

Tetlow King Planning

Incentivising Growth – A New Solution?

With the Coalition Government's New Homes Bonus scheme entering its second year, local communities should be beginning to reap the benefits of new development, but has this been the case? Adopting a case study approach, this paper will examine some of the first local authorities to roll out the scheme in their administrative areas.

Executive Summary

The purpose of this paper is to expand discussion around the New Homes Bonus (NHB) scheme by looking at examples of good practice where the funds have been invested in those communities receiving new development.

NHB was launched by the Coalition Government in 2011 as part of their Localism Agenda; with the aim of encouraging house building in England by rewarding communities that 'go for growth'. Funding allocations are made direct to the local authorities by the Government's department for Communities and Local Government (CLG) for each financial year; the first in 2011/12 and the second 2012/13. The awarded money is not ring-fenced, meaning that the recipient authorities can allocate it as they choose; however, there is an expectation that they will work closely with the affected communities in making these spending decisions. The bonus paid matches the Council Tax revenue for six consecutive years on each new dwelling occupied, based on a national average for each tax band plus an enhancement of £350 for each affordable home.

This paper is an expansion of research originally carried out by Rhiannon Bury for Inside Housing, published in January 2012. This found that, at that time, only 29 percent of local authorities had spent their NHB on either community or housing projects. The rest had either not allocated the funds or they had been placed in the central local authority pot to make up for a shortfall in their funding. This paper builds on Inside Housing's original research through a combination of desk based research and telephone interviews.

Six case studies have been selected for this further research. These were among those initially highlighted by Inside Housing as allocating NHB on specific schemes. These case studies are:

- **Arun District Council** – a range of projects including funds for tidal defence schemes, community funds and staff salaries;
- **Tonbridge and Malling Borough Council** – Community Enhancement Fund;
- **Sunderland City Council** – Empty Homes Project;
- **Wychavon District Council** – a range of schemes including infrastructure, community funds and supporting affordable housing delivery;
- **Cornwall Council** – housing, including land acquisition and funding empty home renovations; and
- **Leicestershire County Council** – rural affordable housing schemes.

All six case studies have displayed good practice in some form and provide interesting examples of how NHB can be directed back to communities. However, the research into the case studies has highlighted some recurring themes which demonstrate some potential limitations of NHB. These are:

- In several cases, the funds allocated from the upper tier authorities (counties) to the lower tier authorities (districts) were relatively insignificant amounts and only a small proportion of the upper tier's total NHB funding pot;
- Despite allocating a proportion of the grant towards community projects, three out of six case studies also directed a portion of the funds towards the Council's central account;

- There are examples of where funds are directed back to the local communities but not necessarily directly targeted at those experiencing housing growth, i.e. the 'affected' communities;
- The majority of the local authorities are unsure as to the extent to which they might be able to continue allocating funds to local communities, as opposed to reinforcing their central accounts, owing to cuts in central Government budgets; creating longer-term uncertainty over who benefits from NHB;
- General concerns over how NHB is being funded, and how the top slicing of formula grant could lead to potential net loss of funding for some authorities; and
- For the most part, NHB funded projects would have commenced without the additional funding incentive, or were already up and running. In some cases, these projects were expanded by the use of NHB funding.

Contents

Executive Summary		2
Section 1: Introduction		5
What is New Homes Bonus?		5
Links to Regional Spatial Strategies		6
Summary of concerns over New Homes Bonus		7
The New Homes Bonus formula		8
Funding New Homes Bonus		9
Funding allocations from Inside Housing research		9
Section 2: Methodology		11
Section 3: Case Studies		12
Arun District Council		12
Tonbridge and Malling Borough Council		15
Sunderland City Council		18
Wychavon District Council		19
Cornwall County Council		22
Leicestershire County Council		25
Section 4: Conclusions		28
Strategic or local?		28
Have the local communities benefited?		28
Incentivising growth?		29
Top slicing concerns		29
Have initial concerns over New Homes Bonus been validated?		30
Limitations of the research		31
Future research		31
Final remarks		32
Acknowledgements		32
Tables and Figures		
Table 1	Housing Targets and Differences in NHB (as at Summer 2012)	6
Figure 1	Difference in Potential NHB	7
Figure 2	Housing Targets	7
Figure 3	Example Funding Schedule for Cornwall Council (based on CLG, 2011)	8
Figure 4	Total Cost of NHB by Year	9
Figure 5	NHB Funding Allocations from Inside Housing Research	10
Figure 6	Arun District NHB Allocations	12
Figure 7	Tonbridge and Malling Borough NHB Allocations	15
Figure 8	Wychavon District NHB Allocations	20
Figure 9	Cornwall NHB Allocations	22
Figure 10	Leicestershire County Allocations	25
Appendices		
Appendix 1	Formula Grant Allocations against NHB	33

