

LOCAL PLAN BUDGET REPORT UPDATE

Head of Service:	Justin Turvey, Interim Head of Place Development
Wards affected:	(All Wards);
Urgent Decision? (yes/no)	No
If yes, reason urgent decision required:	
Appendices (attached):	n/a

Summary

The report provides an updated financial position regarding progressing the Epsom and Ewell Local Plan (2022-2040) towards submission and subsequent adoption in accordance with the timescales defined in the Local Development Scheme (November 2023) that is being considered by this committee.

Recommendation (s)

The Committee is asked to:

- (1) To note the financial update position with regards to the Local Plan and Planning Policy staff funding.
- (2) To report the estimated shortfall in funding for completing the Local Plan to the Strategy and Resources Committee with a request to secure funding for the £629,000 shortfall.

1 Reason for Recommendation

- 1.1 The purpose of this report is to provide an update on the Local Plan budget following the public consultation on the draft Epsom and Ewell Local Plan (Regulation 18) that was undertaken between 1 February and 19 March 2023.

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- 1.2 Following the closure of the public consultation an extraordinary Council meeting was held on the 22 March 2023 where the decision was made to pause the Local Plan and to allow specified tasks to be undertaken. On the 24 October 2023 the Local Plan was un-paused at an extraordinary meeting of full Council and a revised Local Plan timetable (the Local Development Scheme) is due to be considered by this committee as a separate agenda item.

2 Background

- 2.1 On the 21 June 2022, this Committee considered a report on the Local Plan funding, which identified a potential shortfall in funding for 2023/24 and 2024/25. The report identified:
 - That the Strategy and Resources Committee would be asked to approve two fixed term contract posts, the first of which is a principal policy officer (ending early May 2024) and a planning policy officer post (ending early December 2024).
 - As of June 2022 report, a total of £517,830 approved budget remained to complete the Local Plan, and that the estimated costs of progressing the Local Plan to Regulation 19 stage (excluding staffing costs) would consume most of this budget.
- 2.2 The report concluded that the funds would not be adequate to cover the examination in public and in particular the Planning Inspectorate fees. In addition, the report noted that any deviation from the approved timeline (the Local Development Scheme) that was agreed by this committee on 26 April 2022 would have cost implications.

Position as of November 2023

- 2.3 Following the decision by Council to pause the Local Plan for a period of seven months, the timetable for preparing the Local Plan has been delayed and a revised Local Development Scheme prepared for approval by this committee which anticipates submission of the Local Plan in May 2025.

Staffing

- 2.4 The planning policy team remains fully staffed, with four permanent team members (two of which are part time) and two fulltime members on fixed term contracts. As noted in para 2.1 above the two fixed term posts end in 2024 and therefore the capacity of the team to progress the Local Plan will be impacted if the contracts are not extended.
- 2.5 To retain experience, knowledge and capacity in the team, the costs of extending both contracts up until 31 December 2026 would be approximately £252,000.

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Expenditure since June 2022

- 2.6 Since the June 2022 report considered by this committee on the Local Plan budget, the Local Plan has been progressed to public consultation (Regulation 18 Stage) which was supported by a wide range of evidence base and Table 1 below summarised the costs incurred by the Council since this time.

Table 1 – Local Plan Costs incurred since June 2022.

Cost Type	Spend rounded to the nearest thousand
Evidence Base Development	£213,000
Consultation	£37,000
Total	£250,000

- 2.7 It is important to note that the figures detailed in Table 1 do not include any costs that were funded through external funding, for example grants from the Department for Levelling Up, Housing and Communities (DLUHC). Without these sources of funding, the costs to the Council would have been significantly higher.
- 2.8 The June 2022 report estimated the costs of progressing the Local Plan to Regulation 18 stage would be a minimum of £272,000. Table 1 demonstrates that costs to get to Regulation 18 came under this forecast, namely because some evidence base was instead undertaken in house or evidence deferred to be completed following the Regulation 18 consultation for cost efficiency reasons.
- 2.9 To progress the Local Plan to Regulation 19 Stage it is estimated that a further £340,000 will be required to finalise the Local Plan evidence, obtain legal advice and undertake consultation on the Pre-Submission Local Plan. The evidence base that is required includes an updated Sustainability Appraisal (SA) and Habitats Regulations Assessment (HRA) (both of which are legal requirements), a Transport Assessment and an updated Strategic Flood Risk Assessment.
- 2.10 Following the Regulation 19 Stage is the Submission Stage and Examination in Public Stage, the costs of which are difficult to determine as they are dependent on the length of the examination and the number of hearings, the number of issues and matters raised, and the level of expert input required into the examination process from our team of external specialist consultants.

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- 2.11 The cost for the examination can only therefore be estimated, however legal advice, the costs of the programme officer (an impartial third party appointed to organise and administer the Examination of the Local Plan under the direction and guidance of the appointed planning Inspector), the planning inspectorates fees and fees arising from external support at the examination. The estimated costs for this stage are £305,000.
- 2.12 In the June 2022 report we set out that we would update our projected examination costs to reflect those incurred by other Local Plan Authorities. However, due to the number of authorities both locally and nationally pausing their Local Plans at Examination stage, we have been unable to determine the more accurate forecasts as pausing at examination will impact on costs.

