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Committee: **Budget Planning Committee**

Date: **Tuesday 9 March 2021**

Time: **6.30 pm**

Venue: **Virtual meeting**

Membership

Councillor Nicholas Mawer (Chairman)
Councillor Nathan Bignell
Councillor Conrad Copeland
Councillor Andrew McHugh
Councillor Douglas Webb
Councillor Lucinda Wing

Councillor Carmen Griffiths (Vice-Chairman)
Councillor Phil Chapman
Councillor David Hughes
Councillor Barry Richards
Councillor Fraser Webster
Councillor Sean Woodcock

AGENDA

1. Apologies for Absence and Notification of Substitute Members

2. Declarations of Interest

Members are asked to declare any interest and the nature of that interest which they may have in any of the items under consideration at this meeting.

3. Minutes (Pages 5 - 10)

To confirm as a correct record the minutes of the meeting held on 19 January 2021.

4. Chairman's Announcements

To receive communications from the Chairman.

5. Urgent Business

The Chairman to advise whether they have agreed to any item of urgent business being admitted to the agenda.

6. **Monthly Finance Monitoring Report - Quarter 3 2020/21** (Pages 11 - 42)

Report of Director of Finance

Purpose of report

This report summarises Cherwell District Council's (CDC's) forecast revenue and capital outturn position for 2020/21 as at December 2020.

Recommendations

The meeting is recommended:

1.1 to note the contents of the report.

7. **New Homes Bonus Consultation 2021** (Pages 43 - 70)

Report of Director of Finance

Purpose of report

To provide Budget Planning Committee with an overview of the Government's consultation on the future of New Homes Bonus (NHB) and the proposed direction that the Council's response will take.

Recommendations

The meeting is recommended to:

1.1 Note the Government's consultation

1.2 Agree the outline principles to be considered in formulating the Council's response to the Consultation at paragraph 3.5.

8. **Review of Committee Work Plan**

Officers will give a verbal update regarding the Committee Work Plan for 2021/2022.

The next meeting of the Committee is on Tuesday 8 June 2021.

Information about this Meeting

Apologies for Absence
Apologies for absence should be notified to democracy@cherwell-dc.gov.uk or 01295 221953 prior to the start of the meeting.

Declarations of Interest

Members are asked to declare interests at item 2 on the agenda or if arriving after the start of the meeting, at the start of the relevant agenda item.

Access to Meetings

If you have any special requirements (such as a large print version of these papers or special access facilities) please contact the officer named below, giving as much notice as possible before the meeting.

Mobile Phones

Please ensure that any device is switched to silent operation or switched off.

Queries Regarding this Agenda

Please contact Emma Faulkner, Democratic and Elections democracy@cherwell-dc.gov.uk, 01295 221953

Yvonne Rees
Chief Executive

Published on Monday 1 March 2021

Cherwell District Council

Budget Planning Committee

Minutes of a meeting of the Budget Planning Committee held as a Virtual meeting, on 19 January 2021 at 6.30 pm

Present:

Councillor Nicholas Mawer (Chairman)
Councillor Carmen Griffiths (Vice-Chairman)
Councillor Nathan Bignell
Councillor Phil Chapman
Councillor Conrad Copeland
Councillor David Hughes
Councillor Andrew McHugh
Councillor Barry Richards
Councillor Douglas Webb
Councillor Fraser Webster
Councillor Lucinda Wing

Substitute Members:

Councillor Shaida Hussain (In place of Councillor Sean Woodcock)

Also Present:

Councillor Ian Corkin - Lead Member, Customers and Transformation
Councillor Tony Ilott - Lead Member, Financial Management and Governance
Councillor Barry Wood - Leader of the Council

Apologies for absence:

Councillor Sean Woodcock

Officers:

Yvonne Rees, Chief Executive
Lorna Baxter, Director of Finance & Section 151 Officer
Michael Furness, Assistant Director Finance
Anita Bradley, Director Law and Governance & Monitoring Officer
Ansaf Azhar, Corporate Director of Public Health & Wellbeing
Claire Taylor, Corporate Director Customers and Organisational Development
Stephen Chandler, Corporate Director Adults & Housing Services
Steve Jorden, Corporate Director Commercial Development, Assets & Investment
Jason Russell, Corporate Director Communities
Aaron Hetherington, Democratic and Elections Team Leader
Emma Faulkner, Democratic and Elections Officer

38 **Declarations of Interest**

There were no declarations of interest.

39 **Minutes**

The minutes of the meeting of the Committee held on 5 January 2021 were confirmed as a correct record, to be signed by the Chairman in due course.

40 **Chairman's Announcements**

There were no Chairman's Announcements.

41 **Urgent Business**

There were no items of urgent business.

42 **Provisional Local Government Finance Settlement Update**

The Committee considered a report from the Director of Finance that gave an overview of the 2021/22 Provisional Local Government Settlement, and the impact on Cherwell District Council compared to assumptions included in the Budget Consultation.

In presenting the report, the Director of Finance clarified to the Committee that the amount of one-off Covid grant funding announced was £0.8 million and not £0.7 as detailed in the report. This meant that there was a total of £1.8 million of one-off funding available to the Council, over and above the levels anticipated.

Regarding the Government compensation scheme relating to irrecoverable Council Tax and Business Rates loses, the Director of Finance advised the Committee that a consultation had been issued and was due to run until 14 January. It was therefore unknown as to the amount of funding that the Council would receive under the schemes.

Resolved

(1) That the outcome of the Provisional Local Government Finance Settlement be noted.

43 **Reserves Review**

The Committee considered a report from the Director of Finance which provided an update on the Review of Reserves that had been taking place.

The Assistant Director - Finance explained to the Committee that the aim of the review had been to ensure the Council had sufficient levels of General Balances more strategic Earmarked reserves rather than small focussed reserves.

Services holding earmarked reserves had been asked if there was an intention to carry out the projects requiring those reserves in the next 5 years. Where there were plans in place, it was proposed to leave the reserves. Where there were not any plans, it was proposed to pool the reserves into a larger earmarked reserve, with the potential for use in a more strategic way.

With regards to the minimum level of general balances, it was felt that an amount of £5 million would be an appropriate level.

The Assistant Director - Finance advised the Committee that the total balance of £45 million of reserves forecast for 1 April 2021 was as a result of a Government grant. The grant had been paid in advance, and would offset the deficit on the collection fund.

Resolved

(1) That the proposed outcome of the reserves review be noted.

(2) That the Executive be advised that Budget Planning Committee support the allocation of reserves as a prudent and sensible allocation of funds.

44 **Financial Management Code Assessment**

The Committee considered a report from the Director of Finance which detailed their assessment of the Council's readiness to implement the Financial Management Code.

The Director of Finance explained that the Cherwell position against the standards listed in the code had been given a Red, Amber or Green (RAG) rating. Of the 17 standards, 16 had been rated green and one amber. The amber rating related to the monitoring of reserves, which already had work underway on improving the position as had been discussed earlier on the agenda.

The Director of Finance also advised the Committee that areas for improvement had been identified for those standards rated as green, which meant that the Council was in a good position for the implementation of the code.

Resolved

(1) That the assessment of Cherwell District Council's readiness to implement the Financial Management code be noted.

45 **Proposed Fees and Charges for 2021/22**

The Committee considered a report from the Director of Finance that provided an update on the draft Fees and Charges for 2021/22.

The Assistant Director - Finance explained that income from fees and charges would increase by 2%. The rate of increase across individual service areas varied depending on regulation or legislation in place covering those services.

The Assistant Director - Finance advised the Committee that there were no detailed figures listed in relation to parking charges for 2021/22. This was due to a service consultation which needed to be conducted, and levels of charging would remain at the 2020/21 rates until that process had been completed.

In response to questions from the Committee, the Assistant Director - Finance agreed to seek information on the cost of the Cherwell District Council Building Control Service compared to commercial suppliers.

Resolved

(1) That the draft Fees and charges schedule for 2021/22 be noted.

46 **Update Staffing and Budget**

The Committee received a verbal update from the Corporate Director – Customers and Organisational Development relating to staffing and the budget.

The Corporate Director – Customers and Organisational Development reiterated to the Committee that detailed proposals would be subject to consideration by the Personnel Committee, and carried out in line with the Organisational Change policy which would involve formal consultation with affected staff and trade unions.

Following the public consultation on budget savings, the impact of the proposals had been identified as fewer than 17 full time equivalents (FTEs). The Corporate Director – Customers and Organisational Development advised the Committee that FTEs did not equate to 17 individuals or 17 posts, due to various elements such as part time posts.

The Corporate Director – Customers and Organisational Development also advised that the proposals did not take account of the redeployment policy or joint working opportunities, and explained that it was fairly common for changes to be made to proposals as the various consultation stages were carried out.

The Corporate Director – Customers and Organisational Development concluded by advising the Committee that she had committed to keeping Group leaders briefed on the situation as work progressed.

Resolved

(1) That the verbal update be noted.

47 **Review of Committee Work Plan**

The Assistant Director - Finance provided a verbal update regarding the Committee work plan for the remainder of the 2020/2021 Municipal year.

It was anticipated that the following items would be considered at the next meeting of the Committee on 9 March 2021:

- Performance, Finance and Risk Monitoring for Quarter Three

Resolved

(1) That the verbal update be noted.

The meeting ended at 7.10 pm

Chairman:

Date:

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Cherwell District Council

Budget Planning Committee

9 March 2021

Monthly Finance Monitoring Report – Quarter 3 2020/21

Report of Director of Finance

This report is public

Purpose of report

This report summarises Cherwell District Council's (CDC's) forecast revenue and capital outturn position for 2020/21 as at December 2020.

1.0 Recommendations

The meeting is recommended:

1.1 to note the contents of the report.

2.0 Introduction

2.1 CDC monitors its financial position on a monthly basis. This report provides the forecast outturn position for the year end based on the position as at Quarter 3 of 2020/21.

3.0 Report Details

3.1 2020/21 has been a challenging year for all local authorities given the significant disruption of Covid-19 and the associated financial impacts it has brought. In September 2020 CDC approved a Revised Budget for 2020/21 in order to address these financial challenges, including identifying £2.4m of in-year savings from the Directorates.

3.2 CDC's revenue forecast financial position up to the end of December shows a forecast overspend of £0.4m. This is made up of a £3.7m overspend related to Covid-19 costs, offset by a £3.3m underspend on business as usual costs.

3.3 The December revenue forecast is a deterioration of £0.4m compared to the previous month, primarily driven by deteriorations in the forecasts in Environment and Place (£0.2m) and Community Developments, Assets and Investments (£0.3m).

3.4 The capital budget for 2020/21 is £106.0m. Forecast spend for the year is £73.2m, a 31% reduction. There is an overall forecast reduction in the spend on capital schemes of £11.1m (10%). There is a further £21.6m (20%) forecast spend to be reprofiled into future years.

4.0 Conclusion and Reasons for Recommendations

4.1 It is recommended that the contents of the report are noted.

5.0 Consultation

None required.

6.0 Alternative Options and Reasons for Rejection

6.1 The report sets out CDC's forecast revenue and capital position for 2020/21. No alternative options have been considered.

7.0 Implications

Financial and Resource Implications

7.1 There are no direct financial considerations as a result of this report. The monitoring position was considered as part of the budget setting process for 2021/22.

Comments checked by:
Michael Furness, Assistant Director of Finance, 01295 221845, michael.furness@cherwell-dc.gov.uk

Legal Implications

7.2 There are no legal implications arising directly from this report.

Comments checked by:
Richard Hawtin, Team Leader – Non-contentious, Tel: 01295 221695, Email: richard.hawtin@cherwell-dc.gov.uk

Risk Implications

7.3 There are no risk implications arising directly as a result of this report. Any risks will be managed as part of the operational risk register and escalated as and when necessary to the Leadership Risk Register.

Comments checked by:
Louise Tustian, Head of Insight and Corporate Programmes 01295 221786 Louise.tustian@cherwell-dc.gov.uk

8.0 Decision Information

Key Decision N/A as not an Executive report

Financial Threshold Met: **N/A**

Community Impact Threshold Met: **N/A**

Wards Affected

All

Links to Corporate Plan and Policy Framework

All

Document Information

Appendix number and title

- Appendix 1 – Monthly Performance, Risk and Finance Monitoring Report and Finance appendix as submitted to Executive, February 2021

Background papers
None

Report Author and contact details
Michael Furness, Assistant Director of Finance, 01295 221845,
michael.furness@cherwell-dc.gov.uk

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Appendix to Budget Planning Committee report – 9 March 2021

Cherwell District Council

Executive

1 February 2021

Monthly Performance, Risk and Finance Monitoring Report

Report of Director of Finance, and Head of Insight and Corporate Programmes

This report is public

Purpose of report

This report summarises the Council's Performance, Risk and Finance monitoring position as at the end of December 2020.

1.0 Recommendations

The meeting is recommended:

1.1 To note the monthly Performance, Risk and Finance Monitoring Report.

2.0 Introduction

2.1 The Council is committed to performance, risk and budget management and reviews progress against its corporate priorities on a monthly basis.

2.2 This report provides an update on progress made during December 2020 to deliver the Council's priorities through reporting on Performance, the Leadership Risk Register and providing an update on the financial position.

2.3 The Council's performance management framework sets out the key actions, projects and programmes of work that contribute to the delivery of the 2020-21 business plan and the priorities of the Council. These measures and key performance indicators are reported on a monthly basis to highlight progress, identify areas of good performance and actions that have been taken to address underperformance or delays.

2.4 As part of monthly reporting the Insight Team provides the Senior Management Team with a corporate complaints report, complaints received during the month are monitored and analysed. The mandatory lessons learned data have been implemented for more than a year now and we are starting to see a decrease in the number of upheld complaints. Lessons learned are reported to CEDR (Chief Executive Direct Reports) and progress is monitored to ensure actions are implemented to avoid the same complaint being reported.

2.5 The Council maintains a Leadership Risk Register that is reviewed on a monthly basis. The latest available version of the risk register at the date this report is published is included in this report.

