



Cabinet

16 March 2016

Item
8(i)

Report of	Assistant Chief Executive	Author	Sean Plummer ☎ 282347
Title	Budget Update		
Wards affected	Not applicable		

This report provides Cabinet with an update on specific budget issues and proposals to reallocate funding to a number of projects.

1. Decisions Required

1.1 Cabinet is requested to:

- i) Agree to reallocate £185k from funding for street lights to the projects set out in Appendix A and that funding is carried forward into 2016/17 as required.
- ii) Agree that the funding allocated for the Wonderhouse project be held against a project to review museum storage issues and potential move from the Museum Resource Centre.
- iii) Agree that the additional New Homes Bonus sum of £88k be allocated to support the implementation of the Carbon Management Plan.
- iv) Agree that £33k from the 2015/16 New Homes Bonus Strategic Plan Priorities allocation be used for the Roman Circus scheme as set out in this report.
- v) Note the New Homes Bonus Consultation response.

2. Reasons for Decisions

- 2.1 It was reported to Full Council as part of the budget and tax setting that a report would be brought to Cabinet certain reallocation of funds.

3. Alternative Options

- 3.1 Different options for funding could be considered and the Cabinet could decide for allocated funds to be added to balances

4. Background and Supporting Information

- 4.1 As part of the 2016/17 budget report to Cabinet and Full Council three issues were identified where it was proposed that Cabinet would make recommendations for changes to budget allocations. The three issues are:-

- 1) Use of funding set aside for street lighting
- 2) Funding allocated for Wonder House project
- 3) Allocation of additional Government funding received in Final Settlement

Use of Street Lighting allocation

- 4.2. It was highlighted in the budget report that the allocation made in respect of street lighting of £185k remains unspent, and that if unused this year it could be carried forward into 2016/17. Given the position on discussions with Essex County Council, options on how this budgetary allocation might be used to support other projects has been examined.
- 4.3. A list of proposed projects is set out at Appendix A totalling £185k. It should be stressed that these allocations are for one year only, and given that most if not all spend will now be incurred in 2016/17 the funding will be carried forward.

Wonderhouse – New Homes Bonus allocations

- 4.4. Following detailed feedback from the Heritage Lottery Fund (HLF) it was clear that in competition with other projects a further bid for the Wonderhouse was unlikely to be successful. As set out in the budget report for Full Council it is now proposed that the money allocated to the Wonderhouse project is now used to support alternative options for the issues that the Wonderhouse would have addressed. This will include a review of our Museums storage facilities and a potential move out of the Museum Resource Centre (MRC) that is no longer fit for purpose. The work would aim to retain some aspects of the Wonderhouse concept on a smaller scale. The table below sets out the budget allocations which have been included within the Revolving Investment Fund (RIF).

	£'000
New Homes Bonus – 14/15	30
New Homes Bonus – 15/16	40
New Homes Bonus – 16/17	200
Budget	270
Spend	(5)
Balance Available	265

- 4.5. Within the RIF it had been assumed that should the MRC be sold then the capital receipt from this would also be added to the available budget and it is proposed that this remains the case and that this scheme now shown in the non-RIF capital programme.

Transition Grant / New Homes Bonus

- 4.6. The final Settlement included the announcement of a grant paid to those authorities affected most by the reductions announced. For Colchester this grant is £88k for 2016/17 and 2017/18. As part of the 2016/17 budget it has been agreed that this is used to further reduce the amount of New Homes Bonus being used to support the base budget. This has therefore provided new one-off funds of £88k, and it was reported to Council that the intention was to use this funding to support projects that would reduce costs or increase income.
- 4.7. The separate report on this agenda sets out the proposed Local Authority Carbon Management Plan. Funding has been allocated in the capital programme for projects in 2016/17. These projects will deliver financial savings and it is proposed that the transition grant is added to this capital programme provision to support the implementation of the carbon management plan.

Roman Circus

- 4.8. In addition to the items identified at the Council meeting, there is a further proposed investment funded through the New Homes Bonus Strategic Plan Priority allocation from which £220k remains unallocated. Through its strategic aims the Borough Council is committed to conserving and enhancing its heritage assets to promote interest in, and enjoyment of, Colchester Borough's history. To this end it is proposed that £33k be allocated for improvements to the Roman Circus.
- 4.9. The Colchester Circus is of international importance and one of only a small number of Roman circuses in north-west Europe. The improvements include a £25,500 grant to Colchester Archaeological Trust, and £7,500 for the creation of new information panels at different locations which will help people interpret the size and scale of this significant piece of Colchester's heritage.

