

GLASGOW AND THE CLYDE VALLEY STRATEGIC DEVELOPMENT PLANNING AUTHORITY JOINT COMMITTEE

To: Joint Committee

On: 12 December 2016

Report by: The Treasurer and the Strategic Development Plan Manager

Heading: Revenue Estimates 2017/18

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 2017/18.
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2. Recommendations

- 2.1 It is recommended that Members:-
- agree the revenue estimates for financial year 2017/18 and the related requisitions of the constituent authorities, 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 A Scottish Government review of the planning system is currently ongoing. In September 2015, an independent panel was appointed by Scottish Ministers to review the Scottish planning system with a report “Empowering Planning to Deliver Great Places” published on 31 May 2016. The report contained 48 recommendations designed to rationalise, improve and modernise the planning system.
- 3.2 One of the recommendations was that a national infrastructure agency or working group with statutory powers should be established involving all

infrastructure providers as well as planning representatives. The Scottish Government is now identifying options for re-purposed strategic development planning authorities and aims to consult on a white paper in autumn/winter 2016, enabling a planning bill to be brought forward in 2017. This leaves a level of uncertainty over the long term future of Clydeplan.

- 3.3 It is also 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.
- 3.4 At present the local government grant settlement position for 2017/18 is not expected to be made available by the Scottish Government until January 2017. The Scottish Government has indicated that the settlement figures will be for a single year only. 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 2018/19.
- 3.5 The Local Authority contribution has now been held at £72,438 per member for the last 5 financial years (2012/13 to 2016/17). 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.
- 3.6 The Joint Committee has also reduced general reserves to a level considered more commensurate with the potential risks associated with ongoing service delivery and more in line with the levels recommended by Audit Scotland. £240,000 (£30,000 per authority) was reimbursed to members over the course of financial years 2014/15 and 2015/16, resulting in a balance of £66,000 on General Reserves entering financial year 2016/17.

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 2017/18;
 - 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 2016/17 levels.

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 and considerable efforts have been made to meet the financial challenges facing both the organisation and its requisitioning authorities over the medium term.
 - 5.2 The outlook in the medium term is characterised by uncertainty. Single year settlements together with enhanced powers for Scotland under the Scotland Act 2016 and the Brexit vote all contribute to the climate of uncertainty.
 - 5.3 While the exact impact of these issues, together within the ongoing review of planning, cannot be forecast with certainty, there is a general consensus that prospects for economic growth have deteriorated, placing further pressure on public spending. Estimates of potential cuts to the 2017/18 local government settlement vary across Scotland, however they are broadly in the 3-5% range. Clydeplan will continue to be mindful of the financial pressures member authorities face and will work with them to address these challenges.
 - 5.4 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 2017/18, with the remaining reserves balance being used 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 2016 indicate that the level of reserves is £258,488. Of these reserves, £192,486 is earmarked for specific purposes, with £66,002 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.
 - 5.6 During financial year 2015/16 an exercise was undertaken to review operating costs for potential savings which included consideration of the lease on the property at 125 West Regent Street in Glasgow which was due to expire in October 2016. An alternative location could not be secured therefore the lease was extended for a further term of 3 years with a tenant only ability to terminate the extended lease at the end of the first year.
 - 5.7 Given the ongoing review of the planning system and the current financial climate, operational costs will remain under review and any savings which 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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Estimates of Expenditure and Income for the Year Ended 31st March 2018
Glasgow & Clyde Valley Strategic Development Planning Authority

OVERVIEW

	Approved 2016/17	Probable 2016/17	Recommended 2017/18
Expenditure			
Employee Costs	418,800	414,100	430,000
Property Costs	67,500	65,300	67,500
Supplies and Services	43,300	39,000	43,300
Consultants	9,000	9,000	9,000
Administration	41,800	42,200	41,800
PTOB	7,100	7,000	7,100
Total Expenditure	587,500	576,600	598,700
Income			
Requisition	579,500	579,500	579,500
Other Income	8,000	14,900	19,200
Total Income	587,500	594,400	598,700
NET EXPENDITURE/(INCOME)	-	(17,800)	-
Application of Balances			
Earmarked Reserves	192,486	192,486	192,486
General Reserves	66,002	83,802	83,802
TOTAL Balance Brought Forward	258,488	276,288	276,288
Contribution to/ (Application of) Earmarked Reserves	-	-	-
Surplus Carried Forward	258,488	276,288	276,288
Contribution per Authority	72,438	72,438	72,438
Reduction in Requisition			0%
General Reserves as % of gross revenue spend	11%	15%	14%

Earmarked Reserves:-			
Strategic Development Plan Contingency Fund	192,486	192,486	192,486
Contribution to/from earmarked reserves	-	-	-
TOTAL Earmarked Reserves	192,486	192,486	192,486
General Reserves:-			
General Reserves	66,002	66,002	83,802
Less: anticipated underspend in 2016-17	-	17,800	-
Net General Reserves available at 31.03.17	66,002	83,802	83,802
TOTAL Reserves Carried Forward	258,488	276,288	276,288

Estimates of Expenditure and Income for the Year Ended 31st March 2018
Glasgow & Clyde Valley Strategic Development Planning Authority
Requisition Payable by Member Councils

		2017/2018 £	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	
			17-Apr-17	11-Sep-17