



GUILDFORD
BOROUGH

NEW HOMES BONUS AND PARISH
ALLOCATIONS POLICY

2016-17 Financial Year

1. Purpose of the Policy

- 1.1 The purpose of this policy is to set out the history of the New Homes Bonus (NHB), allocations received to date and how Guildford Borough Council envisages using the bonus for the financial year 2016-17. The Council's Corporate Improvement Scrutiny Committee recommended, at its meeting in June 2015, that the Executive set out a clear and transparent statement of policy in relation to how the Council will use New Homes Bonus to benefit local communities. This was particularly in relation to those communities that have accepted development and clarity over how the benefits of development are tracked. This policy aims to fulfil that recommendation and will be put forward for adoption by the Council at its meeting in February 2016.

2. Strategic Priorities

- 2.1 The New Homes Bonus allocations policy will support the achievement of all of the fundamental themes and strategic priorities set out in the Council's 2015-2020 Corporate Plan.

3. Background

- 3.1 New Homes Bonus is a grant paid by the government to all English councils for creating new homes in their area. The bonus provides Councils with payment for every property added to their council tax register, after deducting recent demolitions. These may be newly built, conversions or empty homes being returned to use.
- 3.2 For each new home, the government pays an amount equivalent to the national average for its council tax band every year for six years.
- 3.3 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 saved up to be used at a later date. There is no time limit on using the funds and no restrictions on how they are used. The prime purpose of the grant is to reward housing growth and to ensure that the economic benefits of growth are returned to the local authorities and communities where that growth takes place. The Government expects local authorities to engage with the communities most affected by housing growth to decide how the money is spent.
- 3.4 New Homes Bonus is not new money. The government reduces other funding to local councils to create the NHB. So, although we seek to identify projects to spend the money on, some of the bonus is already being used to balance out other cuts in government funding for Council services.
- 3.5 Since NHB was introduced in 2011-12 the Council received £5.2 million over 5 years in NHB. The Council uses approximately £1 million of the grant per annum to support the running costs of services. The remaining grant has been transferred to reserves pending a decision on how to spend the money. The table below shows the income, expenditure and reserve balance:

Financial Year	Amount Received	Amount spent on services	Amount spent on projects	Transfer to/ (from) Reserve	Reserve Balance
2011-12	£137,525	£137,525	£0	£0	£0
2012-13	£583,912	£137,525	£0	£540,204 ¹	£540,204
2013-14	£1,214,586	£137,525	£0	£1,077,061	£1,617,265
2014-15	£1,510,961	£1,000,565	£0	£510,396	£2,127,661
2015-16	£1,779,365	£1,000,550	£0	£778,815 (expected)	£2,906,476
2016-17	£2,362,055 <i>expected</i>	£1,000,550	£1,835,000	(£473,495) <i>expected</i>	£2,432,981 <i>expected</i>

- 3.6 Following public consultation on the use of NHB in December 2014, the Council decided at its meeting on 11 February 2015, to part-fund three transport related schemes, due for delivery in 2016-17, totalling £1,835,000. These were:
- a) Two new town centre bridges – we have some funding from the governments ‘local growth fund’ via Enterprise M3, the Local Enterprise Partnership (LEP), to help replace two bridges in Guildford town centre. Surrey County Council is leading this project – we are required to make a contribution towards the cost of the project. The two bridges to be replaced at Walnut Bridge (over the River Wey from Walnut Tree Close to Bedford Road) and Wooden Bridge (across the A3 and A25 Midleton Road). Both new bridges will be wider, allowing for a cycle path and pedestrian and wheelchair crossing. The new bridges will help improve cycle routes in the borough and encourage cycling. The anticipated cost of the project is £4.469 million, Guildford Borough Council will contribute £900,000 of NHB towards the cost of the project.
 - b) Guildford riverside cycle route extension – we plan to extend the riverside cycling route from Millmead to Artington Park and Ride, and Woking Road to Clay Lane. The extended cycle route will improve walking and cycling networks linking residential areas to key locations in Guildford. This cycle route is in the Guildford Town and Approaches Movement Study and part of our long-term movement strategy to 2050. Surrey County Council is leading the project with funding from Enterprise M3, the total cost of the project is £2.4 million, Guildford Borough Council will contribute £600,000 of NHB towards the cost of the project.

