



Cabinet 25 June 2008

Planning Services Reserve Fund Expenditure 2008/2009 and 2009/2010 (Jun08/05)

1. Summary and Reasons for Recommendation(s)

- 1.1 Cabinet approval is sought for the investment of the Planning Services Reserve funds for 2008/2009 and 2009/2010 and to advise Cabinet of future implications of the reduction of this reserve fund.

2. Recommendation(s)

- 2.1 That the Planning Services Reserve Fund and Growth Areas funding, where appropriate, be used to finance the items set out in paragraph 4.12 to Report Z64.

3. Corporate Objectives

- 3.1 The recommendation(s) meet the following, as contained within the Corporate Plan:-

- (a) Corporate Priority: *'To raise standards and corporate efficiency'*
'Securing a sustainable and attractive environment' and *'Creating a prosperous local economy'*;
- (b) Cabinet Commitments: *1 - Improving Efficiency; 2 – Managing the Future Growth and Development of the Borough; 3 - Future Development of Haverhill; and 4 - Cattle Market Redevelopment.*
- (c) Vision 2025: St Edmundsbury will be a place which: **[INSERT RELEVANT VISION STATEMENT(s) AND NUMBER(s)]**

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4. Key Issues

- 4.1 Over the past 6 years the Borough Council has secured nearly £1,000,000 of Planning Delivery Grant (PDG). This money has been ring fenced and invested in planning and development related services. In doing this a number of initiatives have been able to proceed at no direct cost to the Council tax payer e.g. a significant proportion of the Local Plan costs of around £500,000.
- 4.2 The Planning Delivery Grant system has been reviewed and is expected to continue in future, but is being linked to the delivery of new dwellings and the growth areas and this means there will be considerable uncertainty about the likely level of grant funding in future. In June 2007, the Cabinet agreed to the creation of a single reserve fund combining the residual Local Plan Fund and Planning Delivery Grant into a Planning Services Reserve Fund. The 2008/2009 Planning Delivery Grant award of £174, 427 has been placed in this reserve fund.
- 4.3 The purpose of this report is to consider the investment priorities for 2008/2009 and 2009/2010 (see paragraph 4.6 and table below) and the outlook for expenditure requirements in future years.
- 4.4 On 1 April 2007, the combined Planning Services (former PDG and Local Plan) Reserve stood at £330,769. On 1 April 2008 the reserve stood at £468,590.
- 4.5 In the past these reserves have been used for the following purposes:-
- (i) Funding for staff/agency support in the Development Control service;
 - (ii) Funding for Local Plan work including staff, Inquiry costs, legal and consultancy advice and documentation;
 - (iii) Funding for the enhancement of customer services including IT services, document management;
 - (iv) Funding for planning and related work to support major developments; and
 - (v) Other planning and development related work.
- 4.6 In terms of investment priorities for the use of the reserve over the coming two years, these are set out in table 1 below. Since the last report in June 2007, the Borough has been designated as a growth area, and this was confirmed in May 2008. Given this, the need to focus on delivering our pre-existing Local Plan housing commitments and the infrastructure to support them as well as planning for future sustainable growth in the Borough has never been more imperative. The planning service is a key area responsible for delivering on both of these requirements and leading on the growth areas work. Service priorities in 2008/2009 and 2009/2010 include delivering a number of major housing schemes through the planning application process and to ensure that associated infrastructure and developer contributions are secured via s.106 agreements as part of this process.
- 4.7 To this end the service needs to temporarily increase the capacity that is put to implementation of major schemes and securing and managing the council's s.106 process. The s.106 process is an area of work that has been recognised as in need of a review and this is underway. In late 2007, the Overview and Scrutiny Committee reviewed the current s.106 situation and identified the need for improvements to be delivered. Existing resources have been looked at but at the present time the service is fully extended and needs additional capacity to address this important area of work. Growth Area Funding has been used to support additional resource in the planning policy area and capacity is now also needed to support the delivery of major schemes and associated infrastructure through the development control and s.106 process.

4.8 It is therefore proposed that a temporary post is created for a s.106 and Major Schemes Planner/Officer. The main purpose of the role would be to:-

- To lead the implementation of major schemes or development projects across the Borough as appropriate to ensure that new development achieves exemplary standards of design and sustainability and necessary infrastructure is secured;
- To establish and monitor all legal agreements associated with development proposals to ensure compliance and delivery and a robust audit trail for the negotiation and management of the Council's s.106 funds; and
- To lead and co-ordinate negotiations on planning gain matters, to develop policy and procedures for securing and using funds, to train staff, members and interested parties in their use.

4.9 The post is proposed for funding from the existing Planning Services Reserve fund for an initial period of two years but with the intention of the post becoming mainly/fully self-funding within that period. There is sufficient funding within the reserve fund to achieve this as well as the other LDF commitments for 2008/2009 and 2009/2010. This area of work is now a key priority for the service given its relationship to housing delivery and securing infrastructure and has increased in priority with the growth area designation. The reserve funding has been used to support service capacity previously.

4.10 Sources of external funding that could be used to support the future funding of this post are:-

- Top sliced project management funding from all s.106's (as provide for by current legislation);
- Community Infrastructure Levy (CIL) funding (details being introduced with new Planning Bill);
- Growth Area funding; and
- Planning and Housing Delivery Grant – successor funding stream to Planning Delivery Grant.

4.11 The role is subject to job evaluation but the levels of experience, competency and skills needed are likely to be in the Principal Officer range. The post is also temporary so the salary needs to be competitive, indicative figures used also include full on-costs, recruitment, training and potential additional IT support. Human Resources have advised that if employment is not continued beyond the initial 2-year period there could be a liability for a redundancy payment that has not been included in these costings. This will depend on the continuous local government service of the person appointed. If this occurred we would try to redeploy within the Council/successor body under LGR so as to avoid any redundancy payment. Given the demands upon the planning service arising from the Local Development Framework, Growth Areas work and major housing sites coming up over the next few years it is quite likely that the postholder could be successfully redeployed if necessary.

