

<b>SUBJECT:</b>	Portfolio Budgets 2019/20
<b>REPORT OF:</b>	Councillor John Read – Planning and Economic Development Portfolio Holder
<b>RESPONSIBLE OFFICER</b>	Jim Burness – Director of Resources
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<b>WARD/S AFFECTED</b>	All

## 1. Purpose of Report

- 1.1. To provide Members with information on the draft revenue budget for 2019/20 including the context of the overall financial position facing the Council for the coming year.
- 1.2. This report provides summary information on the budgets and highlights issues for consideration. The accompanying booklet presents the detailed information to assist Members in their decision making.

### **RECOMMENDATION:**

Members are requested to advise the Portfolio Holder on the approval of the following items for onward submission to Cabinet:

- the 2019/20 revenue budget
- the 2019/20 fees and charges.

## 2. Context to the 2019/20 Budget

- 2.1. At the start of the process to set the 2019/20 budget and council tax it is helpful to be aware of the context within which we will be taking decisions over the coming months.
- 2.2. The most significant recent development is the announcement of the decision to create a unitary authority in Buckinghamshire from 2020/21. This does not affect the requirement on the Council to set a legal and prudent budget for 2019/20 that addresses the Council's aims and objectives. It will be necessary at a corporate level to make provision for the initial transition costs to the new unitary authority that will be incurred in 2019/20. This will be done when setting the final budget in February 2019 when there is more clarity around the transition process.
- 2.3. The Council's objectives that it continues to pursue are set out in the Council's Medium Term Financial Strategy. The key principles of the Strategy are.
  - The matching of expenditure and income in the medium term.
  - Optimising the use of Council assets to deliver or help finance Council priorities.

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- Aligning new expenditure to key Council priorities and to continue to provide value for money.
  - Having in place sound financial processes to control and monitor expenditure.
  - Awareness of the financial risks facing the Authority and using this to inform the Authority's level of financial reserves.
- 2.4. The Medium Term Financial Strategy identifies a potential funding gap. There are known issues such as homelessness and potential changes to the New Homes Bonus grant that will increase this figure unless further cost reduction/income generation measures are taken.
- 2.5. In responding to the position the Council recognised that there is no one single solution to deal with these service and financial issues. The Council is currently tackling the issue by embarking on a number of key projects or programmes, principally:
- Increasing the supply of temporary accommodation available to the Council in order to contain and then reduce homelessness costs.
  - Developing new income streams by acquiring and managing residential properties, and appropriate commercial property investments, via a company (Consilio) wholly owned by the Council. It is envisaged that the company will take over and manage the residential properties developed on the Gerrards Cross former Police Station site.
  - Reduce its operational costs by transforming service delivery with Chiltern DC through the Customer Experience Strategy which is aiming to improve customer service and increase efficiency, and through improvements to the Planning Service.
- 2.6. If these projects and programmes are progressed as planned then the Council should be able to continue to balance its finances and avoid significant frontline service reductions in the coming year, and contribute to a stable financial starting point for the new unitary authority in 2020/21.
- 2.7. The draft budgets do not include any proposals to expand services that would increase the Council's cost base.

### **3. Budget Assumptions**

- 3.1. The budgets have been prepared in accordance with the following inflation assumptions:
- Salaries inflation of 2%
  - Contracts inflation 2.8% (unless different rate specified within contract)
  - Business rates 2.8%
  - Gas 0%, Electricity 6.5% and Water 2.8%
  - Insurance 0%
  - Other 0%

### **4. Summary Revenue Budgets**

- 4.1. The draft budgets presented to Members at this stage represent the net direct running costs of services. They do not contain the apportionment of support services such as accommodation, IT, finance etc. These will be included in the final approved budgets, once

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the budgets for these support services have been set. The budgets reflected in this report are therefore the direct costs under the Portfolio Holder's control.

- 4.2. The budgets have been reviewed by the appropriate service manager for any material volume changes or changes related to maintaining current service standards.
- 4.3. The net budget figures for the Portfolio are shown below. A more detailed breakdown by service is shown within the booklet.

<b>Actuals 2017/18 £'000</b>	<b>Budget 2018/19 £'000</b>	<b>Draft Budget 2019/20 £'000</b>
588	431	510

- 4.4. The increase from the current year's approved budget to the 2019/20 draft budget is £79k (18.2%). The main changes are detailed below:

	<b>£'000</b>	<b>Comment</b>
<b>2018/19 Budget</b>	<b>431</b>	
<b>Change in Salaries</b>		
- Provision for pay increase	8	
- Building Control	14	Increments and staffing changes
<b>Unavoidable Increases</b>		
- Development Management	37	Increase due to income shortfall
<b>Transfers</b>		
- Insurance	-22	Transfer to central pot
<b>Savings / Income Increases</b>		
- Neighbourhood Plans	5	Net reduction in expected expenditure and income for the plans
- Planning Support	-10	Savings in supplies & Services
<b>Other Changes</b>		
- LDF	50	Reduction in funding from Reserves
- Other Minor Changes	-3	
<b>2019/20 Draft Budget</b>	<b>510</b>	

- 4.5. The Planning and Economic Development Budget includes £99k of expenditure relating to the Local Plan. An earmarked reserve has been set aside to fund this, and therefore the expenditure will be funded from this earmarked reserve. The balance on the LDF earmarked reserve stood at £515,000 as at 1 April 2018.
- 4.6. Further details of the budgets for each area are shown within the booklet.

