

## ITEM 8 - FINANCE

Report by: Alice Miles, Lead Officer

---

### Purpose

---

This report presents the following for SESplan Joint Committee consideration:

- Expenditure against the approved Operating Budget for 2016 / 2017 up to October 2016;
- Total forecast expenditure against the approved Operating Budget for 2016 / 2017; and
- Operating Budget for 2017 / 2018, 2018 / 2019 and 2019 / 2020.

### Recommendations

---

It is recommended that the SESplan Joint Committee:

1. Notes the expenditure against the approved Operating Budget for 2016 / 2017 up to October 2016 as set out in Appendix 1 to this report;
2. Notes the total forecast expenditure against the approved Operating Budget for 2016 / 2017 as set out in Appendix 1 to this report;
3. Approves the Operating Budget for 2017 / 2018 as set out in Appendix 1 to this report;
4. Notes the Operating Budgets for 2018 / 2019 and 2019 / 2020 as set out in Appendix 1 to this report;
5. Agrees that member contributions for financial year 2017 / 2018 will be set at £46,550 (excluding VAT) per authority, payable to Fife Council by the 30 April 2017; and
6. Notes that member authorities will be required to ratify the decision at Recommendation 3 of this report by the end of December 2016 and to make their required contributions by the due date.

### Resource Implications

---

As set out below and in Appendix 1.

## **Legal and Risk Implications**

---

There are risks to the process if sufficient funding is not available to progress the Strategic Development Plan (SDP) at a rate which provides up to date strategic planning policy context for the timeous progression of the member authorities Local Development Plans as is required by the relevant legislation. All risks and responses to these are detailed in the SESplan risk register and updates on risk management are reported to SESplan Joint Committee on an annual basis (See Item 5 Risk Management).

## **Policy and Impact Assessment**

---

No separate impact assessment is required.

### **1. Background**

---

- 2.1 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. The SESplan Operating Budget for 2016 / 2017 was approved at SESplan Joint Committee on the 14 December 2015, with all member authorities to contribute £46,550 by the 30 April 2016. All member authorities paid the required contribution by the due date.
- 1.1 The Treasurer in conjunction with the SDP Manager is also required to submit detailed finance monitoring reports to the SESplan Joint Committee twice a year, with one occasion being the end of each financial year.

### **2. Operating Budget 2016 / 2017**

---

- 2.2 In terms of fixed costs the Operating Budget for 2016 / 2017 includes an allowance for staffing within the Core Team of the SDP Manager, Lead Officer (1 FTE – Maternity Leave cover over the period January 2016 – January 2017), Planner, Temporary Planner (contract to December 2017) and Student Planner (0.4 FTE contract to August 2016).

- 2.3 Accommodation costs within West Lothian Civic Centre were assumed at £7,613 with an allowance of £2,000 for administration support. In terms of IT / Software, the Operating Budget includes £12,000 for Objective and £1,500 per annum for Objective Connect. Also included is the annual hosting of the SESplan website and recharge for West Lothian IT services who provide IT hardware and support to the Core Team. Audit fees in 2014 / 2015 were £3,380 and costs were assumed to be the same in future years (i.e. no reduction but also no inflation).
- 2.4 The 2016 / 2017 Operating Budget included £20,000 for spend on technical support plus £2,000 contingency.
- 2.5 The approved Operating Budget for 2016 / 2017 is £286,366. Total actual expenditure to October 2016 is £123,017 with total forecast expenditure estimated at £257,565, an underspend of £28,771.
- 2.6 The underspend in forecast expenditure is largely because the SDP Manager post has been vacant since September 2016 and the Student Planner post became vacant in May rather than August 2016. As set out under Item 5 (Risk Management) there is a risk of insufficient resources over the period to the submission of Proposed SDP2 for Examination. In response to this risk, the underspend on the 2016 / 2017 Budget in staffing has allowed for the recruitment of a planner and student planner posts on temporary three month contracts. These posts will assist with the processing of representations received on Proposed SDP2 and preparation of the Schedule 4s and Submission Package for Examination. The Submission Package and Schedule of Unresolved Representations will be brought to the SESplan Joint Committee in March 2017 for approval. In addition, opportunities for the SEStran Partnership Director to provide some leadership and management for the team previously delivered through the SDP Manager post are being explored, albeit on the basis of one day a week, a much reduced time commitment.

