

# Planning Committee

10.00am, Monday, 11 December 2017

## SESplan Operating Budget 2018/19

|                            |                   |
|----------------------------|-------------------|
| <b>Item number</b>         | 5.1               |
| <b>Report number</b>       |                   |
| <b>Executive/routine</b>   | Executive         |
| <b>Wards</b>               | All               |
| <b>Council Commitments</b> | <a href="#">4</a> |

### Executive Summary

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The 2018/19 Operating Budget of SESPlan, the body responsible for preparing the Strategic Development Plan (SDP), has been approved by the SESplan Joint Committee and this report seeks ratification of the decision. The operating costs of £183,248 will be met by equal contributions from member authorities totalling £60,000 and the shortfall made up from SESplan reserves.

## SESplan Operating Budget 2018/19

### 1. Recommendations

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- 1.1 It is recommended that the Committee:
  - 1.1.1 ratifies the decision of the SESplan Joint Committee to approve the SESplan Operating Budget 2018/19 (Appendix 1); and
  - 1.1.2 notes that the Council will be required to contribute £10,000 as its share of costs for 2018/19.

### 2. Background

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- 2.1 SESplan is the Strategic Development Planning Authority for South East Scotland. It is a partnership of six member authorities including Edinburgh, East Lothian, Midlothian, Fife, Scottish Borders and West Lothian, working together on strategic development planning matters.
- 2.2 SESplan has a core team of staff, assisted by member authority staff, and operates through a Joint Committee made up of two members from each member council. SESplan is resourced from equal financial contributions by the six member authorities.
- 2.3 SESplan's key role is to prepare and maintain an up to date Strategic Development Plan (SDP) for the South East Scotland area. The purpose of the SDP is to set out a vision for the long term development of the city region and deal with cross boundary issues such as housing and transport. The first SDP was approved by Scottish Ministers on 27 June 2013. There is a requirement to review the SDP within four years of its approval. A Proposed Plan (SDP2) has been submitted to Scottish Ministers and is currently undergoing Examination. The target for the Report of the Examination is 27 March 2018, with approval of SDP2 in June/July 2018.
- 2.4 An annual Operating Budget is prepared by SESplan. The SESplan Joint Committee approved the SESplan Operating Budget 201/19 on 27 November 2017. SESplan financial rules require that this decision is ratified by member authorities by the end of December.

### 3. Main report

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#### **Operating Budget 2017/18**

- 3.1 The current financial year's Operating Budget is £299,000. At November 2017 it was forecast that there would be underspend of just under £135,000, representing a 45% saving. A large proportion of savings come from staffing. This is largely due to a temporary post being vacated earlier than anticipated and the SDP Manager position being undertaken in a part time capacity. Rent and travel have also reduced to reflect the lower staffing level. Other savings are in Examination costs which have been reduced on the basis of costs related to other Examinations. A sum included for work in support of Supplementary Guidance on Cross Boundary Developer Contributions has been moved into the 2018/19 financial year to reflect the project timeline.

#### **Operating Budget 2018/19**

- 3.2 The SESplan Operating Budget 2018/ 2019 sets out total expenditure of around £183,000, significantly below that in 2017/18. Fixed costs are around £102,000. The greatest spend is staffing for which a budget of £75,000 has been identified. This provides for an Acting SDP Manager / Lead Officer and Graduate Planner.
- 3.3 Other fixed costs remain largely the same as 2017/18.
- 3.4 Variable costs are related to the development plan cycle. Over the first few months of the 2018 / 2019 financial year, the SESplan Core Team will be focussed on the Examination and Approval stages of SDP2s preparation including updating the Proposed Plan with any modifications arising from the Report of Examination and preparing post approval documents.
- 3.5 The largest variable cost relates to technical support which includes modelling/appraisal work to support the preparation of Supplementary Guidance on Developer Contributions required by the Proposed Plan, along with mapping support. Costs of £65,000 are identified.
- 3.6 A contingency of 10% has been included within the variable costs. The full budget is set out at Appendix 1 to this report.

#### **Member Contributions 2018/19**

- 3.7 Each member authority is liable for one sixth of the annual Operating Budget. Savings in 2017/18 have significantly increased reserves. To manage reserves SESplan Joint Committee agreed that contributions per member authority, for the 2018/19 year only, would be £10,000. This is significantly below the 2017/18 contribution of £44,000 and contributions in previous years.

SESplan Financial Rules state that member authority contributions are to be in place by the end of April each year. The sum is contained within the Planning Service revenue budget.

