

**REPORT TO THE EXECUTIVE MEETING OF
Monday 13th May 2013**

Meeting: Executive
Date: Monday 13th May 2013
Subject: New Homes Bonus
Report of: Tom Day - Community Partnerships Manager
Portfolio Holder: Cllr Holyoak
Status: For Decision

1 Purpose of the Report

- 1.1 To consider the recommendations made for the allocation of the New Homes Bonus following the feedback from the Scrutiny Task Panel and agree the way forward.

2 Recommendations:

It is recommended that;

LOCALITY INVESTMENT FUND

- 2.1 **Parish Councils or other appropriately constituted groups should be eligible to bid for a proportion of the locality investment fund which directly relates to development in their local area according to the number of housing completions. This should be delivered through a grant process aligned with the revised Section 106 Grants Process.**
- 2.2 **A Member Grants Panel should be held three times per year, which should make recommendations to the Executive for decision.**
- 2.3 **An Officer Grants Panel should be established to support the Members Grants Panel**
- 2.4 **More support should be provided to communities and parishes to support the preparation of New Homes Bonus applications and to assist them in identifying need.**
- 2.5 **A New Homes Bonus application process (including application form, guidance, criteria and weighting) should be developed by Head of Policy, Performance and Partnerships in consultation with the Portfolio Holder for Health & Communities, with the support of the Officer Grants Panel.**

- 2.6 More robust monitoring should be carried out on funding allocated to ensure it is spent in line with the Executive decision and within a period of two years.**
- 2.7 There should be a limit of £7,500 per application for parishes with large monetary applications. There should be no lower limit for grant applications.**
- 2.8 There should be two grants:**
- Small grants for projects up to £500 – decisions regarding the allocation of small grants should be delegated by the Executive to the Head of Policy, Performance & Partnerships in consultation with the Portfolio Holder.**
 - Larger grants for projects above £500 - the Officer Grant Panel would make recommendations to the Member Grants Panel. The Member Grants Panel should then make recommendations to the Executive.**
- 2.9 Any additional capacity that is required to administer the grant process should be funded from the New Homes Bonus up to a maximum of 3% of the fund. This should be with the agreement of the Head of Policy, Performance and Partnerships, in consultation with the Portfolio Holder for Health & Communities. The exact requirements would be dependent on the final process agreed by the Executive.**

DISTRICT WIDE FUND

- 2.10 This fund should be made available to the voluntary sector to deliver specific services/projects linked to the Councils priorities and related to increased growth within the parishes.**
- 2.11 There should be a minimum application sum of £10,000 and the assessment process should be in line with the proposed Section 106 Grants process ie addressed through Member Grants Panel and Officer Grants Panel.**

3 Summary of Reasons for the Recommendations

- 3.1 The proposed grants process has been designed to meet the recommendations agreed by Council, on 16th January 2012, that 80% of the allocated £250k should be used to create a Locality Investment Fund “to be used on a community budgets arrangement in those areas which have taken housing growth. The areas may already be a whole community or part of a community comprising larger area (clusters). A process of identifying how the money would be used would need to be drawn up but it should be on the basis of clearly identified and articulated need and not on ‘pet projects’ of the few”.**

- 3.2 New Homes Bonus aims to ensure that communities reap the benefits of growth and it is therefore recommended that proportions of the locality investment fund should be made available to communities according to the number of housing completions e.g. hypothetically, if a parish has had 1 new home out of a total 100 homes completed in the district in the last 3 years, that parish would receive 1% of the locality investment fund eg. Appendix 1.
- 3.3 Growth refers to housing which has been delivered since the period of eligibility for NHB started, which was those new properties built and occupied since October 2009. Whilst NHB was paid for the first time in April 2011, it related to the period October 2009 to September 2010, as identified on the Government return CTB1.
- 3.4 The proposal in relation to a District Wide Investment Fund has been designed to meet the recommendations also agreed by Council on 16 January 2012 to create a District Wide Investment Fund covering the remaining 20% of the £250k. The fund could be used flexibly to meet identified need for example;
- Filling the funding gap for services with increasing costs as a result of housing growth e.g. waste management, grounds maintenance, street cleansing, street art and furniture, place making costs.
 - Providing facilities in areas that cannot support additional housing growth and therefore cannot benefit directly from the NHB
 - Support to stimulate economic growth by working with local businesses and partners
 - Pooling with others/ match funding with other grant streams
 - Spend on an 'Invest to Save' basis on green infrastructure projects.
- 3.5 The Member Grants Panel proposed for Section 106 Grants would also consider the New Homes Bonus Grants three times per year.
- 3.6 To support the Member Grants Panel it is proposed that an Officer Grants Panel should consider and score the applications. The Officer Panel would include representatives from Planning, Cultural Services, Community Safety, Parish Liaison, Business Support, Housing and Commissioning. Recommendations for funding would be presented to the Member Grants Panel, which would make recommendations to the Executive.
- 3.7 There is an understanding that more community engagement work with parishes and communities is required to assist them in the preparation of grant applications and identifying need.
- 3.8 Smaller and larger grants are proposed because there is limited funding available from other funding streams to support small scale projects. Research indicates these smaller initiatives e.g. writing of a parish plan, form firm foundations for bigger projects