### **3. Operating Budget 2017 / 2018 and Forecast Operating Budgets 2018 / 2019 and 2019 / 2020**

---

- 3.1 Appendix 1 sets out a proposed Operating Budget for the financial year 2017 / 2018.
- 3.2 The 2017 / 2018 Operating Budget includes an allowance for staffing within the SESplan Core Team of Lead Officer (0.8FTE), Planner (1FTE), Planner (1FTE contract to December 2017) and SDP Manager (0.2FTE). It is proposed that the Planner contract to December 2017 is extended to December 2018. There is also provision for a Student Planner on a twelve month contract.

- 3.3 These posts will provide for stability within the Core Team over the period to the approval of SDP2 by Ministers (anticipated Spring 2018). Critically these posts will allow for the completion of substantial pieces of work to inform the preparation of Supplementary Guidance on a Cross Boundary Transport Contributions Framework (see Item 5 Risk Management and paragraph 3.6 below) and two frameworks for the cross boundary Green Network Priority Areas identified in Edinburgh and West and South East.
- 3.4 In terms of IT / software, the Operating Budget includes £12,000 for Objective and £1,500 per year for Objective Connect. These systems allow management of the consultation on the plan and the sharing of information and papers with members and other stakeholders. Also included is the annual hosting of the SESplan website and recharge for West Lothian IT services who currently provide IT hardware and support to the Core Team.
- 3.5 Audit fees in 2015 / 2016 (totals for 2016 / 2017 are not yet available) were £3,380. Costs for 2017 / 2018 have been assumed to be the same (i.e. no reduction but also no inflation).
- 3.6 Under variable costs, the 2017 / 2018 Operating Budget includes £108,350 for spend on technical support. The largest item of spend is £60,000 for research to provide the robust evidence needed to justify an appropriate rate for contributions and the 'contributions zones' that will be a key element of the Cross Boundary Transport Contributions Framework Supplementary Guidance. As set out under Item 5 (Risk Management) sufficient funds have been set aside to commission further work to generate contribution zones for specific interventions that will address the impacts of cross boundary travel. This work should as a minimum ensure the outputs will enable a system to be established that could not be subject to the same challenges as the Aberdeen Strategic Transport Fund.
- 3.7 Following discussions with the DPEA, £30,000 has been allocated to cover the costs of the Proposed SDP2 Examination.
- 2.7 Looking ahead the White Paper on Planning following the Planning Review is anticipated to be published in January / February 2017. The Planning Review included the recommendation that SDPs are no longer prepared and that Strategic Development Planning Authorities (SDPA) should be repurposed. In this context the format of SDP3 is unknown. However as set out above there are opportunities for the SEStran Partnership Director to provide some leadership and management for the team previously delivered through the SDP Manager post.

- 3.8 SEStran are located within Victoria Quay in Edinburgh, therefore it is sensible for the SESplan Core Team to relocate to Victoria Quay alongside the SEStran Partnership Director. The Core Team are anticipated to relocate by April 2017. Accommodation costs for 2017 / 2018 have been assumed at the same level as Civic Centre at £7,487 with an increase of 1.5% per year for inflation. Exact costs to accommodate the SESplan Core Team in Victoria Quay have not been confirmed, but they are not expected to be higher than current accommodation costs in the Civic Centre in Livingston.
- 3.9 In the short term the underspend in the 2016 / 2017 Operating Budget will facilitate the relocation of the SESplan Core Team and allow for the procurement of IT hardware currently provided by West Lothian Council. In the longer term discussions on the opportunities for the repurposing of SESplan alongside SEStran will be explored. In this context into 2018 / 2019 and 2019 / 2020 opportunities for savings in the SESplan Operating Budget particularly around administration and IT as the structures and arrangements currently in place at both SESplan and SEStran are reviewed will be investigated.
- 3.10 The SESplan Annual Audit for 2015 / 2016 identified that there may be merit in re-assessing the Authority's use of reserves and it is noted that the Operating Budget sets out that the Authority's reserves will increase over the period 2018 / 2019 and 2019 / 2020. However it is sensible to plan the 2017 / 2018 Operating Budget and 3 Year Budget on the basis of a continuation of SESplan in its current form with member contributions to remain at £46,550 per authority. This will ensure that SESplan or any potential successor organisation has adequate resources to deliver any new responsibilities that may emerge from the Planning Review process. In any event by 2019 / 2020 much of the evidence on which strategic infrastructure planning in the region is based will need to be updated, regardless of the public sector landscape or governance arrangements under which strategic regional planning is actually delivered in that year.
- 3.11 The 2018 / 2019 Operating Budget will be drafted to take account of any changes to the purpose of the SDPA and a Monitoring Report on finance and expenditure will be brought to the SESplan Joint Committee meeting in March 2017. Opportunities for efficiencies will be identified.

