

CAMBRIDGESHIRE HORIZONS

Agenda Item No: 11

Review of Horizons' Budgets

To: **Cambridgeshire Horizons Board**

Date: **29th September 2010**

From: **John Williamson, Acting Director for Development**

Purpose: **For decision (FD)**

Recommendation: **In the light of the decision at the last Board meeting to review whether revenue funding can be better used to support local authority resource needs, Board is invited to:**

- **Note the position local authorities have reported in respect of loss of HPDG;**
- **Note the firm and potential savings identified in the HGF revenue and Horizons' core budgets; and**
- **Decide how this additional revenue capacity might best be used.**

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1.0 Background

- 1.1 At the Horizons Board meeting on 1st July there was a wide-ranging discussion about future funding for growth implementation and how best to use existing budgets. Members asked which elements of Horizons revenue budgets could be reconsidered in the light of the loss of Housing and Planning Delivery Grant (HPDG) and the implications of this for local authorities' resources.
- 1.2 In the review that has been undertaken, local authorities have provided information on the practical implications of loss of HPDG through funding shortfalls, and Horizons' core and HGF revenue budgets have been reviewed in detail to identify firm and potential savings that might be put to alternative uses. Growth Partnership Board and Audit and Risk Management Committee discussed the issues set out in this paper at meetings earlier this month.

2.0 Local Authority position on HPDG

- 2.1 The district and city councils were invited to identify the amount of HPDG anticipated for 2010/11, growth related posts which this would have been used to fund, and the implications of the loss of this anticipated funding source.
- 2.2 The amounts of HPDG that authorities were anticipating for 2010/11, before the government announced that this grant would be cut, were significant; for example, South Cambridgeshire District Council calculated that it would receive £1 million and Cambridge City Council nearly £800,000. While the authorities had anticipated the likely cuts in HPDG – and some had made a zero budget provision – all have been adversely affected and some had to reduce staffing levels as a direct result of the loss of grant, or alternatively underwrite salary costs as an immediate response, with knock-on effects on other growth-related work.

3.0 Review of Horizons' Budgets

- 3.1 In accordance with the Board's request a detailed review of Horizons' core and HGF revenue budgets has been undertaken. The projects within the HGF revenue programme and those funded from Horizons' core budget have been scrutinised closely to identify any potential savings as a result of projects not proceeding as intended, known underspends or efficiencies realised in undertaking the relevant work.
- 3.2 The savings identified have been categorised as 'firm proposed savings' and 'possible savings'. The projects from which firm proposed savings can be made, and the reasons for these, are listed in the table at Appendix A. These potential savings total £203,377 and all savings identified have been discussed and agreed with local authority partners directly involved in the projects. There are three projects or work areas where possible savings have been identified, which are detailed below. These comprise £92,780 of possible savings. GPB members decided at their meeting that they were content for these savings to be

recommended to the Horizons Board as ones that should be included in the overall total.

A. Cultural Task Group Projects

On behalf of Cambridgeshire Together, the Culture Task Group has developed a Cultural Vision for Cambridgeshire and an Action Plan to begin implementing the Vision. Outcomes of the Cultural Vision will be economic development and growth for our creative industries, and improved health and well-being for the people of Cambridgeshire.

To deliver the action plan will require staff resources from the Local Authorities and partners on the Culture Task Group. Some actions can be completed without any additional funding; four actions within the plan require funding to be completed successfully. Funding has been identified from Culture First for one of these, and therefore two projects (one comprising two parts) to be funded through HGF are highlighted below.

Improving the economic viability of facilities in Cambridgeshire growth areas

This research project is a two part scheme and aims to identify 'place intelligence' collating effective local information that enables the development of meaningful locally led performance management.

Part 1: Assess existing cultural facilities in Cambridgeshire, their capacities and geographic footprint. Profile the current and future population of Cambridgeshire, at a district level, using the statistical data to estimate the current and future demand for cultural, sporting and physical activities.

