

BROMSGROVE DISTRICT COUNCIL

CABINET

7th JANUARY 2015

NEW HOMES BONUS SCHEME

Relevant Portfolio Holder	Michael Webb
Portfolio Holder Consulted	Yes
Relevant Head of Service	Jayne Pickering (Exec Director)
Wards Affected	All
Ward Councillor Consulted	None specific

1. SUMMARY OF PROPOSALS

- 1.1 To enable Members to consider a the recommendations from the New Homes Bonus (NHB) Member Working Group in establishing a scheme to enable community groups to apply for funding from the New Homes Bonus grant received by the Council.

2. RECOMMENDATIONS

2.1 Cabinet are to;

- 2.1.1 Recommend to Council the approval of the draft New Homes Bonus allocation Scheme as attached at Appendix 1**

- 2.1.1 consider an appropriate percentage / amount of New Homes Bonus funding to be allocated to the scheme for 2015/16 and to recommend this percentage to Council**

3. KEY ISSUES

Financial Implications

- 3.1 Following the petition to Council in April 2014 in relation to use of the funding received from the New Homes Bonus (NHB) Grant a NHB Working Group was established to include the Leader and the Deputy Leader of the Council, the Finance Portfolio Holder, the Labour Group Leader and the Leader of the Independent Alliance. The Group was requested to review the NHB funding, consider options for its use, consider input from the public into their review and report back to Cabinet and Council on their final proposals.
- 3.2 Over the last 8 months a number of meetings of the Group have been held in addition to 2 open public forums. The Group has also considered how other Councils utilise their New Homes Bonus funding. There are a number of schemes in place across the County to include allocation of an element of NHB a similar basis as is presented in the draft scheme to Cabinet, using all funding for economic development activities and using all funding within the general fund. It is apparent that individual Councils use NHB in a variety of ways and generally

depending on their financial position. As a result of the discussions at the forums there have been periods whereby the public have been able to inform the Council by email of their concerns and any proposals in relation to future funding options.

- 3.3 The first residents forum was attended by over 50 attendees in July 2014. This gave interested parties the opportunity to question officers and members on the level of grant and the basis of calculation for the grant received. In addition an officer from planning presented the opportunities that are available to secure other funding for local projects by using S106 or CIL payments as part of the planning discussions with developers. Following this meeting an email address was set up to receive input from any residents in relation to the New Homes Bonus and a 2 week period for comments was advised to parishes, councillors and to the public via the press and the Councils website. The Council received almost 160 responses which have been collated and discussed by the Working Group. A matrix of the responses received can be found at Appendix 2.
- 3.4 A draft scheme to enable community groups to access grants from NHB funding was developed by the Working group and in December 2014 a further public forum was held. At this meeting the principles for the framework of a proposed scheme of allocation were discussed which were generally acceptable to the public. The draft scheme is attached for members consideration at Appendix 1. In addition a proposal of 20% of additional NHB received in 2015/16 was discussed. This was considered to be a derisory amount to be allocated to the scheme by the public who attended the forum. Further responses were received following this forum and these have been considered by the working group. The matrix of responses is attached at Appendix 3.
- 3.5 The main concerns raised by the Public and Community Groups included:
- The lack of consultation with the communities as to how the grant would be utilised within the District
 - Whilst there was an acknowledgement that the funding was not ringfenced, there was a clear expectation that Councils were encouraged to work with communities that were effected by housing growth in utilising the funding received
 - Many other Councils across the County did provide elements of NHB to community schemes
 - The Council did not recognise the significant impact that housing growth has on the local communities
 - The allocation of 20% of new NHB for 2015/16 (£84k) was deemed as too small in comparison to the total amount that would be received during 2015/16 (£1.298m)

3.6 The draft scheme as attached at Appendix 1 sets out a framework to enable community groups that can demonstrate their area has been adversely affected by housing growth to apply for funding. The scheme is similar to other NHB allocation frameworks across the Country. The key elements of the scheme are as follows:

- The allocations would be made on an annual basis from 2015/16 with a reassessment of the scheme and funding levels for each financial year as part of the budget process
- Applicants to evidence that the funding requested would support communities that have been affected by housing growth
- Projects to be delivered are required to support the Strategic Purposes of the Council
- Community Grants Panel to be established
- Not for Profit Groups to apply eg Residents Groups/ Parish Councils
- Requirement for business case for bids of over £5k