3.9 Feedback from the review of Section 106 Grants should shape the application and monitoring process.

4 Impact on Communities

4.1 This money has the potential to benefit the communities of the Harborough District that have experienced housing growth. Therefore it is important that the correct process is created to ensure the NHB funding is allocated fairly and in a way which encourages the greatest positive impact.

5 Key Facts

BACKGROUND

5.1 The New Homes Bonus (NHB) was introduced by the Government in 2011 as part of a radical overhaul of local government finance. It aims to “provide a powerful, simple, transparent and permanent incentive for local authorities to increase their aspirations for housing growth by ensuring that communities reap the benefits of growth and not just the costs.”

5.2 The NHB rewards local authorities for delivering new homes within their District. The NHB grant receivable is calculated by reference to the Annual Council Tax Base Return (CTB1) which is completed by all authorities in October of each year. The resultant grant is then payable for the following six financial years. There is also an enhancement for affordable homes.

5.3 The NHB is un-ringfenced but applicants will need to consider Council criteria.

5.4 The Council agreed that Year 1 and 2 NHB allocations were to be used to support Council expenditure.

It was agreed that £250k from Year 3 allocations should be allocated as follows:

- 80% - A Locality Investment Fund.
- 20% - A District Wide Investment Fund

5.5 Research into how Harborough District Council disseminate this grant has drawn on the Section 106 Grants Review findings and influenced particular recommendations such as timescales and grant panel suggestions.

5.6 Further study into potential uses for this grant, alongside research into what other councils are doing, has encouraged the recommendations made below.

PROPOSALS FOR LOCALITY INVESTMENT FUND

- 5.7 Parish Councils or other appropriately constituted groups should be eligible to bid for a proportion of the locality investment fund NHB which directly relates to development in their local area. Data from the 'Supply of Deliverable Housing Sites' reports would be collated to identify eligible parishes. Housing completions dating back to October 2009 onwards would be taken into account because this is the point from which NHB has been issued.
- 5.8 Proportions of the locality investment fund should be made available to communities according to the number of housing completions e.g. hypothetically, if a parish has had 1 new home out of a total 100 homes completed in the district in the last 3 years, that parish would receive 1% of the locality investment fund. Any new funding in following years will be calculated to be distributed to parishes with housing completions which have occurred since the last calculation. (Appendix 1)
- 5.9 Harborough District Council's NHB Locality Investment Fund Criteria
- The community must have delivered additional new homes in the district since April 2010.
- 5.10 To be considered favourably the bid for funding should:
- Be made by a formally constituted local community group i.e. the applicant group has set financial procedures and a constitution setting out its objectives and how it plans to achieve them.
 - Seek funding to directly deliver local infrastructure or services. Greater weighting should be given to projects that have been identified in an appropriately robust neighbourhood plan or other community-led plan;
 - Demonstrate that the project will be delivered; and
 - Reflect the Council's priorities and the statutory development plan for the District.