¹ Includes transfers from other earmarked reserves consolidated with the New Homes Bonus reserve

c) Funding towards a new link road at Clay Lane – plans to build a new link road at Slyfield Industrial Estate are moving forward. The road will provide a second point of entry and exit to the estate – the largest industrial area in the borough. A key part of the regeneration of the Slyfield area, the proposed route will connect the site with Clay Lane and the A3. It will improve access, enabling existing businesses to expand and new companies to move into the area. The Council is financing the cost of the scheme through a mixture of a £6 million loan from PWLB (via Enterprise M3), £1 million grant from Enterprise M3 and will contribute £335,000 of NHB funding towards the cost of the project.

3.7 The unallocated balance on the NHB reserve at 31 March 2017 is expected to be £2.212 million. This policy sets the framework the Council will use in deciding how to allocate the funds.

3.8 An analysis of where the main developments (i.e. sites delivering over four units) have been over the period September 2013 to September 2015 is shown in the table below:

Parish	Development	Additions to council tax system
Albury	Albury Park mansion	12
Ash	Ash Bridge Caravan Park	5
	Sopwith Close	8
	Parsons Way	14
	The Croft	16
	Sovereign Gardens	7
	TOTAL	50
East/West Horsley	1-4 Railway Cottages	4
	Cobham Way	3
	95 The Street	4
	TOTAL	11
Normandy	Rawle Place	8
	Hawthorne Close	16
	TOTAL	24
Ockham	The Hautboy	7
Pirbright	The Old Forge	5
Ripley	White Hart Meadows	45
	Aston House	8
	Exchange Cottage	5
	Walsham Mews	8
	TOTAL	66
Shackleford	Shackleford Green	9

Parish	Development	Additions to council tax system
Shalford	Station Road	10
	Kings Road	4
	Bryant Mews	4
	Mantagu Place	4
	TOTAL	22
Gomshall/Shere	Gravel Pits Close	9
	New Road	14
	TOTAL	23
Guildford Town	Arun House	4
	Bellairs Appts	11
	Greencroft	5
	Quarry Street	5
	Park Street	6
	Aldershot Road	6
	Chantry Quarry	14
	Elgin Gardens	9
	Woodbridge Chambers	8
	High Street	16
	Belmont Place	5
	Hannah Gardens	9
	Langley place	5
	William Swayne	6
	Walnut Tree Close	90
	Manor Park Village	35
	1 Victoria Road	4
Lambourne Close	4	
	TOTAL	242

3.9 As can be seen from the table, the majority of the NHB received in the last two years (approximately 51%) relates to development that has occurred within the town centre.

Options

3.10 National evidence suggests that Councils are utilising NHB in a variety of ways, a number of suggestions on its use are as follows:-

- development of community assets such as halls and leisure facilities
- promotion of economic regeneration
- funding local projects put forward by local groups and parish councils; either through a grant bidding process or allocating funding directly to the group.

- funding free car parking days or parking improvements
- recycling the money back into direct housing investment and development such as:
 - i. initiatives to reduce the number of empty homes
 - ii. preparation of local and neighbourhood plans
 - iii. preparation of brownfield sites to make them more viable
 - iv. development of properties for affordable rent and first time buyers (rent to buy or starter homes etc)
- maintaining and enhancing front line services such as refuse collection, street cleaning, libraries and leisure services which would otherwise have faced reductions due to reducing local government resources and the need to make savings

3.11 By labelling items as supported by the New Homes Bonus, an explicit link is made between funding and provision. This method of promoting the NHB allows the benefits of growth to be viewed by both those within and outside the local area (e.g. those who work in or visit the area). It therefore can provide a long-term reminder of what housing growth can help to deliver.

