

**Strategic Development Plan for Edinburgh and South East Scotland (SESplan): Ratification of 2019/20 Operating Budget**

Report by Dr Mary Smith Director of Education, Communities and Economy

**1 Purpose of Report**

- 1.1 The purpose of this report is to present the minutes of the SESplan Joint Committee meeting of 26 November 2018 and to seek ratification for the SESplan operating budget for 2019/20.

**2 Background**

- 2.1 SESplan is the Strategic Development Plan for Edinburgh and South East Scotland and covers six Council areas including City of Edinburgh, East Lothian, Midlothian, West Lothian, the Scottish Borders and the southern half of Fife. SESplan works in partnership with the six member authorities to prepare the strategic vision for the region for the next 20 years (2018-2038). The plan is also used to inform local development plans.
- 2.2 At its meeting of 26 November 2018 the Joint Committee considered a report on the current operating budget and approved the operating budget for 2019/20. The Joint Committee, in accordance with established procedures, requires the member authorities to ratify the budget decisions. The minute of the SESplan Joint Committee meeting of 26 November 2018 is attached to this report as Appendix A, and the associated SESplan Joint Committee Finance Report is attached as Appendix B.

2018/19 Budget

- 2.3 The operating budget for 2018/19, approved in November 2017, estimated a total expenditure of £183,248. The updated position at November 2018 estimated expenditure of £103,562 resulting in a forecast underspend of £79,686, which represents a 43% saving on the approved budget for the year. The budget variance is a consequence of; reducing the SESplan core team (in part because of the uncertainty surrounding strategic planning matters arising from the Planning Bill's progress through the Parliamentary process) and by deferring transport modelling and appraisal work to support the preparation of Supplementary Guidance on Cross Boundary Developer Contributions until 2019/20.

2019/20 Approved Operational Budget

- 2.4 The budget for 2019/20 sets out total expenditure of £108,100. Using reserves and underspend from 2018/19 it is proposed that nil contributions are made by the SESplan member authorities in 2019/20.

- 2.5 Staffing assumptions for 2019/20 include; an SDP Manager (0.2 FTE), the work of SESplan being resourced from the six member authorities and project managed by the SESplan Project Board (which comprises the Planning Managers from the six authorities). Other fixed costs related to rents payable, travel and mobile line rental will be zero as there will be no dedicated SESplan core team. The largest proposed spend includes the running and maintenance costs of Objective Connect (the SESplan document management system) and the online SESplan consultation portal at £12,500 and the operation and running of the SESplan email and web site at £2,900. These costs together with the Audit costs of £3,400 (incurred by Audit Scotland) will remain the same as 2018/2019.
- 2.6 The proposed Strategic Development Plan (SDP2) has been subject to examination by Scottish Government Reporters and is with the Scottish Ministers for final consideration. The main work streams for 2019/20 include finalising Supplementary Guidance on the Green Network for submission to Ministers; preparation of draft Supplementary Guidance on Cross Boundary Developer Contributions; and the preparation, publication and advertising of post approval documents including the post adoption SEA Statement, Habitats Regulation Appraisal and the Action Programme.

#### SESplan Operational Budget Going Forward

- 2.7 Future operating budgets will be required to be reviewed against the outcome of the ongoing planning review. An amended Planning Bill was published on 16 November 2018 following stage 2 of the parliamentary process, the timescales for finalising the Bill at stage 3 are not yet known. There remains uncertainty regarding the requirement for, and future role and remit of strategic planning and strategic planning authorities as well as any associated funding and governance requirements.
- 2.8 It should be noted that following a year of nil contributions, unless SESplan as an authority is formally wound down over the next year, member contributions will be required in 2020/21, as the budget reserves will have been used in the 2019/20 financial year.

### **3 Report Implications**

#### **3.1 Resource**

Using reserves and savings from 2018/19 means that there is a nil contribution for SESplan member authorities in 2019/20. This may not be the case in future financial years subject to the outcome of the ongoing planning review.

#### **3.2 Risk**

There is no risk associated with ratifying the nil contribution budget for 2019/20, however subject to the outcome of the ongoing planning review member authority contributions may be required in 2020/21 towards SESplan or other strategic partnership. Budget issues will continue to be reviewed as the Planning Bill progresses to stage 3 of

the parliamentary process and further details regarding strategic planning are known.