3.7 New Homes Bonus

3.7.1 Members are aware the government introduced the NHB in April 2011. The bonus was designed to ensure that the economic benefits of housing growth are returned to the councils where that growth takes place. The NHB is a grant paid by central government to local councils for increasing the number of homes in their area and their use. In two tier areas, like Worcestershire, the bonus is shared between the district council and county council (80% District : 20% County).NHB is not ringfenced and councils can decide how they use the New Homes Bonus, however, there is an expectation that Councils will consult communities about how we will spend the money. The scheme is intended to be permanent however as with all financial funding this can change in the future.

3.7.2 The amount of NHB we receive is based on the amount of extra Council Tax revenue raised for new-build homes, conversions and long-term empty homes brought back into use between successive Octobers. There is also an extra payment of £350 a year for each affordable home built. The amount is paid for 6 years.

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How the new Homes Bonus is calculated



3.7.3 Since the inception of the New Homes Bonus Scheme the Council has used the funds to support all of the Strategic Purposes by including 100% of the NHB in the overall general fund of the Council. This has ensured that despite the significant reductions to funding over the last few years front line services have been protected.

3.7.4 The totals received by the Council since 2011/12 are shown in the table below:

DETAILED CALCULATION OF NEW HOMES BONUS

	Growth Units	Rate Per Property	Affordable Housing Units	Rate per Property (Affordable)	Total	20% County	80% District	6 Years
		£		£	£'000	£'000	£'000	£'000
2011/12	108.6	1439	0	350	156	31	125	750
2012/13	195.3	1439	56	350	300	60	240	1,446
2013/14	248.9	1444	123	350	402	80	322	1,932
2014/15	203.9	1455	91	350	328	65	263	1,578
TOTAL					1,186		950	5,706

3.7.5 The estimate for funding in 2015/16 and 2016/17 was based on a prudent allocation of only 108 properties generating £125k per annum. The return to Government in October 2014 shows the following as due to be received in 2015/16 (and continued for a further 5 years) :

2015/16		Total £'000	80% District	
Additional Properties	271.4 @ £1,468	398	319	
Affordable Units	104 @350	36	29	

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Total		420	348	
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- 3.7.6 Total funding to be received in 2015/16 to include the effect of the previous years and the new funding to be received is £1.298m (£950k + £348k).
- 3.8 Any allocation of New Homes Bonus will impact on the financial position of the Council as reported to this meeting and Cabinet is asked to consider the percentage/amount allocation for 2015/16 and to recommend this to Council to be considered as part of the budget approvals.

Legal Implications

- 3.9 The New Homes Bonus was introduced in 2011 as an incentive and reward for local authorities and communities to accept new houses in their area. The bonus is equal to the national average for the council tax band on each additional property built or brought back into use and is due on the property being occupied and billed for Council Tax. NHB is paid through section 31 of the Local Government Act 2003 as an un-ringfenced grant.
- 3.10 The Government has stated that as the grant is un-ringfenced Local Authorities have flexibility in its use and therefore funds can be used to reinvest in housing or infrastructure, support local services or local facilities, or to keep council tax down.
- 3.11 There is no time limit on when the funds can be spent.
- 3.12 There is no duty or requirement to consult in relation to how the monies are spent however guidance shows an expectation on Council's to consult communities about how we will spend the money, especially communities where housing stock has increased.

Service / Operational Implications

- 3.13 The allocation of funding will support the provision of projects within local communities and do not impact on the operational services provided by the Council.

Customer / Equalities and Diversity Implications

- 3.11 The scheme will support all communities that are affected by growth.

4. RISK MANAGEMENT

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- 4.1 An annual scheme based on the additional funding received from NHB for each financial year will mitigate the impact on the Medium Term Financial Plan and ensure that should NHB be revised in the future there is no future commitment from the Council.

5. APPENDICES

Appendix 1 – Proposed New Homes Bonus Allocation Scheme
Appendix 2 - Matrix of feedback from the community – June 14 Forum
Appendix 3 – Matrix of feedback from the community – Dec 14 Forum

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