



**NEW HOMES BONUS:
POLICY ON THE PROVISION OF GRANTS
TO TOWN AND PARISH COUNCILS
2021/22**

1. What is the New Homes Bonus?

- 1.1 The New Homes Bonus (NHB) is a national initiative, introduced in 2011/12, which provides funding to principal councils (i.e. Unitary, County and District councils) in proportion to the increase in the number of homes in their area year on year. These may be newly built, conversions or empty homes being returned to use.
- 1.2 For every new home that is created in the Fylde borough the government gives the council a level of grant based on the national average Council Tax charge each year (originally grant allocations were for six years but this was reduced to five and then four years with effect from 2018/19, and for 2020/21 the allocation was for a single year only).
- 1.3 Under the current national scheme the grant in Fylde's area is shared between the district council (Fylde Council) and the upper-tier authority (Lancashire County Council), with Fylde Council receiving 80% of the grant and the County Council 20%.
- 1.4 Local councils decide how to spend NHB. The grant is a non-ring-fenced revenue grant, which means it can be used for a variety of different projects or to support general expenditure.
- 1.5 New Homes Bonus is not new money. The government has reduced other funding (particularly the Revenue Support Grant) to local councils in order to create the necessary funding for the NHB scheme. Consequently it has been necessary for Fylde Council and many others to direct income from New Homes Bonus to compensate for and to balance out other cuts in government funding for Council services.

2. Purpose of this policy

- 2.1 In 2018/19 Fylde Council introduced a new initiative in which funding is allocated to town and parish councils to help alleviate the impacts of housing growth on local communities.
- 2.2 The initiative is to be funded from a portion of the New Homes Bonus income that is received by Fylde Council.
- 2.3 The purpose of this new policy document is to provide the framework for the system of grant support to town and parish areas which have experienced above-average growth in housing numbers.
- 2.4 For 2021/22 there is much uncertainty around the future of the national scheme, especially in the light of current national funding pressures created by the various covid support schemes to businesses and individuals. It is conceivable that NHB funding for 2021/22 will be restricted to the legacy payments in respect of previous years; or that there will be no NHB funding whatsoever to local authorities in 2021/22; or that there will be a further single-year allocation for 2021/22.
- 2.5 It is unlikely that there will be any clarity about the future of the NHB scheme, and allocations for 2021/22, until the local government finance settlement is announced in mid-December 2020.
- 2.6 This Policy will only be applicable in the event that Fylde Council receive an allocation of New Homes Bonus grant for 2021/22.

3. Commencement of the scheme and funding levels

- 3.1 The scheme commenced in the 2018/19 financial year and has remained in place in the following years. It is proposed that it continues for 2021/22, subject to Fylde Council receiving an allocation of New Homes Bonus grant for 2021/22.
- 3.2 The operation of the scheme for subsequent years will be determined by a review of the effectiveness of the arrangements in delivering the intended outcomes. That review will be undertaken during 2021/22 in the event that Fylde Council receives an allocation of New Homes Bonus grant for 2021/22 and is able to distribute an element of that to town and parish councils.
- 3.3 For 2021/22 the total grant funding to be distributed will be a figure equivalent to 5% of the latest estimate of the total New Homes Bonus income receivable by Fylde council for that year, should there be such an allocation.

4. The aims and objectives of this initiative

4.1 The scheme is intended to support new projects where there is a demonstrable need to assist in the provision of community amenities that are necessary because of growth in property numbers, and consequently an increase in the demand for local services, and that have tangible benefits for the community.

4.2 The broad objective of the policy can be summarised as:

“to provide grant support to town and parish areas which have experienced above-average growth in housing numbers.”

4.3 Specifically projects to be funded under this initiative should meet one of the following criteria:

- Schemes that develop community facilities;
- Schemes that address particular issues associated with housing growth;
- Parks and green space development schemes;
- Schemes to improve travel, public transport or car parks.

5. How grant amounts will be calculated

- 5.1 The grant distribution methodology will reflect relative growth in total property numbers in each town and parish area.
- 5.2 For the purpose of this initiative, the Valuation Office property data that is provided as at September each year for the purposes of calculating the New Homes Bonus amount for the following year, shall be the basis of defining property numbers, and thereby also property growth for the past year, for each area.
- 5.3 Grants will only be available to town and parish areas that have experienced property growth for the past year above a baseline of 0.4% (of the prior year total property numbers). This is to match the government threshold of 'expected annual growth' as represented in the revised New Homes Bonus 'baseline' that applies to Fylde Council and all other recipients of New Homes Bonus funding.
- 5.4 The total sum to be distributed to town and parish areas that have experienced growth above the 0.4% baseline level will be divided amongst those qualifying areas by reference to the absolute numbers of additional property numbers in excess of the 'baseline' level for each area in the preceding year.
- 5.5 Not all town and parish areas will experience growth in property numbers in every year. Some that do experience growth in property numbers may not exceed the 0.4% baseline threshold. As a consequence of the methodology for calculating entitlement to grants as set out above, not all town and parish councils will be eligible to receive a grant under this initiative in every year.

6. Grant notification and reporting

- 6.1 The sums to be distributed to town and parish areas for the next financial year will be scheduled for consideration and approval at a meeting of the Council at the earliest opportunity once allocations to each local authority have been announced.
- 6.2 In the case of individual grant awards in excess of £1,000, grant recipients are required to confirm how the grant is to be used in the form of a written statement in compliance with the approved scheme requirements (as set out in paragraph 4.3) prior to the release of funding.
- 6.3 Additionally in respect of grants in excess of £1,000, grant recipients are required to complete a mid-year statement to confirm how the grant has been (or will be) used. This information must be submitted by 30th September 2021 and must be in the form prescribed for this purpose. This will require completion of a 'Grant Mid-Year Review' pro forma that will be provided for this purpose. This information will be used to assess the success of the scheme relative to the stated intentions of the initiative and will be used to inform the decision as to whether the scheme will continue for the following year.
- 6.4 For Town and parish councils that may receive modest annual grant allocations as part of this initiative the annual allocations may be accumulated over a period of no more than 3 years in order to provide sufficient funding for a larger scheme to be undertaken than would be achievable using a single year funding allocation.
- 6.5 Grant funding from this initiative may be used as match-funding for other grant applications.

7. Governance and decision-making

- 7.1 Continuation of the scheme for the distribution of grants to town and parish councils to reflect housing growth for future years shall be considered at a meeting of the full council.
- 7.2 A review of the operation of the scheme and the appropriate funding resource to be allocated to the scheme will be undertaken during 2021/22 by the Finance and Democracy Committee, subject to Fylde Council receiving an allocation of New Homes Bonus grant for 2021/22.