## **Future Operating Budgets**

- 3.8 Indicative Operating Budgets beyond 2018 / 2019 have not been set out. The consultation on the future of the Scottish planning system ([Places, People and Planning](#)) published in January 2017 sets out that SDPs should be removed from the system and proposes Regional Working Partnerships. A Planning Bill is expected in winter 2017. In the meantime SESplan is statutorily required to prepare and keep under review an SDP.
- 3.9 Future Operating Budgets will be reviewed against the outcome of the ongoing planning review.

## **4. Measures of success**

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- 4.1 Sufficient funding in place to progress the SDP in accordance with the Development Plan Scheme.

## **5. Financial impact**

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- 5.1 The Council is required to make a contribution of £10,000 towards the SESplan Operating Budget – this is a reduction of £34,000 against the 2017/18 payment. The sum is contained within the approved Planning Service revenue budget. Contributions require to be paid to Fife Council, the authority responsible for administering SESplan's budget by 30 April 2018.

## **6. Risk, policy, compliance and governance impact**

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- 6.1 There are risks to the development plan process if sufficient funding is not available to progress the SDP at a rate which provides up to date strategic planning policy context for the timeous progression of the Local Development Plan. The risks associated with this area of work are significant in terms of finance, reputation, and performance in relation to the statutory duties of the Council as Planning Authority, Roads Authority and Education Authority. The identified SESplan Operating Budget has been prepared to provide for the current work programme and includes contingency.

## **7. Equalities impact**

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- 7.1 No equalities or rights issues have been identified in relation to this report.

## **8. Sustainability impact**

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- 8.1 There are no direct sustainability impacts arising from this report.

## 9. Consultation and engagement

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9.1 No consultation has been undertaken in relation to the preparation of this report.

## 10. Background reading/external references

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10.1 [SESplan Development Plan Scheme 9](#)

10.2 [Report to Planning Committee 17 August 2017, Strategic Development Plan 2 and SESplan Operating Budget 2017/18](#)

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## 11. Appendices

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Appendix 1 – SDP Manager's Report to SESplan Joint Committee 27 November 2017, Finance and Resources Committee



The Strategic Development Planning Authority  
for Edinburgh and South East Scotland

SESPLAN JOINT COMMITTEE  
27 NOVEMBER 2017

FOR DECISION

## ITEM 8 – FINANCE

Report by: Alice Miles, Acting SDP Manager

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### Purpose

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This Report presents an update on the SESplan Operating Budget for 2017 / 2018 and sets out the SESplan Operating Budget for 2018 / 2019 for Joint Committee approval.

### Recommendations

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It is recommended that the SESplan Joint Committee:

1. Note the updated forecast expenditure against the approved Operating Budget for 2017 / 2018 set out within Appendix 1 to this Report;
2. Approve the updated Operating Budget for 2018 / 2019 set out within Appendix 1 to this Report;
3. Note that member contributions for financial year 2018 / 2019 have been reduced and are set at £10,000 (excluding VAT) per authority (as set out within Appendix 1 to this Report), payable to Fife Council by the 30 April 2018;
4. Note that member authorities are required to ratify the decisions above and to make their required contributions subsequently; and
5. Note that an Operating Budget for 2019 / 2020 will be brought to a meeting of the SESplan Joint Committee in late 2018.

### 1. Background

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- 1.1 The SESplan Financial Rules set out that Operating Budgets for the next financial year should be proposed by the SDP Manager, approved by the SESplan Joint Committee and that decision ratified by the member authorities by the end of December.

1.2 In compliance with these rules, the SESplan Joint Committee at its meeting on the 24 November 2016 agreed to approve the Operating Budget for 2017 / 2018 in principle and that a review of SESplan expenditure and future budgets would be brought to the next meeting. The SESplan Operating Budget for 2017 / 2018 was approved at Joint Committee on the 13 March 2017.

## **2. SESplan Operating Budget 2017 / 2018**

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2.1 The latest position on the SESplan Operating Budget for 2017 / 2018 as at November 2017 is included as Appendix 1.

2.2 The largest spend by SESplan is on staffing. As set out in Appendix 1, the forecast for staffing at November 2017 was estimated at £102,000. The approved Operating Budget 2017 / 2018 includes a total staffing budget of £160,931. There is therefore a saving in staffing of just under £59,000. This primarily relates to the post of temporary planner being vacated in August rather than December 2017 and the part time SDP Manager position. There is also a current vacancy in the permanent planner position which has been filled by a graduate planner on a temporary contract from August 2017.

