



**To: All Members of the Licensing and Planning Policy Committee**

Dear Councillor,

**LICENSING AND PLANNING POLICY COMMITTEE - MONDAY, 30TH JANUARY, 2023, Council Chamber - Epsom Town Hall;**

Please find attached the following document(s) for the meeting of the Licensing and Planning Policy Committee to be held on Monday, 30th January, 2023.

5. **REVENUE BUDGET 2023/24** (Pages 3 - 10)

This report sets out budget estimates for income and expenditure for Licensing & Planning Policy services in 2023/24.

For further information, please contact Democratic Services, email: [democraticservices@epsom-ewell.gov.uk](mailto:democraticservices@epsom-ewell.gov.uk) or tel: 01372 732000

Yours sincerely

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Interim Chief Executive

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## REVENUE BUDGET 2023/24

<b>Head of Service:</b>	Brendan Bradley, Head of Finance
<b>Wards affected:</b>	(All Wards);
<b>Urgent Decision?(yes/no)</b>	No
<b>If yes, reason urgent decision required:</b>	N/A
<b>Appendices (attached):</b>	None

### Summary

This report sets out budget estimates for income and expenditure for Licensing & Planning Policy services in 2023/24.

### Recommendation (s)

#### The Committee is asked to:

- (1) **recommend the 2023/24 service estimates for approval at the budget meeting of full Council in February 2023.**

## 1 Reason for Recommendation

- 1.1 The recommendation will enable the Council to meet its statutory duty to set a balanced budget for 2023/24.

## 2 Background

- 2.1 In February 2020, Full Council agreed the four-year Medium Term Financial Strategy to 2023/24 (MTFS). The MTFS aims to maintain the financial health of the Council whilst delivering the priorities in the Corporate Plan.
- 2.2 In May 2022, Full Council agreed the Constitution which introduced a number of changes in committee responsibilities. Consequently, the budgetary responsibility for Place Development and Licensing budgets changed from Environment and Safe Communities Committee to Licensing and Planning Policy Committee.
- 2.3 The budget for this committee for previous years was agreed at the January meetings of the Environment and Safe Communities Committee.

- 2.4 Since the MTFS was produced, Covid-19 has had a major impact on the Council's services and finances. The financial impact has been reported to Strategy & Resources Committee, most recently in July 2022 when the Council's budgets were re-based to reflect post-Covid activity levels.
- 2.5 The re-basing report identified a post-Covid funding gap of c.£2.6m by 2025/26. To mitigate the projected funding gap, Strategy & Resources agreed the following budget targets for 2023/24:
  - 2.5.1 Excluding any new growth in expenditure, a level of savings of £2.6 million is needed to achieve a balanced budget over the next three-year financial planning period to 2025/26.
  - 2.5.2 That estimates be prepared including the delivery of savings already identified in the Financial Plan for 2023/24 totalling £215,000.
  - 2.5.3 That at least £396,000 additional revenue be generated from an increase of 6% on discretionary fees and charges in 2023/24.
  - 2.5.4 That a pay award provision is made that would allow for a 3% cost of living increase.
  - 2.5.5 That the homelessness service be set a target to reduce net costs by £243,000 per annum.
  - 2.5.6 That any additional new growth items supported by Policy Committees will need to be fully funded from existing budgets.
- 2.6 The figures in this report reflect the provisional local government finance settlement for 2023/24.
- 2.7 The service estimates for this Committee are included in the draft Budget Book 2023/24 that will be made available to all Councillors.
- 2.8 Estimates have been prepared on the basis that all existing services to residents are maintained.

### **3 Forecast Outturn 2022/23**

- 3.1 Before considering the revenue estimates for 2023/24, this section provides a summary of the forecast outturn for the current financial year.
- 3.2 The probable outturn specifically for Licensing and Planning Policy Committee is an overspend of £93,000 which is shown in the following table. The key reasons for the major variances are explained in the subsequent paragraphs.

Service Group	Original Budget £'000	Re-Based (Current Approved) Budget £'000	Forecast Outturn £'000	Forecast Variance £'000
Place Development	751	960	1,153	193
Licensing	(115)	(103)	(203)	(100)
<b>Licensing &amp; Planning Policy Committee</b>	<b>636</b>	<b>857</b>	<b>950</b>	<b>93</b>

3.3 The adverse variance within Place Development is due to a forecast under-recovery of income, and £20k additional costs on disputed planning decisions offset by a favourable variance of £20k on the Programme Management Team, due to a part-year vacancy. £63k of this relates to planning applications, and £130k to advisory services. Place Development has undergone a business process re-engineering exercise to improve processes to provide a more efficient service.

3.4 The favourable variance within Licensing is due to the acquisition of several new taxi operators that have chosen to licence their drivers and vehicles with EEBC.

#### 4 Proposals for 2023/24 budget

4.1 The service estimates for 2023/24 are included in the draft Budget Book, circulated to councillors in January.

4.2 A summary of the Committee's service estimates for 2023/24 is shown in the following table:

Service Group	Published Budget 2022/23 £'000	Base Position 2023/24 £'000
Place Development	751	757
Licensing	(115)	(156)
<b>Licensing &amp; Planning Policy Committee</b>	<b>636</b>	<b>601</b>

- 4.3 The following table comprises a summary of the main changes to the Committee's proposed budget for 2023/24 compared with the published budget for 2022/23.

