

ITEM 8 – FINANCE

Report by: Alice Miles, Acting SDP Manager

Purpose

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

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

- 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

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

- 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

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

DESCRIPTION	17 / 18 Budget Approved at Joint Committee March 2017	17 / 18 Forecast at November 2017	Variance 17 / 18 Approved Budget vs. 17 / 18 Forecast	18 / 19 Operating 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
Total Fixed Costs	194,175	130,395	63,780	102,398
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
Total Variable Costs	105,050	34,100	70,950	80,850
Total Expenditure	299,225	164,495	134,730	183,248
Member Authority Contributions	264,000	264,000	0	60,000
Sales	0	0	0	0
Income / Interest on Revenue Balance	200	500	-300	0
Total Income	264,200	264,500	-300	60,000
Net	-35,025	100,005	-135,030	-123,248
Take From / Add to Reserves	-35,025	100,005		-123,248
Usable reserve balance (Reserves at 31 March 2017 £91,315)	56,290	191,320		68,072
Usable reserve as % of expenditure	18.8%	116.3%		37.1%
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