4.12 In accordance with this investment strategy it is proposed to invest £366,000 in 2008/2009 and 2009/2010 from the Planning Services reserve fund in the following areas of work:-

(N.b. In addition to the reserve fund, a number of items are now also to be funded from the revenue allocation in the Growth Area funding and these are noted in the table below.)

Table 1: Planning Reserve Fund Investment priorities 2008/2009 and 2009/2010

	Item	Allocation (£)	
		2008/2009	2009/2010
1	S.106 and Major Schemes Planner – two year temporary funding Up to £150,000* over two years (*includes full on-costs, recruitment costs, IT, training, transport, also reflects that this is a temporary appointment).	Up to 75,000	up to 75,000
2	Local Development Document Work Staff Fees/support costs etc Documentation Events/Consultation (Local Development Framework core strategy) Concept Statements	41,000* 10,500 4,000 70,000 11,000	35,000 35,000 11,000
3	Major Developments and other Planning related work Strategic flood Risk Assessment Housing Market Assessment County wide Community Infrastructure levy s.106 related work Affordable Housing Review Retail consultant retainer Biological Records Office subscription Suffolk Wildlife Trust subscription	25,000 * 25,000 * 10,000 – (some of this work could be supported by the s.106 Officer) 5,000 5,000 7,500 2,000	5,000 5,000 7,500 2,000

<p>Total Expenditure Requirement: £366,000 with * £91,000 to be funded from the Growth Area Funding or via shared procurement/funding with other councils</p>	<p>2008/2009 - £140,000 2009/2010 - £226,000</p>
4.13	<p>If accepted the expenditure requirement to undertake the above work will take nearly all of the existing funds in the Planning Services Reserve Fund. There is now no certainty as to the future level of Planning and Housing Delivery Grant that can be expected but again this will also depend upon the Council's performance at housing delivery. Given this it is important that the Council acts proactively to maximise its ability to secure infrastructure funding contributions.</p>
4.14	<p>A number of the items listed have a funding requirement in future years. The main area for budgetary support will be further expenditure on the Local Development Framework (LDF), which is estimated to be in the region of £350,000 over the two-year period 2009/2010 and 2010/2011. Given the work now being pursued on joint studies and partnership working with other council's on LDF work these estimates may need revising, particularly given that some Growth Area Funding is also going into LDF work. Years two and three of the Growth Area funding will be confirmed later this year which should provide greater certainty about use of growth area funds over the next two years.</p>
5.	Other Options considered
5.1	<p>Other options in terms of the scale of funding needed to deliver the Local Development Framework are being investigated and will be reported back through the budget cycle this autumn.</p>

6.	Community impact <i>(including Section 17 of the Crime and Disorder Act 1998 and diversity issues)</i>
6.1	<u>General</u>
6.2	<p>There is no immediate community impact arising from the recommendations in this report. However, any future reductions in budgets could have a detrimental impact on the delivery of sustainable development and housing commitments. Securing s.106 funding has significant importance for delivering sustainable development, supported by appropriate new community infrastructure.</p>
6.3	<u>Diversity</u>
6.4	<p>An essential part of the success of the Council's planning service is to ensure that all groups within the local community benefit from sustainable development and an enhanced environment delivered by the service.</p>
7.	Consultation
7.1	<p>A number of the activities identified in this report involve community engagement and consultation. The Local Development Framework process involves community engagement and consultation at every stage.</p>
8.	Resource implications <i>(including asset management implications)</i>
8.1	<p>There is no additional revenue impact arising from this investment.</p>
8.2	<p>However, the report identifies that once the planning reserve is fully depleted there may be future budgetary implications/commitments to meet the costs of delivering the new Local Development Framework that have previously been funded out of the Reserve.</p>

- 8.3 Work funded by the reserve has been an essential part of the way the Council meets various pressures on its planning service. Therefore most elements in 4.12 should be considered as unavoidable expenditure although each item will be assessed prior to expenditure being committed. In this context it is important for the Council to consider a strategy for funding that reduces reliance on central government grant aid and is contained within the overall financial framework provided by DR-IVE. In this context there may be scope to divert some of the under spend from the 2007/2008 revenue budget to this reserve as well as the over achievement on planning fees to ensure the reserve begins to build up again. This issue will need to be considered as part of the annual budgetary review process.
- 8.2 Any under spend on the above items in 2008/2009 and 2009/2010 will remain in the Planning Services Reserve Fund.

9. Risk Assessment *(potential hazards or opportunities affecting corporate, service or project objectives)*

9.1

Risk area	Inherent level of Risk (before controls)	Controls	Residual Risk (after controls)
	High/Medium/Low		High/Medium/Low
The delivery of the growth agenda and housing commitments is dependent on the use of resources from this reserve. In 2009/2010 and beyond there is high risk to the delivery of the Local Development Framework arising from an inadequate level of funding in the reserve.	High	Recognise that the level of funding may reduce. Seek to maximise the level of grant awarded to SEBC from Growth Area and other sources. Give priority to mainstream areas of development delivery work.	Medium
Increased pressure on the general fund arising from the transfer of revenue commitments.	High	Alternative funding options to be explored.	Medium

10. Legal or policy implications

- 10.1 There are no adverse legal implications arising from this report or policy.

Ward(s) affected	All	Portfolio Holder(s)	Transport & Planning
Background Papers		Subject Area	Planning & Development Control Finance