5. New Homes Bonus Consultation response

- 5.1. The Government published a consultation paper on changes to the New Homes Bonus: "New Homes Bonus: Sharpening the Incentive". The consultation seeks views on options on changes to the New Homes Bonus in order to "better reflect authorities' delivery of new housing. It also seeks views on reducing the number of years in which current and future payments are made". Responses to the consultation are required by 10 March 2016 and given the timescales a response will be sent and will be provided as a background paper by this date.
- 5.2. In summary, the issues and questions within the consultation concern:-

(a) Withholding new allocations in areas where no Local Plan has been produced

The preferred approach is to not make any NHB payment if a Local Plan has not been produced. There is also a suggestion that there might be a 50% reduction where a Plan has been published but not yet submitted.

There is a further approach based on reducing the NHB by a fixed % depending on the date the plan was published. The aim of this appears to be to encourage councils to actively review and keep up to date their plans.

(b) Reducing payments for homes built on appeal

The proposal here is to reduce the amount of new NHB paid for decisions made on appeal. The options suggested are a 50% reduction or a 100% reduction.

(c) Removing 'deadweight'

The background to this proposed change is to only reward growth above what might have been built anyway without the incentive. One option proposed is to agree a single baseline, with a possible figure of 0.25% quoted. Other alternative options suggested are setting an individual baseline or local area baseline that better represented local circumstances.

(d) Changing the number of years for which payments are made

NHB payments are currently made for 6 years. The consultation paper comments that these "legacy payments" will mean that funding will reduce the impact of other changes. The Government is consulting on reducing the number of years for payments from 6 years to 4 years. This is the preferred option but the Government is also considering moving further to 3 or 2 years. An option is presented to phase in the introduction of the change by paying for 5 years in 17/18 before the change to 4 years in 18/19.

- 5.3. The proposed changes will all reduce the level of annual grant we receive and also how long grants are paid for. Based on the Government's figures set out in the 4 year funding assessment the annual New Homes Bonus grant will reduce by over £2m. The actual impact will depend on the new agreed arrangements and could result in a greater reduction.
- 5.4. The Council's response to the consultation is to set out the impact of some of these changes and consider how different options impact on the Council's budget, with a preference made based on options which are better for the Council.
- 5.5. It is important to stress that the Government has stated that the New Homes Bonus will continue indefinitely, but in this changed form. The Council will need to consider the impact of this on the budget strategy and Medium Term Financial Forecast at a time when Revenue Support Grant is also being cut and removed entirely by 2019/20.

6. Proposals

6.1 It is proposed that:-

- i) the budget allocations be made to the projects set out at Appendix A
- ii) the funds allocated for the Wonderhouse including any capital receipt from the disposal of the MRC
- iii) the £88k New Homes Bonus be allocated to support the implementation of the Carbon Management Plan
- iv) £33k be allocated from the Strategic Plan priority funds for the Roman Circus
- v) Cabinet note the New Homes Bonus consultation and response

7. Strategic Plan References

7.1. The proposed budget allocations within this report are underpinned by the priorities set out in Strategic Plan

8. Financial implications

8.1 Proposals within this report are within budget allocations.

9 Other Standard References

9.1. Specific publicity, consultation and other issues will be considered as part of individual projects as appropriate.

Background Papers

Government New Homes Bonus Consultation paper [New Homes Bonus: sharpening the incentive: technical consultation - Consultations - GOV.UK](#)

Proposed Allocations from Street Lighting budget

Description	£
<ul style="list-style-type: none"> Additional Community Safety Resource to support CBC with new Public duties on PREVENT / Modern Slavery agenda and support awareness and co-ordination on Gangs activities with CSP. To assist with leveraging in additional match funding. 	25,000
<ul style="list-style-type: none"> Anti-Dog fouling Campaign activities 	10,000
<ul style="list-style-type: none"> Zero Tolerance Enforcement Campaigns 	15,000
<ul style="list-style-type: none"> Town Centre “blitz”, key entry point / visitor areas simple visual improvements 	20,000
<ul style="list-style-type: none"> Colchester Presents – Community Interest Company 	30,000
<ul style="list-style-type: none"> Small Development Grants to sports clubs & people with Disabilities to encourage participation, support all the community clubs and facilities 	10,000
<ul style="list-style-type: none"> Add to existing £20k festivals budget for 2016/17 providing additional funding to support bids. 	20,000
<ul style="list-style-type: none"> Contribution to Colchester in Bloom to deliver more planting and maintenance 	6,000
<ul style="list-style-type: none"> Tree Maintenance – additional revenue for specific tree activities 	10,000
<ul style="list-style-type: none"> Modern External Lighting for key heritage sites 	20,000
<ul style="list-style-type: none"> “Jumbo and the Squares” public realm design project – to deliver a holistic design approach for the public realm adjacent to Jumbo/Mercury Theatre and St Nicholas Square. 	10,000
<ul style="list-style-type: none"> Renaming the Hythe Station in timetables and on the station premises 	9,000
Total	185,000