

## Cabinet

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**Date of Meeting:** 12 June 2018

**Report Title:** New Homes Bonus Community Fund

**Portfolio Holder:** Cllr Paul Bates - Finance and Communication

**Senior Officer:** Jan Willis - Interim Executive Director of Corporate Services  
(Section 151 Officer)

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### 1. Report Summary

- 1.1. When setting the Budget on 22<sup>nd</sup> February 2018 Full Council agreed the establishment of a 'New Homes Bonus - Community Fund' to be set up at a value of £2m to cover the period 2018/19 and 2019/20 subject to development of an appropriate governance framework.
- 1.2. This report sets out the scheme that will be implemented during 2018/19. To ensure consistency with other schemes, any grants awards provided from the 'New Homes Bonus – Community Fund' will be based on the Corporate Grants protocol which is due to be considered for approval by Cabinet in July 2018.

### 2. Recommendations

- 2.1. Cabinet is asked to:
  - 2.1.1. Approve the Scheme Design (**Appendix 1**) and Allocations by Fund Area (**Annex 2 – NHB Policy**)
  - 2.1.2. Delegate to the Section 151 Officer authority to amend (from time to time) the Scheme Design (**Appendix 1**) and the Allocations by fund Area (**Annex 2 – NHB Policy**).
  - 2.1.3. Notes the membership of the Award Groups (**Annex 1 – NHB Policy**) which shall operate as advisory panels to the Portfolio Holder for Finance & Communication and whose membership may be amended by the same from time to time to achieve appropriate geographic representational alignment.

- 2.1.4. Delegate to the Section 151 Officer (in consultation with the Monitoring Officer) authority to establish (and amend from time to time) standard conditions to be applied to schemes awarded funding to ensure that the schemes operate effectively within a financially and legally complaint framework.

### **3. Reasons for Recommendations**

- 3.1. To implement the New Homes Bonus Community Fund scheme in line with the approval of the funding at full Council on 22<sup>nd</sup> February 2018.
- 3.2. Standard Conditions will be required for each successful scheme to ensure financial and legal compliance. Conditions may include, but will not be limited to: monitoring arrangements; health and safety; data protection; equality and diversity. Conditions will be in line with the Corporate Grants Protocol (due for Cabinet approval in July 2018).

### **4. Other Options Considered**

- 4.1. None.

### **5. Background**

- 5.1. On 22<sup>nd</sup> February 2018 the Council set aside a fund of £2m (£1m in each of 2018/19 and 2019/20), as part of the Medium Term Financial Strategy, to allow local people to engage with how services are delivered at a local level. As new homes can impact on the services required in an area, the allocation of funding reflects where new houses have been built.
- 5.2. New Homes Bonus (NHB) has been paid to Cheshire East Council to reflect the net increase in properties since 2010. The bonus is a government policy and is intended to be a permanent feature of the Local Authority Finance Settlement.
- 5.3. This new scheme provides a fund of £2m, to be split across the Borough based on the location of housing developments that have contributed to the New Homes Bonus allocated to Cheshire East Council since NHB was introduced in 2011. The scheme provides an opportunity for funds to be allocated based on locally agreed priorities, through a process overseen by local ward members and representatives from Town & Parish Councils who will act as advisory panels to the Portfolio Holder for Finance and Communications. Members will be supported and advised by Officers of Cheshire East Council.

- 5.4. Member led priority activities, once agreed, will then be delivered by the most appropriate provider which may include commissioning Cheshire East Council departments, Town and Parish Councils, or by bids from local community organisations. Cheshire East Council Officers will give advice on appropriate service providers.

### **Scheme Policy**

- 5.5. Spending of the New Homes Bonus Community Fund will be determined in two distinct phases:

Phase One: **Allocation** of Funding to geographical areas by the Council

Phase Two: **Determination** of the priority activities, by the Local Awards Groups. Delivery of priority activities will be achieved via the most appropriate service provider. Applications may be invited from the Community for some activities with an Awards process to determine successful schemes.

- 5.6. **Appendix 1** sets out the details of the Scheme Policy.