### **3.3 Single Midlothian Plan and Business Transformation**

The development plan process is relevant to the themes of adult health, care and housing; Improving opportunities in Midlothian; and sustainable growth.

### **3.4 Key Priorities within the Single Midlothian Plan**

The Strategic Development Plan provides the spatial land use and development framework for the SESplan area for the next 20 years. It also provides a framework for the preparation and adoption of the next Midlothian Local Development Plan. Both documents are vital components in ensuring economic growth and business support opportunities across Midlothian.

### **3.5 Impact on Performance and Outcomes**

The Strategic Development Plan is prepared in partnership with the five other SESplan partner Councils and once approved forms the basis for the preparation of the second Midlothian Local Development Plan (MLDP) in due course.

### **3.6 Adopting a Preventative Approach**

The SDP provides strategic guidance and forward planning for investment in future growth and development in the wider city region, including Midlothian, over the period from 2018 to 2038. Together with the MLDP, it will help to inform the future spending priorities of the Council and its community planning partners as well as other public, private and voluntary sector bodies.

### **3.7 Involving Communities and Other Stakeholders**

The SESplan Main Issues Report was the subject of public consultation and the Proposed Plan was published for a period of representations in line with the SESplan Development Plan Scheme participation scheme. The latest Development Plan Scheme (No. 11) outlines the progress of SDP2 preparation to date, the engagement activities undertaken throughout the process and the further steps following approval of the plan.

### **3.8 Ensuring Equalities**

The SDP Main Issues Report and Proposed Plan were the subject of an Equalities and Human Rights Impact Assessment, approved by the SESplan Joint Committee and ratified by the member Councils.

### **3.9 Supporting Sustainable Development**

The SDP is subject to Strategic Environmental Assessment (SEA). A post adoption SEA Statement will be prepared following approval of the plan by Ministers.

### **3.10 IT Issues**

There are no IT issues arising from this report.

## **4 Recommendations**

### **4.1 Council is recommended to:**

- a) note the minutes of the SESplan Joint Committee meeting of 26 November 2018;
- b) note that updated forecast expenditure of £103,562 against the approved SESplan operating budget for 2018/19; and
- c) ratify the 2019/20 SESplan operating budget of £108,100 (funded from SESplan reserves – with a nil contribution from member authorities including Midlothian).

**Date:** 19 March 2019

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### **Background Papers:**

SESplan Joint Committee minute of meeting of 26 November 2018 and the associated SESplan Joint Committee finance report.



## **MINUTE of MEETING of the SESplan JOINT COMMITTEE**

held in the European Room, City Chambers, Edinburgh

on Monday, 26th November, 2018 at 2.00 p.m.

**Present:** Councillor John Beare, Fife Council (Convener)  
Councillor Russell Imrie (Vice-Convener)  
Councillor Maureen Child, City of Edinburgh Council  
Councillor Neil Gardiner, City of Edinburgh Council  
Councillor Norman Hampshire, East Lothian Council

**Apologies:** Councillor Stuart Bell, Scottish Borders Council  
Councillor Altany Craik, Fife Council  
Councillor Dom McGuire, West Lothian Council  
Councillor Cathy Muldoon, West Lothian Council

**In** Mrs Alice Miles, SESplan

**Attendance:** Mr John Inman, City of Edinburgh Council  
Ms Pam Ewen, Fife Council  
Mr Iain McFarlane, East Lothian Council  
Mr Peter Arnsdorf, Midlothian Council  
Mr Brian Frater, Scottish Borders Council  
Mr Craig McCorriston, West Lothian Council  
Miss Michelle McDermott, Fife Council (Clerk)

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### **1. ORDER OF BUSINESS AND ANY URGENT MATTERS**

The Convener confirmed that he was not aware of any urgent business and that the order of business was as per the agenda.

### **2. DECLARATIONS OF INTEREST**

None.

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**3. MATTERS ARISING**

An update was provided on the ratification by SESPlan member authorities of the amended SESPlan Constitution, Financial Rules, Scheme of Delegation and Standing Orders which had been approved by the Joint Committee on 25th June, 2018.

**DECISION**

The Committee NOTED the update on the ratification of the governance schemes.

**4. MINUTES OF THE PREVIOUS MEETING HELD ON 25TH JUNE, 2018**

The minute of meeting of 25th June, 2018 had been circulated.

**DECISION**

The Committee APPROVED the minute as a correct record.

