1. **PURPOSE OF REPORT**

1.1 To update members on the Budget 2015/16

1.2 New Capacity Budget 2016/2017

1. **INFORMATION**

**A - Update report**

2.1 The award made for the year 2015/16 was for £750,000.

2.2 We have now had confirmation that the award for 2016/17 is £250,000. This is covered below in the second part of the report (B). This means a substantial amount of activities will need to be cut back.

The budget below is for the current position (table 1) and for 2016/17 until June next year discussed in more detail in part B of this paper.

**Table 1 – Capacity Fund Budget Requirement 2015/16 (£000s) and 2016/17**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Item** | **Descriptor** | | **Spent end of June and committed** | **Future spend July 2016/June 2017** |
| Staff Capacity & Project Officer | To assist in coordinating and driving the delivery of the consented Sustainable Urban Extensions (SUE’s) and associated infrastructure, including leading and managing specific projects and additional planning staff to support delivery, plus development management capacity. | |  | 331 |
| Highways Staff | Additional highways capacity | | 66 |
| Legal Capacity | Costs associated with delivery of SUE’s. | |  |
| Viability Testing | | External Consultative Advice/Negotiations |  |
| Joint Planning Unit | | Additional support on specialist planning matters – ecology, heritage, sustainability, design, etc. |
| Community Engagement | | Additional engagement above and beyond existing scope, including training. |
| Economic Development | | Place marketing, promotional work, inward investment expertise, funding bids | 30 |
|  | | **Sub Total** | **567** | **427** |
|  | |  |  |  |
| **Assessments and Studies** | |  |  |  |
| Programme of commissioned work on NN Growth Community | | Ensure appropriate best-practice principles are enshrined in operational delivery, Delivery Plan Health. |
| Transport Assessments, etc. | | Required to support delivery of SUE’s A6, A6003 |
| Admin running costs | | Other minor unplanned spend |
| **Sub Total** | |  | **63** | **50** |
|  | | **Yet to be spent** | **120** | **128** |
| **Total** | |  | **750** | **605** |
|  | | **2016/17 capacity award** | **250** |  |
| **Total** | |  | **370** |  |

2.3 The original award funded a variety of essential work streams to help the five authorities to be more delivery focused and speed up development on the ground.

* Within each authority, additional capacity has been brought to help move the SUE’s delivery along at a faster pace and a greater priority.
* The majority of the funding was spent by the end of March 2016, and those elements, such as the study into health provision within SUE’s have the funds committed to complete the work (due end of summer). Some of the budget for staff resources will run into 2016/17 financial year, to reflect the later start to the project, but also to act as a bridge until the award for 2016/17 is received.

2.4 Milestones

* The key posts (Delivery Unit manager, Project Officer, Planning and Highways staff). Seconded staff have been in place since autumn.
* Consultants were appointed to undertake the main cross-scheme assessments (Delivery Plan), assessment of resilience of electric and gas supplies and assessment of on-site health service provision. Now completed and work is ongoing to implement the key actions.
* Other matters that came up from the Joint Committee or DCLG discussions have been to do with long term stewardship of public open space and public assets, self-build/custom build schemes, along with starter home schemes/affordable housing.
* Communications and regular meetings on the SUE’s take place to seek to resolve any barriers to delivery and this is still an essential part of the work.

**Progress to date**

2.5 The table above shows the areas that the finance has covered.

2.6 The progress to date is considered to be good, with money spent on the key milestones of health study, highways priority of S278/38’s, a delivery plan and planning staff.

* The Delivery Plan is being implemented
* The Health study is being undertaken. There is a more detailed report attached to the agenda.
* Highway study work. A6 study work is complete. The work related to the West of Corby is still being worked through. Steady progress has been made on a number of key S278/S38 agreements related to the delivery of the SUE’s.

2.7 This North Northamptonshire Strategic Stakeholders Group has had helpful inputs into a number of matters such as the Delivery Plan, Health, Action Plans, Highway Programmes, Community Trust and Self-Build.

**Conclusion**

2.8 The major milestones were met in 2015. More detailed work is constantly underway on specific SUE action plans, which will focus in detail on actions to remove the barriers to the delivery of homes and jobs. This is work in progress and will always be a dynamic piece of work. It is key to get early sight of the issues to plan ahead and act to resolve the barriers, or to modify as things change.

2.9 Good working arrangements with the developers are taking place to focus on delivery. Those discussions are having an impact on reducing the barriers, reducing the time to discharge conditions and approvals of S278/S38, drainage and strategic matters, although the highway S278/S38 time can still be improved upon.

2.10 The underspend (£120k) was created by being very mindful of the timing of any DCLG award allocation of further capacity funding for 2016/17 period and the likelihood that any award would be less than that made for the last allocation. Bearing this in mind, it was essential to ensure key elements of the above budget (staff resource) was committed to run until end of June/Sep. This also, allowed for some contingency to enable the JDU work to continue until an award was made for 2016/2017. This was carried out successfully. Now that the award has been made the budget can be reset for July 16 to June 17.

2.11 This will involve carrying forward existing committed spend of £235k that was allocated from April up to September to cover the time delay in the award being made (made of salary, health, and other smaller costs such as expert advice). The hard task is to keep the momentum on delivery going forward.

**B - New Capacity Bid 2016/2017**

2.12A new bid was submitted to DCLG in early Jan 2016. An award was made in June for £250k for just one year 2016/17 and not the two years as requested. The financial money is yet to arrive, so caution is required. This was a little disappointing given the scale of growth in the area and what is in progress or coming forward at a pre-application stage, along with a garden village within East Northamptonshire (which is subject to a separate bidding process).

2.13 Discussions have been taking place with DCLG and officers to combine the current underspend of £120k with the £250k, to give a budget of £370k, which is not committed already. The overall budget will now be £605k for the following year July 2016 to June 2017. Bearing in mind, the existing committed spend that is already running forward to September and the need to keep the seconded staff focused on delivery take up the largest costs (£331k). But given those committed spends and the underspend, plus the award enables the JDU to continue with the current seconded staff arrangements, highway priority work, and a relatively small amount to cover legal, viability and some consultancy costs, until June next year.

2.14 The amount left for the various non staffing costs, as stated is small (£128k not allocated yet) and is likely to be insufficient for the following 12 months (June 2017), which means at some stage certain work, such as design, legal, expertise or viability elements may have to pause or stop. The five authorities approach to date still relies on the five authorities making a considerable commitment and financial contribution to overall costs, as was clearly set out as part of the bid document. This will have an impact on what can be achieved but the five authorities are committed and focused on the key work of delivery both for the current consented SUE’s and the SUE’s that are at pre-application stage.

2.15 Other funding opportunities are being sought from other sources, including SEMLEP and HCA. Given that these large sites take time to get started and considerable effort and resource to keep moving forward. We will continue to press for a two year funding allocation.

2.16 The two year approach will reduce the risk of a stop start process of removing or reducing the barriers to delivery. This would demonstrate commitment from all parties in the delivery of this large growth agenda and provide the much needed quality homes, jobs and key infrastructure to the North Northamptonshire area. This will at the same time help build confidence that delivery will take place on a consistent basis. This reduces considerably the arguments about viability lessening quality of the homes and the overall environment that is being created over the next 20 years or so.

**3. RECOMMENDATION**

3.1 To note the progress made and the underspend of £120k

3.2 To note the new budget