

GLASGOW AND THE CLYDE VALLEY STRATEGIC DEVELOPMENT PLANNING AUTHORITY JOINT COMMITTEE

To: Joint Committee

On: 12 December 2017

Report by: The Treasurer and the Strategic Development Plan Manager

Heading: Revenue Estimates 2018/19

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 2018/19 and indicative planning figures for 2019/20 and 2020/21.
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2. Recommendations

- 2.1 It is recommended that Members:-

- Agree the revenue estimates for financial year 2018/19 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 2019/20 and 2020/21.
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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 2018/19, and also outline an indicative projected position for 2019/20 and 2020/21 for member's 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 on 14 December will again reflect a revenue grant cut for local authorities. It is also possible that the settlement announced will again be for a single financial year only, adding significant uncertainty to financial forecasts.
- 3.3 Following its review of the Scottish planning system the Scottish Government will publish a new Planning Bill in December 2017. The new Planning Bill will have significant implications for the role and function of the Joint Committee and the Scottish Government intend to bring forward detailed arrangements for transitioning into the new planning systems. It is considered that this transition period could be between 18 - 24 months based on the implementation of the last Planning Bill. Until such times planning authorities should continue to undertake their duties as defined in the existing legislation.
- 3.4 The ongoing discussions around the establishment of a Glasgow City Region Regional Economic Partnership will also have implications for the future role and function of the Joint Committee and its staff. It is anticipated that these discussions will align themselves with the transitional arrangements of the Planning Bill.
- 3.5 In terms of key risks facing the Joint Committee, as outlined in a separate report to the meeting, an appeal has been lodged with the Court of Session against Scottish Ministers and Clydeplan (as an interested body) with regards their approval of the Clydeplan Strategic Development Plan. While no certainty with regards the costs of defending this appeal or the outcome of the appeal can be made at this stage, it is the view of the Treasurer that it would be prudent to maintain ringfenced reserves at their current level in order to meet any associate costs.
- 3.6 The Local Authority contribution has now been held at £72,438 per member for the last 6 financial years (2012/13 to 2017/18). 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.
- 3.7 The Joint Committee has over recent years reduced general reserves to a level considered more in line with the level considered prudent, and this will continue to be closely monitored in light of any emerging risks, balancing this against the financial demands on requisitioning authorities.

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:
- budget provision for inflation on employee costs has been included at an estimated 2% for 2018-19, due to the removal of the 1% cap on

public sector pay. It is recognised that national pay negotiations remain ongoing and should the agreed position be in excess of this budget provision an appropriate adjustment will require to be made to the 2018-19 position

- in line with previous years practice no inflationary adjustment has been made to any non-pay expenditure lines;
- requisitions are held at 2017/18 levels both in 2018/19 and indicatively in future years.

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. At this point both major areas of risk for the Joint Committee in the medium term – the level of pay award and the level of requisition income (broadly linked to the movement in the level of grant available to local government) – are unknown. However, there appear to be considerable downside risks. For members information, a 1% cut to requisition would cost £5,800 while an additional 1% increase in pay award would cost £4,300.
- 5.3 Estimates of potential cuts to the 2018/19 local government settlement range across Scotland; however they are broadly in the 3-5% range. The Joint Committee will continue to be mindful of the financial pressures 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 2018/19, 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 2017 indicate that the level of reserves is £288,241. Of these reserves, £192,486 is earmarked for specific purposes, with £95,755 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 At its meeting in September 2017 the Joint Committee agreed not to trigger the break option in the lease for the office accommodation at 125 West Regent Street. This would run the lease through to October 2019 and allow consideration of alternative accommodation options in the context of new Planning Bill and any related transitional arrangements.

- 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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Appendix 1

Estimates of Expenditure and Income for the Year Ended 31st March 2018 to 31st March 2021 Glasgow & Clyde Valley Strategic Development Planning Authority

OVERVIEW

	Approved 2017/18	Probable 2017/18	Proposed 2018/19	Indicative 2019/20	Indicative 2020/21
Expenditure					
Employee Costs	430,000	445,300	449,300	463,100	477,500
Property Costs	67,500	67,500	67,500	67,500	67,500
Supplies and Services	43,300	56,500	43,300	43,300	43,300
Consultants	9,000	9,000	9,000	9,000	9,000
Administration	41,800	41,900	41,800	41,800	41,800
PTOB	7,100	4,900	7,100	7,100	7,100
Required Saving/Drawdown of Reserves			(19,300)	(33,100)	(47,500)
Total Expenditure	598,700	625,100	598,700	598,700	598,700
Income					
Requisition	579,500	579,500	579,500	579,500	579,500
Other Income	19,200	45,600	19,200	19,200	19,200
Total Income	598,700	625,100	598,700	598,700	598,700
NET EXPENDITURE/(INCOME)	-	-	-	-	-
Application of Balances					
Earmarked Reserves	192,486	192,486	192,486	192,486	192,486
General Reserves	95,755	95,755	95,755	95,755	95,755
TOTAL Balance Brought Forward	288,241	288,241	288,241	288,241	288,241
Contribution to/ (Application of) Earmarked Reserves	-	-	-	-	-
Surplus Carried Forward	288,241	288,241	288,241	288,241	288,241
Contribution per Authority	72,438	72,438	72,438	72,438	72,438
Reduction in Requisition			0%	0%	0%
General Reserves as % of gross revenue spend	16%	15%	16%	16%	16%

Earmarked Reserves:-					
Strategic Development Plan Contingency Fund	192,486	192,486	192,486	192,486	192,486
Contribution to/from earmarked reserves	-	-	-	-	-
TOTAL Earmarked Reserves	192,486	192,486	192,486	192,486	192,486
General Reserves:-					
General Reserves	95,755	95,755	95,755	95,755	95,755
Less: anticipated underspend/overspend	-	-	-	-	-
Net General Reserves available	95,755	95,755	95,755	95,755	95,755
TOTAL Reserves Carried Forward	288,241	288,241	288,241	288,241	288,241

Estimates of Expenditure and Income for the Year Ended 31st March 2018 to 31st March 2021
Glasgow & Clyde Valley Strategic Development Planning Authority
Requisition Payable by Member Councils

		2018/2019 £	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	
			16-Apr-18	10-Sep-18