**5. STRATEGIC DEVELOPMENT PLAN 2**

There had been circulated a report by Mrs. Alice Miles, SESplan updating members on the progress of Strategic Development Plan (SDP) 2 following its examination which had concluded on 20th July, 2018. The Committee noted in particular the modifications by the Reporter to the housing supply targets and that final approval by the Ministers was still awaited.

**DECISION**

The Committee AGREED -

1. to note the update on the examination and approval of SDP2 as set out in the report.

**6. AUDITED ACCOUNTS AND REPORT OF AUDIT 2017/18**

There had been circulated a report by Mrs. Alice Miles, SESplan presenting the SESplan audited accounts 2017/2018 for SESplan Joint Committee consideration.

**DECISION**

The Committee AGREED -

1. to note the SESplan audited accounts 2017/2018 attached as Appendix 1 to the report and as signed by the Convener, Acting SDP Manager and SESPlan Treasurer on the 14th September, 2018;

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2. to note the Report of Annual Audit 2017/18, attached as Appendix 2 to the report.

## 7. **FINANCE**

There had been circulated a report by Mrs. Alice Miles, SESplan presenting an update on the SESPlan Operating Budget for 2018/19 and setting out the SESPlan Operating Budget for 2019/20 for Committee approval.

### DECISION

The Committee AGREED -

1. to note the updated forecast expenditure against the approved Operating Budget for 2018/19 set out in Appendix 1 to the report;
2. to approve the updated Operating Budget for 2019/20 set out in Appendix 1 to the Report;
3. to note that member contributions for financial year 2019/2020 are nil;
4. to note that member authorities would be required to ratify the above decisions; and
5. to note that an Operating Budget for 2020/21 would be brought to a meeting of the SESPlan Joint Committee in late 2019.

## 8. **RISK MANAGEMENT**

There had been circulated a report by Mrs. Alice Miles, SESplan including an update on risk management for Joint Committee information.

### DECISION

The Committee noted the update on risk management.

## 9. **SESPLAN JOINT COMMITTEE WORK PLAN**

There had been circulated a report by Mrs. Alice Miles, SESplan setting out the Work Plan for the Joint Committee to the end of 2019.

### DECISION

The Committee AGREED:-

1. to approve the SESPlan Joint Committee Work Plan, as set out in Appendix 1 to the report.

10. **AOCB**

In closing the formal business of the Committee, the Convener passed on the thanks and appreciation of all SESPlan members and officers for the hard work and diligence of Alice Miles, as this was her last meeting before taking on a new role elsewhere.

*The meeting concluded at 2.55 p.m.*



### ITEM 8 – FINANCE

Report By: Alice Miles, Acting SDP Manager

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#### Purpose

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This report presents an update on the SESplan Operating Budget for 2018 / 2019 and sets out the SESplan Operating Budget for 2019 / 2020 for Joint Committee approval.

#### Recommendations

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It is recommended that the SESplan Joint Committee:

1. Note the updated forecast expenditure against the approved Operating Budget for 2018 / 2019 set out within Appendix 1 to this Report;
2. Approve the updated Operating Budget for 2019 / 2020 set out within Appendix 1 to this Report;
3. Note that member contributions for financial year 2019 / 2020 are nil;
4. Note that member authorities will be required to ratify the decisions above;
5. Note that an Operating Budget for 2020 / 2021 will be brought to a meeting of the SESplan Joint Committee in late 2019.

#### 1. Background

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- 1.1 The SESplan Financial Rules set out that Operating Budgets for the next financial year should be proposed by the SDP Manager, approved by the SESplan Joint Committee and that decision ratified by the member authorities by the end of December.
- 1.2 In compliance with these rules, the SESplan Joint Committee at its meeting on the 27 November 2017 agreed to approve the Operating Budget for 2018 / 2019.

#### 2. SESplan Operating Budget 2018 / 2019

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- 2.1 The latest position on the SESplan Operating Budget for 2018 / 2019 as at November 2018 is included as Appendix 1.

