

Licensing and Planning Policy Committee  
18 January 2024

## REVENUE BUDGET 2024/25

<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 2024/25.

### Recommendation (s)

#### The Committee is asked to:

- (1) Recommend the 2024/25 service estimates for approval at the budget meeting of Full Council in February 2024.
- (2) Support in principle the future savings as set out in section 5 for inclusion in the Medium Term Financial Strategy.

## 1 Reason for Recommendation

- 1.1 The recommendations will enable the Council to meet its statutory duty to set a balanced budget for 2024/25 and agree a Medium Term Financial Strategy 2024-28.

## 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.

# Licensing and Planning Policy Committee

## 18 January 2024

- 2.2 For the period 2024/25 to 2027/28, Full Council will be asked in February to agree a four year Medium Term Financial Strategy (MTFS) to maintain the financial health of the Council whilst delivering the priorities in the Corporate Plan. The recommendation in this report is consistent with the proposed MTFS.
- 2.3 Local authorities face a great deal of financial planning uncertainty over the medium term. This is mainly because central government funding settlements have tended, since the pandemic, to be limited to one-year only. In addition, the economic environment remains highly challenging and difficult to forecast, with elevated inflation impacting demand for services and the cost of delivering those services.
- 2.4 At its meeting on 13 July 2023, Strategy and Resources Committee agreed the budget targets and workstreams to enable the Council to work towards setting a balanced budget for 2024/25 and over the next Medium Term Financial Strategy four year-period.
- 2.5 The committee noted that excluding any new growth in expenditure, additional annual income/savings of £1.1 million are projected to be needed to achieve a balance budget for 2024/25, increasing to £2.5m by 2027/28.
- 2.6 To address this deficit, Strategy & Resources Committee agreed that the following workstreams should be progressed by Directors and Heads of Service:
  - 2.6.1 Officers to be tasked with identifying further efficiencies, although these are becoming harder to achieve after over a decade of austerity.
  - 2.6.2 A base review, which entails reviewing the year end position for 2022/23, identifying any potential savings, additional cost pressures and areas where savings can be developed.
  - 2.6.3 Service Reviews focusing primarily on discretionary services to be undertaken over the next four years with the aim of increasing efficiencies and effectiveness whilst reducing cost.
  - 2.6.4 Review of existing asset utilisation, to realise cost reductions in Council operational buildings and increased income from investment properties.
  - 2.6.5 Investigate income streams to maximise revenue from new and existing services, such as invest to save opportunities. Ensure any new powers are considered to generate additional income for the Council, such as the pending new charging policy for waste.
  - 2.6.6 Undertake a review of reserves, providing a justification for the level of reserves retained.

# Licensing and Planning Policy Committee

## 18 January 2024

- 2.6.7 A target to increase fees and charges income by 6% in both 2024/25 and 2025/26 (as previously agreed by S&R in July 2022), then by CPI+1% for both 2026/27 and 2027/28. Heads of Service review fees and charges annually to ensure increases are achievable and report fees and charges to policy committees for approval.
- 2.6.8 To maximise external funding and partnership opportunities.
- 2.7 The figures in this report reflect the latest outcome of the above workstreams, a number of which will continue into future years, and the provisional local government finance settlement for 2024/25.
- 2.8 Service estimates for this Committee are included in the draft Budget Book 2024/25 that will be made available to all Councillors.
- 2.9 Estimates have been prepared on the basis that existing services to residents are maintained, unless specified otherwise in section 5.
- 2.10 To allow the Council to determine the budget and Council Tax in February, the Committee estimates have been presented as follows:-
  - 2.10.1 The Budget Book contains the service estimates for 2024/25.
  - 2.10.2 Unavoidable cost increases and income reductions are reflected in the estimates.
  - 2.10.3 Recommended increases to fees and charges have been included within the Budget Book and the income estimates.
  - 2.10.4 All increases in charges are subject to approval by the Committee/Council.

### **3 Forecast Outturn 2023/24**

- 3.1 Before considering the revenue estimates for 2024/25, 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 adverse variance of £90k which is shown in the following table. The key reasons for the major variances are explained in the subsequent paragraphs.

Licensing and Planning Policy Committee  
18 January 2024

<b>Service Group</b>	<b>Original Budget</b>	<b>Current Approved Budget</b>	<b>Forecast Outturn</b>	<b>Forecast Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Place Development	840	887	1,087	200
Licensing	(152)	(127)	(237)	(110)
<b>Licensing &amp; Planning Policy Committee</b>	<b>688</b>	<b>760</b>	<b>850</b>	<b>90</b>

3.3 The adverse variance within Place Development is due to a forecast under-recovery of income. £24,000 of this relates to planning applications, the balance relates to advisory services. Development Management is currently undergoing a process re-engineering exercise to improve processes to provide a more efficient service and free up resource for advisory services.

3.4 The £110,000 favourable variance within Licensing is due to the acquisition of several new taxi operators that have chosen to license their drivers and vehicles with EEBC.

#### 4 Proposals for 2024/25 budget

4.1 The service estimates for 2024/25 are included in the draft Budget Book, circulated to councillors in January.

4.2 A summary of the Committee's service estimates for 2024/25 is shown in the following table:

<b>Service Group</b>	<b>Published Budget 2023/24</b>	<b>Base Position 2024/25</b>
	<b>£'000</b>	<b>£'000</b>
Place Development	840	1,216
Licensing	(152)	21
<b>Licensing &amp; Planning Policy Committee</b>	<b>688</b>	<b>1,237</b>

# Licensing and Planning Policy Committee

## 18 January 2024

- 4.1 Budgets for the internal accounting recharges of corporate services are still being finalised and will be reflected in the final budget book. Internal accounting recharges have no impact on the Committee's discretionary expenditure budgets, and a net nil impact on the General Fund overall.
- 4.2 The following table comprises a summary of the main changes to the Committee's proposed budget of £1,237k for 2024/25 compared with the published budget of £688k for 2023/24.