#### **4. Conclusion**

- 
- 4.1 It is requested that member authorities take steps now in their budget setting to ensure that contributions will be in place by the start of the next financial year.

## Appendices

---

1 SESplan Operating Budget 2016 / 2017 and Three Year Operating Budget to 2019 / 2020

### Report Contact

---

Alice Miles, Lead Officer

01506 282880

[alice.miles@sesplan.gov.uk](mailto:alice.miles@sesplan.gov.uk)

Appendix 1 - SESplan Operating Budget 2016 / 2017 and Three Year Operating Budget to 2019 / 2020

DESCRIPTION	16/17 Budget	Actual spend Sept- 16	16/17 Forecast	16/17 Variance	17/18 Budget	18/19 Budget	19/20 Budget
SINGLE STATUS BASIC PAY incl Agency	227,199	96,591	197,294	-29,905	160,931	163,969	190,186
TRAINING COSTS	1,000	520	1,000	0	2,000	2,000	2,000
RENTS PAYABLE, incl service charges	9,613	7,376	7,376	-2,237	7,487	7,599	7,713
TRAVEL EXPENSES	5,100	1,611	4,200	-900	4,200	4,200	4,200
IT HARDWARE	0	0	500	500	0	0	0
IT SOFTWARE	16,000	7,200	13,500	-2,500	13,703	13,909	14,118
IT MAINTENANCE	0	684	684	684	0	0	0
MOBILE LINE RENTAL	524	55	200	-324	203	206	209
PROFESSIONAL FEES	3,400	0	3,400	0	3,400	3,400	3,400
EVENT COSTS	0	411	411	411	0	0	0
MISCELLANEOUS EXPENSES	1,500	0	1,500	0	1,500	1,500	1,500
<b>Fixed</b>	<b>264,336</b>	<b>114,448</b>	<b>230,065</b>	<b>-34,271</b>	<b>193,424</b>	<b>196,783</b>	<b>223,326</b>
<b>Technical Support</b>							
PRINTING/PHOTOCOPYING COSTS	2,500	135	4,000	1,500	4,000	4,000	4,000
CROSS BOUNDARY TRANSPORT PROJECT EXAMINATION	16,000	8,434	16,500	500	60,000	0	0
TECHNICAL SUPPORT					30,000	0	0
POSTAGES/FRANKING	500	0	500	0	0	20,000	30,000
ADVERTISING/MARKETING	1,000		4,000	3,000	500	500	500
OTHER SERVICES (Contingency 10%)	2,000		2,500	500	4,000	4,000	4,000
<b>Variable</b>	<b>22,000</b>	<b>8,569</b>	<b>27,500</b>	<b>5,500</b>	<b>108,350</b>	<b>31,350</b>	<b>42,350</b>
<b>Expenditure</b>	<b>286,336</b>	<b>123,017</b>	<b>257,565</b>	<b>-28,771</b>	<b>301,774</b>	<b>228,133</b>	<b>265,676</b>
INCOME-OTHER LOC AUTH(VAT)	-279,300	-279,300	-279,300	0	-279,300	-279,300	-279,300
SALES-PLANNING	-250	0	0	250	0	0	0
INCOME-INTEREST ON REV BALANCE	-1,000	0	-500	500	-500	-500	-500
<b>Income</b>	<b>-280,550</b>	<b>-279,300</b>	<b>-279,800</b>	<b>750</b>	<b>-279,800</b>	<b>-279,800</b>	<b>-279,800</b>
<b>Net</b>	<b>5,786</b>	<b>-156,283</b>	<b>-22,235</b>	<b>-28,021</b>	<b>21,974</b>	<b>-51,667</b>	<b>-14,124</b>
(TAKE FROM)/ADD TO RESERVES	-5,786		22,235	28,021	-21,974	51,667	14,124
<b>NET TOTAL</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Usable reserve balance</b>	-36,889		-64,910	-28,021	-42,936	-94,603	-108,727
<b>Usable reserve balance at 1/4/16</b>	-42,675						
<b>Usable reserve as % of expenditure</b>			-25.2%		-14.2%	-41.5%	-40.9%