PRIORITY 1: Working with communities to develop places in which to live and be happy

PRIORITY 2: Provide the right public services to the right standard and at the right price

PRIORITY 3: Encourage a vibrant and sustainable business community intent on wealth creation

PRIORITY 4: Support the vulnerable in our society at the heart of the communities where they live

- 5.11 Weighting to specific critical activities could be made accordingly. The scoring criteria should be reviewed annually (April).
- 5.12 Capital and revenue projects could apply.
- 5.13 An application form should be issued, along with a weighted scoring sheet to ensure consistency and transparency in the grant scoring process. The application should set out the criteria simply and clearly. Guidance notes to complete the application form will advise applicants how to tailor their responses to meet the NHB criteria and the Council's Corporate Objectives (these may change with the annual review).
- 5.14 A NHB guide for applicants would be published to assist with grant submissions and this would also coincide with a grant workshop hosted by Harborough District Council.
- 5.15 Financial information from applicants regarding their current financial status (balance sheet and profit and loss) would be a requirement to support an application. Project financial information should be required to support applications in order to demonstrate value for money.
- 5.16 A Harborough District Council grants webpage would be developed and the application form and guidance notes should be downloadable from there.
- 5.17 Applications and queries regarding NHB grants should be directed through the Community Grants Mailbox communication channel.
- 5.18 Proactive engagement with communities would be required to ensure this funding is disseminated effectively and that it encourages the necessary projects to support current and future growth.
- 5.19 This new grant process would be reviewed annually and in good time to readjust the process for the next grant window as necessary.
- 5.20 There should be three grant application windows throughout the year which will align with those of the Section 106 grant process i.e. one every four months.
- 5.21 After each grants panel there should be a performance monitoring report including the following information:
 - Number of organisations supported by grants
 - Number of applications in grant application wave
 - Number of applications who failed to achieve a grant
 - Financial position
 - Number of projects in progress
 - No of funded projects completed

- 5.22 Money which is not spent within the grant year (ending March) should be rolled over to the following year for each parish individually.
- 5.23 Match funding from other sources should be encouraged by adding weight to this in the scoring sheet.
- 5.24 Successful applicants should receive between 50% and 100% funding up front depending on project timescales. Trigger points (phased payments) should be written into the offer letters terms and conditions as necessary.
- 5.25 Successful applicants awaiting further Match Funding (to initiate their project) could be awarded the grant but no money would be issued until all funding to complete the proposed project has been secured.
- 5.26 Successful applicants should provide Harborough District Council with a completion report OR end of year update (end of March) whichever is the soonest until the project is completed.
- 5.27 Monitoring of the projects would be required.
- 5.28 Press opportunities should be highlighted by the grants panel and fed into the Communications forward plan.
- 5.29 The maximum time which an awarded grant could be held without being officially issued would be 2 years.
- 5.30 There would be a limit of £7500 per application for parishes with the bigger money allocations. There would be no lower limit for grant applications.
- 5.31 There should be two grants of varying sizes, and varying procedures available. Reasons for recommending the two grants is because there is limited funding available from other funding streams to support the small scale projects. Research proves these smaller initiatives e.g. writing of a parish plan, form firm foundations for bigger projects

SMALL GRANTS

- § For projects up to £500
- § Applications should be scored by relevant Officers as required.
- § Determination of small grant applications should be delegated to Head of Policy, Performance and Partnerships in consultation with the Portfolio Holder Health and Communities.
- § The application form and monitoring should be simpler than that for the larger grants to encourage first time grant applicants in communities
- § Projects which could be supported through this plan include
 - *Parish Plan support*

- *Initiating a Good Neighbour Scheme*

LARGER GRANTS

- § For projects above £500
- § The application form would require more information and evidence of the project's benefit for the community in comparison to the smaller grant application form.
- § Applications would be scored by an Officer Grants Panel, including representatives from planning, cultural services, community safety, parish liaison, business, housing and commissioning.
- § Recommendations for funding from the Officer Grants Panel would be presented to a Member Grants Panel for consideration and to make recommendations to the Executive.
- § Robust financial procedures would be required.

5.32 For the larger grants, the aim would be to work to a time period of 12 weeks from the application deadline date to the point of payment. Grants panels, both Officer and Member, would be the same as for the Section 106 process.

