

**BABERGH DISTRICT COUNCIL and MID SUFFOLK DISTRICT COUNCIL**

<b>From: Head of Corporate Organisation</b>	<b>Report Number: JSC/11/13</b>
<b>To: Joint Scrutiny Committee</b>	<b>Date of meeting: 31 July 2013</b>

**OPTIONS FOR THE TRANSFORMATION ENQUIRY GROUPS TO CONSIDER – NEW HOMES BONUS APPROACHES**

**1. Purpose of Report**

- 1.1 To inform the Transformation Enquiry Group work in developing new approaches to meeting community needs, through a review of differing approaches to the use and allocation of the New Homes Bonus (NHB) funding.

**2. Recommendations**

- 2.1 That the Transformation Enquiry Groups are made aware of the potential approaches for the allocation and use of New Homes Bonus.

**3. Financial Implications**

- 3.1 None directly arising from this report.

**4. Risk Management**

- 4.1 Key risks are set out below:

Risk Description	Likelihood	Impact	Mitigation Measures
That the funding is not used effectively to support the budget development process for 2013/14	Low	High	Appropriate funding sources are aligned to strategic priorities, informing the budget setting process

**5. Consultations**

None.

**6. Equality Analysis**

- 6.1 Not relevant to this report.

**7. Shared Service / Partnership Implication**

- 7.1 None.

## **8. Background information**

### **Development of Strategic Priorities and the Transformation Enquiry process**

- 8.1 Babergh and Mid Suffolk District Councils have in tandem developed a set of separate and aligned strategic priorities and outcomes. This work was informed by an extensive community and stakeholder engagement programme and linked to key partner initiatives (i.e. Suffolk Growth and Suffolk Joint Health and Well Being strategies). Supporting this is a single officer team.
- 8.2 The next phase of the Councils' shared approach to supporting our communities in a rapidly moving, challenging environment is a programme of Transformation Enquires, focusing on the strategic priorities for each Council and the core support and enabling infrastructure functions (i.e. ICT /HR etc).
- 8.3 The Transformation enquiry process is designed to radically review the role and function for the Councils and to align resources and functions to the strategic priorities and outcomes that our communities have identified.
- 8.4 This review of potential options for the use of NHB and other funding sources provides the opportunity for the Committee to consider the most appropriate approach and allocations options in the context of the Councils' Strategic priorities and outcomes.

## **9. The New Homes Bonus**

- 9.1 The New Homes Bonus funding scheme is part of a wider package the Government is using to energise the building industry and stimulate growth and development in jobs and housing. The scheme comes in the form of a grant allocated by central government to local councils for increasing the number and use of homes.
- 9.2 The grant is not ring-fenced, is paid each year for 6 years beginning in 2011/12, and 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. There is also an extra payment for providing affordable homes.
- 9.3 The implementation of the New Homes Bonus (NHB) is a radical shift in the way the Government wishes to incentivise growth. Increased housing has often resulted in increased strain on local services, amenities and infrastructure. The NHB is intended to encourage local areas to welcome growth by addressing these strains via the local government finance system.
- 9.4 There is no guarantee of future NHB funding beyond the initial grant which is being allocated over a six year period. Funding up to 2017/18 appears to have been included in the Comprehensive Spending Review announcements in June 2013 but £400m nationally is being top sliced to go into the Single Local Growth Fund (SLGF). This means a reduction in NHB money that the Councils might expect to receive from 2015/16 onwards to the tune of around 30% - 35%. So, if we expected to get say £500k in 2015/16, this new announcement may mean the Councils will actually only get around £325k to £350k. It is hoped that more detail will be forthcoming in due course

## **10. Summary of approaches**

10.1 The review of differing approaches to the allocation, use and prioritisation of New Homes Bonus funding shows that across the country there is a myriad of approaches. The key factor influencing allocation approach and policy appears to be an approach which meets local community needs and supports the delivery of the strategic priorities.

10.2 As a broad summary the approach for many Councils has changed during the development of the scheme – with a pattern of more specific grant allocation initially and a move to funding to meet budget shortfalls in the following years. This changing approach could be linked to the increasing nature of the funding pot contrasted with the significant and cumulative effect of reductions in Central Government grant for Councils.

10.3 The main approaches to the use of NHB funding have been as follows:-

- A. Supporting the delivery of strategic priorities.
- B. Supporting particular community initiatives (building capacity/infrastructure).
- C. Supporting the setting of a balanced budget (using NHB earmarked reserves).

10.4 Specific examples of how the funding approaches have been developed include the following:-

### **Economy**

- Develop a city growth fund, supporting further growth of the city to provide more homes and jobs.
- Promoting housing and economic regeneration.
- Introduce subsidised car parking in market towns.
- Regeneration and area partnerships.
- Establish a fund to address constraints on otherwise viable schemes that are not able to proceed without targeted loans to support investment in pieces of infrastructure.
- Establishment of a Walsall Regeneration Fund.
- Funding of capital infrastructure projects, both immediately related to housing development and for the benefit of the area as a whole.
- Infrastructure projects of more general benefit linked to the Local Development Framework process.
- Projects that subject to being appropriate in planning terms, will deliver housing and employment growth opportunities.
- Business start-up, growth and development.
- Schemes to support Town centre economies.
- Targeted initiatives to develop Skills / support NEETS.

### **Housing**

- Supporting affordable housing schemes.
- Minimising the number of long term empty properties.
- Providing financial assistance for bringing empty properties back into use.
- Support the delivery of further affordable housing schemes which unlock development.

## **Communities**

- Enabling the development of community assets.
- Increasing the refuse collection service.
- Protecting priority frontline services.
- Grants to the voluntary sector.
- To support infrastructure development and community infrastructure.
- Funding for use in consultation with communities directly affected by housing growth.
- Projects to support the creation of new social enterprise ventures.
- Voluntary sector activities that empower local people and communities in the area and reduce the overall burden to the public purse.

10.5 The summary shows that most Council approaches to allocation of NHB have concentrated on supporting the local economy, improving housing options or building community capacity. The Transformation Enquiry Groups are in a position to utilise this shared learning to support the enquiry process and hone the strategic outcomes for our communities.

## **11. Appendices**

None.

## **12. Background Papers**

None.

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