Forecast spend and shortfall

- 2.13 Table 2 below summarises the budget available to progress the Local Plan and what has been spent so far, and, the predicted shortfalls to reach both Regulation 19 Stage and conclude the Examination.

Table 2 – Available budget Shortfall (figures rounded to the nearest £1,000)

Budget Available as of June 2022	£518,000
Costs Incurred to Reg 18	£250,000
Budget Remaining as of November 2023	£268,000
Forecast cost of progressing to Regulation 19	£340,000
Projected shortfall to Regulation 19	-£72,000
Forecast costs of Examination	£305,000
Predicted shortfall to conclude Examination of the Local Plan (excluding costs of extending 2 fixed term contracts)	-£377,000
Predicted shortfall to conclude Examination of the Local Plan (including extending two fixed term contracts)	-£629,000

- 2.14 Based on the above, the shortfall for completing the Local Plan is estimated as £629,000 including the costs of extending the fixed term contracts. It is crucial that the Council ensures that sufficient resources are available to ensure that the Local Plan can be submitted to the government and examined by the planning inspectorate.

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3 Risk Assessment

Legal or other duties

3.1 Equality Impact Assessment

3.1.1 None arising from this report.

3.2 Crime & Disorder

3.2.1 None arising from this report.

3.3 Safeguarding

3.3.1 None arising from this report.

3.4 Dependencies

3.4.1 Delivering a robust Local Plan and in line with the timeline is dependent on retaining sufficient staffing levels and funds to secure the external technical support required.

3.4.2 There is a minimum that is required in order to prepare a robust local plan. To do more for example, a wider scope, or extending the timetable, all have additional cost and human resource implications. Any deviation from the Local Development Scheme to be considered by this committee as an additional agenda item, will have cost implications.

3.5 Other

3.5.1 None arising from this report.

4 Financial Implications

4.1 This report sets out the financial implications of the Local Plan and highlights an estimated £629,000 shortfall in funds to support the Local Plan beyond the Regulation 19 stage through to the Examination in Public.

4.2 Any request for additional funding will need to be considered by the Strategy and Resources Committee.

4.3 **Section 151 Officer's comments:** In March 2021, Strategy & Resources Committee approved an additional budget envelope of £742,000 for the delivery of the Local Plan.

4.4 This report sets-out that the Council will be unable to deliver the Local Plan project within the agreed budget, and identifies an additional funding requirement of £629,000 to progress the plan to completion.

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- 4.5 With the Council facing a projected revenue budget deficit of £1.1m from 2024/25 (as reported to Strategy & Resources Committee in July 2023) and reserves likely to come under substantial pressure in future years, officers should seek to progress the Local Plan using existing in-house resources wherever possible, or seek new external funding opportunities where available.
- 4.6 The Council has previously agreed that progress of the Local Plan programme will be reported twice yearly to Licensing & Planning Policy Committee, and that should additional budgetary implications arise, these should be reported to Strategy & Resources Committee for consideration.

5 Legal Implications

- 5.1 The Planning and Compulsory Purchase Act 2004 sets out that each local planning authority must identify their strategic priorities and have policies to address these in their development plan documents. The Town and Country Planning (Local Planning) (England) Regulations 2012 stipulates that a local planning authority must complete a review of a Local Plan every five years, starting from the date of adoption of the Local Plan.
- 5.2 The Levelling up and Regeneration Act came into force on 26 October 2023 and will have implications for plan making, specifically for Local Plans submitted after 30 June 2025. Secondary legislation will be required to implement the majority of the reforms relating to planning and an updated National Planning Policy Framework (NPPF) is due to be published in the near future.
- 5.3 There are no direct legal implications arising from this report however any request for additional funding to be considered by the Strategy and Resource committee will need to take into account the Council has a statutory obligation to maintain a balanced budget and to ensure that the costs of the Local Plan is funded within agreed budgets and policy framework and in accordance with the provisions set out in the Council's Constitution.
- 5.4 **Legal Officer's comments:** As above

6 Policies, Plans & Partnerships

- 6.1 **Council's Key Priorities:** The new Local Plan will contribute towards delivering the Council's Visions and objectives identified in its Four-Year Plan
- 6.2 **Service Plans:** Preparation of the Local Plan is included within the current Service Delivery Plan.
- 6.3 **Climate & Environmental Impact of recommendations:** The Local Plan itself has a key role in implementing a number of key objectives that are set out in our Climate Change Action Plan.

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- 6.4 **Sustainability Policy & Community Safety Implications:** The Local Plan itself has a key role in delivering sustainable development. There are no Community Safety Implications.
- 6.5 **Partnerships:** The Council has a duty to cooperate with relevant stakeholders in the preparation of a Development Plan.

7 Background papers

7.1 The documents referred to in compiling this report are as follows:

Previous reports:

- Local Plan Funding Update – LPPC 21 June 2022

<https://democracy.epsom-ewell.gov.uk/documents/s23945/Local%20Plan%20Funding%20update.pdf>

- Unpausing the Local Plan - Extraordinary Council meeting – 24 October 2023

<https://democracy.epsom-ewell.gov.uk/documents/s28945/Unpausing%20the%20Local%20Plan.pdf>

Other papers: None