Week One	<p>Deadline for grant applications</p> <p>Acknowledgements sent to all applicants informing them of procedure and timescales from this date</p>
Week Two	<p>Sorting of grant applications</p> <p>Check applications to ensure they are accompanied by necessary documents. If not inform applicant and request further information.</p> <p>Preparation of scoring templates for each of the Grants Panels.</p>
Week Five	<p>Applications sent to the Officer Grants Panel for discussion and recommendations. Application scoring aided by the scoring template.</p>
Week Six	<p>Collation of recommendations made by the Officer Grants Panel for the Member Grants Panel</p>
Week Seven	<p>Officer Recommendations sent to the Member Grant Panel for discussion, alteration and/or agreement</p>
Week Eight	<p>Collation of recommendations made by the Member Grant Panel for the Executive Committee</p>

Week Nine	Member Recommendations sent to the Executive Committee for agreement
Week Ten	Letters sent out to successful applicants Financial procedures initiated
Week Twelve	Payments made to successful applicants

PROPOSALS FOR THE DISTRICT WIDE INVESTMENT FUND

- 5.33 It is proposed that this fund should be made available to the Voluntary Sector to deliver specific services/projects related to increase growth in Harborough Parishes. The projects should be in line with the suggestions made in the report to Council of January 2012 and link to the Councils corporate priorities.
- 5.34 A minimum application sum of £10,000 would be proposed and the assessment process should be in line with the proposed 106 process ie. through a Member Grants Panel and Officer Grants Panel.

6 Legal Issues

- 6.1 NHB money is un-ringfenced money which the council needs to decide how to disseminate fairly across the District.

7 Resource Issues

- 7.1 Implementing a new grants process for the £250,000 set out in this report will require additional capacity which would need to be met from the New Homes Bonus 'pot'. The level of administration would be dependent on the final process agreed by Executive but would be no more than 3% or £7,500 for a District Council managed grant process. Following the decision of the Executive, further work would be undertaken to establish firm costings. This should be with the agreement of the Head of Policy, Performance and Partnerships, in consultation with the Portfolio Holder for Health & Communities.
- 7.2 Officers who form the Officer Grants Panel would be required three times per year and this would be met from existing resources.

8 Equality Impact Assessment Implications/Outcomes

- 8.1 The Application form would be designed to be user friendly.
- 8.2 The process would be communicated widely to all who could gain from these grants.
- 8.3 Applicants would be required to demonstrate that their projects are accessible to all and would not have a detrimental impact on any of the groups of protected characteristics.

9 Impact on the Organisation

- 9.1 Delivery of the projects funded by Section 106 money provides positive opportunities for media coverage and demonstrates that the Council has listened and responded to feedback on its grants process.
- 9.2 The government expects the Council to agree on how the NHB money should be used and it is recognised within this report that any administrative burden resulting from the creation of a grants process could be met from NHB money.

10 Community Safety Implications

- 10.1 There are no Community Safety implications arising from this report. Community Safety implications of individual applications would be addressed as part of the Grant Process.

11. Carbon Management Implications

- 11.1 There are no Carbon Management implications arising from this report. Carbon Management implications of individual applications will be addressed as part of the Grant Process.

12. Risk Management Implications

- 12.1 Inflexible criteria could mean smaller projects may miss out.
- 12.2 Excessively flexible criteria could encourage parish 'pet projects' to monopolise these pots of money.
- 12.3 Without sufficient project monitoring there is a risk that money granted may end up not being spent as agreed by the Executive.

13 Consultation

13.1 Throughout this NHB research process a variety of sources have been consulted with. These include:

- Portfolio Holder
- Corporate S106 Group at HDC
- Strategic Planning Team at HDC
- Planning Officer at HDC
- Policy and Performance Officer at HDC
- CMT at HDC
- Melton Borough Council
- Broadland District Council
- Past Applicants; successful and unsuccessful
- Review of feedback from Section 106 Grants Panel minutes
- Great Glen Parish Council
- Harborough District Parish Council clerks
- A Scrutiny Task Group met to consider the recommendations in this report. The meeting notes are appended.

14 Options Considered

14.1 The option set out in this report represents an officer interpretation of the Council's original intention for New Homes Bonus money as agreed in January 2012.

15 Background Papers

Supply of Deliverable Homes Report

Harborough District Council's Strategic Planning Team

A Parish Guide to Planning Obligations and Open Space Contributions

Blaby District Council

Harborough District Council: Assessment of Local Community Provision and Developer Contribution

Roger Tym and Partners

The Road Not Taken

Joe Manning

Previous report(s): New home Bonus, 16th January 2012, Council

Information Issued Under Sensitive Issue Procedure: Y/N

Ward Members Notified: Y/N

Appendices: *list any appendices here including title and filename in brackets (e.g. Performance Data 2010 (perfddata.doc)).*

A. Locality Allocation of NHB money

B. Task Panel meeting notes from 24th April 2013