2.6 The report details section is split into three parts:

- Performance Update
- Leadership Risk Register Update
- Finance Update

2.7 There are four appendices to this report:

- Appendix 1 - 2020/21 Business Plan
- Appendix 2 - Monthly Performance Report
- Appendix 3 - Leadership Risk Register
- Appendix 4 - Finance

Please note that only appendix 4 is included for Budget Planning Committee; other appendices can be found via the Cherwell District Council website, item 97 refers.

3.0 Report Details

3.1 The Council's performance management framework sets out the key actions, projects and programmes of work that contribute to the delivery of the 2020-21 business plan (see Appendix 1) and the priorities of the Council.

3.2 The 2020-21 business plan sets out four strategic priorities:

- Housing that meets your needs.
- Leading in environmental sustainability.
- An enterprising economy with strong and vibrant local centres.
- Healthy, resilient and engaged communities.

3.3 This report provides a summary of the Council's performance in delivering against each strategic priority. To measure performance a 'traffic light' system is used. Where performance is on or ahead of target it is rated green, where performance is slightly behind the target it is rated amber. A red rating indicated performance is off target.

Colour	Symbol	Tolerances for Business Plan Measures	Tolerances for Key Performance Measures (KPIs)
Red	▲	Significantly behind schedule	Worse than target by more than 10%.
Amber	●	Slightly behind schedule	Worse than target by up to 10%.
Green	★	Delivering to plan / Ahead of target	Delivering to target or ahead of it.

Priority: Housing that meets your needs

3.4 The Council is committed to deliver affordable housing, raising the standard of rented housing and find new and innovative ways to prevent homelessness. Also, to promote innovative housing schemes, deliver the local plan and supporting the most vulnerable people in the District.

3.5 **Overview of our performance against this strategic priority:**

Homes improved through enforcement action is reporting Red for December and Amber for Year to Date (5 against a target of 9). The team's interventions have resulted in 5 homes being improved through works completed this month. The reduced number during November reflects the continuing restrictions on inspections, as a result from COVID-19 and drawing to an end essentially desk based enforcement, associated with Minimum Energy Efficiency Standards.

Homelessness Prevention – During December the work of the team is still being dominated by single households presenting in crisis, but officers are still focused on ongoing prevention cases and numbers in temporary accommodation remain relatively low.

Maintain 5 Year Land Supply - is reporting Red for December and Year to Date. The 2019 Annual Monitoring Report (AMR) reports a dip below 5 years (to 4.4 years). However, confirmed housing delivery in 2019/20 (1,159) was higher than our annualised plan requirement (1,142) and the Government has provided the Oxfordshire authorities with a 3-year flexibility, while the Oxfordshire Plan is produced. The draft Annual Monitoring Report, presented to Executive on 4 January, shows 4.8 years for 2020-2025.

Average time taken to process Housing Benefit change events is reporting Green for December for Year to Date. The average time taken to assess change events for the month of December 2020 is 5.11 days against a target of 8 days. This strong performance helps to ensure that residents are receiving the correct amount of benefit.

Priority: Leading in environmental sustainability

3.6 The Council is committed to deliver on our commitment to be carbon neutral by 2030, to promote the Green Economy and increase recycling across the district. This priority includes the protection of our natural environment and our built heritage, working in partnership to improve air quality in the district and the reduction of environmental crime.

3.7 **Overview of our performance against this strategic priority:**

Reduce Environmental Crime - Environmental Enforcement investigated 40 fly tipping incidents and issued 9 warning letters. Work will continue on investigating fly tips, waste accumulations and dog fouling complaints, however, the effectiveness of investigations will be limited by an inability to conduct interviews under caution during this latest lockdown.

% Waste Recycled & Composted is reporting Red for December and Green for Year to Date. Recycling rate up by 0.6% on the previous year (the amount of waste and recycling up by 5789 tonnes). The lower results for the month of December are due to the seasonality in the collection rates, during the winter months the percentage of garden waste is considerably smaller than the rest of the year.

Reduction of fuel consumption used by fleet is reporting Red for December and Amber for Year to Date (37,848 against a target of 35,978). More vehicles are being used and greater tonnages being collected from last year. Extra rounds due to growth in the district. Also, we have more commercial and bulky waste customers than last year, meaning more fuel usage.

Protect the Built Heritage is reporting Amber for December and Year to Date. The Team continues to work on Conservation Area Appraisals (Bloxham and Grimsbury). A number of officer reports on completed Conservation Area Appraisals require finalisation Heritage advice continues to be provided to inform Development Management decision making.

Priority: An enterprising economy with strong and vibrant local centres

3.8 The Council is committed to support business retention and growth, developing skills and generating enterprise; also, securing infrastructure to support growth in the district and securing investment in our town centres. This priority also contributes towards making communities thrive and businesses grow promoting the district as a visitor destination, committing to work with businesses to ensure compliance and promote best practice.

3.9 **Overview of our performance against this strategic priority:**

% of Business Rates collected, increasing NNDR Base - is reporting Red for December and Amber for Year to Date. The team have achieved a collection rate of 82.89% as at end of December against a target of 86%. The collection rates have dropped slightly as reminder notices were not issued in December due to a system conversion however accounts with an overdue balance were issued with reminder notices week commencing 18 January 2021. Outbound calls to these customers will follow to chase payment again before issuing summonses. Recovery through the courts is continuing and we are proactively chasing balances to reduce the outstanding balances.

Discretionary grant scheme available to local businesses - Businesses in need of financial support following the national lockdown were invited to apply to the council as a discretionary grant scheme is launched. Cherwell District Council is taking applications for the Additional Restrictions Grant (ARG) from today, Monday 7 December. This further tranche of government grant support is there to help businesses adversely impacted by the lockdown between 5 November and 2 December 2020 and which are not eligible for the previously announced Local Restrictions Support Grants. Subject to the number of applications received and the remaining funding, the grants are expected to range in value from £1,334 to £3,000.

Support Business Enterprise, Retention, Growth and Promote Inward Investment - One-to-one advice and detailed support provided to Cherwell businesses during December 2020, as well as guidance on the available grants. Also, the Council's business webpages were updated, and support provided to businesses in the run up to the Brexit Transition phase ending on 31st December 2020. Cherwell continues to liaise closely with colleagues at local authorities in Oxfordshire, Oxfordshire Local Enterprise Partnership (OxLEP) and Government departments, to provide support to businesses during the COVID-19 pandemic and post EU Transition.

<u>Priority: Healthy, resilient and engaged communities</u>

3.10 The Council is committed to enable all residents to lead an active life, improving and developing the quality of local sports and leisure facilities, promoting health and wellbeing in our communities. Also, supporting community and cultural development; working with our partners to address the causes of health inequalities and deprivation, and to reduce crime and anti-social behaviour.

3.11 **Overview of our performance against this strategic priority:**

Record numbers booked in to see Dr Bike during 2020 – A bicycle maintenance scheme, offering free repairs to encourage more people onto two wheels, has fixed more than three hundred bikes during 2020.

Funded by Cherwell District Council, Dr Bike has serviced 343 bicycles at venues throughout Cherwell, including 64 which have been donated to NHS staff under the Bikes for Key Workers scheme. Dr Bike was initially piloted in Bicester last year through the council-funded Healthy Bicester partnership. Delivered by community action group Bicester Green, the scheme proved so successful that it was rolled out to the entire district in 2020. Bicester Green continued to support the programme, alongside Banbury Star Cyclists, independent mechanics and volunteers, repairing three times as many bikes than in the previous 12 months. Funding has already been secured by Cherwell and Bicester Green from Cycling UK to continue the programme into 2021, with feedback now being sought from Dr Bike users to help shape the service for next year.

Support Community Safety and Reduce Anti-Social Behaviour - In December a training day was held as part of the Intensive Engagement Project so that our team members and partners could undertake community problem solving. The Council's Community Safety Team is also supporting local contact tracing through carrying out visits to people who contact tracers cannot reach by telephone. During December, the Council also restarted the multi-agency operations group meetings. helping to coordinate work between Council departments, the Police, the County Council and Housing Associations; these coordination meetings had been suspended during 2020.

Promote Health & Wellbeing – During December 5,000 Clinically Extremely vulnerable residents were identified by the government and received a 'shielding letter'. The Shielding support line is operated by

Cherwell District Council's Wellbeing team staff to support members of this cohort who need assistance obtaining food shopping & basic necessities.

Summary of Performance

3.12 The Council reports monthly on performance against 39 Business Plan Measures (41 reported quarterly), with 22 Programme Measures and 19 Key Performance Indicators (17 monthly / 19 quarterly). The full details, including commentary against each measure and key performance indicator can be found in Appendix 2.

Programme Measures and Key Performance Indicators (41)

Status	Description	December	%	DoT	YTD
Green	On target	34	83%	↑	29
Amber	Slightly off target	1	2%	↓	10
Red	Off target	5	13%	↑	1
	No data	1	2%	NA	1

Please note that the KPI measure "High risk food businesses inspected" will no longer be relevant this year due to the Food Standards Agency changing the national food law enforcement programme as a consequence of COVID-19. Food safety will be assured through alternative, targeted measures.

Risk Update

3.13 The Council maintains a Leadership Risk Register that is reviewed on a monthly basis. The latest available version of the risk register at the date this report is published is included in this report.

3.14 The heat map below shows the overall position of all risks contained within the Leadership Risk Register.

Risk Scorecard – Residual Risks

PROBABILITY

		1 - Remote	2 - Unlikely	3 - Possible	4 - Probable	5 - Highly Probable
IMPACT	5 - Catastrophic			L09		
	4 - Major			L04, L07, L11, L12 & L21	L01, L17, L19 & L20	
	3 - Moderate		L16	L02, L05, L14, L15 & L18	L08	
	2 - Minor				L10	
	1 - Insignificant					

3.15 The table below provides an overview of changes made to the Leadership Risk Register during the past month. Any significant changes since the publication of the report will be reported verbally at the meeting.

Leadership Risk	Score	Direction	Latest Update
L01 Financial Resilience	16 High risk	↔	Risk reviewed 13/01 – Mitigating actions and comments updated
L02 Statutory functions	9 Low risk	↔	Risk Reviewed 15/01 – No changes
L04 CDC Local Plan	12 Medium risk	↔	Risk Reviewed 13/01 – Comments updated
L05 Business Continuity	9 Low risk	↔	Risk Reviewed 11/01 – Comments updated
L07 Emergency Planning	12 Medium risk	↔	Risk Reviewed 11/01 – Comments updated
L08 Health & Safety	12 Medium risk	↔	Risk Reviewed 13/01 – Mitigating Actions updated
L09 Cyber Security	15 Medium risk	↔	Risk Reviewed 13/01 – No changes
L10 Safeguarding the Vulnerable	8 Low risk	↔	Risk Reviewed 14/01 – No changes
L11 Sustainability of Council owned companies and delivery of planned financial and other objectives.	12 Medium risk	↔	Risk Reviewed 11/01 – Comments updated
L12 Financial sustainability of third-party suppliers including contractors and other partners	12 Medium risk	↔	Risk Reviewed 14/01 – No changes
L14 Corporate Governance	9 Low risk	↔	Risk reviewed 07/01- Risk Manager, Mitigating Actions and Comments updated
L15 Oxfordshire Growth Deal	9 Low risk	↔	Risk Reviewed 11/01 – Controls updated
L16 Joint Working	6 Low risk	↔	Risk Reviewed 12/01 – Mitigating actions and Comments updated
L17 Separation	16 High risk	↔	Risk Reviewed 12/01 – No changes
L18 Workforce Strategy	9 Low risk	↔	Risk reviewed 12/01 – Mitigating actions updated.
L19 Covid19 Community and Customers	16 High risk	↔	Risk reviewed 15/01 – Comments updated.
L20 Covid19 Business Continuity	16 High risk	↔	Risk reviewed 12/01 – Comments updated
L21 Post Covid19 Recovery	12 Medium Risk	↔	Risk reviewed 12/01 – Comments updated

During December the leadership risk had no score changes (see Appendix 3 for details).

Finance Update

3.16 The Council's forecast financial position up to the end of December shows a forecast overspend of £0.403m. This is made up of a £3.703m overspend related to Covid-19 costs (para 3.19), offset by a (£3.300m) underspend on business as usual costs (para 3.17).

3.17 Before taking into account funding held for Covid costs, the directorate revised budgets have forecast a net overspend of £1.800m. This is mainly driven by a £1.469m forecast overspend in Wellbeing. There is £1.163m budget available within Executive Matters to offset costs when they are incurred. Taking this and the latest assessment of interest costs into account, there is an overall overspend of £0.725m across the services.

3.18 The following assumptions have been made in assessing the costs of Covid-19 to the Council:

- The national lockdowns and subsequent business restrictions have a significant effect until the end of the financial year
- Car parking income will be significantly impacted
- Support for leisure services will continue until the end of the financial year

3.19 Applying these assumptions gives a forecast cost of Covid-19 of £7.201m for 2020/21. This is a combination of additional costs and loss of income arising from the impact of the Covid-19 pandemic on Council services. This is partially met by Covid-19 support grant funding of £2.073m and an estimated grant of £1.425m to partially meet income losses. This reduces the net in-year Covid-19 pressure to £3.703m.

3.20 For more detail on the movements across all budgets please see Table 1 showing the forecast variances by Directorate in 2020/21.

3.21 On 7th September 2020, Council approved a revised 2020/21 budget to help it meet an expected funding shortfall for this financial year after government funding is taken into consideration.

3.22 The Council introduced a new structure in December 2020. This report has been prepared on the basis of the new permanent structure that has been put in place.

