



To: Leader of the Council
Report by: Simon Payne, Director of Environment
Relevant scrutiny committee: Strategy and Resources 21-03-11
Wards affected: All Wards

GROWTH-RELATED / FIXED-TERM FUNDED POSTS AND NEW HOMES BONUS

Key Decision

Open

1. Executive summary

- 1.1 The delivery of successful new communities on the major growth sites in the city continues to be a high priority for the Council and this report sets out how funding recently announced through the New Homes Bonus can be allocated to support this objective. It also details proposals on the immediate treatment of the remainder of the NHB funding.

2. Recommendations

- 2.1 That the Leader recommends to Full Council that:

1. 18.68 full-time equivalent (FTE) growth-related/fixed-term funded posts (see Appendix 1) and associated costs are made permanent
2. The revenue contribution for General Fund capital spending in 2012/13 is increased by £220,00.
3. An additional contribution of £184,770 is made to the Climate Change Fund in 2011/12.

and that the Budget of the City Council is revised in accordance with the commentary set out in this report.

3. Background

- 3.1 On 17 February 2011, Full Council approved the Budget with one-off provision in 2011/12 of £873,900 for growth-related/fixed-term funded

posts. This provision followed the approach adopted as part of the 2010 Medium Term Strategy, and was based on an expectation that at least 50% of the cost (£436,950) would be available from external income sources with the remainder being met initially from the use of General Fund Reserves.

- 3.2 Growth-related/fixed-term funded posts have been in place for a number of years and have been funded from: Housing & Planning Delivery Grant (HPDG); via Cambridgeshire Horizons' core funding or joint planning budget; and fixed-term base budget funding until 31 March 2011. These funding sources are coming to an end or, in the case of Housing & Planning Delivery Grant, have already been terminated. It has therefore been necessary to find alternative funding sources given that delivery of growth continues to be a major priority for the City Council.
- 3.3 On 17 February 2011, the Government announced the final scheme design of the New Homes Bonus along with provisional allocations payable in 2011/12. This was the same day that the Council met to approve the Budget for 2011/12, and so it was not possible for this additional information to be acted upon as part of the Budget-Setting Report. As a result, there is now a need to consider how the City Council should respond to the contents of the announcement.

4. Implications

- 4.1 The New Homes Bonus is a new incentive scheme that Government has introduced to encourage local authorities to deliver new homes and also to reduce the number of empty homes within their areas. The announcement of the Award on 17 February was accompanied by a Government press release to explain the scheme and this is available at: <http://www.communities.gov.uk/news/corporate/1846706>
- 4.2 The Government announcement included a link to an online calculator to determine the level of allocation that the City Council can expect. Government has agreed with district authorities that, within two-tier areas, the award should be set at 80% for districts and 20% for counties (there was heavy lobbying by upper tier authorities that the proportional split should be reversed).
- 4.3 The online calculator estimates that the City Council will receive an award of £786,646 in 2011/12 based on the number of new homes that have been built within the City and the number of empty homes that had been converted to occupation during the period from October 2009 to October 2010. This payment would be made within the first

three months of the new financial year and would be made at the beginning of each of the next five following financial years. In addition, the New Homes Bonus rewards the delivery of new affordable homes, however, the first payment is based on the numbers of homes delivered between April 2010 to April 2011 and it is proposed that this will be paid in April 2012. It is estimated that the City Council could receive an additional payment of £43,680 based on the methodology and our latest prediction of completions.

- 4.4 These estimates are subject to final confirmation. The Government is currently consulting on the New Homes/Empty Homes allocation and is asking for any comments by the 10 March 2011. Government will then make a formal announcement and, if this is available in time, Committee members will be updated at the meeting.
- 4.5 The New Homes Bonus scheme is designed so that each year of housing provision delivers six consecutive years of reward funding. The implications of this for the City Council, given our predicted growth rates (even on a moderate trajectory) are that the City Council will receive significant funding in future years (for instance, potentially rising to nearly £4 million in 2014/15).
- 4.6 A review of the growth-related/fixed-term funded posts at the Council has been carried out by officers, as part of the Planning Service review. A total of 25.18 FTE posts have been created, although permanent funding has already been agreed by the Council for 3 FTE of these. The 3 FTE relates to the Principal and Senior Urban Designer and the Senior Arts & Urban Designer post (now in Streets & Open Spaces).
- 4.7 Of the remaining 22.18 FTE posts which had been funded until 31st March 2011, 18.68 full-time equivalent posts and associated costs of £58,140 have been identified for extension to the end of April 2012 at a total cost of £818,380. The posts are detailed in Appendix 1. The associated costs which the review has identified as being needed in 2011/12 relate to:
- £35,000 in respect Processing general householder planning applications, where previous HPDG funding has now been withdrawn
 - £13,140 in respect of a 0.4 FTE fixed-term Planning Policy Officer post in 2011/12, following the deletion of the permanent post in the review
 - up to £10,000 as a contribution towards the Sub-Regional Housing Strategy Co-ordinator post, which is essential for monitoring and updating the Strategic Housing Market Assessment

