

Information/Discussion Paper

Economy and Business Improvement Overview and Scrutiny Committee

18th July, 2011

Economic Development Update and the New Homes Bonus

This note contains the information to keep Members informed of matters relating to the work of the Committee, but where no decisions from Members are needed

1. Why has this come to scrutiny?

1.1 To update the committee on Economic Development, including proposals for administering 'New Homes Bonus' funding recently allocated by Council to:

1. Environmental improvements; and
2. Promoting Cheltenham.

1.2 To give the committee the opportunity both to nominate members to the 'Promoting Cheltenham' panel and to provide views on how the allocation process for funding should be administered and scrutinised, to help secure transparency and good governance, whilst at the same time ensuring that the process is streamlined and effective in delivery terms.

2. Economic development update

2.1 There has been some excellent work by the Council's economic development team over the last few years, with a range of successful projects having been completed.

2.2 Within the county, the impact of public sector spending cuts have had a significant affect in some areas and although CBC has maintained its staffing base, we are two full-time members of staff down – with the Economic development manager on maternity leave and our Economic development officer securing promotion to a new role in Swindon.

2.3 Responsibility for the Council's economic development activities moved to the Built Environment division with effect from 1st April 2011, recognising the particularly strong links between the planning system, physical improvements to the environment and the success of the local economy.

- 2.4 National public funding cuts have meant a 50% reduction in staffing at Gloucestershire First (now gfirst), the service that promotes Gloucestershire as a destination for businesses, visitors and investors. However, at the same time, Gloucestershire has made a successful bid to the government for support for a Local Enterprise Partnership (LEP).
- 2.5 Local Enterprise Partnerships (LEPs) are a cornerstone of the new economic development policy of the coalition government. They will be formally replacing the Regional Development Agencies when they finally disappear in April 2012 and will be based on more natural and functional economic areas, with an emphasis on private sector jobs growth and business involvement.
- 2.6 The Local Growth White Paper outlined the potential role of the LEPs as follows:
- Working with government to draw up key investment priorities;
 - Coordinating proposals or bidding directly for the Regional Growth Fund;
 - Supporting high growth business;
 - Ensuring business is involved in the development and consideration of strategic planning applications;
 - Leading change on local business regulation;
 - Strategic housing delivery, including pooling and aligning supporting funding streams;
 - Working with local employers, Jobcentre Plus and learning providers to help people into jobs;
 - Coordinating approaches to leveraging private funding;
 - Exploring opportunities to develop incentives to encourage renewable.
- 2.7 What does this mean for Cheltenham?
- 2.8 Now is an ideal time for the Council to review the role it wants to play in securing the economic well-being of the town, within the wider national and Gloucestershire context.
- 2.9 Structurally, the staffing situation means that there is some short term resourcing flexibility and officers have therefore been actively considering how best to respond to the emerging economic agenda.
- 2.10 Economic development is a theme which spans and impacts upon a wide range of activities, including not just those of the Council, but of partner organisations in the private, statutory and voluntary sectors.
- 2.11 Officers consider that the Council's role is primarily to help enable the right conditions within which businesses can thrive; in the future, the Council's economic development activities should be less about direct financial support to businesses and more about creating an environment which maximises the opportunities for the private sector to create jobs and prosperity for the local economy.
- 2.12 The proposed approach
- 2.13 There are three key strands to economic development activity, which are supported by the Council directly, these are:-
- 2.14 **Setting strategic context** – the Council has considerable influence, through the local development framework, its corporate plan and associated policies, to set the context for the town's development and in turn, the environment within which new and

existing businesses can operate and prosper;

- 2.15 Promoting Cheltenham** – whilst this should be strategically directed at a Gloucestershire level by the LEP, the Council is well placed to promote the specific interests of the town and to help market this offer, both locally, nationally and internationally;
- 2.16 Improving Environmental Quality** – in conjunction with its Regency heritage, Cheltenham's environment and its reputation as a 'town within a park' are key selling points, together with its retail and cultural offer as a festival town.
- 2.17** The strategic context needs to be an integral component of each of the Council's core policy documents, particular those that are important in framing the future development of the town. There are options in this respect and these will be the subject of detailed consultation, discussion and agreement through the joint core strategy (JCS) process.
- 2.18** Promoting Cheltenham's economic offer and improving the environmental quality of the town are the two key areas where the Council's operational activities can have an impact, both directly and indirectly, through business support and engagement with our partners and the wider community.

3. New Homes Bonus 2011

- 3.1** The Council has recently received its first allocation of the New Homes Bonus (NHB) from central government.
- 3.2** NHB has been designed to address the disincentive within the local government finance system for local areas to welcome growth. Until now, increased housing in communities has meant increased strain on public services and reduced amenities. NHB reduces this disincentive by providing local authorities with the means to help mitigate the strain the increased population causes. This should ensure that the economic benefits of growth are returned to the local authorities and communities where growth takes place. In addition, in doing so, NHB is intended to engender a more positive attitude to growth, and create an environment in which new housing is more readily accepted.
- 3.3** The Bonus commenced in April 2011, and will match fund the additional council tax raised for new homes and long term empty properties brought back into use, with an additional amount for affordable homes, in each of the following six years.
- 3.4** Cheltenham's first allocation of NHB amounts to £290,275 and Council agreed on 27th June, 2011, that this will be used to create 2 funds for the following uses:-
- 3.5** **Environmental improvements** - £130,000, supplemented by £30,000 from the civic pride reserve, to provide a total fund of £160,000 for small environmental works. Bids from within council departments will be made and decided by Cabinet in the autumn. The aim will be to tackle environmental issues in packages costing around £15,000 or so a time. An initial request has been made, and supported by Cabinet, for £10,800 to purchase larger waste bins for the council's parks to remove the need to use wheelie bins to cope with the summer peak in activity, plus replacement bins adjacent to Imperial gardens to complement the re-paving scheme.
- 3.6** **Promoting Cheltenham** - £160,275, supplemented by £18,731 of unspent LAA performance reward grant, giving a total fund of £179,006, for economic development

purposes to help tackle the recession and promote the town as a place in which to do business, by sponsoring activities and events which will attract visitors and trade. It will include cultural activities such as the festivals and tourism activities.

- 3.7 Criteria for applying and administering these funds are being established and will be the basis for prioritisation and associated recommendations by officers. Funding is likely to be distributed in 2 phases during the year. A draft of the 'Promoting Cheltenham' bidding guidance and criteria is attached to this discussion paper (see Appendix A).
- 3.8 The environmental improvements fund will be subject to a bidding process by internal Council departments, with bids signed off by a member panel drawn from the Cabinet.
- 3.9 In respect of the Promoting Cheltenham fund, a panel including external business representation, cross-party member representation and the appropriate Cabinet portfolio holders for both economic development and culture and finance, will be established to sign off the bidding criteria and advise Cabinet on allocations and performance monitoring arrangements.

4. Next Steps

- 4.1 It is proposed that a report to Cabinet will seek approval for bidding and governance arrangements in relation to the two identified funds set up by Council, which are being resourced using the New Homes Bonus allocation for 2011-12.

Background Papers	Council report entitled 'Financial outturn 2010/11 and budget monitoring to May 2011' – 27th June, 2011
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