

Planning Policy Committee – 2023/24 Draft General Fund Budget and Medium-Term Financial Strategy

Planning Policy Committee Thursday, 19 January 2023

Report of: Cliff Thurlow – Interim 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 2023/24 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 9th February 2023).

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 budget will form part of the Council-wide budget setting process (to be ratified by Full Council on 9th February 2023). This report focusses on the budgets for Planning Policy Committee, and recommends that that the Committee:

- A. **Agree the Planning Policy Committee – Draft Revenue Budget for 2023/24 of £1.297m**, 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 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 2023/24 as shown in **Appendix C**
- C. **Agree the Planning Policy Committee’s (Community Infrastructure Levy) Capital Programme** for 2023/24 being the sum of £500k for 2023/24, as shown in **Appendix D**
- D. **Note the Subjective Revenue Budgets in Appendix B**, noting movements from 2022/23 to 2023/24 and an estimated movement to 2024/25.

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 2023/24.

1. Introduction and Background

- 1.1 The Council’s proposed budget for 2023/24 has been collated through an extensive process over the past six months, beginning with a report to Strategy & Resources Committee on the 30th June 2022 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 £1.7m (with a range up to £2m) would be required in order to balance the Council’s overall budget.
- 1.2 The results of the budget process were captured in the *Draft Budget 2023/24 and Future Tandridge Programme Update* report to Strategy & Resources Committee on the 1st December 2022. The report set out the full £1.7m savings plan, 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 gap to be closed with the existing £1.7m savings plan. On the 19th December 2022, 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, it is highly unlikely that funding allocations will materially change. This Council's allocation was sufficient to balance the budget for 2023/24 based on the £1.7m savings set out in the Draft Budget. The 2023/24 budget continues to protect the Planning Policy Committee from savings, with the focus instead being on providing financial stability whilst the service achieves a sustainable staffing model.
- 1.4 The report allocates funding to Planning Policy Committee for a number of budget pressures, set out in Appendix A. These are based on the pressures included in the Draft Budget, but also include allocations for staff increments, previously held corporately.
- 1.5 The overall budget has been drawn together on the following principles:
- A balanced revenue budget with the use of General Fund Reserves avoided. Unforeseen pressures should be met from reduced spend in the first instance or contingency if other avenues have been exhausted;
 - 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, including through capitalisation direction applications to Government;
 - 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.
- 1.6 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.

1.7 The remainder of this report sets out the detail for 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;
- Administration of Building Control regulations;
- All transport-related issues; 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 Planning Policy Committee on 22nd September 2022. Local Plan funding will be treated as ringfenced whilst the future spending need is established, with anything not spent this year preserved for future use.

2.3 The Planning Transformation started in 2021 and has continued into 2022. Development Management and Planning Validation are moving towards having a full-time complement of staff with significantly reduced reliance on contract staff. This should reduce budgetary pressures moving forward into the 2023/24 financial year. 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 pre-application service restarted last year having been suspended for several months. This has begun to bring in additional income as part of the overall budget for the Committee.
- 2.5 Land Charges have now moved back into the Planning Policy Committee. This service is undergoing a digital transformation which is being funded by Government Grant.
- 2.6 The administration of the Building Regulations 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) A draft budget has been prepared and presented to the SBCP Board which consists of a Member and Senior officer from each member authority.
- 2.7 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 2023/24 includes items based on two key lines of enquiry: a) an increase in the support service recharge payable to Tandridge District Council and b) The delivery of an IT project to upgrade the partnership's Salesforce platform.
- 2.8 The Council is working with the Board to provide clarity around the methodology for the calculation of the support service recharge and mitigations should income fail to meet expenditure.
- 2.9 Tandridge District Council has a 35% share in the partnership and holds a ringfenced reserve to meet any deficit that may arise.
- 2.10 For 2023/24, because of the ongoing Planning Transformation programme and uncertainty in costs required for the emerging Local Plan, the Committee has not been required to identify savings to close an element of the corporate budget gap, however budget pressures are set out in section 3, below. These are funded by an increased allocation to the Committee.

3. Revenue Budget

- 3.1 The **revenue budget for Planning Policy Services totals £1.297m.** **Appendix B** details the subjective budgets from 2022/23 budget to Estimated Budget 2023/24 and 2024/25.
- 3.2 **Financial pressures excluding a pay award (totalling net £93k / 8%)** have been included and summarised as follows:
- **Staff Costs £23k:** staffing incremental progression, offset by a reduction in the employer's national insurance rate. This does not include an allowance for a pay award, which will be held corporately until approved by Strategy and Resources committee and full Council.

- **Reduced income of £30k:** Local Authorities charge income from third parties for providing Land Charges information (eg LLC1 information). Going forwards Central Government will provide LLC1 information to third parties. There will be a consequent loss of income to TDC.
 - **Allowance for Planning Appeals £40k:** The Council is making a specific allowance in the budget to fund the expected cost of planning appeals. Previously these costs have been absorbed into the service budget.
- 3.3 The pay award allocation will be distributed from Corporate Items when it has been agreed by S&R and Full Council.
- 3.4 **Appendix A** is an extract from the MTFs for this committee which details the pressures identified and details the overall budget position for the budget envelope.
- 3.5 **Appendix B** shows the detailed budget for this Committee, taking account of the changes set out in this report.
- 3.6 With the exception of the pressures set out above, the Committee's budget remains unchanged overall from 2022/23. 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.
- 3.7 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.
- 3.8 Holding the budgets unchanged is a tactical measure to provide financial stability to the Committee whilst operational uncertainty is resolved. The accumulation of prior year underspends for Planning Policy are ringfenced to continued policy work to provide further certainty that the overall committee budget is sufficient.

4 Review of Fees and Charges

- 4.1 Charges for services form a key part of the 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. 2023/24 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 2024/25 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 competitors and other Councils, previous levels of performance and inflation.
- 4.5 As a result, it is proposed 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 21st December 2022, with these proposals reflecting the discussion:
- Despite Consumer Price Inflation (CPI) running at 11%, it is proposed that fees affecting householders are increased at a lower level, with householder pre-application fees increasing by an average of 6%.
 - Charges for pre-apps on larger developments have been uplifted by a higher amount, (between 10% and 21%) based on benchmarking with neighbouring authorities.
 - New fees are introduced for:
 - Naming / changing the name of a footpath
 - Land Charges: Commercial CON29, CIL 3.10 Additional Information Service and Expedited searches.
- 4.6 Additional income generated by the uplifts is retained within the Committee until certainty on future activity levels and the impact of new charges is attained.

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 each scheme.

6 Consultation

6.1 Consultation on the budget has been restrained in recent years as a result of Covid-19 and time-restrictions in setting the 2022/23 budget, caused by the aftermath and investigation of budgeting errors in previous years.

6.2 Similarly, the scale of the £1.7m savings plan required for 2023/24 leaves very little room for extensive consultation and so this year's approach will follow last year's; i.e. communicating the emerging budget to residents and businesses in January to provide an opportunity for comment and feedback in advance of the finalisation of the budget by Council on the 9th February 2023.

6.3 A more extensive programme of consultation is planned alongside the 2024/25 budget, linked to the refresh of the Council's Strategic Plan and priorities. Early consultation will allow for more meaningful engagement with residents and businesses on the allocation of funding to priorities.

Key implications

7. Comments of the Chief Finance Officer

7.1 With no clarity over Government funding from 2024/25 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 2023/24. 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 2023/24 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 2023/24.

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 Pressures and Savings
- 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 – 1st December 2022 - Draft Budget 2023/24
and Future Tandridge Programme Update

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