

REPORT TO: SCRUTINY COMMITTEE - RESOURCES
Date of Meeting: 2 July 2014
Report of: Assistant Director Finance & Assistant Director City Development
Title: New Homes Bonus

Is this a Key Decision?

No

Is this an Executive or Council Function?

Executive

1. What is the report about?

1.1 This report is to update Members in relation to New Homes Bonus received from the Government, and how it has been spent, particularly the element available to communities through the Local Infrastructure Fund.

2. Recommendation:

2.1 That Members offer their continued support for use of the New Homes Bonus in the ways described in this report, particularly use the Local Infrastructure Fund to fund projects which fill gaps in the provision of community facilities across the city.

3. Reasons for the recommendation:

3.1 To ensure that the communities affected by new development benefit from this money.

4. What are the resource implications including non financial resources.

4.1 The amount of New Homes Bonus for 2014/15 is £2,774,994, of which £250,000 is allocated to the Local Infrastructure Fund, £120,000 is set aside for capacity building and neighbourhood plans in the General Fund, £36,000 is allocated to Ward Projects and the balance is held to finance the new leisure complex and reduce the debt held by the City Council.

5. Section 151 Officer comments:

5.1 This report provides a summary of the New Homes Bonus and the projects which have been financed to date.

6. What are the legal aspects?

6.1 NHB is not ring-fenced and there are no restrictions on how it can be used.

7. Monitoring Officer's comments:

No issues arising from this report.

8. Report details:

8.1 The New Homes Bonus (NHB) is a financial incentive from the Government to communities and local authorities to welcome new housing growth. It was paid for the first time in 2011/12. The Government match funds the additional Council Tax generated by new homes and empty properties brought back into use, for six years. An additional amount is added for new affordable housing, but there is a deduction in respect of empty homes. In two tier areas, 80% of NHB is paid to the district authority and the balance to the county council. It is not ring fenced in any way.

8.2 The table below sets out the amount received and anticipated up to 2018/19, along with the allocations set out for the different types of schemes funded.

	Accrued to date £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	Total £'000
Capacity Building	240	120	120	120	120	120	840
Ward Projects	72	36	36	36	36	36	252
Local Infrastructure	575	250	250	250	250	250	1,825
Leisure Complex	2,358	2,372	3,021	3,670	3,930	3,645	18,996
One-off schemes	672	0	0	0	0	0	672
Total NHB	3,917	2,778	3,427	4,076	4,336	4,051	22,585

8.3 Grants awarded through the New Homes Bonus Local Infrastructure Fund

8.3.1 The Council's Executive agreed on 6 December 2011 that part of the New Homes Bonus will be available for localised community infrastructure to address existing deficiencies in local facilities, and to meet additional pressures put on existing facilities by an increasing population. For 2012/13 this Local Infrastructure Fund was set at £350,000, although a small element of the fund was used that year to supplement community grants. In subsequent years it has been set at £250,000.

8.3.2 Certain eligibility and evaluation criteria were set by Executive initially, and evaluated and revised in March 2013. Eligibility criterion 7 is as follows:-

"The fund is intended for areas of the city with significant past or future growth. Therefore applications should be for proposals needed as a result of development, to meet existing deficiencies, additional pressures on existing facilities, and/or to enhance community infrastructure."

8.3.3 Applications have to meet this criterion to be considered. Most applications which have been accepted have identified a local need, but some have been based on a citywide need arising out of population growth; see paragraph 8.3.6.

- 8.3.4 Applications are then considered by the Panel against ten evaluation criteria, of which no. 2 is "Proposals that are consistent with the principle of incentivising communities to accept growth. The fund is intended for areas of the city with significant past or future growth." This ensures that this factor is not overlooked when the other merits of the scheme are being considered.
- 8.3.5 Members of the Panel see the application papers in their entirety, but are also provided with a summary sheet prepared by an officer which indicates compliance or otherwise with the various criteria. Officers do not however make a recommendation, other than as to conditions which should be applied if members are minded to grant the application. The Panel makes a recommendation to Executive for a final decision on each application.
- 8.3.6 Appendix 1 shows awards from the Fund to date. Wards are shown, although it should be noted that a number of the grants have been towards city-wide facilities, therefore the actual ward is of little or no significance. Note that the criteria were revised during 2013, and not all schemes that have benefited in the past would qualify for a grant now.
- 8.3.7 There has been a reasonable distribution of applications around the city, although nothing to date from the north eastern part (Pinhoe and surroundings) despite the new development that is taking place in that area. However, discussions are currently taking place with a potential applicant in this area.
- 8.3.8 Officers are embarking on an assessment of the community facilities that exist across the city, with a view to identifying gaps in provision. When complete, this exercise will enable officers and members to encourage applications to fund facilities which would fill those gaps. Such applications could be prioritised by members under the existing evaluation criteria, as these include the extent of need or the community benefit to the City or locality.

