

GLASGOW AND THE CLYDE VALLEY STRATEGIC DEVELOPMENT PLANNING AUTHORITY JOINT COMMITTEE

To: Joint Committee

On: 9 December 2019

Report by: The Treasurer and the Strategic Development Plan Manager

Heading: Revenue Estimates 2020/21

1. Summary

- 1.1 The following report has been prepared by the Treasurer, in consultation with the Strategic Development Plan Manager, to present the Revenue Estimates of Glasgow and the Clyde Valley Strategic Development Planning Authority, including the requisition of the constituent authorities, for financial year 2020/21 and indicative planning figures for 2021/22 and 2022/23.
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2. Recommendations

- 2.1 It is recommended that Members:-
- Agree the revenue estimates for financial year 2020/21 and the related requisitions of the constituent authorities,
 - Agree that the Strategic Development Plan Manager, in conjunction with the Treasurer, present a report to a future meeting of the Joint Committee should its remit and finances materially change, and,
 - Note the indicative estimates for 2021/22 and 2022/23.
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3. Background

- 3.1 The annual Revenue Estimates process each year outlines the summary revenue budget position for the organisation. The budget estimates provided in the attached Appendix 1 outline the projected position and proposed requisition for 2020/21, and also outline an indicative projected position for 2021/22 and 2022/23 for members' information and as an aid to constituent authorities' financial planning. The assumptions used in developing these projections are outlined in section 4 below.
- 3.2 The financial environment in which the Joint Committee and member authorities operate continues to be characterised by significant demand and cost pressures, compounded by reducing levels of grant support. It is anticipated that the Scottish Budget and local government settlement, to be

announced in early 2020, will again reflect a potential core revenue grant cut for local authorities.

- 3.3 The Planning (Scotland) Act received Royal Assent on 25 July 2019 and placed, amongst other things, a duty on local authorities to work together to prepare a Regional Spatial Strategy. The former statutory duty to prepare a Strategic Development Plan has been removed. The Scottish Government has indicated that they will prepare guidance on the preparation of Regional Spatial Strategies in 2021.
- 3.4 The Local Authority contribution has now been held at £72,438 per member for the last 8 financial years (2012/13 to 2019/20). This level of requisition ensures the financial and operational sustainability of the organisation while also continuing to maintain reserves at a level which should contain the short-term impact of any other unforeseen risks and events.

4. Budget Assumptions

- 4.1 The budget has been constructed on the basis of a fundamental examination of the core operations of Glasgow and the Clyde Valley Strategic Development Planning Authority, and is based on the following assumptions:
- Provision for inflation on employee costs has been included at 3% for 2020-21, as per the agreed national pay award.
 - as a result of the expired lease and resulting office move, the budget for premises costs has been reduced and used to offset the increase in pay award and spinal increments.
 - in line with previous years' practice, no inflationary adjustment has been made to any non-pay expenditure lines.

5. Financial Overview

- 5.1 Clydeplan's current operational methods, structure and long-term financial arrangements are under continuous review by the Strategic Development Manager and the Treasurer.
- 5.2 The outlook in the medium term is characterised by uncertainty. At this point both major areas of risk for the Joint Committee in the medium term:
- ongoing discussions around improved integration of regional planning and the impact of the Planning (Scotland) Act; and
 - the level of pay award is agreed for 2020/21, however, beyond this there is uncertainty on what the increase in pay award will be. For members' information, an additional 1% increase in pay award in 2021/22 would cost £4,500.

- 5.3 Estimates of potential cuts to the 2020/21 local government settlement vary across Scotland; however, this is yet to be disclosed. The Joint Committee will continue to be mindful of the financial pressures that member authorities face and work with them to address these challenges.
- 5.4 The requisition income available to the Joint Committee has therefore been modelled on the previous planning assumption of no increase or decrease in requisition for 2020/21, with the remaining reserves balance being used to mitigate against requisitions increases and to protect against any unforeseen costs or financial risks which may arise in the future.
- 5.5 The audited accounts for the year ended 31 March 2018 indicate that the level of reserves is £310,727. Of these reserves, £173,332 is earmarked for specific purposes, with £137,395 held in General Reserves.
- 5.6 It is anticipated that the level of earmarked reserves will ensure that the Joint Committee's statutory mandate is achieved and that the impact of the increased workload experienced at certain periods over the five-year cyclical production of the Strategic Development Plan can be resourced. It is proposed that in recognition of the high level of reserves, a one-off reimbursement of requisitions is made in 2019/20 to contributing authorities, amounting to £160,000 (i.e. £20,000 per contributing local authority).
- 5.3 However, in order to ensure the ongoing sustainable funding position of the Joint Committee, it is proposed there is no change in the requisition level from that agreed in 2019/20. The Joint Committee's expenditure is projected to require the full requisition income available in the coming years.
- 5.7 At its meeting in June 2019 the Joint Committee agreed not to renew the lease at 125 West Regent Street and instead move to Glasgow City Council at 40 John Street Glasgow. This has resulted in a reduction in premises costs from £87,408 in 2018/19 to an estimated £41,300 in 2022/23.
- 5.8 Due to the current financial climate, operational costs will remain under review and any savings that may arise will be brought forward to a future meeting. The level of reserves will also remain under review and any proposed draw on reserves (general and earmarked) will be reported as appropriate to the Joint Committee.
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Appendix 1

