

EAST DEVON DISTRICT COUNCIL

Notes of a Meeting of the New Homes Bonus Panel held at the Knowle, Sidmouth on Wednesday 12 October 2011

- Present:** Councillors:
Ray Bloxham (Chairman)
Trevor Cope
Douglas Hull
Stephanie Jones
Andrew Moulding
Graham Troman
- Also Present:** Councillors:
Paul Diviani
- Officers:** Richard Cohen, Deputy Chief Executive
Simon Davey, Head of Finance
Christopher Holland, Democratic Services Officer
Mark Williams, Chief Executive

The meeting started at 4.00 pm and finished at 5.00 pm.

*1 **Election of Chairman**

Councillor Ray Bloxham was elected Chairman of the Panel.

*2 **Role and Activity of the Panel**

Members noted that at the meeting of the Cabinet held on 13 July 2011 it was resolved that a politically balanced panel of members be set up to work with EDDC's Engagement and Funding Officer to consider various options to progress the scheme and make recommendations to the Cabinet. Members had made reference to the former Rural Aid Panel and felt that the new Panel might work in a similar way.

It was noted that the Government was not prescriptive over the use of any monies received but expected local authorities to understand local priorities for investment for the benefit of the wider community.

*3 **Options for use of New Homes Bonus**

Members received and noted the report of the Head of Finance who explained that the NHB scheme was introduced in part to redress an imbalance in the local government finance system. The NHB was intended to help deliver the vision and objectives of the community and may assist with issues such as service provision or infrastructure delivery. Each new home that was built had an implication for service delivery costs (refuse collections, regulatory services etc). At present additional income from extra Council Tax was offset by a reduction in Revenue Support Grant. This caused a strain on service budgets. NHB could help to offset those additional costs at least for a short period of time.

The report identified East Devon's allocation for 2011/12 and the subsequent 5 years as £310,872 (giving a total payment over the 6 years of £1,865,299). The Government's intention was to create a financial incentive to encourage local authorities to facilitate housing growth.

*3 **Options for use of New Homes Bonus (cont'd)**

The grant allocation had not been taken into account during the budget setting process due to uncertainty surrounding the amount and therefore Members were now asked to consider how to use the grant in 2011/12 and future years. Any decision needed to take into account the Government's likely intention to fund the scheme from year two onwards by a comparable reduction in formula grant to the local authority.

The NHB scheme provided the Council with a payment equal to the national average for the Council tax band on each additional property built. The scheme was intended to be a permanent feature of local government funding. For each additional occupied home, the council would receive six years of un-ringfenced grant (measured by the change in dwelling numbers on the Council tax valuation list).

It was noted that the criteria for use of NHB were very open and therefore options were varied and wide ranging. Further guidance was unlikely to be forthcoming from Government therefore it was entirely for Members' to decide how best to use NHB.

Members discussed a range of uses for NHB. These included using NHB for community based uses, including grants, as match funding and as an investment tool to improve the return on council assets. It was felt that the Panel had an ongoing role to recommend to Cabinet on uses for funding, including application mechanisms and criteria. Officers would need to present a draft funding mechanism and application criteria at the next meeting of the panel.

RESOLVED that the panel meet on 2 November to consider a draft funding mechanism to include:

- application criteria
- permitted funding limits
- value for money
- match funding attraction