

REPORT TO: Planning Committee
Overview and Scrutiny Committee
(Regeneration and Environmental).

DATE: 10 February 2010
9 March 2010

SUBJECT: Revenue and Capital Expenditure Monitoring
to 31st December 2009

WARDS AFFECTED: None directly affected

REPORT OF: Andy Wallis
Planning & Economic Regeneration Director

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EXEMPT/CONFIDENTIAL: No

PURPOSE/SUMMARY:

To provide the Committee with the forecast position, based on information as at the 31st December 2009, in relation to the Portfolio's 2009/10 Revenue Budget.

REASON WHY DECISION REQUIRED:

Committee accountability and in line with the corporate performance management process.

RECOMMENDATION(S):

That the Planning Committee:

- a) Notes the progress on the Planning Portfolio's revenue budgets that are subject to risk-based monitoring
- b) Notes the provisional Local Authority Business Growth Initiative Grant allocation of £207,000.
- c) Indicates whether any comments about the overall performance of this Portfolio's Revenue Budget should be referred to Cabinet.

That Overview and Scrutiny Committee (Regeneration and Environmental):

- a) Note the contents of this report and indicates whether any comments about the overall performance of the Planning Department's Revenue Budget should be referred to Cabinet.

KEY DECISION: No.

FORWARD PLAN: Not appropriate.

IMPLEMENTATION DATE: Not appropriate.

ALTERNATIVE OPTIONS:

None.

IMPLICATIONS:

Budget/Policy Framework: None.

Financial:

The current forecast outturn (December 2009) is showing a £200,800 overspend against the Portfolio's revenue budgets. This will be closely monitored during the remainder of the year as part of the budget monitoring process. The recent announcement of Local Authority Business Growth Initiative Grant for 2009/10 indicates that the Council will receive a grant in the region of £207,000.

Legal: Not appropriate.

Risk Assessment: Not appropriate.

Asset Management: Not appropriate.

CONSULTATION UNDERTAKEN/VIEWS

FD 312 - The Finance and Information Services Director has been consulted and his comments have been incorporated into this report.

CORPORATE OBJECTIVE MONITORING:

<u>Corporate Objective</u>		<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community		✓	
2	Creating Safe Communities		✓	
3	Jobs and Prosperity		✓	
4	Improving Health and Well-Being		✓	
5	Environmental Sustainability		✓	
6	Creating Inclusive Communities		✓	
7	Improving the Quality of Council Services and Strengthening local Democracy	✓		
8	Children and Young People		✓	

LIST OF BACKGROUND PAPERS RELIED UPON IN THE PREPARATION OF THIS REPORT

1. Background/Issues for consideration

- 1.1 This report forms part of the Council's overall monitoring process by advising the Members of this Committee of the progress against the Planning Portfolio's revenue budget risk areas and progress of actual expenditure against the capital programme where appropriate, for the period ending 31st December 2009. Where budget pressures have been identified, Service Directors have reviewed their departmental budgets for compensating savings. Departments have also been asked to consider whether or not all other budgets can be contained with the resources allocated by the Council for 2009/10.

2. Revenue Budget

- 2.1 Details of this portfolio's budgets that are monitored and reported on the risk-assessed basis are shown in Annex A. Members should note from the Annex that the summary forecast position at the end of December 2009 was a forecast overspend of £200,800.

- 2.2 It should also be noted

- (a) After a decade of steadily increasing volumes, from the early part of 2008 we have experienced a marked reduction in the numbers of applications for planning approval and most particularly in major applications. The trend has been highlighted in the Department's M1 returns throughout the year and steps have been taken to address the anticipated funding shortfall.
- (b) There is a similar trend in the numbers of applications for Building Regulation approval. At the same time, it is expected that pressure on fee bids for work open to the private sector will become increasingly competitive.
- (c) As a result of declining Planning Applications and Building Control fees it is currently estimated there will be a combined income shortfall during 2009/10 in the order of £424,000. On past performance fee income can be unpredictable and therefore these figures must be treated with some caution.
- (d) These principal budget pressures are compounded by other difficulties:
- (e) There has been a reduction in grant support. The importance, which Government attaches to sustaining the Planning system and its statutory functions, has been demonstrated by grant to reward performance in plan preparation and decision making. Until 2008 Sefton performed well against these reward criteria with a figure of £253,000 built into the base budget. The criteria changed in September 2007 to include (and favour) house building targets and, subsequently, whilst we continue to exceed the national targets for determination of planning applications and re-use

of brownfield land, grant received fell in 2008 to £128,000, resulting in a shortfall against budget of £125,000. Housing and Planning Delivery Grant (H&PDG) for 2009/10 has been awarded at a significantly reduced sum of £37,000. This represents a shortfall on the expected budget of £216,000. The award has been challenged and the outcome is awaited

- (f) There is a Merseyside commitment to completion of the Waste Development Plan Document, which in previous years has been funded from Planning Delivery Grant. This is no longer available and the budget requirement for 2009/10 is £30,000 (and for 2010/11 £20,000).

