

Sept 2011

WYCHAVON

New Homes Bonus

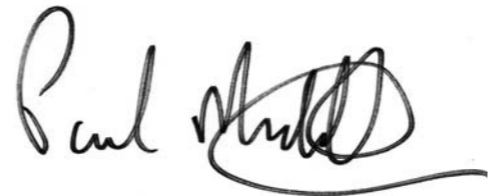
Protocol for use of the Bonus within Wychavon



Foreword

The implementation of the New Homes Bonus (NHB) is a radical shift in the way the Government wishes to incentivise growth. Too often, we have seen increased housing resulting in increased strain on local services, local amenities and infrastructure. The NHB is intended to effectively address the disincentive within the local government finance system for local areas to welcome growth. I hope that it will ensure the benefits of economic growth are more visible in local areas within the district.

In Wychavon, we will have many challenges over forthcoming years as necessary new growth takes place through the adoption of the South Worcestershire Development Plan, which will have a strong economic focus whilst respecting the unique character of our district. I hope that the NHB, as one of a number of emerging policies and fiscal incentives, will help in some way to reward those areas that welcome or, for wider strategic needs, have to accommodate housing growth. Where monies are earmarked for reinvestment in local communities as part of this protocol, we hope that the communities themselves take a positive lead on how they would wish the monies to be spent within local areas.



Councillor Paul Middlebrough
Leader of the Council



1. Introduction

In February 2011, the Government issued the final design of the NHB following a period of consultation. For two tier areas such as Worcestershire, the design of the scheme involves a split in allocation which is explained in Section 5 below.

Wychavon District Council has published this protocol on the use of any monies received from the NHB to provide a consistent and transparent approach.

The Council has not relied on the receipts from the NHB in its base budget and this will remain the case for the next two years pending a wider resource review of local government finance currently being undertaken by the Government. In any event, this protocol will be regularly reviewed (see section).

2. Scheme outline

The NHB scheme will provide the Council with a payment equal to the national average for the Council Tax band on each additional property built. The scheme is intended to be a permanent feature of local government funding. For each additional occupied home, the Council will receive six years of unringfenced grant (measured by the change in dwelling numbers on the Council Tax valuation lists).

	2011-12	2012-13	2013-14	2014-15	2015-16	2017-18	2019-20
Year 1	£	£	£	£	£	£	
Year 2		£	£	£	£	£	£
Year 3			£	£	£	£	£
Year 4				£	£	£	£
Year 5					£	£	£
Year 6						£	£
Year 7							£

The Government will use the Council Tax Base form to calculate increases in effective stock. This will be the number of Band D equivalent properties compared to the previous year, which will take account of additions, demolitions and, most importantly, empty homes brought back into use. Any increase will be multiplied by the national Band D average council tax for the previous financial year to arrive at the grant amount.

The scheme also allows for additional grant to be payable for the building of affordable housing as the Government wishes to encourage a good balance of market and affordable housing. This is consistent with the Council's priorities. Please refer to Section 6.



3. The New Homes Bonus and the planning system

The NHB is designed to sit alongside the existing planning system. The bonus is not intended to encourage housing development that would otherwise be inappropriate in planning terms.

The NHB is intended to help deliver the vision and objectives of the community and the South Worcestershire Development Plan and may assist with issues such as service provision or infrastructure delivery.

Other fiscal measures within the planning system such as Section 106 contributions and the Community Infrastructure Levy (CIL) are independent of any decisions on use of NHB.

4. What the Bonus can be used for

The Government is not prescriptive over the use of any monies received. Indeed, one of the principles of the bonus is flexibility on how to spend funding in line with community wishes and the bonus is an unringfenced grant.

The funding can be used to support the timely delivery of infrastructure and local authorities can pool funding to deliver infrastructure. It should be emphasised that Wychavon still expects all developments to meet their own infrastructure needs and the NHB will only be used to support strategic infrastructure in exceptional cases where there is demonstrable need for gap funding. Other fiscal incentives such as CIL will be equally important in this context.

The Government expects local authorities to gain an understanding of local priorities for investment and monies could be spent in relation specifically to a new development and importantly more widely to the local community. A specific community project may be identified as a local priority. Where there are Parish/Town plans (or neighbourhood plans in due course) these may be a useful tool in evidencing local priorities.

More widely, the Government states that Councils may wish to offer Council Tax discounts, support frontline services like bin collections or improve local facilities like playgrounds or parks, secure transport improvements and town centre regeneration. Wychavon will use some of the grant to support services for local communities.

5. The allocation of the Bonus in two tier areas

The final design of the scheme stated that in two tier areas, lower tier authorities such as Wychavon, are better placed to understand local needs and concerns. The Government state that for the incentive to be powerful, it must be where the planning decision sits. The allocation split between the County Council and Wychavon reflects this with 80% to the lower tier and 20% to the upper tier.

