

GLASGOW AND THE CLYDE VALLEY STRATEGIC DEVELOPMENT PLANNING AUTHORITY JOINT COMMITTEE

To: Joint Committee

On: 14 December 2015

Report by: The Treasurer and the Strategic Development Plan Manager

Heading: Revenue Estimates 2016/17

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 the Glasgow and the Clyde Valley Strategic Development Plan Authority, including the requisition of the constituent authorities, for financial year 2016/17.
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2. Recommendations

- 2.1 It is recommended that Members:-

- agree the revenue estimates for financial year 2016/17 and the related requisitions of the constituent authorities;
 - agree to transfer the balance on the IT Project Fund to General Reserves, and
 - 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 be materially affected by any future member authority policy decisions.
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3. Background

- 3.1 At its meeting of 13 June 2011, a management and budget review was presented to the Joint Committee which included the longer term financial implications of the proposed review of operations. The resulting restructure of the Core Team in 2011/12, following the release of 3 staff under Voluntary Early Retirement, lead to a reduction in Local Authority contributions from £84,900 per annum in 2010/11 to £72,438 in 2012/13 (a 14.7% decrease).

- 3.2 The Local Authority contribution has been held at £72,438 per member over the medium term from 2012/13 to 2015/16. This level of requisition ensures the financial and operational sustainability of the organisation while also maintaining reserves at a level which could contain the short term impact of any unforeseen risks and events and facilitate the cyclical requirements of producing the Strategic Development Plan.

4. Budget Assumptions

- 4.1 The budget has been constructed on the basis of a fundamental examination of the core operations of the Glasgow and the Clyde Valley Strategic Development Plan Authority, and is based on the following assumptions:
- inflation on employee costs is estimated at 1.0% per annum for 2016/17;
 - legislative changes to end the current contracted out employers' national insurance arrangements from 1 April 2016;
 - no inflation adjustment to all non-pay expenditure lines;
 - adjustments to budget lines to reflect operational experience and historic trends; and
 - overall requisitions are held at 2015-16 levels.

5. Financial Overview

- 5.1 It is recognised that over the medium term, local government in Scotland is likely to face a further contraction in available resources, relating predominately to the provision of revenue grant from the Scottish Government. In this context it is recognised that this is likely to have a consequential impact of the level of requisition funding available to the Strategic Development Planning Authority. At present the local government grant settlement position for 2016/17 is expected to be made available by the Scottish Government in mid December 2016, with figures for 2017/18 and beyond potentially not emerging until the second half of 2016. In this context and recognising the uncertainty over the level of financial contraction which local government is likely to face over the medium term, no indicative budget figures are provided for 2017/18. It would be anticipated that at this point next year a 2017/18 budget and medium term planning figures will be presented in the context of a firmer medium term financial outlook for member councils. The requisition income available to the Glasgow and the Clyde Valley Strategic Development Plan Authority has therefore been modelled on the previous planning assumption of no increase or decrease in requisition for 2016/17.
- 5.2 The audited accounts for the year ended 31 March 2015 indicate that the level of reserves is £358,414. Of these reserves, £192,486 is earmarked for specific purposes, with £165,928 held in General Reserves. It is anticipated that the level of earmarked reserves will ensure that the Authority'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.