2.3 The Operating Budget for 2017 / 2018 also includes other fixed costs relating to training, rent and accommodation, travel, IT hardware, software and maintenance and audit / professional fees. The forecast sets out underspend in these areas in particular related to rent and accommodation and travel. The Core Team is currently made up of two members of staff, the rental agreement with West Lothian has therefore been updated to reflect the requirement for two rather than five desks. This has resulted in an underspend of around £3,195. Following the relocation of the Core Team to West Lothian, relocation travel expenses were payable for a three year period. Those members of staff eligible for the reimbursement of expenses have now left SESplan, therefore there is a forecast underspend in travel of £2,700.

2.4 Overall at November 2017, it was estimated that there would be a saving across all fixed costs of £63,780.

2.5 The approved 2017 / 2018 Operating Budget also includes an allowance of £105,050 for variable costs.

- 2.6 The largest spend in 2017 / 2018 is related to the Examination, where costs are met 50/50 with the DPEA. On the basis of costs related to other Examinations including CLYDEplan, the budget has been reduced to £20,000, making a saving of £10,000. This reduced figure also includes a contingency fund should it be required.
- 2.7 A Project Manager from Fife Council has now been appointed to lead on the preparation of Supplementary Guidance on a Developer Contributions Transport Framework and a Project Brief and Timeline agreed. A working group made up of officers from within the Member Authorities and Transport Scotland has also been convened. Any technical support spend on this work will therefore likely fall into the 2018 / 2019 financial year albeit that there will be a continuous review of additional work required in this area with an assessment of resources available in-house undertaken first to ensure best value and minimal spend where possible.
- 2.8 A sum of £2,500 has been allocated to technical support in financial year 2017 / 2018 and this relates to the provision of technical GIS and mapping support from the City of Edinburgh. SESplan does not have any mapping or GIS capability / expertise and mapping will be required in support of the Supplementary Guidance on Developer Contributions as well as Green Networks.
- 2.9 Across the entire Operating Budget for 2017 / 2018, the updated position as at November 2017 is a forecast underspend of £134,730.

### **3. SESplan Operating Budget 2018 / 2019**

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- 3.1 Over the first few months of the 2018 / 2019 financial year, the Core Team will be focussed on the Examination and Approval stages of SDP2s preparation including updating the Proposed Plan with any modifications arising from the Report of Examination and preparing post approval documents such as the post adoption SEA statement, Habitats Regulation Appraisal and the Action Programme. The target for the Report of the Examination is the 27 March 2018, with approval of SDP2 in July 2018.
- 3.2 The staffing assumptions for 2018 / 2019 are £75,000 and include SDP Manager (0.2FTE), Lead Officer (0.86FTE) and Graduate Planner (1FTE, temporary contract to 6 May 2018). This also includes allowance for additional resources to be brought into the Core Team should they be required.



- 3.3 The Proposed Plan states that Supplementary Guidance will be required to be prepared on Cross Boundary Transport Developer Contributions Framework and Green Network Priority Areas for Key Areas of Change South East and Edinburgh and West. As stated above Project Managers for these three pieces of Supplementary Guidance have been appointed and working groups convened. A technical support budget has been identified to accommodate this work and any other technical assessments should they be required. As stated above there will be a continuous review of all technical analysis / assessments required with resources available in-house utilised first to ensure best value and minimal spend where possible.
- 3.4 The response on the Proposed Plan from Scottish Government advised that further work is required on heat, wind and minerals and that this work should also take the form of Supplementary Guidance. SESplan disagrees that further Supplementary Guidance is required in these areas; however the requirement to prepare this additional guidance is dependent on the outcome of the Examination. The Reporter may be so minded to require Supplementary Guidance is prepared. Any Supplementary Guidance on heat, wind or minerals will be required to be approved within one year of Plan approval i.e. no later than July 2019 and additional resources either within the Core Team or from Member Authorities or potentially under the technical spend allocation will be required to be identified.
- 3.5 For other fixed costs within 2018 / 2019, costs remain largely the same as 2017 / 2018. The largest spend is IT which includes the running and maintenance of Objective Connect and the online SESplan Consultation Portal at £12,500 and the operation and running of the SESplan email and website (£2,900). Costs for accommodation in West Lothian Civic Centre remain the same.
- 3.6 Printing / photocopying and advertising / marketing costs are £4,000 each and will include the printing and publication of the approved SDP2. Copies are required to be provided to every library in the SESplan area, neighbouring authorities and planning receptions and notification of the Plan's approval is required to be advertised in a newspaper. Costs for technical support are £65,000 and include for modelling / appraisal work to support the Supplementary Guidance on Developer Contributions as well as mapping / GIS or further technical analysis and / or assessments that may be required. A 10% contingency of £7,350 has also been included.