Licensing & Planning Policy Committee		Budget £'000
<b>Published Budget 2022/23</b>		<b>636</b>
Service Group	Change	
Place Development	Variation in pay, pension (IAS19) & support service recharges	17
Place Development	Additional support staff	38
Place Development	Grant income target for Environment & Sustainability Project Officer	(15)
Place Development	Increase in fees and charges income	(35)
Licensing	Variation in pay, pension (IAS19) & support service recharges	14
Licensing	Increase in fees and charges income	(54)
<b>Base Position 2023/4</b>		<b>601</b>

## 5 Service Savings

- 5.1 As set-out in paragraph 2.3, Strategy & Resources Committee had agreed a Council-wide savings target of £2.6m to achieve a balanced budget by 2025/26.
- 5.2 The following savings, identified as part of the 2023/24 budget setting process, are included in the estimates for this committee to reduce the Council's projected budget deficit:

Summary of New Savings/Income	Committee	2023/24	2024/25	2025/26
		£000	£000	£000
Additional Planning Income	LPPC	25	25	33
Additional Licensing Income	LPPC	40	40	40
<b>Total Savings/Additional Income</b>		<b>65</b>	<b>65</b>	<b>73</b>

- 5.3 Progress on delivery of savings will be closely monitored and reported to members through the budget monitoring process.

## 6 Risk Assessment

### Legal or other duties

- 6.1 Income generated by services within LPPC is heavily linked to the development industry. It is therefore acknowledged that for 2023/24 there is a risk that the place development income target may not be realised due to the continuing cost of living crisis, lack of capacity and skills within the construction industry, interest rate uncertainty, and overall inflation leading to less development activity over the coming year. This may begin to recover, but at the end of the financial year, should there be a deficit within LPPC income that cannot be mitigated by preventative or other action, the Council holds the general fund working balance reserve which would be used to manage such budget pressures in the short term.
- 6.2 Given the above factors, following the budget process a report will be prepared for consideration at LPPC and then, if necessary, S&R committee, to expand on these complexities, address any longer-term issue in coming years, and to review the LPPC budget targets including the basis for setting budgeted income targets. These reports are targeted for presentation to LPPC in March 2023 and then, if necessary, S&R in July 2023.
- 6.3 In preparing the revenue budget estimates officers have identified the following main risks facing the Committee in delivering services within the budget. These budgets will require careful management during the year.

Service	Risk	Budget Estimate 2023/24	Risk Management
Place Development	<b>High:</b> The uncertainty of single, large applications can impact significantly on income. Applications, planning performance agreements and preapplications are dependent upon demand for development in the borough which is impacted by	Total Budgeted Income: £660k 10% change affects income by £66k; 25% change affects income by £165k.	The service is working to improve its capacity for pre-application and Planning Performance Agreements.  Monthly monitoring including analysing income against target continues. This includes regular budget monitoring reports in line with Financial Regulations.

	economic factors, as set-out in paragraphs 6.1 and 6.2. The associated income streams are therefore considered at higher risk of not being realised.		The general fund working balance is held to manage budget pressures in the short term that cannot be mitigated by preventative or other action.  LPPC & S&R are scheduled to receive a review of the LPPC budget targets including the basis for setting budgeted income targets.
Licensing Income	<b>Medium:</b> Not reaching budgeted level of income from licensing.  Loss of key licensees (ie taxi operators) to neighbouring boroughs.	Total Budgeted Income: £362k 10% change affects income by £36k; 25% change affects income by £91k.	Regular budget monitoring reports in line with Financial Regulations.  Engagement with key licensees.

#### 6.4 Equality Impact Assessment

6.4.1 None arising from the contents of this report.

#### 6.5 Crime & Disorder

6.5.1 None arising from the contents of this report.

#### 6.6 Safeguarding

6.6.1 None arising from the contents of this report.

#### 6.7 Dependencies

6.7.1 None arising from the contents of this report.

#### 6.8 Other

6.8.1 None arising from the contents of this report.



## 7 Financial Implications

- 7.1 The draft Budget Book 2023/24 is highly detailed, therefore please can any questions or queries be sent to relevant officers in advance of the Committee meeting wherever possible.
- 7.2 **Section 151 Officer's comments:** Financial implications are contained within the body of this report.

## 8 Legal Implications

- 8.1 The Council will fulfil its statutory obligations to produce a balanced budget and to comply with its policy on equalities.
- 8.2 Although there are no direct legal implications arising from this report, decisions taken about the budget will impact the services which can be delivered. In the event of any impact, there will need to be an equalities impact assessment in relevant cases.
- 8.3 **Legal Officer's comments:** Legal implications are contained within the body of this report.

## 9 Policies, Plans & Partnerships

- 9.1 **Council's Key Priorities:** The following Key Priorities are engaged: Effective Council.
- 9.2 **Service Plans:** The matter is included within the current Service Delivery Plan.
- 9.3 **Climate & Environmental Impact of recommendations:** None arising from the contents of this report.
- 9.4 **Sustainability Policy & Community Safety Implications:** None arising from the contents of this report.
- 9.5 **Partnerships:** Many services are provided by the Council without the direct involvement of other agencies. There is, however, an increasing role for partnership working with others to achieve mutually agreed objectives. The benefits and risks need to be assessed in each specific case to ensure that value for money is secured and the Council's priorities are delivered in the most efficient and effective manner.

## 10 Background papers

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

### **Previous reports:**

- Strategic Financial Planning report to S&R Committee in July 2022.

- 2023/24 Budget Targets report to LPPC Committee in October 2022.

**Other papers:**

- Draft 2023/24 Budget Book.