- 2.2 The largest spend by SESplan is on staffing. As set out in Appendix 1, the approved Operating Budget 2018 / 2019 includes a total staffing budget of £75,000. There is a saving in staffing of around £20,100. This primarily relates to the part time SDP Manager / Lead Officer position and vacant posts. The post of graduate planner was vacated in May 2018 and the SDP Manager and Lead Officer positions will be vacant from the 4 January 2019.
- 2.3 The Operating Budget for 2018 / 2019 also includes other fixed costs relating to training, rent and accommodation, travel, IT hardware, software and maintenance and audit / professional fees. The forecast sets out underspend in these areas of around £2,200. This is related in particular to rent and accommodation. The Core Team from May 2018 has been made up of one member of staff, the rental agreement with West Lothian has therefore been updated to reflect the requirement for one desk. This has resulted in an underspend of around £2,500.
- 2.4 The approved 2018 / 2019 Operating Budget also includes an allowance of £73,500 for variable costs. This includes for spend on the examination, technical support, printing and advertising.
- 2.5 The largest spend in 2017 / 2018 was related to the Examination. Costs for the Examination accrued in 2017 / 2018 totalled £14,700. Further costs in 2018 / 2019 were £8,600, making a total spend on the SDP2 Examination of £23,300.
- 2.6 A total of £65,000 was included within the Budget for technical support. A sum of £60,000 was included within this for further transport modelling / appraisal work to be undertaken in support of the Supplementary Guidance on Cross Boundary Developer Contributions. A working group made up of officers from within the Member Authorities and Transport Scotland has been convened. The modifications to the Plan recommended by the reporter have changed the scope of this work, therefore the spend will likely fall into the 2019 / 2020 financial year. There will be a continuous review of additional work required in this area with an assessment of resources available in-house undertaken first to ensure best value and minimal spend where possible. Partnership funding will also be sought.
- 2.7 A sum of £5,000 has also been allocated within the technical support budget to the provision of technical GIS and mapping support from the City of Edinburgh. SESplan does not have any mapping or GIS capability / expertise and mapping has been required in support of the Supplementary Guidance on Green Networks and in finalising the graphics within the Plan itself to pick up on modifications required by the Reporter.

2.8 Across the entire Operating Budget for 2018 / 2019, the updated position as at November 2018 is a forecast underspend of £79,686. This represents a 43% saving on the approved Operating Budget for 2018 / 2019.

### **3. SESplan Operating Budget 2019 / 2020**

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3.1 Over the first few months of the 2019 / 2020 financial year, the SESplan work programme will be focussed on finalising the Supplementary Guidance on Green Network Priority Areas for submission to Ministers, preparation of draft Supplementary Guidance on Transport and Developer Contributions and preparation of post approval documents such as the post adoption SEA statement, Habitats Regulation Appraisal and the Action Programme. The latter are required to be prepared within three months of the approval of the second Strategic Development Plan (SDP) (the report of the examination was submitted to Ministers on the 24 July 2018, with a decision on the approval of SDP2 to be made within two months, a decision is currently awaited).

3.2 The staffing assumptions for 2019 / 2020 include SDP Manager (0.2FTE). The work of SESplan will be resourced via the member authorities, project managed by the Project Board.

3.3 For other fixed costs within 2019 / 2020, costs related to rents payable, travel and mobile line rental will be zero as there will be no dedicated SESplan Core Team based within Civic Centre in Livingston. The largest spend is IT which includes the running and maintenance of Objective Connect and the online SESplan Consultation Portal at £12,500 and the operation and running of the SESplan email and website (£2,900). These costs together with the Audit costs incurred by Audit Scotland will remain the same as 2018 / 2019.

3.4 The technical support budget of £65,000 has been rolled forward into the 2019 / 2020 financial year. The largest spend within this area will be on transport assessment and modelling. A sum of £5,000 has been allocated for other technical spend on GIS and graphics should it be required.

3.5 A sum of £1,000 has been allocated for printing and photocopying which will include the printing and publication of supplementary guidance, post approval documents and the development plan scheme. Copies are required to be provided to every library in the SESplan area, neighbouring authorities and planning receptions. A sum of £1,000 has also been allocated to advertising and marketing should any further advertising of the Plan and / or any supporting documents including the supplementary guidance be required.

3.6 As detailed in Appendix 1, the Budget for 2019 / 2020 sets out total expenditure of £108,100. Using the reserves built up in 2018 / 2019 and on the savings and staffing assumptions outlined above, it is proposed that nil contributions are made by the SESplan member authorities in 2019 / 2020. This will result in a usable reserve balance going into 2020 / 2021 of £12,718 which is in excess of the £9,008 one month's operating costs target reserve.