<b>Licensing &amp; Planning Policy Committee</b>		<b>Budget £'000</b>
<b>Published Budget 2023/24</b>		<b>688</b>
<b>Service Group</b>	<b>Change</b>	
Place Development	Variation in pay, pension (IAS19)	164
Place Development	Variation in support service recharges	170
Place Development	Reduction in planning application and advisory income	100
Place Development	Implementation of fast-track application service to part-fund new planning resource	(25)
Place Development	Drawdown from reserve to part-fund new planning resource	(35)
Licensing	Variation in pay, pension (IAS19)	164
Licensing	Variation in support service recharges	132
Licensing	Increased cost of driver checks	18
Licensing	Increase in fees and charges income in line with MTFS 6%	(17)
Licensing	Increase in income to fund additional resource	(74)
Licensing	Additional income identified through financial sustainability proposals	(50)
	Other sundry variances	2
<b>Base Position 2024/25</b>		<b>1,237</b>

# Licensing and Planning Policy Committee

## 18 January 2024

- 4.3 The increase in pay for Place Development includes £60k for a new Planning Officer to support the team and to help deliver a new Fast Track Service. This additional resource will be part-funded by the £25k income budget for the new service.
- 4.4 The balance of funding for the new post of £35k will be funded by a drawdown from the place development reserve. As this is one-off, long-term funding of the £35k will come from additional planning income which is expected to increase in future years.
- 4.5 The increase in support service recharges represents the increased share of central costs because of the increased staff in the service. The recharges increase across all services is also greater than in previous years due to higher ICT costs as the move to cloud-based applications results in a move from capital to revenue expenditure, and the agreed staff pay award is higher for 2024/25 than the last few years.

### 5 Financial Sustainability Proposals for Medium Term Financial Strategy 2024/25 to 2027/28

- 5.1 As set-out in paragraph 2.5, Strategy & Resources Committee has agreed a Council-wide savings target of £2.5m to achieve a balanced budget by 2027/28.
- 5.2 Members are asked to support the following new savings, identified for this committee as part of the 2024/25 budget setting process, to reduce the Council's projected budget deficit:

Summary of New Savings/Income	Committee	2024/25	2025/26	2026/27	2027/28
		£000	£000	£000	£000
Additional Planning Income	LPPC	-	-	100	-
Additional Licensing Income	LPPC	50	-	-	-
<b>Total Savings/Additional Income</b>		<b>50</b>	<b>-</b>	<b>100</b>	<b>-</b>

- 5.3 As reported to Licensing & Planning Policy Committee in November 2023, planning income is forecast to increase by £100k per annum from 2026/27, as delivery of the Local Plan will create a more certain planning framework for developers. This represents a targeted reversal of the £100k income reduction that has been built into 2024/25's budget estimates.
- 5.4 Furthermore, the licensing service is currently achieving income significantly in excess of the current budget. The service is expected to achieve £50k additional income from 2024/25.
- 5.5 Progress on delivery of savings will be closely monitored and reported to members through the budget monitoring process.

### 6 Risk Assessment

# Licensing and Planning Policy Committee

## 18 January 2024

### Legal or other duties

- 6.1 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 2024/25	Risk Management
Place Development	<p><b>Medium:</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 economic factors.</p>	<p>Total Budgeted Income: £581k 10% change affects income by £58k; 25% change affects income by £145k.</p>	<p>The service is working to improve its capacity for pre-application and Planning Performance Agreements.</p> <p>Monthly monitoring including analysing income against target continues. This includes regular budget monitoring reports in line with Financial Regulations.</p> <p>The general fund working balance is held to manage budget pressures in the short term that cannot be mitigated by preventative or other action.</p>
Licensing Income	<p><b>Medium:</b> Not reaching budgeted level of income from licensing.</p> <p>Loss of key licensees (i.e. taxi operators) to neighbouring boroughs.</p>	<p>Total Budgeted Income: £521k 10% change affects income by £52k; 25% change affects income by £130k.</p>	<p>Regular budget monitoring reports in line with Financial Regulations.</p> <p>Engagement with key licensees.</p> <p>Ensure all support services are appropriately re-</p>

# Licensing and Planning Policy Committee

## 18 January 2024

	Risk of service users challenging level of fees charged.		charged to demonstrate full cost recovery.
Savings Delivery	<b>Medium:</b> Achievement of additional income targets in future years may depend on external factors outside the Council's control, such as the national economic and development environment.	As above.	As above.

### 6.2 Equality Impact Assessment

6.2.1 None arising from the contents of this report.

### 6.3 Crime & Disorder

6.3.1 None arising from the contents of this report.

### 6.4 Safeguarding

6.4.1 None arising from the contents of this report.

### 6.5 Dependencies

6.5.1 None arising from the contents of this report.

### 6.6 Other

6.6.1 None arising from the contents of this report.

## 7 Financial Implications

7.1 The draft Budget Book 2024/25 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



# Licensing and Planning Policy Committee

## 18 January 2024

- 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 2023.
- 2024/25 Budget Targets report to LPPC Committee in October 2023.

#### **Other papers:**

- Draft 2024/25 Budget Book.