

# Quarter 2 2024/25 Budget Monitoring - Planning Policy Committee

## Planning Policy Committee Thursday, 21 November 2024

Report of: Director of Resources (S151)

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Purpose: To note the 2024/25 Quarter 2 / Month 6 (September) financial position of the Committee and take associated decisions.

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Publication status: Unrestricted

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Wards affected: All

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### **Executive summary:**

This report presents the 2024/25 Quarter 2 / Month 6 (September) financial forecast against both Revenue and Capital budgets for the Committee.

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**This report supports the Council's priority of:** Protecting and enhancing our environment./Delivering affordable housing for local people./Financial prudence and sustainability./Putting residents at the heart of what we do./A safe, healthy and caring community supporting those most in need./A thriving economy.

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### **Recommendation to Committee:**

That the Committee's Revenue and Capital budget forecast positions as at Quarter 2 / M6 (September) 2024/25 be noted.

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### **Reason for recommendation:**

The Council has a duty to ensure that its expenditure does not exceed resources available. The medium-term financial outlook remains uncertain and so the Council must continue to take steps towards growing its financial resilience, including building reserves to a sustainable level.

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 the revenue budget is delivered, and that any new expenditure is contained within the available resources.

Quarterly financial monitoring updates are presented to each Committee to ensure that all Members are aware of the financial position of the services within their remit, as context for decisions needed to mitigate any variance to budget and in terms of the impact on the Medium-Term Financial Strategy.

The consolidated forecast position for Quarter 2 will be reported to Strategy & Resources Committee on the 28<sup>th</sup> November 2024.

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## **Introduction and background**

- 1 The 2024/25 Planning Policy revenue budget was proposed at £1,817k on 18<sup>th</sup> January 2024 and approved by Full Council on the 8<sup>th</sup> February 2024.
- 2 This was increased by £83k to distribute an amount held corporately for the 2024/25 pay award, bringing the total budget to £1,900k.
- 3 The Community Infrastructure Levy Capital Programme for 2024/25 was approved by Committee at £1,619k on 18<sup>th</sup> January 2024. Carry forwards of £182k were approved at Strategy & Resources Committee on 27<sup>th</sup> June 2024 to increase the available budget to £1,801k. It was agreed by Strategy & Resources Committee to revisit the phasing of the Capital Programme for 2024/25 in the September Committee cycle. The Capital Programme for this Committee remained unchanged by rephasing and is set out in paragraph 9 below.

## **Key implications**

### **Revenue**

- 4 At Quarter 2/Month 6 a £158k overspend for the Committee is forecast. This is a movement of £192k from Q1, and predominantly relates to a drop in expected planning application fees from £105k surplus to £33k deficit against budget. Volumes of high value applications fees (above £10,000) received in Quarter 2 have not met the expectations built into the forecast at Quarter 1.
- 5 Full detail on the forecast variance is set out in Appendix A.
- 6 It should be noted that this forecast includes a number of risks and opportunities are being managed within the budget,

particularly:

- Development Management - overspend on salaries due to reliance on contract staff and further unexpected falls in planning application fee income, driven by the national economic situation. Pay, non-pay costs and income are being closely monitored.
- Enforcement - overspend on salaries due to reliance on contract staff.
- Planning Strategy & Policy Guidance including the Local Plan. The process of assessing how much will be spent on Planning Policy work and the Local Plan is being developed within the Service and will be considered with due oversight from the Chair and Vice Chair and the Planning Policy Working Group.

### **Use of Planning Reserves**

- 7 At Quarter 2/Month 6, the amount to be spent on Planning Policy work and the Local Plan in 2024/25 is being compiled within the Service. The majority of work and therefore resource is likely to be in 2024/25 and 2025/26. The Council is looking for opportunities for efficiencies, including by joint working with other authorities.
- 8 Funding for the Local Plan and Planning Policy matters in 2024/25 is limited and requires robust management. The maximum funding available for all Planning Policy matters in 2024/25, including the Local Plan and the Neighbourhood Plan, is £1,551k. This consists of £1,021k in the Local Plan reserve, and £20k in the Neighbourhood Plan reserve at the end of 2023/24 and £510k 2024/25 in year budget. The Local Plan is likely to span multiple years, meaning that use of the reserve should be carefully considered. Other matters are unpredictable and are likely to further place further constraints on the budget.