#### **4. SESplan Operating Budget Going Forward**

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4.1 The consultation on the future of the Scottish planning system (Places, People and Planning) was published in January 2017. This sets out that strategic development plans should be removed from the system so that strategic planners can support more proactive regional partnership working.

4.2 The amended [Planning Bill](#) following Stage 2 of the parliamentary process was published on the 16 November 2018. For the purposes of assisting Scottish Ministers in the preparation of the National Planning Framework (NPF), Ministers may direct a planning authority, or two or more planning authorities, to provide information on the housing needs of the population of the area, the capacity of education and health services, health needs, housing needs of older and disabled people and infrastructure amongst other matters including the principal physical, cultural, economic, social, built heritage and environmental characteristics of the area.

4.3 For SDPs, the amended Bill refers to the preparation of an evidence report instead of a main issues report prior to the preparation of an SDP. The Bill also refers to the Strategic Development Planning Authority (SDPA) being able to request that an adjoining local authority that is not part of the strategic authority provides relevant information to the evidence report for the SDP for their area.

4.4 NPF and LDP will cover a 10 year timeframe whilst no change to the 5 year SDP cycle has been made.

4.5 Whilst the Bill has progressed, more detail on the work, role and remit of SESplan and the requirement for strategic planning beyond 2019 / 2020 other than the work programme referred to above and statutory requirements around audit, finance and governance is not clear. Timescales for Stage 3 of the Bill are not yet known. On that basis indicative Operating Budgets beyond 2019 / 2020 are not shown in Appendix 1.

- 4.6 Future Operating Budgets will be required to be reviewed against the outcome of the ongoing planning review. This will continue to be reviewed as the Planning Bill is published and further details are known.
- 4.7 It should be noted that following a year of nil contributions, unless SESplan as an authority is formally wound down over the next year, member contributions will be required into 2020 / 2021, as the reserves built up will have been used in 2019 / 2020. Work into 2020 / 2021 may be limited solely relating to statutory requirements around finance and audit or resources may be required to take forward the preparation of the evidence report for the next SDP. More will be known as the Bill progresses over the next year.

## **Appendices**

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Appendix 1	2018 / 2019 Operating Budget, Forecast and Variance and 2019 / 2020 Operating Budget
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## **Report Contact**

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Alice Miles, Acting SDP Manager

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Description	2018 / 2019 Operating Budget Approved at Joint Committee November 2017	2018 / 2019 Forecast at November 2018	2018 / 2019 Variance - Approved Operating Budget vs. Forecast	2019 / 2020 Operating Budget
Staff	75,000	54,055	20,945	15,500
Training	1,000	0	1,000	0
Rents Payable (including Service Charge)	4,292	1,787	2,505	0
Travel	1,500	1,885	-385	0
IT Hardware, Software and Maintenance	15,500	15,500	0	15,500
Mobile Line Rental	206	415	-209	0
Audit / Professional Fees	3,400	3,400	0	3,400
Miscellaneous	1,500	2,210	-710	0
<b>Total Fixed Costs</b>	<b>102,398</b>	<b>79,252</b>	<b>23,146</b>	<b>34,400</b>
Examination	0	8,600	-8,600	0
Technical Support	65,000	5,000	60,000	65,000
Printing / Photocopying	4,000	4,000	0	1,000
Postages / Franking	500	500	0	0
Advertising / Marketing	4,000	4,000	0	1,000
Contingency 10%	7,350	2,210	5,140	6,700
<b>Total Variable Costs</b>	<b>80,850</b>	<b>24,310</b>	<b>56,540</b>	<b>73,700</b>
<b>Total Expenditure</b>	<b>183,248</b>	<b>103,562</b>	<b>79,686</b>	<b>108,100</b>
Member Authority Contributions	60,000	60,000	0	0
Income / Interest on Revenue Balance	0	0	0	0
<b>Total Income</b>	<b>60,000</b>	<b>60,000</b>	<b>0</b>	<b>0</b>
<b>Net</b>	<b>-123,248</b>	<b>-43,562</b>	<b>-79,686</b>	<b>-108,100</b>
Take From / Add to Reserves	-123,248	-43,562		-108,100
Usable Reserve Balance (Reserves at 31 March 2018 £164,380)	41,132	120,818		12,718
Usable Reserves as % of Expenditure	22.4%	116.7%		11.8%
Target Reserve (1 Month's Operating Costs)	15,271	8,630		9,008
Shortfall / Surplus on Target Reserve	25,861	112,188		3,710