Estimates of Expenditure and Income for the Year Ended 31st March 2020 to 31st March 2023 Glasgow & Clyde Valley Strategic Development Planning Authority

OVERVIEW

	Approved 2019/20	Probable 2019/20	Proposed 2020/21	Indicative 2021/22	Indicative 2022/23
Expenditure					
Employee Costs	461,802	447,800	506,500	486,200	501,400
Premise Costs	68,500	56,100	41,300	41,300	41,300
Supplies and Services	76,491	45,600	57,000	43,600	29,400
Support Services	20,506	20,400	20,500	20,500	20,500
Transfer Payments	1,000	2,300	2,700	2,800	2,800
Transport	5,503	1,400	5,500	4,500	3,500
Total Expenditure	633,802	573,600	633,500	598,900	598,900
Income					
Requisition	579,500	579,500	579,500	579,500	579,500
Other Income	38,500	77,700	54,000	19,400	19,400
Total Income	618,000	657,200	633,500	598,900	598,900
NET EXPENDITURE/(INCOME)	15,802	(83,600)	-	-	-
Application of Balances					
Earmarked Reserves	173,332	173,332	173,332	173,332	173,332
General Reserves	137,395	137,395	60,995	60,995	60,995
TOTAL Balance Brought Forward	310,727	310,727	234,327	234,327	234,327
Contribution to General Reserves	-	83,600	-	-	-
(Application of) General Reserves	(15,802)	(160,000)	-	-	-
Surplus Carried Forward	294,925	234,327	234,327	234,327	234,327
Contribution per Authority	72,438	72,438	72,438	72,438	72,438
Change in Requisition			0%	0%	0%
General Reserves as % of gross revenue spend	22%	24%	10%	10%	10%

Earmarked Reserves:-					
Strategic Development Plan Contingency Fund	173,332	173,332	173,332	173,332	173,332
Contribution to/from earmarked reserves	-	-	-	-	-
TOTAL Earmarked Reserves	173,332	173,332	173,332	173,332	173,332
General Reserves:-					
General Reserves	137,395	137,395	60,995	60,995	60,995
Less: anticipated underspend/(overspend)	-	83,600	-	-	-
Contribution to/ (Application of) General Reserves	(15,802)	(160,000)	-	-	-
Net General Reserves available	121,593	60,995	60,995	60,995	60,995
TOTAL Reserves Carried Forward	294,925	234,327	234,327	234,327	234,327

Estimates of Expenditure and Income for the Year Ended 31st March 2020 to 31st March 2023
Glasgow & Clyde Valley Strategic Development Planning Authority
Requisition Payable by Member Councils

		2020/2021 £	Requisition Payment	
			£ 1st Half	£ 2nd Half
CITY OF GLASGOW COUNCIL	12.5%	72,437.50	36,218.75	36,218.75
NORTH LANARKSHIRE COUNCIL	12.5%	72,437.50	36,218.75	36,218.75
SOUTH LANARKSHIRE COUNCIL	12.5%	72,437.50	36,218.75	36,218.75
EAST DUNBARTONSHIRE	12.5%	72,437.50	36,218.75	36,218.75
WEST DUNBARTONSHIRE	12.5%	72,437.50	36,218.75	36,218.75
EAST RENFREWSHIRE	12.5%	72,437.50	36,218.75	36,218.75
INVERCLYDE	12.5%	72,437.50	36,218.75	36,218.75
RENFREWSHIRE	12.5%	72,437.50	36,218.75	36,218.75
		579,500.00	Due Dates	
			13-Apr-20	14-Sep-20