Part 2: Identify self financing economic models for cultural community facilities using data from Part 1. This will include the placement, scale, content and physical accessibility of sustainable facilities across Cambridgeshire and will explore shared use opportunities for existing amenities.

Cost: Part 1: £13,750. **Part 2:** originally £32,000 however match funding from Culture First secured (£12,000) therefore funding requirement from HGF Revenue of **£20k**

Contractor/Partner: County Council Research Group

Creative Front – promoting and supporting creative business development

This project is part of a portfolio of work designed to raise the profile of Cambridgeshire's creative sectors and increase the use of local creative services to retain talent in the county and increase innovation and competitiveness, in turn supporting economic prosperity. The work stems from the Greater Cambridge Partnership's assessment of Creative Industry impact on Cambridgeshire's economy.

How: Develop an Awareness Raising Campaign; promotion of Anglia Business Class for potential Creative Industry start-ups and new businesses; Creativity and Technology Event.

Cost: Originally £53,933 however revised to £50,000. £25,000 match funding secured from European Funding. Revised funding required from HGF Revenue **£25k**.

Contractor/Partner: Anglia Ruskin University

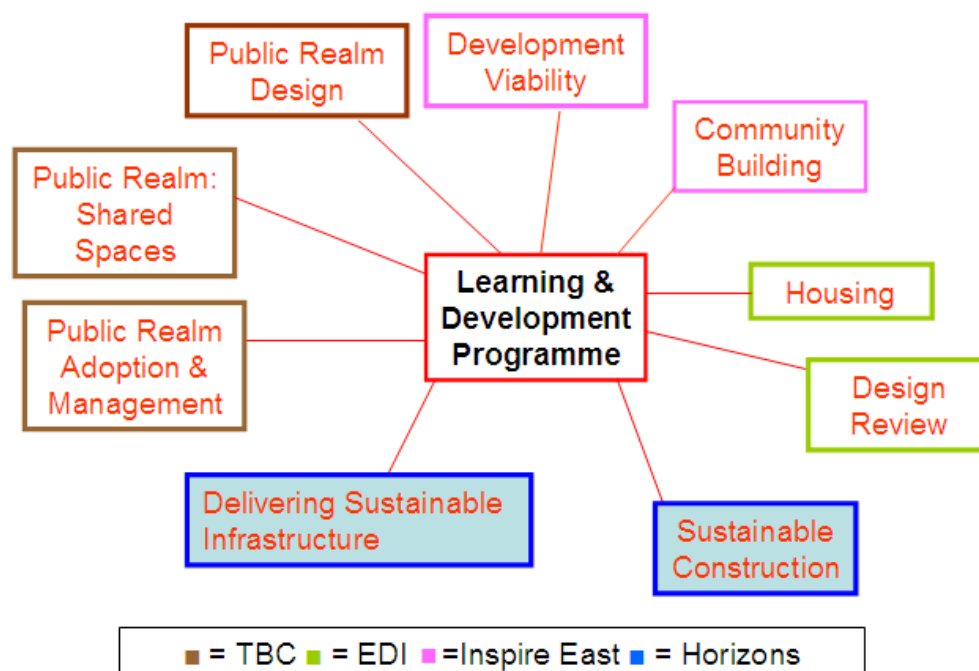
Total current HGF Revenue budget: £100,000

Revised total HGF Revenue required: £58,750

Proposed saving: £41,250

B. Quality Charter Learning and Development Programme

Cambridgeshire Horizons carried out a training needs analysis with the Quality Charter steering group and local authority partners to identify learning and development requirements. Eight key learning themes were identified and training providers were commissioned to develop and facilitate up to 15 workshops and briefings for member and officer audiences:



Budget and finances

- The Learning and Development Programme has a £60,000 core budget allocation.
- Contractually committed funds for course delivery: £9,500
- Well-developed courses (non-contracted): £15,000
- Original event management cost estimate (for committed & non-contracted courses): £25,500

Options to reduce costs on budget allocation

- The above estimates show the whole programme may be delivered for £50,000. Total savings: **£10,000**
- Estimated event management costs may be reduced through the exclusive use of low cost and partner venues, and by reducing catering requirements and the outside speaker budget. Total savings: **£12,000**
- Total estimated savings from original £60,000 budget: **£22,000**

Further reductions would require fundamental changes to the nature and scope of the learning and development programme, which would reduce its impact and reduce the level of skills development across the county.