8.4 Other expenditure from the New Homes Bonus

- 8.4.1 In addition to the Local Infrastructure Fund, a number of other items ranging from regular funding to one-off schemes / projects have been funded by the New Homes Bonus.
- 8.4.2 £120,000 per annum is spent on capacity building and neighbourhood plans. Thus far £80,000 a year has been earmarked to fund the Growth Point team based in East Devon.
- 8.4.3 £36,000 a year has been provided to Councillors to spend on local ward projects.

8.4.4 A number of one-off schemes / initiatives have had funding allocated from the New Homes Bonus. These are set out below:

	£'000
Princesshay Artwork	40
Solar Panels	230
Energy Saving Projects	30
Christmas Promotional Activities	9
Knowledge Economy Strategy	20
City Centre BID	25
Promotion Video	18
Rugby World Cup	300
	672

8.4.5 It has been approved at Full Council that all future funds for major infrastructure and the unallocated pot will be set aside to fund the new leisure complex and repay debt.

9. How does the decision contribute to the Council's Corporate Plan?

Use of NHB, particularly through grants from the Local Infrastructure Fund, supports a number of the Council's purposes, principally "Improve the environment and my neighbourhood" and "Provide great things for me to see, do and visit".

10. What risks are there and how can they be reduced?

The principal risk is that grant money will be misapplied. Procedures have been put in place to minimise this:-

- grants to individuals are not permitted;
- organisations have to supply accounts and other information and make a presentation in person to the Grants Panel;
- a grant agreement has to be entered into before any money can be paid;
- claims for payment have to include supporting documents and a report as to progress with the project.

11. What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, community safety and the environment?

For the NHB Local Infrastructure Fund, the evaluation criteria include compatibility with the Council's commitment to equal opportunities, and the degree of social inclusion. Schemes supported through the fund have variously benefited health and wellbeing, children, young people and the environment. No adverse impacts are expected in relation to any of these.

12. Are there any other options?

The Council has taken a deliberate decision to use an element of New Homes Bonus to support community initiatives, especially in areas where demand on services and facilities is increasing on account of new development. To absorb all of NHB into the Council's general budgets would remove this connection, as well as making the Council's finances more vulnerable in the event that Government should decide to withdraw NHB in future.

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Local Government (Access to Information) Act 1972 (as amended)

Background papers used in compiling this report:-

None

Contact for enquires: Democratic Services (Committees)Room 2.3,01392 265115

APPENDIX 1 - NEW HOMES BONUS LOCAL INFRASTRUCTURE FUNDS AS AT MARCH 2014

Organisation	Project	Ward	Local or city-wide facility	Amount	Year	Status
Topsham Rugby Club	Clubhouse extension	Topsham	Both	50,000	2012/13	Complete
Newtown Community Association	New community building	Newtown	Local	70,000	2012/13	Preparatory work under way
				50,000	2014/15	
Wear United	New community building	Priory	Local	70,000	2012/13	Preparatory work under way
				50,000	2014/15	
Exeter Community Centre	Community garden	St Davids	Local	50,000	2012/13	Complete
				16,990	2013/14	
Newcourt Community Association	Set up costs of running new building	Topsham	Local	69,750	2012/13	Under way
				21,110	2014/15	
Alphington Community Association	Part rebuild of village hall	Alphington	Local	50,000	2013/14	Not commenced
Exe Water Sports Assn	Feasibility study for new centre	Alphington	City-wide	50,000	2013/14	Preparatory work under way
Exwick Ark	Improvements to building	Exwick	Local	50,000	2013/14	Complete
Devonshire Place Residents Assn	Improvements to park	St James	Local	25,000	2013/14	Under way
Bury Meadow Residents Assn	Improvements to park	St James	Local	7,000	2013/14	Complete
St Thomas Social Club	Replacement roof	St Thomas	Local	25,000	2013/14	Under way
Ride On	Bike refurb charity	Alphington	City-wide	5,000	2013/14	Complete
Exeter St James Forum	Acquisition and improvement of open space	St James	Local	10,000	2013/14	Preparatory work under way
Park Life Heavitree & 2 nd Exeter Scouts	Prep work towards urban village hall	Heavitree	Local (but scout catchment includes Digby)	15,000	2013/14	Preparatory work under way
Exeter CAB	Improvements to	St Davids	City-wide	10,000	2013/14	Under way

	premises					
St Sidwells	Improvements to premises	St James	Both	50,000	2014/15	Preparatory work under way
Alphington Church	Improvements to building	Alphington	Local	16,000	2014/15	Not commenced
Football in the Community Trust	Feasibility study to redevelop community building	St James	Both	19,800	2014/15	Preparatory work under way