

EXETER CITY COUNCIL
SCRUTINY COMMITTEE - RESOURCES
19 JUNE 2013

NEW HOMES BONUS UPDATE

1. PURPOSE OF THE REPORT

- 1.1 To provide an update on the latest position regarding the allocation of New Homes Bonus Funding.

2. BACKGROUND

- 2.1 New Homes Bonus is a grant paid to all English authorities in recognition of net additions to effective housing stock in their area. The Bonus is intended to be a permanent incentive paid in respect of new build, conversions, and long-term empty properties bought back into effective use. Payments for each eligible property are paid for six years and are calculated per home in terms of the national average Council Tax Band for that home. A flat rate of £350 per year is also paid for each affordable home delivered.
- 2.2 Housing stock is recorded by authorities on the Council Tax Base form, which measures changes from year to year, with additions becoming eligible for New Homes Bonus grant. The data is taken in October each year and the Bonus is paid in the following financial year. Affordable housing data is taken from the Government's official statistics.
- 2.3 New Homes Bonus is an unringfenced grant, which means local authorities are free to decide how to spend it, as they are in the best position to make decisions about local priorities. As unringfenced grant, Bonus funds can be spent on either revenue or capital, strategic projects, or placed in a local authority's reserves. There is no time limit on when the funds can be spent. However, the Government expects local authorities to engage with the communities most affected by housing growth to decide how the money is spent, so residents can share in the benefits of growth. When New Homes Bonus was first introduced in 2011/12, additional funding for the scheme was provided by the Government. However this is no longer the case and from 2013/14 onwards funding for the scheme is met by being 'top-sliced' from mainstream grant funding.
- 2.4 To date the Council has received New Homes Bonus of £389,165 in 2011/12, £1,322,664 in 2012/13 and £2,204,830 for the current 2013/14 year.

3. ALLOCATION OF NEW HOMES BONUS

- 3.1 In December 2011 the Executive determined how the New Homes Bonus would be allocated, with 30% and 50% of the funding going towards community projects and major infrastructure respectively after allowing for a £120,000 'top slice' for capacity building and neighbourhood planning. This method of allocation was subsequently reviewed, and in December 2012 the Executive agreed that the funding for community projects would be set at a maximum level of £250,000 per annum from 2013/14 onwards. Based upon this revised allocation and using future estimates of New Homes Bonus funding, the broad allocation would be as set out in the following table:-

Year	Top Slice £000's	Ward Projects £000's	Community Projects £000's	Major Infrastructure £000's	Unallocated £000's	Total £000's
2011/12	-	-	-	-	389	389
2012/13	120	36	325	601	241	1,323
2013/14	120	36	250	1,418	381	2,205
2014/15	120	36	250	1,937	511	2,854
2015/16	120	36	250	2,456	641	3,503
2016/17	120	36	250	2,976	770	4,152
2017/18	120	36	250	3,183	823	4,412
Total	720	216	1,575	12,571	3,756	18,838

- 3.2 The table below gives a summary of what has either been spent or committed to date in respect of the New Homes Bonus funding up to the end of the previous (2012/13) financial year. Additional approval has been given to provide up to £20,000 over the next three years to support enforcement action on empty homes and up to £300,000 per property to fund the purchase of empty properties. As these funds will be replenished from the sale of the property, they have not been included in the figures below.

	Allocation £000's	Spent/Committed £000's	Balance £000's
2011/12			
Unallocated	389	0	389
2012/13			
Capacity Building	100	21	79
Neighbourhood Plans	20	0	20
Ward Projects	36	36	0
Local Community Projects	325	310	15
Major Infrastructure	601	351	250
Unallocated	<u>241</u>	<u>76</u>	<u>165</u>
	1,323	794	529
Total	1,712	794	918

- 3.3 A further breakdown of the commitments and expenditure to date is provided below:-
£

Capacity Building

Exeter Citizens Advice Bureau Welfare Reform Support 21,285

Ward Projects

Various 36,000

Local Community Projects (allocated by New Homes Bonus Panel)

Newtown Community Association	70,000
Topsham Rugby Club	50,000
Exeter Community Centre	50,000
Countess Wear Community Centre	70,000
Newcourt Community Association Centre	<u>69,750</u>
	309,750

Major Infrastructure

Bus and Coach Station Redevelopment including new Pool	81,500
Princesshay Artwork	40,000
Installation of Solar Panels on Council owned property	<u>230,000</u>
	351,500

Unallocated

Christmas Promotional Activities	12,500
Knowledge Economy Strategy	20,000
City Centre Business Improvement District	25,000
Promotional Video	<u>18,000</u>
	75,500

4. RECOMMENDATION

It is recommended that:

- 4.1 Scrutiny Committee Resources notes the current position regarding the allocation and use of New Homes Bonus Funding up to 31 March 2013.

ACTING ASSISTANT DIRECTOR FINANCE

Local Government (Access to Information) Act 1985 (as amended)

Background papers used in compiling this report:

None