### **Capital**

- 9 For 2024/25 a Capital Budget for Community Infrastructure Levy (CIL) schemes of up to £1,801k is available to the Committee. This consists of £1,619k approved as the original budget for 2024/25 plus carry forwards of £182k approved at Strategy & Resources Committee on 27th June 2024. Whilst this is the available budget, Officers have been considering the likely timing of capital expenditure and the amount required for 2024/25. The proposed capital programme is set out in Appendix A and summarised below.
- 10 The entire £1,801k has been retained as the budget for 2024/25, meaning there is no rephasing of budget in this Committee.
- 11 At M6 24/24 slippage of £282k is expected due to delays experienced by projects linked with match funding.

## **Comments of the Chief Finance Officer**

The Council faces a financial challenge of £4m (30%) over the MTFS period:

- A savings target of £1m per year, every year, will be needed to balance the MTFS.
- If no savings were made, funding would fall short of requirements by £1m in 2025/26, £2m in 2026/27 and so on, with a gap of £4m per year after four years.
- The Council is legally required to set a balanced budget, and so savings are inevitable. The Council cannot rely on reserves or one-off funding to meet this challenge.
- If no action was taken, the Council's General Fund would be exhausted by the end of 2026/27.

Financially prudent and well-reasoned decision making is critical:

- All decisions must be taken in the context of the financial position and move the Council closer to a balanced MTFS. Once Committee budget envelopes are established, any decision to commit further spend must be met by a proposal for funding it.
- Difficult decisions will be required, including a reduction in discretionary spend, increased fees and a full review of the services the Council can provide.
- Full Council approved 11 budget principles on the 17th October 2024, by which decisions regarding future budget setting and management will be taken. These principles are available in the Full Council Papers.

Savings have not been allocated to the Planning Policy Committee whilst the budget position, income opportunities and Local Plan funding continue to be assessed. Setting a prudent and realistic budget for the Committee for 2025/26 and beyond is a priority as part of the budget process.

Through Planning Performance Agreements and other initiatives, there is significant opportunity to generate income for the Council. This will be pursued, with the budgetary impact kept under review.

The Section 151 Officer confirms that the monitoring position set out in this report is consistent with these principles and that variances will be reviewed in context of setting the budget for 2025/26.

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. The key financial implications at this stage are captured in the body of the report.

## **Comments of the Head of Legal Services**

It is essential, as a matter of prudence, that the financial position of services continues to be closely monitored. In particular, Members must satisfy themselves that across the Council sufficient mechanisms are in place to ensure that new

expenditure is contained within the overall resources. Accordingly, any proposals put forward must identify the realistic measures and mechanisms to produce those savings.

Under S28 of the Local Government Act 2003, a local authority must review its budget calculations from time to time during the financial year and take appropriate action if there is any deterioration in its budget. This report satisfies this statutory requirement.

## **Equality**

There are no equality implications associated with this report.

## **Climate change**

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

## **Appendices**

Appendix A – Committee 2024/25 Q2 /M6 Financial Report & Supporting Data

## **Background papers**

- Planning Policy Committee 2024/25 Draft Budget, Medium-Term Financial Strategy and capital programme – 18<sup>th</sup> January 2024
- 2024/25 Final Budget, MTFS and Capital Programme - Strategy and Resources Committee 30<sup>th</sup> January 2024
- 2024/25 Final Budget, MTFS and Capital programme – Full Council 8<sup>th</sup> February 2024
- Quarter 1 2024/25 Budget Monitoring - Planning Policy Committee 19<sup>th</sup> September 2024
- 2023/24 Budget – Outturn Report – Strategy and Resources Committee 27<sup>th</sup> June 2024

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