3.23 Report Details

Table 1: Forecast Revenue Outturn

Revenue Monitoring	*Revised Budget £m*	*BAU £m*	*Covid £m*	*Total Forecast Outturn £m*	*Variance to Budget £m*	*Prior Month Forecast £m*	*Change in Forecast £m*
Environment and Place	10.548	8.829	2.209	11.038	0.490	10.788	0.250
Customers and Org. Dev. And Resources	6.966	6.487	0.496	6.983	0.017	7.059	-0.076
Adults and Housing Services	3.025	2.627	0.348	2.975	-0.050	2.960	0.015
Public Health and Wellbeing	2.896	2.564	1.801	4.365	1.469	4.364	0.001
Comm. Dev. Assets and Inv.	2.284	-0.190	2.347	2.157	-0.127	1.834	0.323
Total Directorates	25.718	20.317	7.201	27.518	1.800	27.005	0.513
Executive Matters	3.062	1.987	0.000	1.987	-1.075	1.911	0.076
Total Cost of Services	28.780	22.304	7.201	29.505	0.725	28.916	0.589
Total Income	-28.780	-25.604	-3.498	-29.102	-0.322	-28.952	-0.150
(Surplus)/Deficit	0.000	-3.300	3.703	0.403	0.403	-0.036	0.439

Please note:

1. This assumes the Government will compensate partially for losses of sales, fees and charges income for the full year.
2. Some numbers may not agree to paragraphs 3.16 and 3.19 due to rounding.
3. The figures for last month have been restated to reflect the new structure

Environment and Place

Communities predicts an overspend of £0.490m against a revised budget of £10.548m (4.6%).

Environmental Services Variation £0.399m overspend Variance to last month's forecast £0.255m	The £0.399m overspend is mainly due to pressures in employment costs due to sickness and the requirement of agency staff cover and salary review £0.377m. Offsetting this (£0.080m) reduction in transport/contractor costs for gate & transfer fees and a reduction in tonnage of waste recycling/disposal costs. Car park, premises and supplies and services costs are expected to be higher by £0.102m. The movement this month is mostly due to the impact of Covid £0.221m with losses of car park and market income and additional agency staff to cover self-isolation
Planning & Development Variation £0.041m overspend Variance to last month's forecast -£0.022m	There is a forecast £0.041m overspend which has reduced by £0.022m from last month. The savings this month are due to vacancies that will not be filled this financial year. Development Management are forecasting an overspend of £0.104m of which £0.011m is due to unbudgeted costs of GIS Spatial licences and £0.116m spent on Agency staff. This has been offset in part by salary savings due to delays in recruiting to vacant posts. Planning Policy's underspend of £0.035m and Building Control including Flood risk's forecast underspend of £0.031m are mostly due to salary savings. The remaining £0.003m overspend is spread over the rest of the service area .
Growth & Economy Variation £0.050m overspend Variance to last month's forecast £0.017m	As of December, Build are forecasting £0.060m overspend on consultancy fees relating to the Build review taking place. All other departments within this service area are on largely on budget with £0.010 savings offsetting the overspend across the service.

Customers and Organisational Development

Customers & Organisational Development predict an overspend of £0.017m against a revised budget of £6.966m (0.2%).

HR/IT/Comms/Cultural Services Variation -£0.092m underspend Variance to last month's forecast £0.016m	All are on target with the exception of Land Charges which is showing a £0.092m underspend as income appears to be recovering faster than expected.
Finance Variation £0.109m overspend Variance to last month's forecast -£0.092m	The December forecast for Finance predicts an overspend of £0.109m. This is mainly due to finance staffing and agency costs linked to developing capacity for the closure of accounts and anticipated additional work linked to the national lockdown. There is also a £0.072m reduction in court income and recovery of overpayments of Rent allowances from last month and other minor variations. Partially offsetting these additional costs is income for DHP receipts that was received at £0.094m more than forecast.

Adults and Housing Services

Adults and Housing Services predict an underspend of £-0.050m against a revised budget of £3.025m, (-1.7%).

Housing & Social Care Variation -£0.050m underspend Variance to last month's forecast £0.015m	December's underspend of £0.050m is due £0.030m saving on consultancy budget relating to the Growth Deal, £0.010m saving on a new Debt & Money advice service contract, £0.010m saving on for the Arbritas (Storage) contract

Public Health & Wellbeing

Public Health & Wellbeing predict an overspend of £1.469m against a budget of £2.896m (50.7%).

Wellbeing Variation £1.469m	The forecast overspend of £1.469m is a direct result of Covid-19. The main cost is the contractual relief payments made to support the survival of the leisure operator during the pandemic and a loss of

overspend Variance to last month’s forecast £0.013m	income from holiday hubs and hiring of sports facilities. Budget to cover £1.163m of this cost is held in Executive matters and will be transferred when costs are realised.
Healthy Place Shaping Variation £0.000m overspend Variance to last month’s forecast -£0.012m	Healthy Place Shaping is forecasting to be on budget taking in to account a request to carry forward £50k unspent budget to a reserve to continue the funding of the Wayfinding scheme in 21/22 due to Covid delays

Commercial Development, Assets and Investments

Comm. Dev. Assets and Invests. predicts an underspend of £0.127m against a revised budget of £2.284m (-5.6%).

Property Variation -£0.140m underspend Variance to last month’s forecast £0.374m	Property are forecasting a (£0.140m) underspend against the revised budget. This is made up of Castle Quay shopping centre forecasting an under recovery of commercial income of c £0.300m (in addition to the £1.475m adjusted for in the revised budget) as a result of the current economic climate. This overspend is however offset by an expected increase of other commercial income (£0.135m) than previously anticipated, as well as forecast savings of (£0.160m) as a result of reduced occupancy of Council premises and remote working, staff savings due to vacancies of (£0.040m), underspends of (£0.085m) on service operational budgets which mainly includes savings on equipment purchasing and finally a (£0.020m) saving on Professional fees. The movement of £0.374m from last month is predominately down to Castle Quay's change in forecast which accounts for £0.362m of this figure. £0.261m of budget for ‘cost of dilapidations work if cannot recharge to outgoing tenants' is proposed to be transferred to reserves at year end to offset anticipated pressures in 2021/22
Procurement	The overspend relates to consultant costs.

Variation £0.090m overspend Variance to last month's forecast £0.023m	
Law and Governance Variation £0.018m overspend Variance to last month's forecast £0.001m	£0.018m overspend is due to use of agency staff covering vacant posts
Growth and Commercial Variation -£0.020m underspend Variance to last month's forecast £0.000m	The £0.020m underspend is due to a vacant post.

Regulatory Services Variation -£0.075m underspend Variance to last month's forecast -£0.075m	Regulatory Services and Community Safety are forecasting an underspend of £75k due to vacant posts, higher than forecast income and reduced spending on contractor costs.

Executive Matters

Executive Matters predicts an underspend of £1.075m against the budget of £3.062m (-35.1%).

Corporate	£1.163m budget is being held to cover Leisure Management and will be drawn upon when required to meet the costs surrounding Covid-19
Interest	There is an adverse variance of £88k due to a further delay in drawing down £4m loan funds, originally expected in October and includes a potential of £50k additional interest.

3.23 Capital

There is a forecast in-year underspend of £32.737m, of which £21.632m is anticipated to be reprofiled in future years. There is an overall forecast reduction in the total cost of schemes of £11.105m. A review of the capital programme will be undertaken as part of the budget process to consider what schemes the Council will progress in the future.

Table 2: Forecast Capital Outturn

Directorate	Budget £000	Outturn £000	Re-profiled beyond 2020/21 £000	Variance to Budget £000	Prior Month Variance £000
Housing Total	2,252	1,383	490	(379)	(379)
Comm Dev Assets total	62,745	46,990	15,028	(727)	(732)
Customers, Org Dev & Resources Total	4,255	4,146	0	(109)	(103)
Environment and Place Total	35,987	20,341	5,774	(9,872)	(2,207)
Public Health Wellbeing Total	717	359	340	(18)	(18)
Total	**105,956**	**73,218**	**21,632**	**(11,105)**	**(3,440)**

Please note: The figures for last month have been restated to reflect the new structure

3.24 Current Period Variances

Housing:

Housing are forecasting (£0.379m) underspend due to reduced activity in delivering Disabled Facilities Grant works during the pandemic (£0.375m), plus a small projected underspend (£0.004m) against the Civica Arbritas upgrade project.

Comm Dev Assets:

Property are forecasting (£0.727m) underspend. The largest savings are against the refurbishment of Banbury Health Centre (£0.153m) due to ongoing discussions with the tenant regarding the extension of the lease which may affect the scope of the project. A £0.250m refurbishment budget may no longer be required. The Joint Housing & Asset IT system (£0.100m) has been put on hold as a possible harmonisation project may supersede and therefore the budget be required to fund the new scheme. General savings of (£0.224m) across the remaining capital schemes.

Customers Org, Dev & Resources:

Human Resources: are forecasting £0.001m overspend for the HR/Payroll system with no more costs expected
ICT: are forecasting £0.110m underspend £0.100m no longer required for Legacy iworld system migration, £0.010 no longer required for Bodicote House meeting room Audio Visual.

Environment and Place:

Growth and Economy: Build Phase 1 is reporting unbudgeted spend of £0.063m. Build Phase 1b is forecasting to spend £1.241m in this financial year (an overspend of £0.144m) and reprofiling the remaining budget into 21/22 to complete the programme. Build Phase 2 programme is forecasting to spend £0.674m in this financial year. However, as a result of certain schemes no longer progressing or have been pipelined an underspend of (£9.894m) is forecast. The Hill Community centre project is now complete with only retention payments owing to Edgar Taylor of £0.045m. This is an underspend of (£0.184m).

Environmental Services: are forecasting (£0.001m) underspend as a result of energy efficiency projects which were committed in late 19/20.

Public Health & Wellbeing:

Wellbeing are forecasting a small saving of (£0.018m), (£0.008m) against Physical Activities programme and (£0.008m) against the Sunshine Centre programme for extension to the front of the site as the projects have reached completion. There is also a small saving of (£0.002m) against Community Grants with £0.126m forecast spend.

3.25 Re-profile beyond 2020/21

Adult Housing

£0.490m Disabled Facilities Grant capital - Covid significantly reduced activity in the first 6 months of the year but activity has begun to increase. As a result, not all of the Better Care Fund will be spent in this financial year and will be reprofiled into 2021/22

Comm Dev Assets

£0.050m Spiceball Riverbank Reinstatement - works are now part of CQ2 which will take place in 21/22
£1.949m Castle Quay Shopping Centre - delayed works due to COVID-19
£12.465m Castle Quay Waterside - ongoing scheme over several years
£0.141m Bodicote House Fire Compliance Works - on hold due to project viability
£0.003m Ferriston Roof Covering - project complete but retention payment due in 21/22
£0.100m Corporate Asbestos Survey - Works progressing and will carry on into 21/22. Anticipated spend of £0.160m in total releasing a (£0.050m) saving
£0.060m Corporate Fire Risk Assessments - Works progressing but will carry on in to 21/22. Full spend anticipated
£0.160m Works from Compliance Surveys - Works progressing but will carry on in to 21/22. Full spend anticipated.
£0.100m CDC Feasibility of Utilisation of Proper Space - Project on hold

Environment and Place:

Environmental Services
£0.100m Thorpe Lane Depot Capacity Enhancement - anticipating slippage in to 2021/22 as a result of awaiting approval of other capital schemes.

£0.055m Bicester Country Park - Covid delayed the purchasing and progression of the country park, remaining spend to reprofiled into 2021/22.
£0.304m Vehicle replacement Programme - currently under review, further investigation needed into larger electric vehicles before committing to diesel equivalents. Remaining spend to be reprofiled into 2021/22.

£0.035m Car Park Refurbishments - Covid significantly delayed progression on the installation of pay on exit barriers. Remaining spend will take place in 2021/22.

£0.012m On Street Recycling Bins - purchases are expected in 20/21 but delivery and installation is anticipated in early 2021/22.

£0.125m Car Park Action Plan - there are no costs anticipated in this financial year but spend is anticipated in 2021/22.

£0.050m Depot Fuel System Renewal - commitments are expected in 2020/21 but installation is anticipated in early 2021/22.

Growth and Economy
£1.701m EWR2 - comprises the introduction of direct passenger and freight services between Oxford/Aylesbury and Milton Keynes/Bedford by reconstructing and upgrading the railway between Bicester-Bletchley-Bedford and Aylesbury-Claydon Junction routes,

approval for which was originally agreed in October 2013 of a contribution of £4.35m towards the scheme. It was agreed that this could be paid over a 15 year period.

£0.892m Phase 1b - Bicester Library is in the early stages of development. Actual site work is due to commence in January 2021 with likely completion by the end of 2021. Admiral Holland works formally completed end of September 2020, but CDC will have to budget for retention payments due in September 2021 of £0.065m

£2.500m Garden Town Capital Funding - The funding is for feasibility and design work on three major infrastructure schemes in Bicester. OCC and Graven Hill Development Company are incurring costs on the initial feasibility work. Once the financial agreements are signed, they will begin invoicing Cherwell for the costs incurred. The majority of the spend will therefore take place in 21/22 and for a further 2 -3 years.

Public Health & Wellbeing:

£0.183m North Oxfordshire Academy Astroturf capital scheme - currently under discussion with United learning Trust regarding the outstanding planning application and their contribution.

£0.043m Energy Efficiency schemes at leisure centres - there are no costs anticipated in this financial year but spend is anticipated in 2021/22 on Energy Efficiency schemes.

£0.084m Bicester Leisure Centre extension capital scheme - spend to date on a feasibility study but no other spend anticipated this year. Remaining spend will take place in 2021/22.

£0.030m Spiceball Leisure Centre bridge resurfacing capital scheme - No spend is expected this financial year but will take place in 2021/22 on completion of Castle Quay Waterside and reinstatement of the bridge.