2.3 To assist with the Department's overall forecast overspend, Sefton will receive Local Authority Business Growth Initiative Grant for 2009/10 of £207,000.

3. Capital Programme

3.1 There is no Capital Programme for the Planning Department. Section 106 balances are treated as part of the Leisure Services Capital Programme. Members will be aware that a detailed report on the progress of these schemes is compiled every six months.

4. Recommendations

That the Planning Committee:

- a) Notes the progress on the Planning Portfolio's revenue budgets that are subject to risk-based monitoring
- b) Notes the provisional Local Authority Business Growth Initiative Grant allocation of £207,000.
- c) Indicates whether any comments about the overall performance of this Portfolio's Revenue Budget should be referred to Cabinet.

That Overview and Scrutiny Committee (Regeneration and Environmental):

- a) Note the contents of this report and indicates whether any comments about the overall performance of the Planning Department's Revenue Budget should be referred to Cabinet.

Planning Committee Revenue Budget Risk Areas to 31 December 2009

ANNEX

Ref	Service	Budget	Full Year Budget £000	Budget to Date £000	Actual to Date £000	Variance to Date £000	Forecast Outturn £000	Forecast Outturn Variance £000
		Employee Costs	3,558.2	2,668.7	2,827.8	159.1	3,246.7	-311.5
		Legal costs	22.3	16.7	5.6	-11.1	22.3	0
		Planning Application Fees	-909.8	-682.4	-566.1	116.3	-675.0	234.8
		Local Plans	27.4	20.6	6.1	-14.5	27.4	0
		Building Control Fees	-866.7	-649.9	-442.4	207.5	-677.0	189.7
		Consultancy costs	304.1	228.1	78.6	-149.5	244.1	-60.0
		Housing & Planning Delivery grant	-253.1	-189.8	0	189.8	-37.0	216.1
		Advertising – staffing	4.6	3.5	1.2	-2.3	2.6	-2.0
		Advertising – other Legal	21.6	16.2	34.1	17.9	36.6	15.0
		Other items – Dept underspend/savings	0	0	0	0	-81.3	-81.3
		Totals	1,908.6	1,431.7	1,944.9	513.2	2109.4	200.8

Proportion of budget reported upon	Gross £'000	Income £'000
Total of Budget reported on	3,938.2	-2,029.7
Total departmental controllable budget	5,464.8	-2,872.8
Percentage of total budget reported	72.1%	70.6%

Comments on key areas of budget (including remedial action)

The employee budgets include an over provision following the agreement of the 2009/10 JNC pay award.

This is expected to result in additional resources (£15,600) being available to support the projected departmental overspend.

Employee costs also include the "one -off" redundancy costs (£47,000) incurred as a result of the staff changes agreed by cabinet in April.

There is an improvement in direct pay costs as funding for work carried out for Regeneration Department has been confirmed

We continue to experience a marked reduction in the numbers of applications for planning approval and most particularly in major applications. In terms of Building Control, the rate of change is becoming more pronounced as there is a similar trend in the numbers of applications for Building Regulation approval. Given economic forecasts it must be assumed that volumes will continue to decrease. At the same time, it is expected that pressure on fee bids for work open to the private sector will become increasingly competitive. It should be noted however that on past performance fee income can be unpredictable and therefore these figures must be treated with some caution.

These principal budget pressures remain compounded by other difficulties:

There has been a reduction in grant support. The importance, which Government attaches to sustaining the Planning system and its statutory functions, has been demonstrated by grant to reward performance in plan preparation and decision making. The Government has only just confirmed the award of Housing & Planning Delivery Grant in 2009/10. It is very disappointing to report that this year's award is £37,000 a substantial reduction in resources when compared to last year's settlement (£128k) and the current budgeted income (£253k). This reduction is a consequence of new grant criteria and emphasis on demonstrating a 5 year housing supply.

The net additional cost to the Planning budget of the new I.T. arrangements is under review but is expected to be £44,000 from 2009/10. Whilst this appears to be an additional cost, further discussions with the Finance Director have identified that this will be cost neutral to the Council although it does impact on PERD. The forecast £187k Departmental overspend takes into account this expense.

There is a Merseyside commitment to completion of the Waste Development Plan Document, which in previous years has been funded from Planning Delivery Grant. This is no longer available and the budget requirement for 2009/10 is £30,000 (and for 2010/11 £20,000).

The other Departmental savings (£48k) identified above consist of many smaller budget areas identified by the Department.

Corporate savings £34,150 contribute further pressure to the budget and as yet have not been identified within the detailed Departmental budget. (However the forecast £200k Departmental overspend takes into account this expense). These savings will need to be considered within the light of the overall budgetary pressures on the Department. Every effort will be made to mitigate the effect of the above pressures but this may mean that this can only be achieved with significant reductions in service provision. For this reason options to deal with the budget pressures will be presented in future budget monitoring reports..