- 5.3 Due to the level of balances held in earmarked reserves, the Joint Committee agreed to reduce general reserves to a level more commensurate with the potential risks associated with ongoing service delivery. £240,000 (£30,000 per authority) was reimbursed to members over the course of financial years 2014/15 and 2015/16, reducing the level of general reserves to £45,928, a level more in line with the levels recommended by Audit Scotland. This balance together with the projected underspend in 2015/16 of £28,000 will result in a balance of £73,928 entering financial year 2016/17.
- 5.4 The Authority's current operational methods, structure and long term financial arrangements are under continuous review by the Strategic Development Manager and the Treasurer. Any savings arising from these reviews requires to be considered in meeting the requirements for further efficiency savings when preparing future years' budgets. During financial year 2015/16, the Steering Group Chair, in conjunction with the Strategic Development Plan Manager, and a small working group with representation from 3 of the member authorities undertook a review of the core functions of the SDPA in terms of both process and finance.
- 5.5 The working group recognised in the context of finance, that whilst employee costs represent 70% of the core team's budget, property costs account for 11% - a significant proportion of the remaining operational costs. The lease on the property at 125 West Regent Street in Glasgow, currently occupied by the SDPA expires in October 2016, which provides the opportunity to consider potential savings which could be secured by relocating to alternative accommodation.
- 5.6 The Strategic Development Plan Manager is currently reviewing options with support from Renfrewshire Council's Property Services Division. The search for accommodation is based around three criteria – a central Glasgow location, a public sector owned property and one which would generate a budgetary saving.
- 5.7 Any savings which may arise from this review of property costs and the resultant impact on future member authority requisitions will be brought forward to a future meeting. Any one off costs associated with the new office relocation (including the dilapidation costs for 125 West Regent Street) will also require to be considered as it is expected this will require a draw on reserves. It is therefore considered prudent to retain general reserves at 13% of gross revenue spend, a level higher than that usually recommended, until the review is complete. It is also proposed to transfer the earmarked IT Project Fund to General Reserves to cover any IT costs associated with the relocation. Any proposed draw on reserves (general and earmarked) will be reported as appropriate to the Joint Committee as the review progresses.

Estimates of Expenditure and Income for the Year Ended 31st March 2017
Glasgow & Clyde Valley Strategic Development Planning Authority

OVERVIEW

	Approved 2015/16	Probable 2015/16	Recommended 2016/17
Expenditure			
Employee Costs	406,400	393,600	418,800
Property Costs	67,500	64,400	67,500
Supplies and Services	51,300	31,200	43,300
Consultants	9,000	18,400	9,000
Administration	52,000	44,200	41,800
PTOB	10,200	10,200	7,100
Unallocated Savings to be identified	-	-	-
Total Expenditure	596,400	562,000	587,500
Income			
Requisition	579,500	579,500	579,500
Other Income	16,900	10,500	8,000
Total Income	596,400	590,000	587,500
NET EXPENDITURE/(INCOME)	-	(28,000)	-
Application of Balances			
Earmarked Reserves	192,486	192,486	192,486
General Reserves	45,928	73,928	73,928
TOTAL Balance Brought Forward	238,414	266,414	266,414
Contribution to/ (Application of) Earmarked Reserves	-	-	-
Surplus Carried Forward	238,414	266,414	266,414
Contribution per Authority	72,438	72,438	72,438
Reduction in Requisition			0%
General Reserves as % of gross revenue spend	8%	13%	13%

Earmarked Reserves:-			
Strategic Development Plan Contingency Fund	188,715	188,715	188,715
IT Project Fund	3,771	3,771	3,771
Contribution to/from earmarked reserves	-	-	-
TOTAL Earmarked Reserves	192,486	192,486	192,486
General Reserves:-			
General Reserves	165,928	165,928	73,928
Less: Reimbursement 2015-16	(120,000)	(120,000)	-
Less: anticipated underspend in 2015-16	-	28,000	-
Net General Reserves available at 31.03.16	45,928	73,928	73,928
TOTAL Reserves Carried Forward	238,414	266,414	266,414

Estimates of Expenditure and Income for the Year Ended 31st March 2017
Glasgow & Clyde Valley Strategic Development Planning Authority
Requisition Payable by Member Councils

		2016/2017 £	Requisition Payment	
			£ 1st Half	£ 2nd Half
CITY OF GLASGOW COUNCIL	12.5%	72,438	36,238	36,200
NORTH LANARKSHIRE COUNCIL	12.5%	72,438	36,238	36,200
SOUTH LANARKSHIRE COUNCIL	12.5%	72,438	36,238	36,200
EAST DUNBARTONSHIRE	12.5%	72,438	36,238	36,200
WEST DUNBARTONSHIRE	12.5%	72,438	36,238	36,200
EAST RENFREWSHIRE	12.5%	72,438	36,238	36,200
INVERCLYDE	12.5%	72,438	36,238	36,200
RENFREWSHIRE	12.5%	72,438	36,238	36,200
		579,500	Due Dates	
			15-Apr-16	09-Sep-16