- 4.8 Provision for this funding was made in the approved 2011/12 Budget, including the use of Reserves up to a limit of £436,950 (i.e. funding up to half of the total cost). In the light of the Government announcement on New Homes Bonus and the provisional award of £786,646 it is now expected that the impact on Reserves will be £31,734 in 2011/12. It is recommended that the Budget of the Council for 2011/12 is adjusted accordingly.
- 4.9 This would result in an increase in the level of General Fund Reserves of £404,770, compared with the approved Budget position. As an increase in the level of Reserves was not specifically required as part of the Council's financial strategy, this raises the opportunity to consider alternative one-off uses of this sum. It is, therefore, recommended that this funding is used to:
- Increase the revenue contribution for General Fund capital spending in 2012/13, effectively reversing the one-off reduction which was required as part of the Budget-Setting Report
 - Make an additional £184,770 contribution to the Climate Change Fund, based on current indications that the level of qualifying bids is expected to significantly exceed the level of funding available (even after the additional £250k contribution agreed as part of the Budget).
- 4.10 The confirmation of the New Homes Bonus now provides the opportunity for the City Council to make permanent the 18.68 FTE fixed-term posts that are needed for growth, along with £45,000 of associated costs. The associated costs for 2012/13 onwards are the same as 2011/12 with the exception of the 0.4FTE Planning Officer costs that should be omitted as the post will end on 31 March 2012.
- 4.11 It is considered that making the posts permanent at this stage is important for the following reasons:
- a) The delivery of growth for the city remains a high priority for the City Council and is predicted to continue for the foreseeable future (current housing trajectories show a consistent growth rate well beyond 2021);
 - b) Over two thirds of the City Council post-holders in growth-related/fixed-term posts will have been in post for at least four years during 2011/12 and consequently have the employment status of a permanent employee. This decision recognises that status.

- c) The recent staff and trade union consultation on the growth-related/fixed-term funded posts shows that there is significant concern amongst staff about the continuation of these posts on a fixed term basis, which has a negative impact on morale.
- d) The continuation of fixed-term funded posts for these roles that are vital to the delivery of growth constitutes a significant risk to the authority given that, if post holders were to leave, then key skills, capacity and experience may be lost.
- e) A decision to make these posts permanent at this time does not preclude the opportunity for the City Council to modify the structure in the future, if service demands require that.

4.12 The financial implications of making the fixed-term funded posts permanent, and using part of the projected New Homes Bonus funding to do this, are set out in Appendix 2.

4.13 This shows that from 2012/13 there would be a substantial balance of funding that would be available to the City Council. It should be noted that:

- This funding is still subject to final confirmation, and is dependent on achieving the projected growth rates in each year
- Nationally, funding for the NHB scheme has only been explicitly provided for the period of the current Spending Review (i.e. to 2014/15). There have been indications that there may be additional top-slicing of Formula Grant in future years to fund the scheme
- Funding will end 6 years after new properties are built, so once the significant projected growth within the City comes to an end funding at current levels will start to drop-out

4.14 Given this context, it is recommended that further consideration of the use of this additional funding is given as part of the preparation of the September 2011 Medium Term Strategy.

5. Background papers

5.1 These background papers were used in the preparation of this report:

Planning Service review consultation document, December 2010
Annual Monitoring Report, December 2010

6. Appendices

Appendix 1 – Growth-related/fixed-term funded posts

Appendix 2 – Financial Implications

7. Inspection of papers

7.1 To inspect the background papers or if you have a query on the report please contact:

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GROWTH-RELATED/FIXED-TERM FUNDED POSTS

It is recommended that the following growth-related/fixed-term funded posts¹ be made permanent:

Post Title ²	FTE
Major Developments Manager	1
Principal Major Developments Officer	4.18
Senior Major Developments Officer	1
Major Developments Support Officer	1
Planning Obligations Monitoring Officer	1
Urban Designer	1
Planning Policy Officer	1
Urban Extensions Project Manager	1
Senior Sustainability Officer (Design & Construction)	0.5
Landscape Architect	0.5
Project Engineer	1
Urban Growth Project Manager	1
Application Support Officer	1
Application Support Officer	1
Growth Projects Officer (Community & Culture)	1
Committee Manager	0.5
Solicitor/Barrister	1
Total	18.68

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1. As agreed in 2008/09 (when the Joint Urban Design Team arrangements were established), three of the 25.18 FTE are due to become permanently funded from the Council's base budget from 1 April 2011 (the 3 FTE relates to the Principal and Senior Urban Designer and the Senior Arts & Urban Designer post [now in Streets & Open Spaces]).
 2. It should be noted that these existing job titles may change as a result of the Planning Services and Streets and Open Spaces restructures.

**NEW HOME BONUS
PROVISIONAL ESTIMATES BASED ON FINAL SCHEME DESIGN**

	2011/12 £	2012/13 £	2013/14 £	2014/15 £
Provisional 2011/12 allocation (Housing Completions & Empty Homes) ³	(786,646)	(786,646)	(786,646)	(786,646)
Intermediate projection of future Housing Completions & Empty Homes	0	(1,014,208)	(2,028,414)	(3,042,622)
Projection of Affordable Housing component of NHB ⁴	0	(43,680)	(100,520)	(157,360)
New Homes Bonus Total	(786,646)	(1,844,534)	(2,915,580)	(3,986,628)
Funding of Fixed Term Growth Posts	818,380	805,240	805,240	805,240
Earmarked for consideration in September 2011 MTS	0	1,039,294	2,110,340	3,181,388
Contribution Required (To) / From Reserves	31,734	0	0	0

3. As per 17 February 2011 DCLG announcement. Grant payable annually to 2016/17.

4. Affordable Homes data for 2010/11 is expected to be published in October 2011 and paid in April 2012.