3.12 Under the Localism Act, communities may adopt neighbourhood plans to determine the level and location of housing growth, which would affect the level of bonus received. Some councils have used NHB to support communities developing or delivering a neighbourhood plan. In other areas where decisions remain in the hands of the local council as part of a borough local plan, communities and residents groups have been consulted on where they would like the bonus to be spent or allocations have been made to ward/parish Councillors particularly in areas proposed for development within a local plan.

3.13 The results of the public consultation carried out by Guildford Borough Council in December 2014 provided intelligence as to the priorities for using NHB locally. A significant number of responses and comments identified the following priorities:

- transport, particularly improvements in sustainable transport schemes and the A3
- provision of affordable housing
- public realm improvements

3.14 The Council has recently updated its corporate plan for the period 2015 – 2020. The following themes, priorities and projects, put forward as part of the Council's corporate plan could be possible usages of NHB.

Corporate Plan Theme	Strategic Priorities	Possible NHB usages
Our Borough	Adopting the Local Plan	Support the continued development of both the Guildford Borough Local Plan and individual Neighbourhood Plans
	Providing for a range of new housing to meet need	
	Ensuring an attractive,	Work with housing

Corporate Plan Theme	Strategic Priorities	Possible NHB usages
	<p>competitive, multi-faceted and vibrant town</p> <p>Invigorating and growing a sustainable rural economy</p> <p>Sensitively integrating development into existing communities</p> <p>Improving accessibility and the pedestrian environment</p> <p>Protecting green spaces and limiting encroachment into the countryside</p>	<p>providers to deliver an appropriate range of new affordable homes in accordance with our Housing Strategy</p> <p>Supporting projects to deliver the town centre masterplan once it is approved</p> <p>Supporting a programme of town centre pedestrianisation and improved the bus, cycling and walking networks</p> <p>Supporting proposals for improvements to the public realm, particularly along the riverside</p> <p>Supporting projects to support the delivery of rural initiatives including crime reduction and environmental, cultural and leisure projects</p> <p>Help improve existing and create new parks and open spaces and provision of SANG</p> <p>Support projects for a new cultural and education centre and multi-use sports stadium in the town</p>
Our Economy	Reinforcing and improving local community facilities, particularly in the villages, to improve services and shops, with parking availability being critical	Community groups and Parish Councils to put forward projects either through a grant application process or a direct allocation

Corporate Plan Theme	Strategic Priorities	Possible NHB usages
Our Infrastructure	<p>Creating an attractive, high quality, safe cycling and walking network</p> <p>Providing high quality facilities and land for new schools and health centres</p>	<p>Supporting a programme of pedestrianisation and improved bus, cycling and walking networks</p> <p>Support the introduction of an electric bike scheme</p> <p>Work with partners to support additional schools and educational facilities, health facilities, residential care, and community facilities, such as libraries, burial grounds and sports facilities to meet population changes and local demand</p>
Our Environment	<p>Being a clean and attractive borough</p> <p>Protecting and improving our environment</p> <p>Improving resilience through sustainability</p> <p>Improving walking and cycling routes</p> <p>Protecting our green spaces sustainably</p>	<p>Supporting projects towards achieving green and blue corridors through Guildford to improve residents access to nature and wildlife</p> <p>Help improve existing and create new parks and open spaces and provision of SANG</p>
Our Society	<p>Improving public health and wellbeing</p> <p>Encouraging self-reliant communities, particularly in our less advantaged areas</p>	<p>Support projects that help implement the play, sports development and arts strategies of the Council</p> <p>Support projects that help vulnerable people, those that are hard-to-reach and ethnic minorities to create supportive community groups and volunteer hubs to address</p>

Corporate Plan Theme	Strategic Priorities	Possible NHB usages
		issues of concern to them