Annex

COVID Funding

Specific Funding

Date	Dept.	Grant Name	Schemes	Funding
				£
March	MHCLG	Business Grants	Main scheme & discretionary scheme - Forecast	27,655,250
March	MHCLG	Hardship Fund	To provide £150 reduction to Council Tax bills for those in receipt of Council Tax Support.	818,000
March		Emergency Response for Rough Sleeper		8,250
July	DEFRA	Emergency Assistance Grant for Food and Essential Supplies	Allocation from OCC	116,326
September		Next Steps Accommodation Programme		120,400
September	DHSC	Test & Trace Isolation Payments	Main scheme	59,500
			Discretionary Scheme	81,500
October	MHCLG	Compliance & Enforcement Fund	£60m national fund of which £30m allocated to district & unitary authorities to spend on C-19 compliance & enforcement activity	65,251
November	MHCLG	Business Support (Additional Restrictions Grant)	£20 per head of population for discretionary business grant scheme – funding for 2020/21 and 2021/22	3,010,060

November	MHCLG	Local Restrictions Support Grant (Closed) Addendum - Lockdown 2	Mandatory business grants scheme distributed to business premises forced to close due to lockdown restrictions • rateable value £15k or under, grants to be £1,334 per four weeks; •rateable value between £15k-£51k grants to be £2,000 per four weeks; •rateable value £51k or over grants to be £3,000 per four weeks.	2,691,061
	BEIS	Local Restrictions Support Grant (Closed) Addendum - Lockdown 3	TBC	-
December	MHCLG	New Burdens Grant	Business Rate	11,700
			Council Tax	11,788
December	MHCLG	New Burdens Grant 2	To support making grant payments	58,500
	BEIS	Christmas Support Payment	Wet Led Pubs	89,600
	BEIS	Local Restrictions (Open)	Discretionary Grant for period 2-18 December 2020	340,906
	BEIS	Local Restrictions (Closed)	Mandatory business grants scheme for period 2-18 December 2020 distributed to business premises forced to close Tiers 2 - 4 • rateable value £15k or under, grants to be £667 per 2 weeks; •rateable value between £15k-£51k grants to be £1,000 per 2 weeks; •rateable value £51k or over	26,557

			grants to be £1,500 per 2 weeks.	
	BEIS	Closed Business Lockdown - Mandatory Lockdown 3	Funding received TBC One off grants awarded to be RV below £15k: £4,000 RV £15k - £51k: £6,000 RV above £51k: £9,000	-
		Closed Business Lockdown - Discretionary Lockdown 3	Funding TBC	-
	OCC	Winter Support	From OCC	59,004
	OCC	COMF (Control Outbreak Management Fund)	To fund ongoing public health and outbreak management costs	912,000
TOTAL				**36,135,653**

General Funding

Decription	**£**
Tranche 1	67,257
Tranche 2	1,459,014
Tranche 3	229,391
Tranche 4	316,992
	2,072,654
Forecast Sales, Fees & Charges compensation	1,425,000
Total Grant Funding	**3,497,654**

4.0 Conclusion and Reasons for Recommendations

4.1 It is recommended that the contents of this report are noted.

5.0 Consultation

5.1 This report sets out performance, risk and budgetary information for the first quarter of this financial year and as such no formal consultation on the content or recommendations is required.

6.0 Alternative Options and Reasons for Rejection

6.1 The following alternative options have been identified and rejected for the reasons as set out below.

Option 1: This report illustrates the Council's performance against the 2020-21 business plan. As this is a monitoring report, no further options have been considered. However, members may wish to request that officers provide additional information.

7.0 Implications

7.1 **Financial and Resource Implications**

Financial implications are detailed within section 3.16 to 3.25 of this report.

Comments checked by:
Lorna Baxter, Executive Director Finance, 07393 001218, Lorna.Baxter@cherwell-dc.gov.uk

Legal Implications

7.2 There are no legal implications from this report.

Comments checked by:
Sukdave Ghuman, Head of Legal and Deputy Monitoring Officer, Sukdave.Ghuman@cherwell-dc.gov.uk

Risk Implications

7.3 This report contains a full update with regards to the Council's risk position at the end of September 2020. A risk management strategy is in place and the risk register has been fully reviewed.

Comments checked by:
Celia Prado-Teeling, Performance Team Leader, 01295 221556, Celia.prado-teeling@cherwell-dc.gov.uk

8.0 Decision Information

Key Decision

Key Decision	No
Financial Threshold Met:	No
Community Impact Threshold Met:	No

Wards Affected

All

Links to Corporate Plan and Policy Framework

All

Lead Councillor

Councillor Richard Mould – Lead member for Performance Management
Councillor Tony Ilott – Lead member for Finance and Governance

Document Information

Appendix number and title

Appendix 1 2020/21 Business Plan
Appendix 2 Monthly Performance Report
Appendix 3 Leadership Risk Register
Appendix 4 Capital Budget Monitoring

Background papers

None

Report Author and contact details

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CHERWELL CAPITAL EXPENDITURE 2020-21

£000's

CODE	PROJECT MANAGER / SERVICE OWNER	DESCRIPTION	BUDGET TOTAL	YTD ACTUAL	YTD COMMITMENTS	Forecast Outturn	RE-PROFILED BEYOND 2020/21	Current Month Variances £000	*Prior Month Variances £000*	OUTTURN NARRATIVE
40062	Andrew Bowe/Tony Brummell	East West Railways	1,731	13	0	30	1,701	-	-	Cherwell's involvement is now principally regulatory in the form of considering, inter alia, planning land drainage and environmental applications with a view to issuing consents for both temporary works (covering the construction phase only) and the permanent works. The times spent on the project are largely reactive to its progress and requirements.
40107	Jane Norman	The Hill Community Centre	229	(37)	26	45	0	(184)	*(184)*	Project now complete. Retention payments still due to Edgar Taylor of £45k
40093	Dean Fischer	Bicester Community Building	0	0	4	0		-	-	£4k commitment relates to a very old PO raised in November 2016 - have requested the PO be closed.
40094	Joanne Kaye	Graven Hill - Loans and Equity	16,500	0	0	16,500	0	-	-	
40206	Dean Fischer	Garden Town Capital Funding	2,946	0	0	446	2,500	-	-	This is for feasibility and design work for three major infrastructure schemes in Bicester (Ploughley Lane, Banbury Road and Pioneer roundabout). The schemes are active and progressing. Spend will be mainly on feasibiltiy, tech support and appointment of contractors to bring the schemes forward. OCC and Graven Hill Dev't Co. (delivering the infrastructure on behalf of Garden Town) are incurring costs on initial feasibility work - the finance agreements are being finalised now and signed before year end and at that point both OCC and Graven Hill will begin invoicing CDC. The schemes will roll on for a further 2-3 years, so reprofiling of budget will be necessary.
40100	Jane Norman	Orchard Lodge (Phase 1)	0	0	1	0	0	-	*1*	**Old Place Yard**: In the last month the final main contract payment of retention was made, £70k (which was accrued for). There should be no further capital expenditure. **Spring Gardens:** The project lead has confirmed that there is a final balance outstanding to the main contractor Engie (Keepmoat), which is approximately £13k. They are not yet entitled but are likely to be this financial year (this has been accrued) **Fairway Methodist Church (Hope Close)** - This payment was to Oxford & District Building Services (ODBS), a contractor working on The Fairway, Hope Close development. Their scope of work was related to the construction of 11 new dwellings together with associated external works;typically including house foundations, provision of water, electricity and drainage to homes as well as estate road and car park for adjacent church (car park owned by CDC and leased to the church). ODBS completed their works late 2019 (the dwellings were not marketed for sale until Sept 2019) which was followed by an extremely contentious period of about 6 months of claims and counter claims between ODBS and CDC. ODBS were seeking a payment closer to £90k which we negotiated down to £49k
40103	Jane Norman	Old Place Yard (Phase 1)	0	(7)	0	(7)	0	(7)	*(7)*	
40106	Jane Norman	Coach House Mews (Phase 1)	0	(34)	34	0	0	-	*-*	
40108	Jane Norman	Banbury Ambulance Station (Phase 1)	0	0	6	6	0	6	*6*	
40109	Jane Norman	Fairway Methodist Church (Phase 1) Hope House	0	52	0	52	0	52	*52*	
40114	Jane Norman	Cher Com Led Prog Banbury Supported Hsg	0	(1)	0	(1)		(1)	*(1)*	
40124	Jane Norman	Spring Gardens (Phase 1)	0	(0)	0	13	0	13	*60*	
40121	Jane Norman	Bicester Library (phase 1b)	970	44	40	84	886	0	*(213)*	Bicester Library intent was for demolition / site works to commence January 2021 with construction completing late 2021 - previous expenditure considered this intent. Recently received feedback from Planning means we think that we have 3-4 months negotiation with Oxfordshire County Council Archaeology before we will get a Planning Permission, so we will not be able to carry out demolition until April 2021 at the earliest, with the main contract following on in June / July 2021, again, at earliest. Forecast Outturn is limited to Acrual + Commitments with the majority of the budget reprofiled due to Planning delay.
40111	Jane Norman	Admiral Holland Redevelopment Project (phase 1b)	669	786	21	807	0	138	*199*	With construction formally completed end of September 2020 there is the need to budget for retention which CDC will have to pay in September 2022 – the retention is £60.5k.
40118	Jane Norman	Creampot Crescent Cropredy (phase 1b)	0	(17)	11	0	6	6	*6*	Creampot Crescent - Although the home is complete, sold under shared ownership basis CDC are still holding retention money. The amount is £5,750 which will not be due for payment until October 2021
40214	Jane Norman	Creampot Crescent Cropredy Repurchase	350	0	0	350	0	-	-	This budget will only be required if CDC buy back the property if the current owner can no longer afford the property
40172	Jane Norman	Bretch Hill Reservoir (Thames Water Site) (Phase 2)	6,958	3	0	18	0	(6,940)	*(0)*	We are still working on the land assembly for Bretch Hill and the pre-application was submitted to planning in October 2020. The Trades and Labour Club, Nizewell Head, Park Road and Wykham Lane are unlikely to be developed so will need to be removed from the capital budget. The Trades and Labour Club was under discussion as they wanted to replace their current club house with a new, smaller facility which would have then released land for housing. They have decided not to go ahead due to club members opposition. Park Road is a small site that has a covenant attached for recreational use and is currently leased to the adjacent owner for garden space.The covenant would need to be removed by the owners to allow housing development of the single unit. Wykham Lane is currently being used
40173	Jane Norman	Trades & Labour Club (Phase 2)	1,542	0	0	0	0	(1,542)	*(1,542)*	
40174	Jane Norman	Angus Close (Phase 2)	344	0	0	12	0	(332)	*(0)*	
40175	Jane Norman	Nizewell Head (Phase 2)	198	0	0	0	0	(198)	*(198)*	
40176	Jane Norman	Leys Close (Phase 2)	261	0	0	12	0	(249)	*(0)*	
40177	Jane Norman	Bullmarsh Close (Phase 2)	592	227	473	620	0	28	*28*	
40178	Jane Norman	Buchanan Road/Woodpiece Road (Phase 2)	163	0	0	12	0	(151)	*0*	
40179	Jane Norman	Park Road (Phase 2)	196	0	0	0	0	(196)	*(196)*	
40180	Jane Norman	Wykham Lane (Phase 2)	189	0	0	0	0	(189)	*(189)*	

CHERWELL CAPITAL EXPENDITURE 2020-21

£000's

CODE	PROJECT MANAGER / SERVICE OWNER	DESCRIPTION	BUDGET TOTAL	YTD ACTUAL	YTD COMMITMENTS	Forecast Outturn	RE-PROFILED BEYOND 2020/21	Current Month Variances £000	*Prior Month Variances £000*	OUTTURN NARRATIVE
40155	Jane Norman	Build Programme (Phase 2)	124	0	0	0	0	(124)	*(28)*	for the village hall parking. It is a difficult site to develop due to this, the small amount of space suitable for housing and access that needs to be maintained for existing garages. Buchanan Road and Angus Close are owned by Sanctuary HA with discussion about the purchase underway. Leys Close is also under discussion with the planners as they have issues relating to parking.
40213	Jane Norman	Build Team Essential Repairs & Improve C	160	0	0	160	0	-	-	We are waiting for a loss adjustor to assess our claim (delayed due to covid) so please include the whole amount for the rest of the year.
	Growth & Economy Total		**34,123**	**1,029**	**616**	**19,159**	**5,093**	**(9,871)**	**(2,207)**	
40015	Ed Potter	Car Park Refurbishments	145	41	63	110	35	-	*0*	This project is concentrating on installing pay on exit barriers at the car park at Compton Road. Due to covid the works have been delayed and may be a requirement to slip £35k in to 21/22 to complete works. Confirmation expection in period 10.
40021	Ed Potter	Energy Efficiency Projects	4	0	3	3	0	(1)	*(1)*	
40026	Ed Potter	Off Road Parking	18	0	0	18	0	-	-	This project is in conjunction with Car Park Refurbishments project CC 40015 and is expecting to be fully spent in 20/21.
40028	Ed Potter	Vehicle Replacement Programme	1,175	605	266	871	304	-	-	2 x sweepers and 1 x electric vehicle still now committed and delivery expected by by March 2021. Slippage required of £304k in to 21/22 as further investigation wanted on larger electric vehicles before commiting to diesel equivalents.
40031	Ed Potter	Urban City Electricity Installations	15	0	0	15	0	-	-	This project is for the refurbishment of electric sockets in Bicester centre, awaiting quotes but expecting full spend in 20/21.
40156	Ed Potter	Container Bin Replacement	5	13	0	5	0	-	-	Fully committed in 20/21. Overspend to be journalled to revenue CC 25802.
40186	Ed Potter	Commercial Waste Containers	26	26	0	26	0	-	-	Fully committed in 20/21.
40187	Ed Potter	On Street Recycling Bins	34	12	0	22	12	-	-	£10k to be utilised/committed for urban centre recycling bins in 20/21, the remainder £12k to slip in to 21/22 to replenish on street recycling bins stock.
40188	Ed Potter	Thorpe Lane Depot Capacity Enhancement	175	7	12	75	100	-	-	Anticipating commitments in quarter 3, £100k to be slipped in to 21/22 for preparation if separate food and garden waste implemented.
40216	Ed Potter	Street Scene Fencing Street Furniture &	12	0	0	12	0	-	-	This project is for metal steps at Kirtlington Quarry. The lease runs out in March 2021. Awaiting to hear if lease extended by Christmas 2020 to whether purchases are required. Confirmation expected in period 10.
40217	Ed Potter	Car Parking Action Plan Delivery	125	0	0	0	125	-	-	Member sign off on action plan was not signed off until 2nd November, delays due to covid now require slippage in to 21/22.
40218	Ed Potter	Depot Fuel System Renewal	50	0	0	0	50	-	-	Awaiting specification and liasing with procurement requirement, installation unlikely before April 2021 but commitments expected in 20/21.
40222	Ed Potter	Barnhill - Bicester Country Park	80	0	0	25	55	-	-	£25k outturn is for bridges, signage, bins etc - this will be received by March 2021, delays due to covid now require slippage of £55k in to 21/22. Confirmation expected in period 10.
	Environment and Waste Total		**1,864**	**704**	**344**	**1,182**	**681**	**(1)**	**(1)**	
Environment and Place total			**35,987**	**1,733**	**960**	**20,341**	**5,774**	**(9,872)**	**(2,208)**	
40067	Stuart Parkhurst	Bradley Arcade Roof Repairs	8	0	0	8	0	-	-	Works partially completed in prior years, further site investigation to be carried out in order to spend the full £8k
40081	Robert Fuzesi	Bicester Town Centre Redevelopment	0	33	2	35	0	35	*31*	This amount is continuously growing. This is not a direct rechargeable cost but it forms part of the financial claim against Sainsbury's. So we expect recovery of these costs in principle dependent on the outcome of the court case. This will definitely not happen in 2020/21 and have a good potential to extend until 2021/22 or even beyond.
40092	Chris Hipkiss	Spiceball Riverbank Reinstatement	50	0	0	0	50	-	-	The budget was prepared some time ago and got delayed due to the commencement of CQ2. The works are now part of the CQ2 and also includes the bridge too. It will than likely be absorbed into the main CQ2 budget cost and will be spent during
40139	Stuart Parkhurst	Banbury Health Centre - Refurbishment of Ventilation, Heating & Cooling Systems	253	(10)	10	100	0	(153)	*(153)*	In design stage, works progressing. Discussions between CDC and tenant regarding extension of the lease. The result of which may affect scope of the project. The £100k outturn is for works on the roof. The remaining £153k has been offered up as a saving

