the Council's obligation under section 151 of the Local Government Act 1972 for the Council to adopt and monitor a MTFS. Members have a duty to seek to ensure that the Council acts lawfully and produce a balanced budget. Members must not come to a decision which no reasonable authority could come to; balancing the nature, quality, and level of services which they consider should be provided against the costs of providing such services.

- 8.3 The report provides information about risks associated with the MTFS and the budget. This is, again, consistent with the Council's statutory obligation to make proper arrangements for the management of its financial affairs. It is also consistent with the Council's obligation under the Accounts and Audit Regulations 2015 to have a sound system of internal control which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk. The maintenance and consideration of information about risk, such as is provided in the report, is part of the way in which the Council fulfils this duty.
- 8.4 Section 28 of the Local Government Act 2003 imposes a duty on the Council to monitor its budgets throughout the financial year, using the same figures for reserves as were used in any original budget calculations. The Council must take necessary appropriate action to deal with any deterioration in the financial position revealed by the review.
- 8.5 The Council is a best value authority within the meaning of section 1 of the Local Government Act 1999. As such the Council is required under section 3 of the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness (the best value duty) which includes a duty to consult. Having a MTFS therefore contributes to achieving this legal duty.
- 8.6 The Council is required to obtain approval by Full Council of its MTFS.

9. Equality implications

- 9.1 The Council has specific responsibilities under the Equality Act 2010 and Public Sector Equality Duty. Part of this is to ensure that the potential effects of decisions on those protected by the equalities legislation are considered prior to any decision being made.
- 9.2 Section 149 of the Equality Act 2010, provides that a public authority must, in the exercise of its functions, have due regard to the need to:
- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the EA;
 - advance equality of opportunity between persons who share a relevant protected characteristic (as defined by the EA) and persons who do not share it;
 - foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

- 9.3 The three parts of the duty applies to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status apply to the first part of the duty.
- 9.4 Members should have due regard to the public-sector equality duty when making their decisions. The equalities duties are continuing duties they are not duties to secure a particular outcome.
- 9.5 Officers have reviewed proposed budget changes against the initial equalities screening and have nothing to report.

10. Climate Change implications

- 10.1 There are no direct impacts on environmental aspects in this budget report. Climate change implications will be assessed as part of any changes to Service provision through the business case process.

Appendices

- Appendix A – Summary of Budget Pressures
- Appendix B – Subjective Detailed Budget Analysis
- Appendix C – Proposed Fees and Charges
- Appendix D – Proposed Capital Programme
- Appendix E - Glossary

Background papers

Strategy and Resources Committee – 30th November 2023 – 2024/25 Draft Budget and Future Tandridge Programme Update

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