Wychavon works closely with Worcestershire County Council in relation to growth and economic matters, and it is expected that a constructive dialogue between the two councils will be a key feature of the implementation of the scheme as it develops to ensure the maximum benefit to local communities as well as ensuring that wider countywide economic priorities that affect Wychavon's residents are best served.

6. Affordable housing enhancement

As stated in section 2, an enhanced grant will be paid for affordable housing delivery. The definition of affordable housing is set out in Appendix B of Planning Policy Statement 3 (PPS3) and refers to both social rent and intermediate affordable housing types (e.g. shared equity, shared ownership and other low cost homes for sale or intermediate rent).

Low cost homeownership products are included as with the new 'affordable rent' homes. For the purposes of the NHB, the definition can include homes provided by the private sector bodies and affordable homes delivered without grant funding.

A flat rate of £350 per annum per home will be paid. This equates to around 25% of the national average current Band D Council Tax.

Because of the high priority that the Council puts on affordable housing delivery, it will earmark all of these additional payments (£350 per unit) for affordable housing and general housing matters in the district including bringing empty homes back into use.



Affordable homes in Broadway

7. A protocol for use of the New Homes Bonus in Wychavon

1. The Council will support the following with its own NHB receipts from the Year 1 award (2011/12)

(i) Regeneration and area partnerships

One of the areas which Government consider NHB monies could be readily utilised is regeneration and supporting economic prosperity. The Council has, in partnership with our three Area and Market Town Partnerships, a well developed mechanism for local area regeneration and urban and rural enhancement. This is supported by the three Partnership Managers.

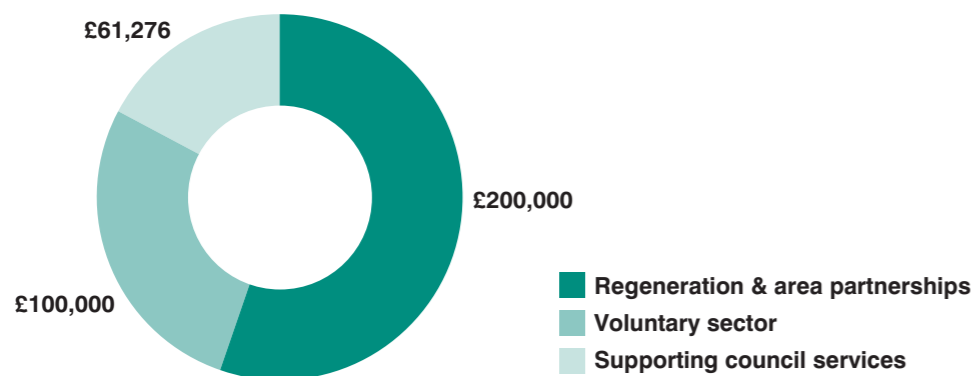
These partnerships successfully bring together key voluntary, local authority, business, education and health partners to deliver a range of local solutions to identified local challenges and opportunities. Delivered projects range from major events and festivals and new business start up support to community arts centres and the creation of wetland habitat areas.

A proportion of the Year 1 NHB totalling £200,000 will be allocated to support the work of the partnerships, the managers and major events and festivals thus creating a sustainable approach for local area economic activity for the next six years.

(ii) Grants to the voluntary sector

A further £100,000 from the Year 1 NHB will be allocated to support Wychavon's voluntary sector over the next 6 years. This will help put such organisations on a more sustainable footing. It will also provide for a small community grant scheme to continue, recognising the value of community activity and the difference this can make to the lives of our residents.

Allocation of Year 1 NHB monies: £361,276



2. From Year 2 of the NHB award 2012/13 onwards the Council will focus any monies received in addition to the Year 1 award to be used for the following purposes:

(i) Planned growth around the city of Worcester

The South Worcestershire Development Plan will move towards a submission draft to the Secretary of State in 2012 and is planned for adoption in 2013. As a result of the spatial strategy for the City of Worcester and the surrounding area, it is likely that major urban extensions will be promoted and these may affect land within the district whilst serving the wider housing needs in South Worcestershire. Moreover, a number of smaller yet significant sites may come forward around the city which, subject to being appropriate in planning terms, will deliver housing and employment growth opportunities.

Up to 40% of any NHB monies arising from development which is reflective of the planned growth around the city will be earmarked to be pooled with other contributions from the other planning authorities and the County Council to support infrastructure development and community infrastructure.

The Council is very cognisant that the rural communities on the urban fringe around the city are facing the impact of growth and in the spirit of the NHB scheme, should receive a reasonable element of the bonus – up to 40% of NHB arising from relevant development (see also below).