CHERWELL CAPITAL EXPENDITURE 2020-21

£000's

CODE	PROJECT MANAGER / SERVICE OWNER	DESCRIPTION	BUDGET TOTAL	YTD ACTUAL	YTD COMMITMENTS	Forecast Outturn	RE-PROFILED BEYOND 2020/21	Current Month Variances £000	*Prior Month Variances £000*	OUTTURN NARRATIVE
40141	Chris Hipkiss	Castle Quay 2	55,513	26,889	300	43,048	12,465	-	-	Balance to be re-profiled for delayed project works due to COVID-19. Works programmed, but not engaged
40144	Chris Hipkiss	Castle Quay 1	5,041	1,727	365	3,092	1,949	(0)	-	Balance to be re-profiled for delayed project works due to COVID-19. Works programmed, but not engaged.
40159	Chris Hipkiss	Wildmere Industrial Estate	0	31	0	31	0	31	*31*	This relates to an investment purchase we backed out. We spent this money on DD work leading up to Mid March 2020. When Covid 19 hit, Yvonne / Steve together with Members decided to pull the purchase.
40162	Stuart Parkhurst	Housing & IT Asset System joint CDC/SNC	100	0	0	0	0	(100)	*(100)*	Possible harmonisation project will overtake and therefore this budget/project will move over. Project on hold until decision made.
40163	Stuart Parkhurst	Orchard Way - external decorations	0	(9)	9	0	0	-	-	Project completed
40183	Stuart Parkhurst	The Mill	250	0	0	0	0	(250)	*(250)*	A refurbishment budget may no longer be required
40167	Stuart Parkhurst	Horsefair, Banbury	55	0	0	55	0	-	-	Currently scoping ready for tender
40190	Stuart Parkhurst	Banbury Museum Upgrade of AHU	106	(3)	19	36	0	(70)	*(70)*	Works have been ordered and outturn of £36k expected. £70k is a saving against this particular scheme
40191	Stuart Parkhurst	Bodicote House Fire Compliance Works	141	(6)	13	0	141	-	-	Order raised for design however project is on hold due to viability of project.
40192	Stuart Parkhurst	The Fairway Garage Demolition	49	67	8	69	0	20	*20*	Forecasting overspend of £21k - balances out with savings elsewhere in property. Scheme now complete awaiting retention
40194	Stuart Parkhurst	Compliance Works with Energy Performance	39	13	0	39	0	-	-	In the final phase of compliance works that have been instructed over the past 2 years. Full spend anticipated
40195	Stuart Parkhurst	Ferriston Roof Covering	93	3	0	0	3	(90)	*(90)*	Works approaching completion. £90k saving anticipated. £3k required to be reprofilled into 21/22 for rentention payment due next year
40196	Stuart Parkhurst	Pioneer Square Fire Panel	17	(3)	0	0	0	(17)	*(17)*	Project on hold.
40197	Stuart Parkhurst	Corporate Asbestos Surveys	210	17	49	60	100	(50)	*(50)*	Works are progressing, planned to be completed over 2 years with delays being caused by covid 19. outturn of £160k of which £100k will need to be reprofiled into 21/22 to cover cost of works. Anticipated saving of £50k
40198	Stuart Parkhurst	Corporate Fire Risk Assessments	80	20	24	20	60	-	-	Full spend anticipated however £60k to be reprofiled into 21/22.
40199	Stuart Parkhurst	Corporate Water Hygiene Legionella Asses	35	0	0	0	0	(35)	*(35)*	Works have been charged to revenue therefore this is a saving of £35k
40200	Stuart Parkhurst	Corporate Reinstatement Cost Assessments	12	(18)	15	12	0	-	-	Full spend anticipated in this financial year
40201	Stuart Parkhurst	Works From Compliance Surveys	260	113	10	100	160	-	-	Works planned over 2 years with additional delays caused by covid 19. Full spend anticipated however £160k to be reprofiled into 21/22.
40202	Stuart Parkhurst	Thorpe Place 18 19	68	38	0	38	0	(30)	*(30)*	Works completed no further costs expected
40203	Robert Fuzesi	CDC Feasibility of utilisation of proper Space	100	0	0	0	100	-	-	project slipped until 21/22
40205	Stuart Parkhurst	Orchard Way Fire Safety Works	25	12	0	12	0	(13)	*(13)*	£13k saving against this project
40207	Stuart Parkhurst	Bridge Street Toilets Demolition	45	40	0	40	0	(5)	*(5)*	Works completed no further costs expected
40219	Stuart Parkhurst	Community Centre - Works	195	48	55	195	0	-	-	2 year scheme - £195k in yr1 and £190k in yr 2.
	Property Investment Total		**62,745**	**29,002**	**880**	**46,990**	**15,028**	**(727)**	**(732)**	
Comm Dev Assets total			**62,745**	**29,002**	**880**	**46,990**	**15,028**	**(727)**	**(732)**	
40142	Belinda Green	Academy Harmonisation	79	63	0	79	0	-	-	The capital pot was established to support the project to transfer the CDC Revs and Bens data from the legacy software system, Northgate, to the Academy system. Although the data migration took place in 2017 there are a number of modules (which came as part of the original system contract) that are still to be implemented including OD customer portal, automation of new claims for benefits and CT discounts/exemptions, templating. These are all in the work plan for 19/20. £57k reprofiled from 18/19
40204	Michael Furness	Finance Replacement System	980	373	75	980	0	-	-	
40223		Bespoke/Custom Build Bridge Loan Schei	2,500	0	0	2,500		-	-	
	Finance Total		**3,559**	**435**	**75**	**3,559**	**-**	**-**	**-**	
40060	Karen Edwards	HR / Payroll System replacement	43	44	0	44	0	1	*1*	No more costs expected
40208	Karen Edwards	Project Manager for HR/Payroll system	50	41	0	50	0	-	*7*	
	HR Total		**93**	**85**	**-**	**94**	**0**	**1**	**8**	
40054	Tim Spiers	Land & Property Harmonisation	146	141	67	198	0	52	*46*	Potentially 20K coming in from OCC

CHERWELL CAPITAL EXPENDITURE 2020-21

£000's

CODE	PROJECT MANAGER / SERVICE OWNER	DESCRIPTION	BUDGET TOTAL	YTD ACTUAL	YTD COMMITMENTS	Forecast Outturn	RE-PROFILED BEYOND 2020/21	Current Month Variances £000	*Prior Month Variances £000*	OUTTURN NARRATIVE
40056	Tim Spiers	5 Year Rolling HW / SW Replacement Prog	71	1	0	46	0	(25)	*(20)*	offsetting 46K above
40057	Tim Spiers	Business Systems Harmonisation Programme	52	0	0	25	0	(27)	*(27)*	offsetting 46K above
40170	Tim Spiers	Customer Excellence & Digital Transfer	59	20	7	59	0	-	-	Spacecraft and Jadu
40209	Tim Spiers	Bodicote House Meeting Room Audio Visual	10	0	0	0	0	(10)	*(10)*	No longer required as per PN email dated 8/10/20
40210	Tim Spiers	CDC & OCC Technology Alignment	100	54	94	100	0	-	-	
40211	Tim Spiers	Legacy Iworld System Migration	100	0	0	0	0	(100)	*(100)*	No longer required
40212	Tim Spiers	Procurement of Joint Performance system	65	6	6	65	0	-	-	
	ICT and Digital Total		**603**	**220**	**174**	**493**	**0**	**(110)**	**(111)**	
Customers, Org Dev & Resources total			**4,255**	**741**	**249**	**4,146**	**0**	**(109)**	**(103)**	
40083	Tim Mills	Disabled Facilities Grants	1,965	638	10	1,100	490	(375)	*(375)*	Total budget comprises: £375k base budget, £497k reprofiled budget from 19/20 and £1,093k BFC contribution from County. Anticipated full year spend is £1,100k. As previously acknowledged, the inclusion of the base budget was an error. The effective budget is therefore £1,590k. Covid significantly reduced activity in the first quarter and although delivery is now picking up, contractors are heavily book and delivery is still constrained. We are not expecting to be able to recover the lost ground.
40158	Tim Mills	Abritas Upgrade	12	8	0	8	0	(4)	*(4)*	Of the £12k budget, £8k has been spent to date. There are no plans in place currently to spend the remaining £4k by March 2021.
40160	Tim Mills	Growth Deal grant - Heyford Regeneratior	75	68	0	75	0	-	-	A purchase order has been raised on the finance system some time ago. We are waiting for the developer to invoice us for 90% of this funding against the PO raised (i.e. £67,500). The final 10% (£7,500) can be claimed on practical completion of the affordable homes. We are not sure if this will be before 31/3/2021 or after, but will confirm as soon as practical completion date is known. I spoke with the developer on 27/11/20 to request that he invoice us for the initial tranche £67,500.
40084	Tim Mills	Discretionary Grants Domestic Properties	200	89	0	200	0	-	-	The 5 year capital scheme for Discretionary grants is £150k pa and runs until 2023-24. Total budget comprises: £150k base budget, £50k reprofiled budget from 19/20. Anticipated full year spend is £200k. Progress has been made with a number of reactive landlords' grants and as of 28/10/20 we are now able to forecast commitment and spend of the budget.
	Housing Services Total		**2,252**	**802**	**10**	**1,383**	**490**	**(379)**	**(379)**	
Housing Total			**2,252**	**802**	**10**	**1,383**	**490**	**(379)**	**(379)**	
40005	Tom Darlington	Whitelands Farm Sports ground	0	2	0	0	0	-	-	Funded from S106 held for scheme completion.
40006	Nicola Riley	Community Centre Refurbishments	11	0	0	11	0	-	-	Remaining funds from The Hill capital project. Required for professional fees and external lighting project.
40007	Liam Didcock	Solar Photovoltaics at Sports Centres	43	0	0	0	43	-	-	No spend anticipated in 20/21 but budget to be utilised on energy efficiency schemes in 2021/22. Project being developed to deliver new pool covers at Woodgreen Outdoor Pool and any support to Climate Change Action Plan projects
40009	Tom Gubbins	Physical Activity and Inequalities Insight	20	8	0	12	0	(8)	*(8)*	£12k spend on Story Map insight work. Remaining funds identified as partnership funding for Active reach project which has paused due to Covid and introduction of Tier 4 and National restictions.
40010	Liam Didcock	North Oxfordshire Academy Astroturf	183	0	0	0	183	-	-	Currently in discussions with United Learning Trust regarding outstanding planning application and their contribution. Spend likely to be delayed until 21/22. Report due to outline the options to CEDR/Members on the approach to any failure to adhere to the aforementioned planning application
40019	Liam Didcock	Bicester Leisure Centre Extension	122	0	38	38	84	-	-	FMG Consulting fee of £38k for leisure centre feasibility works. Remaining spend likely to take place in 21/22. Feasibility studies have been taken to Place Programme Board prior to Member workshops. Remaining funds needed for professional fees to progress recommendations of the studies. Further Capital bids will be required for work in 22/23 to forward fund the works alongside S106 funds already held.
40020	Liam Didcock	Spiceball Leis Centre Bridge Resurfacing	30	0	0	0	30	-	-	Spend will not take place until 21/22 when Castle Quay Waterside is completed and bridge reinstated. Potential for this budget to be utilsed to resurface remainder of bridge/redecoration and inspection works

