

Committee: Finance and Administration Committee

Agenda Item

Date: 16 September 2010

11

Title: **Planning and Development Reserve (PDR)**

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Item for decision

Summary

- 1 This report recommends how the £769,600 in the planning and development reserve be used to support delivery of services.

Recommendations

- 2 That the Finance and Administration Committee be recommended to
 - (i) Make provision in revised 2010/11 budgets for unbudgeted expenditure of £416,700 as set out in the report and summarised in Appendix One, allocated to Committees as follows:
 - a) Environment Committee £71,700
 - b) Development Control Committee £255,000
 - c) Finance and Administration Committee £90,000
 - (ii) Draw down £416,700 from the planning and development reserve to cover the expenditure in 2(i) above.
 - (iii) Retain in the reserve the sum of £230,000 as set out in the report and summarised in Appendix One for the specific purposes identified.
 - (iv) Transfer the balance of £122,900 from the planning and development earmarked reserve to the change management reserve.

Financial Implications

- 3 The recommendations have unbudgeted costs. The estimated cost of implementing the recommendations is £416,700, which will be fully funded from the planning and development earmarked reserve.

The following risks and uncertainties underpinning the financial estimates have been identified:

Planning application workload is uncertain as it is expected to follow economic growth rates. Passenger throughput and consequently development pressure at Stansted on the single runway is similarly driven by GDP growth. It is not possible to estimate at present whether any income will be received in 2010/11 from the proposed New Homes Bonus.

Background Papers

- 5 Both the Development Control and Environment Committees have received reports on the use of the PDR in the August/September 2010 cycle of meetings and both agreed to support the use of the reserve as set out in this report.
- 6 The following papers were referred to by the author in the preparation of this report and are available for inspection from the author of the report.

Ministerial statement on New Homes Bonus which can be viewed at <http://www.communities.gov.uk/news/corporate/1681467>

Environment Committee minutes 16 March 2010 (minute E59) (Art 4 Directions £18,000)

Finance and Administration Committee 17 June 2010 Agenda Item 9 (use of PDR to cover loss of 2010/11 HPDG budget of £100,000)

Impact

Communication/Consultation	The Uttlesford Voices survey responses support the objectives of the proposals in so far as they are consistent with the priority placed on developing and maintaining a motivated and high performing workforce, reducing costs, planning, and enforcement.
Community Safety	None.
Equalities	None.
Health and Safety	None.
Human Rights/Legal Implications	None.
Sustainability	Development service objectives are aligned with sustainability objectives.
Ward-specific impacts	None.
Workforce/Workplace	Budgets proposed to improve efficiency of workforce through investment in IS, and to cover maternity leave

Situation

- 7 The Council's planning and development earmarked reserve totals £769,600 as a consequence of the balances carried forward at the beginning of FY 2010/11, the earmarked reserve balance at the end of 2009/10, the £429,000 in Housing and Planning Delivery Grant received in 2009/10 and the savings from the G2 planning inquiry budget that was not required. It is proposed to draw down £416,700 and make revised budget provision for unbudgeted expenditure in 2010/11. This expenditure would enable investment in information systems and equipment that would support delivery of services to the customer, maintaining service standards, and improve the efficiency of staff, and in the case of maternity cover, enable the continued delivery of key services.

Development Control – Shortfall in budgeted income in 2010/11

- 8 £100,000 is required to offset the budgeted HPDG income in 2010/11 that will not be received following the cancellation of HPDG. At this stage it is not known whether any income may be anticipated in 2010/11 from the New Homes Bonus that the Government has announced it will introduce early in the new comprehensive spending round.

Development Control – Additional expenditure in 2010/11

- 9 A temporary planning officer and two agency planners were recruited in 2009/10 to address underperformance in the development control team, enabling a strong recovery in performance. The costs in 2009/10 were covered by favourable budget variances in other budget codes. In 2010/11, however, costs will need to be covered from the reserve. There is budget provision for the proposed Head of Division post in the new management structure, which will free up capacity for professional work on major developments and in turn all other development. This should enable a reduction in the temporary resource over time. If agency planner and temporary post resources were maintained for the full year 2010/11 the cost would be £80,600. It is proposed that £60,000 be allocated for this expenditure in 2010/11 (and £30,000 in 2011/12).
- 10 The Development Control team is dealing with significant development proposals that require the procurement of specialist analysis and expert advice. £75,000 would be an appropriate additional budget provision.

Development Control – Proposed retention of earmarked reserves

- 11 Within the timeframe of the Medium Term Financial Strategy, there is the prospect of fresh development proposals at Stansted Airport, either from Stansted Airport Ltd or a new owner, related to maximising the capacity of the existing runway. It would be prudent to retain a reserve of £150,000 to contribute towards the costs of considering any such proposals.
- 12 A reserve for major planning applications is still needed in addition to the development control budget provision for consultancy and appeals

expenditure and the proposal in 7 above for expert advice. Whilst the risk of complex major new settlement and neighbourhood applications and appeals may have receded with the revocation of the East of England Plan, the risk remains that the void in development plan policy created by the revocation of the RSS without an adopted local development framework in place will attract speculative applications which we may not have the capacity to handle. A reserve of £50,000 needs to be retained.