**5. Commentary on Budgets**

**Main Elements of the Budget**

5.1. The main elements of this budget are as follows.

- Building Control - including fee earning activities and non fee earning activities such as advising on dangerous structures, access for disabled etc.
- Planning Support – undertaking the administrative functions associated with dealing with applications and appeals.
- Development Management – the processing of planning applications, and also includes the costs of planning appeals; specialist advice to protect listed buildings and conservation areas; and dealing with applications for works to protected trees, the making of Tree Preservation Orders and advice to Development Management on trees on development sites.
- Enforcement - dealing with unauthorised development.
- Planning Shared Service – the costs associated with establishing the new shared Development Management, Enforcement and Planning Support teams
- Joint Planning Policy - the preparation of a joint local plan for South Bucks and Chiltern. The costs include consultants costs for the preparation of a wide range of evidence base studies needed for the preparation of a local plan.
- Planning Policy (non-shared costs) – provision to provide support to parish councils for the preparation of neighbourhood plans.

**Budget Priorities**

5.2. The budget reflects the following Council priorities.

- Develop a joint Local Plan and manage development through the terms set out in it
- Manage green belt development pressures.
- Further develop the new joint teams for Development Management, Enforcement and Planning Support

**Risks**

5.3. When considering the proposed budgets for the coming financial year it is important to be aware of the risks within the budgets. For this Portfolio the main risk areas are:

- Building Control and Development Management income.

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- The cost of defending planning appeals against the refusal of planning permission, and appeals against Enforcement Notices. Those appeals/prosecutions which result in a form of public inquiry or court hearing can incur legal representation costs, court costs, and occasionally damages.
- The costs associated with preparing the Local Plan.

5.4 The actions taken to mitigate or monitor these risks are as follows.

- Budget monitoring and regular meetings with the Portfolio Holder.

5.5. An overall review of the main risk issues for the 2019/20 budget will be undertaken once Cabinet has agreed a proposed budget. This review and proposed actions to mitigate the risks will be part of the final report to Cabinet on the budget in February.

### **Task & Finish Group**

5.6. In response to the budget gaps highlighted by the MTFs, the Overview and Scrutiny Committee formed a Task and Finish group in order to identify actions that needed to be taken.

5.7. The following recommendations were made which have been considered when forming these budgets for 2019/20:

<u>Recommendation</u>	<u>Action Taken</u>
All non-statutory fees and charges should be reviewed annually, to ensure that they fully cover the Council's costs, and are in line with the average charge or higher from neighbouring authorities.	To be completed.
Address the volume of affordable housing stock by looking at opportunities through the Local Plan, and the housing numbers in the Plan.	Local Plan still in development.
Cabinet should support the LGA with its efforts to lobby the Government to allow local authorities to set their own planning fees.	-
That further planning income should be identified through the Proceeds of Crime Act and administration of Section 106 agreements and CIL if introduced.	Currently being progressed
Once the Local Plan has been finally	Local Plan still in development.

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Recommendation	Action Taken
submitted, the Head of Planning should critically review the size of the planning policy team to ensure it is appropriately resourced to meet the (hopefully reduced) requirements going forward.	
Cabinet need to consider the opportunity to maximise income from the New Homes Bonus / Business Rates Retention scheme, and in particular whether the Council should adopt a more enabling approach to encouraging housing and business growth in the district.	Local Plan still in development.

### **Opportunities and Plans for Improvement**

5.8. A major opportunity is the preparation of a joint local plan for South Bucks and Chiltern, which will result in lower costs for both authorities than if each authority were to prepare its own local plan to the Government's enhanced timescales.

### **6. Fees and Charges**

6.1. The Budget Booklet also contains the list of proposed fees and charges. All of the proposed fee increases have been built into the draft revenue budgets.

6.2. The Portfolio Holder is asked to consider the list of fees and charges and consider whether to approve these. Income in some service areas may be an important factor in reducing net expenditure.

### **7. Links to Council Policy Objectives**

7.1 One of the primary purposes of the Council's budget process is to ensure that, as far as possible, resources are aligned to the corporate priorities of the Council and that any material risks are assessed.

### **8. Next Step**

8.1 The Cabinet will consider the outcome of the PAG discussions at its February meeting when it will formulate a final draft of the overall 2019/20 budget for the Authority.

<b>Background</b>	None
<b>Papers:</b>	