CHERWELL CAPITAL EXPENDITURE 2020-21

CODE	PROJECT MANAGER / SERVICE OWNER	DESCRIPTION	BUDGET TOTAL	YTD ACTUAL	YTD COMMITMENTS	Forecast Outturn	RE-PROFILED BEYOND 2020/21	Current Month Variances £000	*Prior Month Variances £000*	OUTTURN NARRATIVE
			£000's							
40035	Rebecca Dyson	Corporate Booking System	60	2	0	60	0	-	-	Delay due to corporate pressure on IT service. Not expected to require all Capital however seeking to Capitalise the 'contract' with the 3rd party platform currently delivering the online service
40131	Tom Darlington	S106 Capital Costs	0	178	88	0		-	-	Adderbury PC Milton Rd Project - Expecting to pay the remaining amount of the existing PO for the completion of drainage works (£28,465); Bloxham PC Jubilee Hall Project - Expecting to pay the remaining amount of the existing PO for the completion of the project. Awaiting news of possible request for further s106 funds to address the rectification of the roof (£44,126.33); Cooper School Project - Contribution towards the refurbishemnt of the changing rooms (£12,050). Bloxham Ex-Servcemen's Hall Project - Expecting to pay the outstanding amount of the existing PO (£20,530.87). NOA Athletics Track Improvements - Awaiting invoices (£5,340); Bicester Festival - Website build (£1,232).
40152	Kevin Larner	Community Capital Grants	128	86	18	126	0	(2)	*(2)*	Funds claimed to date £86k leaving a balance of £41k to claim including £25k B/F from last Financial year. Project has been delayed due to COVID. The scheme is now closed and any underspends from the CICG funded projects will go back into the CDC capital pot. No further grant applications will be invited or considered.
40215	Liam Didcock	North Oxford Academy Upgrade existing Fa	60	0	0	60	0	-	-	Forward funded by S106 as TrackMark was required before this financial year. Spend is likely to be circa £45k - awaiting transference of funds which is being dealt with by Capital Accountants
40221	Liam Didcock	Cooper School Re-Development/Refurb work	40	43	0	40	0	-	-	Works fully completed
	Leisure and Sport Total		**697**	**319**	**144**	**347**	**340**	**(10)**	**(10)**	
40181	Stuart Parkhurst	Sunshine Centre (new extension to the front of the site)	20	(12)	12	12	0	(8)	*(8)*	*Scheme was approved 02/07/18 for £372k (made up of £252k S106 and £120k CDC funding) However when the potential o/spend was discussed with Nicola it was discovered that S106 funds were actually £360k plus an additional £72k giving a total of S106 £432k. Plus £8k CDC funding gives a total budget of £440k.*
	Wellbeing Total		**20**	**(12)**	**12**	**12**	**0**	**(8)**	**(8)**	
Public Health Wellbeing Total			**717**	**307**	**155**	**359**	**340**	**(18)**	**(18)**	
	Capital Total		**105,956**	**32,585**	**2,253**	**73,218**	**21,632**	**(11,105)**	**(3,440)**	

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Cherwell District Council

Budget Planning Committee

9 March 2021

New Homes Bonus Consultation 2021

Report of Director of Finance

This report is public

Purpose of report

To provide Budget Planning Committee with an overview of the Government's consultation on the future of New Homes Bonus (NHB) and the proposed direction that the Council's response will take.

1.0 Recommendations

The meeting is recommended to:

1.1 Note the Government's consultation

1.2 Agree the outline principles to be considered in formulating the Council's response to the Consultation at paragraph 3.5.

2.0 Introduction

2.1 The Government published its consultation, "The Future of the New Homes Bonus" on 10 February 2021**.** A number of significant changes to the way NHB operates are proposed within the consultation which could have a significant financial impact on CDC. The consultation closes on 7 April 2021.

3.0 Report Details

3.1 New Homes Bonus was introduced by the Government in 2011 as a reward based grant for housing growth and has been a significant source of income to CDC since then. The Government has been highlighting for a number of years that it is looking to review and replace the NHB. This began by reducing the grant period that housing growth was rewarded for from 6 years to 4. Housing growth from 2019/20 was the last 4 year payment, ending in 2022/23. Subsequently, payments were made on a one-off basis in 2020/21 and 2021/22 . The current reward mechanism in two tier areas pays Districts:Counties in the ratio of 80:20 so District Councils benefit significantly more from housing growth rewarded by NHB. The Council's current planning scenario for NHB income is shown in the table below:

New Homes Bonus Grant Funding Assumptions

Year	£m
2021/22	4.423
2022/23	1.764
2023/24	0.000

3.2 Until 2020/21, the approach to NHB made it a relatively reliable and stable source of income; as grant payments were known for 4 years (known as legacy payments), there was time to plan for increases and decreases in grant funding. Similarly, as District Councils received 80% of the grant in two-tier areas this makes it a significant source of income. The Government does not intend to include legacy payments as part of the revised NHB scheme.

3.3 The Government is now consulting on fundamental changes to the way in which the grant operates including:

- whether the 80:20 allocation of grant between Districts and Counties is still the correct split;
- whether the threshold of housing growth that must be met before grant is paid should be increased from the current threshold of 0.4%;
- whether reward grant should be paid based on exceeding historic growth rates;
- whether affordable homes should receive a premium in reward grant;
- whether bringing long-term empty properties back into use should continue to be rewarded;
- whether modern methods of construction should be considered when awarding grant allocations; and
- whether a council should have a local plan in place in order to qualify for grant.

3.4 A briefing note from a council advisor is attached at Appendix 1 giving an overview of the consultation and its implications.

3.5 As NHB is such significant proportion of the Council's income it is important that it responds to the consultation. As the consultation was only issued on 10 February 2021 a draft response has not yet been completed. However, there are some general principles to the response that it is proposed the Council adopts in its response:

- NHB is made as stable and certain as possible potentially by paying grant based on an average of the previous three years growth
- NHB is paid in a way so that it offers a material incentive and can have a material impact on the services councils can provide – and so maintain the 80:20 split between Districts and Counties
- In order to make the grant provide a realistic incentive to all, support the hybrid option of low growth areas receiving grant based exceeding the lower of the two thresholds of exceeding historic growth and exceeding the current absolute threshold of 0.4% growth before grant is awarded.
- Reward councils with higher payments where a local plan is in place and housing growth is approved in line with the strategic plan for the area

- Continuing to reward councils that are able to bring long-term empty properties back into use
- Continuing to pay a premium for affordable homes that have been developed

3.6 The Council is still investigating the challenges of being able to collate information around identifying properties that have been built with modern methods of construction.

3.7 It is too early to say what impact the revised NHB will have on the Council's finances as thresholds and scale of reward have not been announced.

4.0 Conclusion and Reasons for Recommendations

4.1 NHB has been a significant income stream to the Council in the past. It is therefore important that the Council responds to the consultation in order to ensure that it's opinions are considered as the Government finalises the details of the revised scheme.

5.0 Consultation

None required.

6.0 Alternative Options and Reasons for Rejection

6.1 The following alternative options have been identified and rejected for the reasons as set out below.

Option 1: The Council could choose not to respond to the consultation. However, then its opinions on how the scheme should operate in the future would not be considered when the Government finalises the new scheme.

7.0 Implications

Financial and Resource Implications

7.1 There are no financial implications associated with this report.

Comments checked by:
Michael Furness, Assistant Director of Finance, 01295 221845, michael.furness@cherwell-dc.gov.uk

Legal Implications

7.2 There are no legal implications associated with this report.

Comments checked by:
Chris Mace, Solicitor, 01295 221808, christopher.mace@cherwell-dc.gov.uk

Risk Implications

7.3 There are no risk implications associated with this report.

Comments checked by:
Louise Tustian, Head of Insight and Corporate Programmes 01295 221786 Louise.tustian@cherwell-dc.gov.uk

8.0 Decision Information

Key Decision N/A as not an Executive report

Financial Threshold Met: **N/A**

Community Impact Threshold Met: **N/A**

Wards Affected

All

Links to Corporate Plan and Policy Framework

All

Document Information

Appendix number and title

- Appendix 1 – LG Futures Briefing Note: The Future of New Homes Bonus Consultation

Background papers
None

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Briefing Note:

The Future of New Homes Bonus Consultation

February 2021

Contents

1. Introduction

1.1 On 10 February 2020, the Ministry of Housing, Local Government and Communities published a consultation on the future of New Homes Bonus from 2022/23 onwards. This can be found here and is also set out in Annex A. A summary of the 30 questions is set out in Annex B.

1.2 This briefing note provides a summary of the consultation document.

1.3 This consultation closes on 7 April 2021 and responses can either be submitted online (here) or by email to newhomesbonus@communities.gov.uk

1.4 The main points of note from the consultation paper are as follows:

- The new scheme will be in place for 2022/23.
- The government do not intend for the new scheme to include legacy payments.
- There is no mention as to whether the final legacy payment for 2019/20 (due in 2022/23) will be paid (worth £222m nationally).
- Whether there should be a change to the current split of the Bonus in two tier areas (80% district to 20% county).
- The paper includes six Options (A to F), but these are not mutually exclusive.
- 10 of the 30 questions asked relate to the level of threshold that should be applied (i.e. the level below which growth is not rewarded). The paper considers raising a generic threshold, redesigning the threshold based on historic growth (tailored local threshold) or a mix of the two (these are labelled options A to C). It is worth noting that the paper states that the government wants a value significantly higher than the current 0.4% baseline.
- There is an option for funding from New Homes Bonus to be potentially repurposed to equalise the amounts raised from the new Infrastructure Levy; reflecting that these amounts will differ due to the level of uplift in development values (Option D).
- The paper considers whether some of the Bonus funding could be distributed based on Modern Methods of Construction (MMC), with either a proportion set-aside for MMC properties (Option E) or the entire allocation being dependent on a minimum percentage of MMC properties being constructed (Option F).
- Finally, the paper reintroduces the idea (as in 2015) that a local plan (or at least working towards one) should be a requirement to receive funding, with potentially lower allocations for those authorities without an up to date plan.

2. New Homes Bonus Consultation

Overview

2.1. The consultation document is split into 4 sections:

- Section 1 outlines the consultation procedure
- Section 2 is an introduction to the paper
- Section 3 provides background information regarding the NHB scheme
- Section 4 sets out the options for reform, including 30 consultation questions

Sections 1 to 3

2.2. Sections 1 to 3 outline the consultation process and provide a summary of the scheme to date and the government's intentions for reform.

Section 1 – Consultation Procedure

2.3. Section 1 confirms that the consultation is seeking views as to reforms from 2022/23 onwards. It goes on to state that the paper covers options that the government believes will provide an incentive which is more "focused and targeted on ambitious housing delivery, complements the reforms outlined in the Planning White Paper and dovetails the wider financial mechanisms" (including the infrastructure levy and the Single Housing Infrastructure Fund).

Section 2 – Introduction

2.4. Section 2 provides a brief overview of the New Homes Bonus Scheme, including:

- The scheme is funded from a top slice of Revenue Support Grant (though in recent years, MHCLG has provided small top-ups from other departmental budgets to avoid adjusting the scheme design to keep costs within the £900m top-slice)
- The funding is un-ringfenced
- In two tier areas, it is split 80:20 between district and county councils

Section 3 – Background

2.5. This section provides a summary of the scheme to date, including:

- The scheme was introduced in 2011.
- It initially made payments for 6 years (an initial in-year payment and 5 years' worth of what became known as legacy payments), with all eligible growth counting towards authorities' allocations.
- It was subject to a consultation, following the 2015 Spending Review, that reduced the number of years' payments to 4 years in 2018/19 and introduced a 0.4% baseline

(where growth below was not eligible for funding). There was a transitional year in 2017/18, in which authorities received five years' allocations.

- The 2020 Spending Round reduced the number of years down to 1 for the 2020/21, for which no legacy payments were made. The same approach was applied for 2021/22.

2.6. The table below provides a summary of the in-year and legacy payments since 2017/18.

Table 1 – New Homes Bonus Allocations 201718 to 2021/22

	2017/18	2018/19	2019/20	2020/21	2021/22
Previous Years' allocations	1,030	545	295		
2017/18	197	197	197	197	
2018/19		204	204	204	204
2019/20			222	222	222
2020/21				284	
2021/22					196
Total National Allocation (£m)	**1,227**	**946**	**918**	**907**	**622**

2.7. The table shows:

- The 2017/18 allocation of £197m nationally was paid for 4 years to 2020/21;
- The 2018/19 allocation of £204m nationally was paid for 4 years to 2021/22;
- The 2019/20 allocation of £222m nationally has so far been paid for 3 years to 2021/22;
- The 2020/21 allocation of £284m nationally was paid for 1 year only in 2020/21; and
- The 2021/22 allocation of £196m nationally is expected to be paid for 1 year only in 2021/22.

2.8. A key question from the table above, therefore, is whether the fourth year of the 2019/20 allocation, that is due to be paid in 2022/23, will still be made, alongside the replacement for New Homes Bonus.

Section 4 – Options for Reform

2.9. The section begins by confirming the consultation applies for 2022/23 onwards and therefore there will be no changes to the 2021/22 allocations (which formed part of the 2021/22 local government finance settlement).

2.10. It goes on to state that, in line with the in-year allocations of 2020/21 and 2021/22, where there were no legacy payments, the *"government does not intend to reintroduce the concept of legacy payments".*

2.11. Whilst the consultation does not specifically address the question raised in para 2.8 above, as to whether there will be a final 2019/20 legacy payment in 2022/23 of £222m, it does seem, by omission, to suggest that this payment might not be made:

"the options for reform considered in this section would only be implemented for funding allocations made from ***2022/23 onwards****. No changes are proposed for either calculation of the in-year element of the 2021/22 allocations or* ***payments due to be made in 2021/22*** *relating to previous* years" (LG Futures' emphasis).

2.12. The first section of the questions paper seeks stakeholders' views on the effectiveness of the scheme, with the following three questions:

Question 1: Do you believe that an incentive like the Bonus has a material and positive effect on behaviour?

Question 2: If you are a local authority, has the Bonus made a material impact on your own behaviour?

Question 3: Are there changes to the Bonus that would make it have a material and positive effect on behaviour?

2.13. The paper goes on to ask whether future rewards should continue to use the current 80 district/20 county split or should be changed (in either direction), whether the affordable housing premium should be maintained (and if so at what amount) and whether the reward should be maintained for bringing long term empty properties back into use.

Question 4: Should the government retain the current 80/20 split in any reformed Bonus, or should it be more highly weighted towards the District Councils or County Councils?

Question 5: Should the affordable housing premium be retained in a reformed Bonus?

Question 6: Is £350 per additional affordable home the right level of premium, or should this level be increased or decreased?

Question 7: Should a reformed Bonus continue to reward local authorities for long-term empty homes brought back in to use?