Section 9 sets out the principles on which the Executive Board will consider the release of any payments under the NHB scheme. Towns and Parishes will be expected to submit a timely proposition to the Council for use of any monies and the Board (or any Panel appointed by it to make recommendations) will take into account the benefits to the community of any proposal. For any pooling arrangement with other Councils for development around the City of Worcester, the release of payment will follow the same principles.

(ii) Development in towns and villages

(a) Development within a Town or Parish area

Where development takes place in Droitwich Spa, Evesham, Pershore or the rural areas of the district, the Council will normally award up to 40% of the NHB accruing to be reinvested in the local community. This reward will not be ringfenced to any particular use but it must deliver 'added value' to the local community and area and where possible, benefit those communities close to any new development.

(b) Significant developments adjacent to towns

It is likely that some of the urban extensions to the three towns, which may be constructed over the next few years, may be delivered outside the administrative boundary of the town whilst clearly serving the growth of the urban area and reliant of amenities and services in the urban area.

The Council may determine that the NHB payments to be reinvested in local communities, in circumstances where it is serving urban growth, is split between the town and the rural parish(es) accommodating the urban growth. Of the allocation in (a) above, the split will normally be 80% to the town and 20% to the Parish.



Hampton Regeneration Scheme, Evesham

Section 9 below sets out the principles on which the Executive Board will consider the release of any payments under the NHB scheme. Towns and Parishes will be expected to submit a timely proposition to the Council for use of any monies and the Board (or any Panel appointed by it to make recommendations) will take into account the benefits to the community of any proposal.

(iii) Supporting affordable housing and investment in housing matters

In recognition of the role of the Council in bringing empty properties back into use and also the provision of new affordable homes, then consideration will first be given to any projects or schemes which will assist in these efforts and thereby generating increased NHB grant in the future. Also, the additional enhancement per unit for affordable housing (£350) will be earmarked for reinvestment in housing.

(iv) Supporting Council services

Uncommitted amounts in any year including Year 1 will be used to finance general council expenditure and thereby maintain service levels and/or keep the level of council tax to a minimum.

Moreover, key frontline services with a direct community impact such as community safety or environmental crime which do not benefit from base budget funding could be areas for future consideration.

8. The role of the Local Enterprise Partnership

Worcestershire's bid for a Local Enterprise Partnership (LEP) was given the go ahead in December 2010. The LEP is a business led partnership of the private and public sectors in the county and Wychavon is strong supporter of the LEP.

The LEP is currently in an embryonic stage and its priorities will become clear in due course. Where there are compatible priorities which support economic prosperity for Wychavon residents and businesses and where NHB will support other funding channels that the LEP is pursuing, the Council may then explore the use of NHB where positive outcomes can be achieved for Wychavon.

9. Procedure for payment

1. The Council's Executive Board will determine and authorise the release of any payments under the NHB scheme. The Council will publish on its website an annual statement of the NHB monies attributable to each town or parish area. Payments will generally be held until there is a commitment to spend the monies.
2. Where monies are to be reinvested in local communities other than by the Council, this will normally be via the Town or Parish Council as the responsible body. Exceptions to this will be considered on an individual basis.
3. Local Members in areas which have experienced housing growth are encouraged to have a link role with relevant Town and Parish Councils and make proposals for use of any element of the grant which is earmarked for use within the local community.

4. Towns and Parishes will be expected to submit a proposition to the Council for use of any monies. The Executive Board will convene a sub group along with Local Member(s) to make a recommendation to the Board and take into account the benefits to the community of any proposal. Where community projects or schemes are submitted which are reflective of Town or Parish plans that have been adopted as a local information source then the expectation is that they would be supported. For any pooling arrangement with other Councils for development around the City of Worcester, the release of payment will follow the same principles.
5. In the case of any payments to Town and Parish Councils, the Executive Board may favourably consider requests for advance payments of all 6 years of any reward grant to the local community where this would be beneficial, for instance, where smaller annual amounts are awarded, most probably in our rural parishes. Such forward funding of future years grant will be subject to discounting (on a net present value basis) to cover the loss of interest by the Council.
6. In cases where new developments are constructed but fail to be occupied, this directly affects the award of grant from the Government as the grant relies on occupation of the property. The Council may defer the payment of monies in such cases until there is a realistic prospect of occupation.

10. Review of this protocol

An initial review of the protocol will take place in Spring 2013 to ensure the procedure operates in an equitable manner delivering the desired outcomes. Bearing in mind the Government's wider review of local government finance any funding cannot be committed beyond 2012/13 at this stage.



Wychavon District Council, Civic Centre
Queen Elizabeth Drive, Pershore
Worcestershire, WR10 1PT

01386 565000
communications@wychavon.gov.uk
www.wychavon.gov.uk