- 3.7 The Audited Accounts at the end of 2016 / 2017 show a reserve of £91,315. On the basis of the savings indicated in the updated forecast for 2017 / 2018, this will result in a further increase of reserves at the end of 2017 / 2018 to £191,320.
- 3.8 Going into 2018 / 2019, as shown in Appendix 1, member contributions are proposed to be set at £10,000 per member authority. This is a budget proposition made for this year only as a pragmatic way of managing the significant reserves to be built up by the end of 2017 / 2018. Member contributions in 2017 / 2018 were set at £44,000, to reduce contributions to £10,000 in 2018 / 2019 represents a 23% saving.
- 3.9 It is requested that member authorities ensure that contributions of £10,000 are in place by the start of the next financial year and note that an Operating Budget for 2019 / 2020 will be brought to a meeting in late 2018 for Joint Committee consideration.

## **Report Contact**

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## **Appendices**

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Appendix 1                      Operating Budget 2017 / 2018 Forecast and Operating Budget 2018 / 2019



| DESCRIPTION   | 17 / 18 Budget<br>Approved at Joint<br>Committee March<br>2017 | 17 / 18 Forecast at<br>November 2017 | Variance 17 / 18<br>Approved Budget<br>vs. 17 / 18 Forecast | 18 / 19 Operating<br>Budget |
|---|--|--------------------------------------|---|-----------------------------|
| Staff   | 160,931  | 102,000                              | 58,931  | 75,000                      |
| Training  | 1,000  | 2,000                                | -1,000  | 1,000                       |
| Rent (including Service Charge)                                   | 7,487  | 4,292                                | 3,195   | 4,292                       |
| Travel  | 4,200  | 1,500                                | 2,700   | 1,500                       |
| IT (Hardware, Software and Maintenance)                           | 15,555   | 15,500                               | 55  | 15,500                      |
| Mobile Line Rental  | 102  | 203                                  | -101  | 206                         |
| Audit / Professional Fees   | 3,400  | 3,400                                | 0   | 3,400                       |
| Miscellaneous   | 1,500  | 1,500                                | 0   | 1,500                       |
| <b>Total Fixed Costs</b>  | <b>194,175</b>   | <b>130,395</b>                       | <b>63,780</b>   | <b>102,398</b>              |
| Examination   | 30,000   | 20,000                               | 10,000  | 0                           |
| Technical Support   | 60,000   | 2,500                                | 57,500  | 65,000                      |
| Printing / Photocopying   | 1,000  | 4,000                                | -3,000  | 4,000                       |
| Postages / Franking   | 500  | 500                                  | 0   | 500                         |
| Advertising / Marketing   | 4,000  | 4,000                                | 0   | 4,000                       |
| Contingency 10%   | 9,550  | 3,100                                | 6,450   | 7,350                       |
| <b>Total Variable Costs</b>                                       | <b>105,050</b>   | <b>34,100</b>                        | <b>70,950</b>   | <b>80,850</b>               |
| <b>Total Expenditure</b>  | <b>299,225</b>   | <b>164,495</b>                       | <b>134,730</b>  | <b>183,248</b>              |
| Member Authority Contributions                                    | 264,000  | 264,000                              | 0   | 60,000                      |
| Sales   | 0  | 0                                    | 0   | 0                           |
| Income / Interest on Revenue Balance                              | 200  | 500                                  | -300  | 0                           |
| <b>Total Income</b>   | <b>264,200</b>   | <b>264,500</b>                       | <b>-300</b>   | <b>60,000</b>               |
| <b>Net</b>  | <b>-35,025</b>   | <b>100,005</b>                       | <b>-135,030</b>   | <b>-123,248</b>             |
| Take From / Add to Reserves                                       | -35,025  | 100,005                              |   | -123,248                    |
| <b>Usable reserve balance</b> (Reserves at 31 March 2017 £91,315) | <b>56,290</b>  | <b>191,320</b>                       |   | <b>68,072</b>               |
| <b>Usable reserve as % of expenditure</b>                         | <b>18.8%</b>   | <b>116.3%</b>                        |   | <b>37.1%</b>                |
| Target reserve (1 month's operating costs)                        | 24,935   | 13,708                               |   | 15,271                      |
| Shortfall on target reserve of 1 month's operating costs          | 31,355   | 177,612                              |   | 52,801                      |