## **6. Implications of the Recommendations**

### **6.1. Legal Implications**

6.1.1. The New Homes Bonus is paid as a grant through section 31 of the Local Government Act 2003. It is not ring-fenced and can be spent in accordance with local priorities. There are no restrictions on how a receiving council spends its New Homes Bonus allocations but there is an expectation that the council will consult with the communities who are taking housing growth as to how the money could be spent in order to provide services for those communities.

6.1.2. The guidance provided by the Government states that:

“Local Authorities will be able to decide how to spend the funding in line with local community wishes. The Government expects local councillors to work closely with their communities – and in particular the neighbourhoods most affected by housing growth – to understand their priorities for investment and to communicate how the money will be spent and the benefits it will bring. This may relate specifically to the new development or more widely to the local community.”

6.1.3. In order to consider any such proposals from its communities; the Council needs to adopt clear and transparent protocol and criteria through which it will determine any applications made.

6.1.4. In exercising its powers the Council must satisfy its public law duties. In essence this means that in making the decision the Council must act fairly in the exercise of its powers and have taken into account only relevant considerations, followed procedural requirements, acted for proper motives and not acted unreasonably. A competitive grants process is an open, transparent and fair means to afford all eligible applicants the opportunity to compete for and obtain grant funding from the Council. It is a means to distribute limited resources. A clear statement of the criteria that the Council is applying is essential if the Council is to defend any challenge to its decision making process.

6.1.5. The decision making process is delegated to the Portfolio Holder in order to ensure that decisions can be made expeditiously and at the appropriate level.

## **6.2. Finance Implications**

6.2.1. The Council's financial resources are agreed by Council and aligned to the achievement of stated outcomes for local residents and communities.

6.2.2. The creation and implementation of this fund is designed to support local projects to achieve those outcomes. Funding allocations are limited to the £2m overall fund approved by Council, and are split in a way that increases support to the areas that have seen the highest levels of house building across the borough.

6.2.3. The set up and administration of the scheme will result in increased resource requirements within the Finance and Partnerships teams, which will be funded from the Transforming Services Earmarked Reserve. Costs incurred by Cheshire East Council in relation to specific projects delivered under this scheme, including feasibility studies and project management, will be charged to the scheme at a rate based on full cost recovery.

## **6.3. Policy Implications**

6.3.1. The scheme will help support the Council's priority outcomes at a local ward and parish level.

#### **6.4. Equality Implications**

6.4.1. Any equality implications that arise from activities funded by the community allocations will be dealt with within the individual reports to Members or Officer Decision Records that relate.

#### **6.5. Human Resources Implications**

6.5.1. Any HR implications that arise from activities funded by the community allocations will be dealt with within the individual reports to Members or Officer Decision Records that relate.

#### **6.6. Risk Management Implications**

6.6.1. The Council will work with Parish Councils and Community Organisations, or individuals to ensure the capacity to effectively spend these sums of money is appropriate, and that grants are utilised to the maximum benefit of communities.

6.6.2. Although innovative, locally determined budgets contain risks that need to be managed in order to ensure the Fund provides an appropriate impact in the community. The key risks are:

- Low engagement levels – this will be mitigated through stakeholder/communication plans that will be developed to ensure as wide an audience as possible are aware of how to engage with the scheme.
- Insufficient transparency – this will be mitigated by ensuring that all proposals will be published and business cases will ensure implications are clear.
- Decisions are not legal or properly governed – scheme rules have been written to highlight any restrictions on the spending of the fund. This will be necessary as the scheme is still utilising Local Authority finances

#### **6.7. Rural Communities Implications**

6.7.1. Allocations will be split across the whole Borough.

#### **6.8. Implications for Children & Young People**

6.8.1. No specific implications.

## **6.9. Public Health Implications**

6.9.1. Any equality implications that arise from activities funded by the community allocations will be dealt with within the individual reports to Members or Officer Decision Records that relate.

## **7. Ward Members Affected**

7.1. All.

## **8. Consultation & Engagement**

8.1. As part of the budget setting process the Pre-Budget Consultation 2018-21 provided an opportunity for interested parties to review and comment on the Council's Budget proposals, including the New Homes Bonus Community Fund proposal (ref 97, page 110).

## **9. Access to Information**

9.1. The following are links to key background documents:

[Pre Budget Consultation 2018-21](#)

[Medium Term Financial Strategy 2018-21](#)

## **10. Contact Information**

10.1. Any questions relating to this report should be directed to the following officer:

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