4 Guildford New Homes Bonus Proposal

4.1 In light of uses of NHB identified nationally, feedback from the consultation Guildford Borough Council conducted last year, and priorities set out in the 2015-2020 Corporate Plan, it is proposed that the unallocated balance of the NHB and any future NHB grant allocations are allocated in priority order follows:-

- 1) continue to allocate £1,000,000 of NHB grant to support existing Council Services,

where grant income exceeds this,
- 2) allocate up to 15% of the NHB grant generated from new homes, in a ward or parish where a community group or parish council has an adopted neighbourhood plan in place and the new homes were generated from a site allocated for new housing within the neighbourhood plan, to an earmarked reserve for that community group or parish council. The Council will then ask the community group or parish council to put forward proposals for specific schemes to improve local community facilities, services and shops, which will be funded from the earmarked reserve. The scheme will be run and administered alongside the existing concurrent functions grant aid scheme. In the case of wards within the town centre, 15% of the NHB generated from the new homes within that ward will be placed in an earmarked reserve for the ward from which Ward Councillors will be consulted on expenditure on items in the Guildford Borough Council Corporate Plan 2015-2020 within their ward or will be invited to put forward projects for NHB expenditure on items within the Corporate Plan.
- 3) allocate the remaining NHB to projects identified in the Guildford Borough Council Corporate Plan 2015-2020, which will directly benefit our community, and where funding is requested as part of the annual business planning process, including those projects where the Council may make a contribution towards a project which is predominantly to be delivered by a partner authority/agency. The projects may include but will not be limited to:
 - a. delivery of affordable homes
 - b. delivery of the town centre masterplan
 - c. delivery of new or improved pedestrian and cycling routes
 - d. support the introduction and running costs of an electronic bike scheme
 - e. delivery of new or improved bus routes

- f. delivery of transport schemes such as improvements to the A3 and new railway stations
- g. delivery of improvements to public realm, particularly along the riverside
- h. delivery of rural initiatives including crime reduction and environmental, cultural and leisure projects
- i. improve existing and create new parks and open spaces and provision of SANG
- j. delivery of a new cultural and education centre and multi-use sports stadium in the town
- k. work with partners to deliver additional schools and educational facilities, health facilities, residential care, and community facilities to meet population changes and local demand
- l. improve residents access to nature and wildlife
- m. deliver projects that help implement the play, sports development and arts strategies of the Council
- n. support projects that help vulnerable people, those that are hard-to-reach and ethnic minorities to create supportive community groups and volunteer hubs to address issues of concern to them

Projects earmarked as funded from NHB will be identified as part of the general fund revenue or capital budget reports. It is likely the cost of all projects above will exceed potential resources from NHB.

- 4) carry forward any unspent grant in a reserve for allocation in the following financial year

5 Consultations

- 5.1 We undertook a public consultation on how to allocate NHB in December 2014. This policy aims to build on that feedback and will be presented to the Council's Joint Scrutiny Committee on 17 November 2015 for consultation and then to the full Council for approval as part of the budget for 2016-17. The policy affects all wards within the borough and ward councillors will be able to express their views at both the Joint Scrutiny Committee meeting and the Council meeting. It is not proposed to do any further public consultation on the use of the new homes bonus if Council adopts this policy.

6 Equality and Diversity Implications

- 6.1 There are no equality and diversity implications arising for the Council as a result of this policy.

7. Financial Implications

- 7.1 There are no additional financial implications for the Council because of this policy. The policy provides for the allocation of current reserve balances and future grant funding.
- 7.2 As mentioned in paragraph 3.4, New Homes Bonus is not new money; the grant was created by reducing other funding to Councils. By 2016-17, Guildford Borough Council will have lost just over £5million of general government grant since 2010-11 (previously known as formula grant which was replaced by revenue support grant and retained business rates in 2013-14). The NHB grant received over the same period was £5.2million, therefore funding which was removed has generally been recycled back to the Council.