

Cheltenham Borough Council

Cabinet – 26th July, 2011

Economic development update and proposals for administering New Homes Bonus funding

Report of the Leader of the Council

Accountable member	Council Leader, Steve Jordan
Accountable officer	Director Built Environment
Accountable scrutiny committee	Environment, EBI
Ward(s) affected	All
Key Decision	Yes
Executive summary	<p>This report provides details of the proposals for administering 'New Homes Bonus' funding which was recently allocated by Council to:</p> <ol style="list-style-type: none">1. Environmental improvements; and2. Promoting Cheltenham.
Recommendations	<p>Cabinet is recommended to delegate 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, as follows:-</p> <ol style="list-style-type: none">1.1 The Environmental Improvements fund to be subject to a bidding process by internal Council departments only, with bids prioritised by a member panel drawn from the Cabinet and comprising the Council Leader and Cabinet members for Built Environment and Sustainability;1.2 Environment Overview and Scrutiny committee to be requested to look at the prioritised bids for the Environmental Improvements fund and provide feedback to Cabinet prior to allocations being agreed;1.3 In respect of the Promoting Cheltenham fund, a panel, including external business and cross-party member representation and the appropriate Cabinet portfolio holders for Economic Development and Culture and Finance, will be established to sign off the bidding criteria (see draft at Appendix B) and advise Cabinet on allocations and appropriate performance monitoring arrangements. <p>Note: Proposals for New Homes Bonus are being considered by the Economy and Business Improvement Overview and Scrutiny Committee on 18th July 2011 and there will be a verbal update at Cabinet on feedback received.</p> <p>There will also be a further report relating to the Environmental Improvements</p>

fund, which will be go to Environment O&S in September. Final allocations will need to be ratified by Cabinet in due course, once the bidding processes have been completed.

<p>Financial implications</p>	<p>As set out in the report.</p> <p>Contact officer: Mark Sheldon</p> <p>E-mail: mark.sheldon@cheltenham.gov.uk</p> <p>Tel no: 01242 264123</p>
<p>Legal implications</p>	<p>The payment of funding from the environmental improvements fund to internal council departments will not require any legal documentation. However, the payment of funding from the Promoting Cheltenham fund may require the production of documentation, based on the council's 'Community Giving Grant' template, to ensure that any funding is properly spent in accordance with the approved application.</p> <p>Contact officer: Nicolas Wheatley</p> <p>E-mail: nicolas.wheatley@tewkesbury.gov.uk</p> <p>Tel no: 01684 272695</p>
<p>HR implications (including learning and organisational development)</p>	<p>There may be capacity issues that will need to be fully considered, depending on what decisions are made as to the use of the New Homes Bonus.</p> <p>Contact officer: Julie McCarthy</p> <p>E-mail: julie.mccarthy@cheltenham.gov.uk</p> <p>Tel no: 01242 264355</p>
<p>Key risks (See also Appendix A)</p>	<ul style="list-style-type: none"> ▪ Financial – it will be important to ensure that any funds allocated, particularly to external organisations are the subject of appropriate controls to make sure they effectively deliver target outcomes; ▪ Capacity – staffing resources are currently stretched and the allocation and support mechanisms for the two funding schemes therefore need to take this into account, to minimise the risk of impacts on other corporate priorities.

<p>Corporate and community plan Implications</p>	<p>The two schemes being supported using New Homes Bonus funding have the potential to contribute to one or more of the following corporate priorities:-</p> <ul style="list-style-type: none"> ▪ Cheltenham has a clean and well maintained environment; ▪ Cheltenham's built and natural environment is enhanced and protected; ▪ Carbon emissions are reduced and Cheltenham is able to adapt to the impacts of climate change; ▪ Cheltenham is able to recover quickly and strongly from recession; ▪ We attract more visitors and investors to Cheltenham; ▪ Our residents enjoy a strong sense of community and are involved in resolving local issues; ▪ Arts and culture are used as a means to strengthen communities, strengthen the economy and enhance an protect our environment.
<p>Environmental and climate change implications</p>	<p>The Environmental Improvements fund offers the opportunity for the Council to support schemes which will directly enhance the town's environment and contribute to helping reduce climate change impacts.</p> <p>The Promoting Cheltenham fund could offer similar opportunities depending on the nature of bids received. The assessment panel and Cabinet will need to carefully consider the balance between economic vitality and potential environmental impacts during the bid prioritisation process.</p>

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 enable local business support, 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 also its reputation as a 'town within a park' are key selling points, together with its retail and cultural offer as a festival town. The Council is a major player both directly and in partnership with others, in securing direct investment in the local environment.

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 have the greatest 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 B).
- 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. **Reasons for recommendations**

4.1 Cabinet needs to be satisfied that appropriate arrangements are in place for prioritising projects under each of the identified funds and to ensure that it has considered the risks which may impact on the financing and delivery of relevant outcomes.

5. Alternative options considered

5.1 None.

6. Consultation and feedback

6.1 The 'Promoting Cheltenham' scheme has been the subject of consultation with the Economy and Business Improvement Overview and Scrutiny Committee.

6.2 The 'Environmental Improvements' scheme will be the subject of consultation with the Environment Overview and Scrutiny Committee in the autumn.

7. Performance management – monitoring and review

7.1 Performance in implementing the environmental improvements scheme will be monitored through the Council's normal internal performance management and scrutiny processes.

7.2 The Promoting Cheltenham scheme will be subject to performance monitoring arrangements to be agreed by Cabinet, in consultation with the advisory panel being established to oversee the bidding process and make recommendations about funding allocations.

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Appendices	A. Risk Assessment B. Draft bidding guidance – 'Promoting Cheltenham' fund
Background information	

The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	I	L	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register
CR29	If the council does not implement the actions identified in the climate change adaptation risk assessment there is a risk that resources will not be used to best effect which could impact on financial, environmental and service decisions and affect service delivery.	Director Commissioning - Jane Griffiths	06/05/2010	4	2	8	Reduce	Services are required to identify the actions they will be taking to respond to climate change (both adaptation and mitigation) in 2011/12 service plans. Internal audit has a trained officer in environmental auditing who will be assessing progress against the adaptation risk assessment.	01/09/2011	All Directors Audit Partnership Manager Richard Gibson, policy and partnerships manager	
	If insufficient staffing capacity is available to manage allocation and monitoring processes there is a risk that projects and related outcomes will not be delivered on time, or to an acceptable standard	Director Built Environment	26/07/2011	3	2	6	Accept	Internal bids need to clearly identify resources required for effective management and delivery Capacity for managing bidding process needs to be identified	-	Directors and service managers tasked with project delivery	