

BROMSGROVE DISTRICT COUNCIL

CABINET

1st June 2016

NEW HOMES BONUS COMMUNITY GRANTS SCHEME

Relevant Portfolio Holder	Geoff Denaro
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 revised New Homes Bonus (NHB) Community Grants 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 recommend;

- 2.1.1 The approval of the revised New Homes Bonus Community Grants Scheme as attached at Appendix 1;**
- 2.1.2 The approval of 25% of the additional New Homes Bonus grant received in 2016/17 to be used to calculate the amount of £101k to be allocated to the scheme; and**
- 2.1.3 An additional amount of £23,840 to be added to the total allocation in respect of funds carried forward from the previous year's scheme.**

3. KEY ISSUES

Financial Implications

- 3.1 As Members are aware the decision on the scheme supporting the New Homes Bonus allocation for 2016/17 was deferred to enable a review of the funding position for the Council within the Medium Term Financial Plan. The allocation of £101k was agreed at Council in February 2016 and the 2016/17 budget was approved to include this level of funding. There was no requirement to draw down from balances to support the balanced budget for 2016/17.
- 3.2 Officers have reviewed the financial position for 2017/18 and the deficit of £626k as reported to the Council meeting in February 2016 as projected within the Medium Term Financial Plan. This shortfall is currently being addressed by the management team with the aim to identify savings to bridge the gap through costing the demands on the

organisation and reducing waste to improve efficiency and drive down costs. As part of the redeveloped Leisure Centre the net cost to the Council is estimated to reduce by approximately £200k. This will reduce the projected deficit to £426k. Should no further savings be identified, the current level of balances could be released to meet any remaining shortfall. This would lead to the Council having a balanced budget for both 2016/17 and 2017/18, including £101k for New Homes Bonus schemes in 2016/17 and £79k in 2017/18. The current projected balances figure as projected to 2001819 is £2.7m which is £1m more than the recommended balance and therefore funds are available without impacting on the viability of the balances funds. It is uncertain as to the impact of the localisation of Business Rates and the potential impact on the medium term plan until the guidance and legislation are released later this year. Therefore officers will continue to work to address the current shortfall projected for 2018/19.

- 3.3 The New Homes Bonus Scheme was introduced by Government 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). At present NHB is not ring-fenced 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.
- 3.3 As part of the Financial Settlement Announcement in December 2016 the Government proposed a number of changes to the NHB Scheme which would reduce the allocation granted to Councils. The proposals are included in a consultation document that closes in mid-March and the Council will be formulating a comprehensive response in relation to the significant reductions in funding that are proposed and the impact these will have on the Council over the next few years.
- 3.4 The proposals to change the NHB Scheme include changing the payments from 6 to 4 years, reduce NHB where there is no local plan, where homes have been allowed on appeal or where the growth would have occurred anyway. It is worth noting that the payment of £1.7m may reduce by the following over the next 4 years:

£000's	2017/18	2018/19	2019/20	2020/21	Total
Bromsgrove	542	531	523	663	2,259

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- 3.5 Following the petition to Council in April 2014 in relation to the use of NHB, Members agreed that a scheme for allocating funds to communities affected by growth would be available for 2015/16. A fund of £87k was allocated based on 25% of new grant received during the year and a number of groups secured £63k of funding through this framework. Details of those grants received are set out below:

Installation of 5 Painted Steel Benches	Cofton Hackett Parish Council	£2,000
New chairs	Cofton Village Hall	£2,000
4 New Planters	Cofton Hackett Parish Council	£1,100
New Junior Cricket Ground	Bromsgrove Cricket Club	£1,500
Replacement Bus Shelter	Catshill & North Marlbrook Parish Council	£3,500
Improvements/Replacement/Repairs to Scout Hut	6 th Bromsgrove Scouts	£3,000
Catshill Village Meadow Multi Use Facility	North West Ward Association	£2,560
Improvements to Toilet Facilities	Belbroughton Recreation Centre	£2,500
Artificial Wicket	Belbroughton Cricket Club	£2,500

Club House Enhancement	Hagley Cricket Club	£10,000
Improvements to Club Facilities (Phase 1)	Hagley Lawn Tennis Club	£15,000
Alterations to new venue for youth activities.	Alvechurch Communities Together	£12,500
Refurbishment of Two Rooms to Provide Further Patient Access	Hollyoaks Medical Centre	£5,000

- 3.6 It was agreed that the underspend of £24k would be carried forward to increase the available funding for 2016/17. Using the NHB for 2016/17

of £101k this would result in a total available funding of £124k for bids to be considered by the NHB Panel.

- 3.7 As part of the review of the scheme officers have assessed how other Councils allocate funding and it is proposed that funding is allocated on the basis of the homes that have been completed in a particular area during 2014/15, as this is the most recent complete year of data being available. It is appreciated that this would not take into account homes that have been brought back into use nor would it reduce allocations for empty/ void properties. It is considered that this allocation basis, as used by other Councils, would be the fairest way to ensure a consistent framework for all communities who have been affected by growth.
- 3.8 Appendix 2 details the breakdown from the planning system of properties and it is proposed that this is used for the allocations of the £124k during 2016/17. The bidding process remains similar to 2015/16 in that there are different levels of form required to be completed by the groups for consideration.
- 3.9 Appendix 1 reflects the revised policy to include allocation of funds on the basis of growth in an area for Members' consideration.
- 3.10 Should the new allocation policy be approved the bidding process will commence in the new financial year.
- 3.11 Members will be kept updated as to any changes in funding for NHB following the consultation feedback.

Service / Operational Implications

- 3.12 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

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

4. RISK MANAGEMENT

- 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 – Revised Draft NHB Community Grants Scheme
Appendix 2 – Allocation table of funds by Wards.

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