2.14. The next question relates to the data used in determining the Bonus i.e. whether to use single year figures or a three-year average (due to the volatility of single year amounts).

2.15. If the scheme was to continue with a threshold, depending on the design, authorities with lower levels of growth may consider they have more chance of gaining some rewards using single year data, as opposed to three-year averages. For example, a threshold of 0.4% would mean that any authority with growth of 0.5%, 0.5% and 0.2% would receive allocations in two of the three years; however, the average of 0.4% per annum would result in no allocations over the period.

Question 8: Should the Bonus be awarded on the basis of the most recent year of housing delivery or the most recent three years?

2.16. The next set of questions relate to the threshold. The paper asks whether it should be raised and seeks views as to what level and why. The paper sets out a case for raised threshold (option A), and therefore "sharper incentive", allowing a higher level of reward for those above it i.e. fewer authorities qualifying for an allocation of what might be considered to be a fixed amount over the medium term.

Question 9: Do you agree that the baseline should be raised?

Question 10: If the baseline is to be raised, should it be raised to 0.6%, 0.8% or 1% of housing growth since the preceding year?

Question 11: Why should the government opt for the baseline you have recommended in answer to the previous question? A higher baseline could potentially be combined with a higher payment rate (so as to keep the total level of funding broadly constant). Alternatively, the same payment rate could be maintained (in which case total funding would fall).

Question 12: If the baseline is to be raised, should this change be combined with higher payment rate?

2.17. However, it then goes on to offer an alternative approach (Option B), with thresholds set based on an authority's past performance. This would mean that each authority's past growth would be taken into account (in a similar way to the LABGI scheme for business rates growth in the early 2000s). The intention of this approach would be to provide an incentive for those authorities "with a less successful record of housing delivery to improve rapidly".

2.18. This approach could be seen as tackling the issue of scope for growth (i.e. a less successful record may be due to geographical constraints, for example), but it also potentially creates a higher threshold for those authorities that have been the most successful, which they might feel is also unfair.

Question 13: Should the government adopt a new payment formula for the Bonus which rewards local authorities for improvement on their average past performance with respect to housing growth?

Question 14: If the government is to adopt such a payment formula, above what percentage (x%) of average past net housing additions should the Bonus begin to be paid? In other words, what should the value of x be?

Question 15: If the government is to adopt such a payment formula, over what period should the annual average of past net additions be calculated? Should it be a period of 5 years or 10 years?

2.19. Finally, in relation to thresholds, a hybrid solution is proposed (Option C). Under this approach, the payment formula would reward authorities for either improving on their average past performance, or achieving high housing growth, with authorities rewarded for each net housing addition to the Council Tax Base above the lower of:

- x% of the annual average of past net housing additions (over the relevant designated period of time); and
- y% of the authority's housing stock.

2.20. Therefore, this would provide incentives for high growth authorities and those that have a less successful record of housing delivery.

2.21. The government are also seeking views on the potential value of x and y, with the paper stating that **"***the government's current preferred approach would be to set the value of y significantly higher than the current 0.4% baseline".*

Question 16: Should the government adopt a new hybrid payment formula for the Bonus which rewards either improved performance or high housing growth? Please explain why or why not.

Question 17: Above what percentage (x%) of average past net housing additions should the Bonus begin to be paid? In other words, what should the value of x be in this proposed hybrid payment formula?

Question 18: Above what percentage (y%) increase in the authority's housing stock should the Bonus be paid? In other words, what should the value of y be in this proposed hybrid payment formula?

2.22. The next section of the paper suggests that the NHB funding should be used to equalise the funding received through the new Infrastructure Levy (Option D). The paper explains that (through the Planning for the Future White Paper), the government proposes to replace the existing system of section 106 agreements and Community Infrastructure Levy with a new Infrastructure Levy (which is based on a proportion of land value uplift associated with housing development and use this to fund affordable housing and infrastructure). This rate of this levy would be set nationally, as a proportion of the sale value of a development.

2.23. However, as land value uplift is greatest in areas where development values are high, the paper asks whether funding from NHB could be repurposed to balance the effects of low developer contribution income in lower value areas by providing an incentive to local authorities to bring forward development in these areas. The paper notes that this approach depends on core elements of the Infrastructure Levy being taken forward in line with the approach proposed in the White Paper.

Question 19: Do you agree with the proposal to repurpose the Bonus to balance the effects of the Infrastructure Levy by providing an incentive to authorities to bring forward development in lower value areas?

Question 20: What, in your view, would be the advantages and disadvantages of repurposing the Bonus in this way?

Question 21: If the option is to be pursued, should this reform to the Bonus be postponed until the new planning system is enacted?

2.24. The next section (Option E) of the paper considers whether, as a subsidiary objective of the scheme, it is used to promote modern methods of construction (MMC), with general housing growth still the primary objective. It suggests, in the same way as affordable housing, a premium for new homes using MMC could be added. Alternatively, it asks whether to require authorities to meet a target for MMC properties, before it receives its overall Bonus (Option F).

2.25. The paper sets out a seven-category definition framework for MMC for homebuilding, as determined by the MHCLG Joint Industry Working Group. Whilst the paper highlights a lack of data at this point (in determining homes using MMC), it does suggest it could be collected at the sign-off of future properties.

Question 22: In your view, what levers do local authorities have at their disposal to encourage uptake of MMC, and how impactful is such encouragement likely to be?

Question 23: Should the Bonus include a premium for new homes built using MMC? Please explain why or why not.

Question 24: If you are a local authority, would such a premium make a material impact on your behaviour? Would it, for example, encourage you to look for opportunities to bring through developments that are amenable to the use of MMC?

Question 25: How onerous a data burden would this option impose on local authorities?

Do you agree with the proposal to collect the MMC data at the point at which a local authority signs off a building as habitable?

Question 26: Should the government make it a condition of receiving the Bonus that w% of net additional homes used MMC in order for the Bonus to be paid? If so, what should the value of w be?

Question 27: Why should or shouldn't such a condition be introduced?

2.26. As was previously suggested in the 2015 consultation on the scheme, the paper asks whether a local plan should be a requirement (or at least progress towards one), before funding is awarded through the scheme, in order to incentivise the development and maintenance of up-to-date local plans.

Question 28: Do you think that local authorities should be required to have a local plan, or demonstrate satisfactory progress towards one, in order to receive funding?

Question 29: Do you think the bonus should be paid at a reduced rate until such time as a local authority has an up-to-date local plan in place, and should it by 25%, 50% or 75%?

Question 30: If you are a local authority, would this encourage you to develop or maintain an up-to-date local plan?

3. Next Steps

3.1. LG Futures will shortly send out details of the additional support it is able to offer to local authorities regarding this consultation.

3.2. The support will cover what the potential options may mean for your authority and wider issues that you may want to consider. This information should therefore provide greater confidence to authorities when looking to respond to the consultation questions and also understand the potential implications of the various options for their medium-term financial plan.

3.3. It is anticipated that details of this support will be sent out in the week commencing 22 February. The consultation paper and support will also be covered in our first monthly live video update, which will take place on 23 February from 11.30am-12.00pm (log in details to follow on this shortly).

Annex A – Consultation document (extracted from the website)

1. Consultation procedure

Topic of this consultation: This consultation seeks views on the future of the New Homes Bonus, from 2022/23 onwards. It covers a number of options for reforming the programme to provide an incentive which is more focused and targeted on ambitious housing delivery, complements the reforms outlined in the government's Planning White Paper, and dovetails with the wider financial mechanisms the government is putting in place, including the infrastructure levy and the Single Housing Infrastructure Fund.

Scope of this consultation: This consultation sets out a variety of options for reforming the New Homes Bonus, beginning in 2022/23. The options on which views are sought are:

- raising the baseline percentage
- rewarding improvement on average past housing growth
- rewarding improvement or high housing growth
- support infrastructure investment in areas with low land values
- introducing a premium for modern methods of construction (MMC)
- introducing an MMC condition on receipt of funding
- requiring an up-to-date local plan

Geographical scope: This consultation is applicable to England only.

Basic information
Body responsible for the consultation: Ministry of Housing, Communities and Local Government
Duration 8 weeks from 10 February 2021.
Enquiries: For any enquiries about the consultation please contact:
newhomesbonus@communities.gov.uk
Housing Investment and Diversification Division
Ministry of Housing, Communities and Local Government
Fry Building
2 Marsham Street
London
SW1P 4DF

Tel: 0303 444 1246

How to respond

If possible, please respond to the questions in this consultation via the online form.

Responses may also be sent to:newhomesbonus@communities.gov.uk

The deadline for responses is 7 April 2021.

2. Introduction

The New Homes Bonus ("the Bonus") rewards local authorities for net additional homes added to the Council Tax Base, thereby seeking to incentivise authorities to encourage housing growth in their areas. Introduced in 2011, the Bonus applies in respect of additional new builds and conversions delivered above a baseline of housing growth, using the national average band D council tax rate. It also applies in respect of long-term empty properties brought back into use, and there is a premium for affordable homes.

The Bonus is paid annually from a top slice of the Revenue Support Grant and forms part of the Local Government Finance Settlement. The funding is un-ringfenced so that councils can choose how to allocate the funding to meet local priorities, and, in two-tier areas, allocations are split 80/20 between District and County Councils. On introduction allocations were paid for 6 years, known as 'legacy payments'. Since its introduction in 2011, including the allocations for 2021/22, the Bonus has awarded a total of £9.5 billion to local authorities in England, recognising a net increase in housing stock of 2 million. This includes over 40,000 long term empty properties brought back into use and 500,000 affordable homes.

The government considers that it is now appropriate to consider the future of the Bonus and, in particular, options for reforming the scheme to ensure it to provides an effective incentive which: is focused and targeted on ambitious housing delivery; complements the reforms outlined in the government's Planning White Paper; and dovetails with the wider financial mechanisms the government is putting in place, including the proposed infrastructure levy and the National Home Building Fund, a multi-billion pounds programme which will bring together existing housing land and infrastructure funding streams into a single, flexible, more powerful pot, to drive an increase in supply over the long term.

3. Background

The New Homes Bonus was introduced in 2011 to provide an incentive for local authorities to encourage housing growth in their areas. The aim of the Bonus was to provide a financial incentive to reward and encourage local authorities to help facilitate housing growth. The five key stated principles of the policy were that it should be:

- a powerful incentive
- simple in terms of understanding and implementation
- transparent in terms of its recognition, significance and rewards from growth
- predictable in terms of expected future funding and perception of being a permanent feature of local government finance
- flexible in terms of how receipts are spent and spent in line with the wishes of the local community.

Following the outcome of the 2015 Spending Review, in December 2015 the government consulted on making changes to the way the Bonus is calculated to improve the incentive effect and make savings of at least £800 million to support authorities with specific pressures, such as adult social care. The consultation sought views on:

- reducing the number of years for which the Bonus is paid from 6 years to 4 years, 3 years or 2 years
- withholding the Bonus from areas where an authority does not have a Local Plan in place
- abating the Bonus in circumstances where planning permission for a new development has only been granted on appeal
- adjusting the Bonus to reflect estimates of deadweight (introducing a baseline above 0%)

Following the consultation, in 2017/18 we implemented changes to:

- reduce the number of years the Bonus is paid to 5 years in 2017/18 and 4 years from 2018/19
- introduce a baseline of 0.4% growth of housing stock below which the Bonus would not be paid (and retained the option of adjusting the baseline to ensure allocations remained within the funding envelope)

As part of the Local Government Finance Technical Consultation, in Summer 2017 the Department consulted on methodology for reducing payments for homes where planning permission is later granted on appeal but decided not to implement this measure.

For 2020/21, as part of the one-year Spending Round, the government announced that it would make a new round of allocations for 2020/21 but that these allocations would not attract new legacy payments and that it would consult on the future of the housing incentive.

4. Options for reform

This section outlines the broad options the government has been considering for reforming the Bonus. It describes the approaches that could be taken and sets out some of the key relevant considerations. In those cases where the government has a preferred approach, this is explained.

Importantly, the options for reform considered in this section would only be implemented for funding allocations made from 2022-23 onwards. No changes are proposed for either calculation of the in-year element of the 2021-22 allocations or payments due to be made in 2021-22 relating to previous years. This is to ensure that local authorities have sufficient time to reflect the proposed changes in their forward planning.

Legacy payments

Prior to reforms to the Bonus implemented in 2017/18, to provide a powerful and predictable incentive, each annual in-year reward was paid for six financial years, such that allocations built up incrementally over time as each 'in-year' reward continued to be paid in addition to the new reward for that year. These are commonly referred to as legacy payments. The longevity of legacy payments was reduced when the Bonus was reformed in 2017/18. New legacy commitments ceased to be made in allocations from 2020/21 and the government does not intend to reintroduce the concept of legacy payments.

4.1. Questions on the current New Homes Bonus

The efficacy of the current Bonus

The government would firstly like to hear stakeholders' views on the efficacy of the Bonus in positively influencing behaviour to promote ambitious housing delivery.

Question 1: Do you believe that an incentive like the Bonus has a material and positive effect on behaviour?

Question 2: If you are a local authority, has the Bonus made a material impact on your own behaviour?

Question 3: Are there changes to the Bonus that would make it have a material and positive effect on behaviour?

The split in two-tier areas

Under the current scheme, in two tier areas, allocations are split 80/20 between District and County Councils. The rationale for this split was that for the incentive to be most powerful, it needed to be strongest where the planning decision sits – the lower tier in two tier areas. The government however also recognised the role, in two tier areas outside London, of the upper tier in the provision of services and infrastructure and the contribution they make to strategic planning. Payment of the Bonus was therefore split between tiers outside London: 80% to the lower tier and 20% to the upper tier. The government would now like to hear views on whether this arrangement should be continued in a reformed Bonus.

Question 4: Should the government retain the current 80/20 split in any reformed Bonus, or should it be more highly weighted towards the District Councils or County Councils?

The affordable housing premium

Under the current scheme, there is a premium of £350 per additional affordable home. This was introduced to reward local authorities that provide the right balance of housing to meet the needs of local people, ensuring that affordable homes are sufficiently prioritised within supply. The government seeks views on whether this feature of should be retained in a reformed Bonus.