Information Systems – Proposed additional expenditure to be allocated between Development Control, Environment and Finance and Admin Committee budgets

13 It is proposed to invest £90,000 (excluding £20,000 already committed) in:

- IT systems and equipment to support mobile working in the building control, development control and enforcement teams;
- Software to enable e-consultation and auto transfer of documents from the planning portal into the electronic document management and retrieval (EDRM) system
- additional large screens to support the roll out of EDRM project and workflow project for both professional/ technical staff in Building Control, Enforcement and Legal teams and the customer contact centre to which first point of contact development enquiries are now being transferred;
- an additional temporary central scanning post also to support the EDRM project.

14 This expenditure is a 'spend to save' investment. Areas such as workflow and EDRM lead to more efficient and effective website based self service and a general reduction in the number of human interventions required in key processes such as new applications. These savings will be realised as part of the work associated with the 5 strategic workstreams.

Environment Committee - Additional expenditure in 2010/11

15 The Environment Committee has already agreed to the expenditure of up to £18,000 on staffing costs to progress the preparation and implementation of Article 4 Directions to require a planning application for specified development to selected properties identified in Conservation Area Appraisals that would normally be permitted under the General Permitted Development Order. This will be progressed when additional management capacity is in place in the Development Directorate.

16 It is proposed that maternity cover arrangements be made at a cost of £47,600 for key posts in the Housing Strategy and Planning Policy team. It is essential to retain capacity in this small team to adapt and progress work programmes at a time when the financial context for affordable housing delivery and the national planning policy framework and the implementation of the localism agenda is changing rapidly.

- 17 Various virements of modest sums have been made from existing budget heads to fund unbudgeted expenditure agreed by the Environment Committee in the current year such as grants to Birchanger Wood Management Trust, and measures in Claypits Plantation to mitigate the risks involved in the BMX trails activity. Essential unbudgeted expenditure of £1,600 on repairing vandalised play equipment at Woodlands Park has also been incurred. The depleted budgets need to be restored from the reserve at a cost of £4,100.
- 18 A request has also been received for a £2,000 contribution to support the Essex Biodiversity Project in 2010/11. The EBP has been active in Uttlesford in 2009/10 and 2010 to date, supporting a number of parish councils and Saffron Walden Town Council with projects, and work in the black poplar nursery in Stansted, and eradicating signal crayfish in Dunmow that represent a threat to the population of native white claw crayfish in the River Chelmer. Support to the EBP represents good value for money.
- 19 The total additional expenditure in 2010/11 set out above totals £416,700. A further sum of £230,000 is retained for future years, which leaves an unallocated balance in the Planning and Development reserve of £122,900. It is proposed to reallocate this to the corporate change management reserve to support the implementation of the 5 strategic workstreams of the Medium Term Financial Strategy.

Risk Analysis

Risk	Likelihood	Impact	Mitigating actions
Revisions to budgets are still inadequate to cover necessary expenditure in 2010/11	2 Changes to national policies could have unforeseen consequences	2 Budgets could be over spent, but alternatively demands may not materialise	Monthly budget monitoring and revised estimates. Use of retained planning and development reserves.
Retained reserves are unnecessary	2 Rate of economic growth and recovery uncertain. Will influence degree or lack of development pressure	2 Resources held in reserve could have been released to support service delivery	Review need for reserves in budget preparation for 2011/12.

- 1 = Little or no risk or impact
 2 = Some risk or impact – action may be necessary.
 3 = Significant risk or impact – action required
 4 = Near certainty of risk occurring, catastrophic effect or failure of project.

Appendix One – Allocation of Planning Development Reserve

£	Available Funds	2010/11 proposed expenditure	Retained as reserve allocations	Transferred to Change Management Reserve
Balance brought forward at 1 April 2009	140,600			
Elements added in FY 2009/10				
Unspent G2 budget	200,000			
HPDG award 09/10	429,000			
Amounts already used				
Budget overstatement		100,000		
Software		20,000		
Amounts forecast to be spent by 31 March 2011				
Staffing costs to progress Art 4 Directions (as agreed by Environment Committee)		18,000		
Temporary post(s)/agency staff to address underperformance		60,000	30,000	
Major applications: specialist analysis and expert advice		75,000	50,000	
Stansted Airport			150,000	
IT		70,000		
Scanning post		20,000		
Maternity cover Housing Strategy and Planning Policy		47,600		
Restoration of budgets depleted by unbudgeted environmental grants/ play equipment		4,100		
Essex Biodiversity Project		2,000		
SUB TOTALS	769,600	416,700	230,000	122,900

Summary	£	£
Available Funds		769,600
Less		
2010/11 proposed expenditure	416,700	
Retained as reserve allocations	<u>230,000</u>	
Sub-Total		<u>646,700</u>
Balance transferred to the Change Management Reserve		122,900