C. South Cambridgeshire and Cambridge Infrastructure Study

The overall cost of the project is £120,000 although the local authorities have identified a need to retain nearly £30,000 as contingency funding in case additional work should be needed. More specifically the project leads have suggested that it is important to recognise that the Infrastructure Study is now being prepared under changing circumstances and there is a need to plan for these as much as possible. For example, the future abolition of the PCT was announced on the day of the project's inception meeting and this, along with other changes will have real implications for the preparation of the Infrastructure Study.

- Possible saving of **£29,530**

4.0 Horizons Core Budget

4.1 In addition to these firm and potential savings, an additional saving of £74,000 has been identified from other elements of Horizons' core budget, based on a reappraisal of budgeted and projected spend. More detail on the overall core budget is provided in Appendix B.

- Possible saving of **£74,000**

5.0 Conclusions and Recommendations

5.1 Firm and potential savings totalling £370,157 have been identified from Horizons' core and HGF revenue budgets.

5.2 While local authorities have identified a clear adverse impact on funding for posts and growth-related projects as a result of loss of HPDG, it is not clear that the identified savings could realistically be used in the short term to address specific deficiencies.

5.3 The overall position in relation to future revenue and capital funding from government is not fully clear. CLG officials have indicated that there may be future rounds of HGF capital funding, in addition to the £1bn Regional Growth Fund, and that there is the possibility of some transitional revenue funding to support Local Delivery Vehicles like Horizons beyond March 2011. However, both of these potential funding sources are dependent on the outcomes of the Comprehensive Spending Review in October. The 'New Homes Bonus' which is a scheme the government has proposed to provide an incentive for growth, will be the subject of consultation later this year and could be a potential source of future revenue funding. There is no clarity as yet on whether Local Enterprise Partnerships will receive revenue funding from government.

5.4 Given this lack of clarity about future revenue funding, the agreed recommendation from the Growth Partnership Board is that the most prudent

approach would be to retain all or most of this spare capacity to meet emerging priorities.

5.5 Recommendations are as on the report's covering page.

Appendix A - HGF Revenue and Horizons 'Core' Budget Review, August/September 2010

Budget	Project	Non-contracted at August 2010	Firm proposed savings	Possible savings	Comments
Horizons Core	Quality Charter Learning & Development Programme	£50,500		£22,000	Savings possible through cheaper event management.
HGF Revenue	Northstowe IT Infrastructure	£53,400	£53,400		Project not needed due to delayed progress with Northstowe.
HGF Revenue	Culture Task Group Projects (originally named, Large-scale infrastructure studies)	£100,000		£41,250	Not all funding is needed as projects are targeted at key actions in the Culture Task Group Action Plan; plus projects benefit from private sector funding.
HGF Revenue	Business Planning, community facilities	£4,277	£4,277		Project costs less than initial estimate.
HGF Revenue	Section 106 Monitoring	£14,000	£14,000		Project costs less than initial estimate.
HGF Revenue	Growth Sites Viability Modelling	£90,000	£45,000		Sites not coming forward for viability modelling at expected rate.
HGF Revenue	St Neots renewable energy project	£50,000	£50,000		Project to be covered by Low Carbon Development Initiative.
HGF Revenue	East Cambs and Fenland Level 1 SFRA and Water Cycle Strategy	£16,700	£16,700		Project costs less than initial estimate.
HGF Revenue	South Cambs and Cambridge Infrastructure Study	£29,530		£29,530	Project costs less than initial estimate.
HGF Revenue	Building Surveyor (non-housing features)	£20,000	£20,000		Project no longer needed.
HGF Revenue	Orchard Park Landscaping costs	£10,000		?	
Totals			£203,377	£92,780	Total potential savings - £296,157