Question 5: Should the affordable housing premium be retained in a reformed Bonus?

Question 6: Is £350 per additional affordable home the right level of premium, or should this level be increased or decreased?

Empty homes

The current scheme also rewards local authorities for bringing long-term empty properties back into use. The rationale for this feature of the Bonus was to strengthen the incentive for local authorities to identify empty properties and work with property owners to find innovative solutions that allow these properties to be brought back into use. The government also seeks views on this aspect of the Bonus.

Question 7: Should a reformed Bonus continue to reward local authorities for long-term empty homes brought back in to use?

Time period on which payments are based

Payments under the current Bonus are based on the most recent year of housing delivery. However, there is considerable year-on-year fluctuation in housing delivery within local authorities – fluctuation which may not necessarily reflect an underlying change in performance. One possible approach would be to instead base payments on the average of the most recent three years of housing delivery. The government seeks views on whether a reformed Bonus should be adjusted in this way.

Question 8: Should the Bonus be awarded on the basis of the most recent year of housing delivery or the most recent three years?

4.2. Changes to the threshold for payment

Under the current scheme, the threshold for payment is a baseline percentage of annual housing growth: local authorities are only rewarded for net additional homes added to the Council Tax Base above a baseline of 0.4% growth in their housing stock over the previous year. In other words, if the housing stock has risen by 0.3% since the previous year, no Bonus is payable, whereas, if it has grown by 0.5%, Bonus is payable in respect of 0.1% housing growth.

The government now seeks views on possible reforms to the threshold for payment of the Bonus.

Option A: Raising the baseline percentage

One option would be to keep the payment threshold as a baseline of annual housing growth, but to raise the baseline percentage. The government is considering a new baseline of 0.6%, 0.8% or 1.0% growth, and invites views on each of these possibilities. The government considers that raising the baseline, making the reward more challenging to achieve, would sharpen the incentive effect of the Bonus and encourage more ambitious housing delivery.

Question 9: Do you agree that the baseline should be raised?

Question 10: If the baseline is to be raised, should it be raised to 0.6%, 0.8% or 1% of housing growth since the preceding year?

Question 11: Why should the government opt for the baseline you have recommended in answer to the previous question? A higher baseline could potentially be combined with a higher payment rate (so as to keep the total level of funding broadly constant). Alternatively, the same payment rate could be maintained (in which case total funding would fall).

Question 12: If the baseline is to be raised, should this change be combined with higher payment rate?

Option B: Rewarding improvement: setting the payment threshold by reference to a local authority's past performance

An alternative approach would be to set the threshold relative to a local authority's own past performance in respect of housing growth. Rather than having a single baseline of housing growth for all authorities, this approach would in effect reward authorities for improvement on their average past performance. Authorities would be rewarded for each net housing addition to the Council Tax Base above a certain percentage (call it **x**%) of the annual average of past net housing additions (over a designated period of time).

The purpose of this reform would be to provide an incentive for authorities with a less successful record of housing delivery to improve rapidly. Both the value of the variable **x**, and the time period over which average past performance should be calculated, are parameters on which the government would welcome views. Time periods the government is considering for calculating average past performance are 5 or 10 years. The government is not minded to use a period shorter than 5 years, as year-on-year fluctuations in housing delivery within a given local authority likely make this inappropriate.

Question 13: Should the government adopt a new payment formula for the Bonus which rewards local authorities for improvement on their average past performance with respect to housing growth?

Question 14: If the government is to adopt such a payment formula, above what percentage (x%) of average past net housing additions should the Bonus begin to be paid? In other words, what should the value of x be?

Question 15: If the government is to adopt such a payment formula, over what period should the annual average of past net additions be calculated? Should it be a period of 5 years or 10 years?

Option C: A hybrid approach: rewarding improvement and high housing growth

A further alternative would be a hybrid of options A and C. This hybrid approach would involve adopting a new payment formula that rewards authorities for either improving on their average past performance or achieving high housing growth. Under this option, authorities would be rewarded for each net housing addition to the Council Tax Base above the lower of:

- x% of the annual average of past net housing additions (over the relevant designated period of time); and
- y% of the authority's housing stock.

The purpose of this hybrid approach would be for the Bonus to continue to incentivise authorities to perform well, but also provide an incentive for authorities with a less successful record of housing delivery to improve rapidly. The government welcomes views on what the values of the variables x and y should be in this payment formula. The government's current preferred approach would be to set the value of y significantly higher than the current 0.4% baseline.

Question 16: Should the government adopt a new hybrid payment formula for the Bonus which rewards either improved performance or high housing growth? Please explain why or why not.

Question 17: Above what percentage (x%) of average past net housing additions should the Bonus begin to be paid? In other words, what should the value of x be in this proposed hybrid payment formula?

Question 18: Above what percentage (y%) increase in the authority's housing stock should the Bonus be paid? In other words, what should the value of y be in this proposed hybrid payment formula?

4.3. Supporting infrastructure investment in areas with low land values

In the Planning for the Future White Paper, the government proposes to replace the existing system of developer contributions with a new Infrastructure Levy. The Infrastructure Levy would capture a proportion of land value uplift associated with housing development and use this to fund affordable housing and infrastructure. Land value uplift is greatest in areas where development values are high. The government is currently considering responses to Planning for the Future, and decisions on how to take the Infrastructure Levy forward are subject to this consideration.

Option D: Repurposing the Bonus to support infrastructure investment in areas with low land values

One approach would be to repurpose the Bonus to balance the effects of low developer contribution income in lower value areas by providing an incentive to local authorities to bring forward development in these areas. This would support local authorities in lower value areas to provide infrastructure and affordable housing alongside development. This approach depends on core elements of the Infrastructure Levy being taken forward in line with the approach proposed in the White Paper.

Question 19: Do you agree with the proposal to repurpose the Bonus to balance the effects of the Infrastructure Levy by providing an incentive to authorities to bring forward development in lower value areas?

Question 20: What, in your view, would be the advantages and disadvantages of repurposing the Bonus in this way?

Question 21: If the option is to be pursued, should this reform to the Bonus be postponed until the new planning system is enacted?

4.4. Modern Methods of Construction

The Bonus presently incentivises general housing growth, and the government intends to keep this as the primary objective of any reformed Bonus. However, the government also wishes to promote take up of modern methods of construction (MMC), and is considering ways in which the Bonus might, as a subsidiary objective, incentivise MMC. The government is keen to hear views on what levers local authorities have at their disposal to encourage the use of MMC and how a reformed Bonus might best reward these.

Question 22: In your view, what levers do local authorities have at their disposal to encourage uptake of MMC, and how impactful is such encouragement likely to be?

Option E: Introducing a premium for modern methods of construction (MMC)

One approach would be to introduce a premium for new homes built using MMC, analogous to the premium for affordable homes paid under the current scheme. The government recognises that the data on MMC required for this option is not currently collected and invites views on the burden these additional data requirements might impose on local authorities. One approach being considered by the government is to collect the relevant MMC data at the point at which a building is signed off as habitable.

Modern Methods of Construction

Modern Methods of Construction refers to a wide spectrum of technologies, ranging from offsite construction to smart techniques. The MHCLG Joint Industry Working Group on MMC produced a seven-category definition framework, which spans the MMC used in homebuilding. The categories are:

Category 1 – Pre-Manufacturing - 3D primary structural systems: A systemised approach based on volumetric construction involving the production of three-dimensional units in controlled factory conditions prior to final installation

Category 2 – Pre-Manufacturing - 2D primary structural systems: A systemised approach using flat panel units used for basic floor, wall and roof structures of varying materials, which are produced in a factory environment and assembled at the final workface to produce a three-dimensional structure

Category 3 – Pre-Manufacturing – Non-systemised structural components: Use of pre-manufactured structural members made of framed or mass engineered timber, cold or hot rolled steel or pre-cast concreter.

Category 5 – Pre-Manufacturing – Non-structural assemblies and sub-assemblies: A series of different pre-manufacturing approaches that includes unitised non-structural walling systems, roofing finish cassettes or assemblies, etc.

Category 6 – Traditional building product led site labour reduction/productivity improvements: Includes traditional single building products manufactured in large format, pre-cut configurations or with easy jointing features to reduce extent of site labour required to install.

Category 7 – Site process-led labour reduction/productivity improvements: This category is intended to encompass approaches utilising innovative site-based construction techniques that harness site process improvements falling outside the other categories

Pre-manufactured value (PMV) is a measure of the proportion of a project made up of on-site labour, supervision, plant and temporary works and is associated with increased productivity. Increasing manufacturing and/or reducing site labour can both be applied to improve PMV.

Question 23: Should the Bonus include a premium for new homes built using MMC? Please explain why or why not.

Question 24: If you are a local authority, would such a premium make a material impact on your behaviour? Would it, for example, encourage you to look for opportunities to bring through developments that are amenable to the use of MMC?

Question 25: How onerous a data burden would this option impose on local authorities? Do you agree with the proposal to collect the MMC data at the point at which a local authority signs off a building as habitable?

Option F: MMC as a condition on receipt of funding

An alternative approach to using the Bonus to encourage take up of MMC would be to make receiving Bonus funding conditional upon an authority's achieving an MMC-related target. This target could relate to the proportion of new housing additions which used MMC. For instance, the condition might require that w% of net additional homes used MMC in order for the Bonus to be paid.

Question 26: Should the government make it a condition of receiving the Bonus that w% of net additional homes used MMC in order for the Bonus to be paid? If so what should the value of w be?

Question 27: Why should or shouldn't such a condition be introduced?

4.5. Local plans

Government policy is that all local authorities should maintain up-to-date local plans as the fundamental building block of a plan based system. The government is also considering ways in which, as a subsidiary objective, the Bonus might incentivise the development and maintenance of up-to-date local plans.

Option G: Requiring an up-to-date local plan

One possible approach would be to make it a condition of funding that a local authority has an up-to-date local plan. An alternative would be that the local authority must be able to credibly demonstrate satisfactory progress towards developing one but such an approach would need to be sufficiently robust to prevent abuse. The government could consider payment of the bonus at a reduced rate until such time as an up-to-date local plan is in place. This could be a reduction of 25%, 50% or 75%.

Question 28: Do you think that local authorities should be required to have a local plan, or demonstrate satisfactory progress towards one, in order to receive funding?

Question 29: Do you think the bonus should be paid at a reduced rate until such time as a local authority has an up-to-date local plan in place, and should it by 25%, 50% or 75%?

Question 30: If you are a local authority, would this encourage you to develop or maintain an up-to-date local plan?

Annex B – Summary of questions

Question 1:
Do you believe that an incentive like the Bonus has a material and positive effect on behaviour?

Question 2:
If you are a local authority, has the Bonus made a material impact on your own behaviour?

Question 3:
Are there changes to the Bonus that would make it have a material and positive effect on behaviour?

Question 4:
Should the government retain the current 80/20 split in any reformed Bonus, or should it be more highly weighted towards the District Councils or County Councils?

Question 5:
Should the affordable housing premium be retained in a reformed Bonus?

Question 6:
Is £350 per additional affordable home the right level of premium, or should this level be increased or decreased?

Question 7:
Should a reformed Bonus continue to reward local authorities for long-term empty homes brought back in to use?

Question 8:
Should the Bonus be awarded on the basis of the most recent year of housing delivery or the most recent three years?

Question 9:
Do you agree that the baseline should be raised?

Question 10:
If the baseline is to be raised, should it be raised to 0.6%, 0.8% or 1% of housing growth since the preceding year?

Question 11:
Why should the government opt for the baseline you have recommended in answer to the previous question?

Question 12:
If the baseline is to be raised, should this change be combined with higher payment rate?

Question 13:
Should the government adopt a new payment formula for the Bonus which rewards local authorities for improvement on their average past performance with respect to housing growth?

Question 14:
If the government is to adopt such a payment formula, above what percentage (x%) of average past net housing additions should the Bonus begin to be paid? In other words, what should the value of x be?

Question 15:
If the government is to adopt such a payment formula, over what period should the annual average of past net additions be calculated? Should it be a period of 5 years or 10 years?

Question 16:
Should the government adopt a new payment formula for the Bonus which rewards either improved performance or high housing growth? Please explain why or why not.

Question 17:
Above what percentage (x%) of average past net housing additions should the Bonus begin to be paid? In other words, what should the value of x be in this proposed hybrid payment formula?

Question 18:
Above what percentage (y%) increase in the authority's housing stock should the Bonus be paid? In other words, what should the value of y be in this proposed hybrid payment formula?

Question 19:
Do you agree with the proposal to repurpose the Bonus to balance the effects of the Infrastructure Levy by providing an incentive to authorities to bring forward development in lower value areas?

Question 20:
What, in your view, would be the advantages and disadvantages of repurposing the Bonus in this way?

Question 21:
If the option is to be pursued, should this reform to the Bonus be postponed until the new planning system is enacted?

Question 22:
In your view, what levers do local authorities have at their disposal to encourage uptake of MMC, and how impactful is such encouragement likely to be?

Question 23:
Should the Bonus include a premium for new homes built using MMC? Please explain why or why not.

Question 24:
If you are a local authority, would such a premium make a material impact on your behaviour? Would it, for example, encourage you to look for opportunities to bring through developments that are amenable to the use of MMC?

Question 25:
How onerous a data burden would this option impose on local authorities? Do you agree with the proposal to collect the MMC data at the point at which a local authority signs off a building as habitable?

Question 26:
Should the government make it a condition of receiving the Bonus that w% of net additional homes used MMC in order for the Bonus to be paid? If so what should the value of w be?

Question 27:
Why should or shouldn’t such a condition be introduced?

Question 28:
Do you think that local authorities should be required to have a local plan, or demonstrate satisfactory progress towards one, in order to receive funding?

Question 29:
Do you think the bonus should be paid at a reduced rate until such time as a local authority has an up-to-date local plan in place, and should it by 25%, 50% or 75%?

Question 30:
If you are a local authority, would this encourage you to develop or maintain an up-to-date local plan?