Section 1

Introduction

The purpose of this paper is to expand discussion around the New Homes Bonus scheme (NHB) by looking at examples of good practice where the funding has been invested directly in the communities affected by development. This discussion is an extension of research originally carried out by Rhiannon Bury for Inside Housing¹ exploring the ways in which local authorities have used their NHB grants.

What is New Homes Bonus?

The Coalition Government's intention for NHB is that, by highlighting the economic advantages of new development at the level of the local communities, in working with their local authorities they will be able to balance this and other benefits against any costs, so as to adopt a positive approach to the determination of planning applications and embrace new housing schemes.

It replaces a precursor scheme introduced by the previous Labour Government (Housing and Planning Delivery Grant) which offered different financial incentives by which to improve the performance of local authorities' planning and delivery functions.

NHB has been designed to sit alongside the existing planning system and takes the form of a non-ringfenced grant. This sits within the wider Localism Agenda which seeks to devolve power away from the centre of Government and back into the hands of local communities. However, CLG guidance states that it is the Government's expectation that authorities will work with their local communities, especially those most affected by new development, in the allocation of the funds. Within these parameters, there is freedom for communities to spend the money as they see fit to respond to local circumstances, or alleviate some of the increased pressures on local services affected by housing growth.

The Government views lower tier local authorities (districts) as best placed to understand the needs of local communities, but also recognises that upper tier local authorities outside London (county councils) are responsible for significant service and infrastructure provision. For this reason, the bonus is split with 80 percent of funding to the lower tier authorities and 20 percent to the upper tier. This split does not apply to unitary authorities or to any of the London authorities, which each retain 100 percent.

¹Inside Housing 27/02/2012: ['Councils Bite into New Homes Bonus'](#)

The grant, equal to the national average tax band of each new home built, with an additional flat rate bonus of £350 for each that is provided as an affordable tenure in accordance with the National Planning Policy Framework (NPPF), will be paid for a six year period once the property is occupied. Bringing an empty home back into use or the provision of an additional Gypsy or Traveller pitch also qualifies for NHB.

This means that NHB has the potential to provide a significant source of income to those authorities that are pro-active and encouraging to the development of new housing, especially at a time of cuts in public spending. For example, Arun District Council received £508,908 during 2011/12 which formed 2.35 percent of its overall budget for that year whereas Cornwall Council received £5,132,877 for the 2011/12 year which contributed only 0.44 percent of its gross expenditure budget. It should be noted, however, that these percentages are likely to change as the cumulative total of NHB generated each year expands. Appendix 1 contains a comparison between the levels of formula grant received by each local authority compared against the amount of NHB generated. It highlights some significant fluctuations in levels of funding that local authorities are receiving.

Links to Regional Spatial Strategies

The grant also aims to address the decline in housing targets across the country from the intended abolition of Regional Spatial Strategies. Research by Tetlow King Planning and the National Housing Federation in 2011 identified a reduction in housing targets of around 261,624 dwellings as a result of the Coalition Government’s announcement that they intend to abolish regional plans. The Government seeks a shift from a target driven culture towards a strategy of offering authorities a financial incentive to develop housing. The hope is that this will act as a catalyst to reverse the trend in declining starts and completions within the housebuilding industry.

This shift from targets to incentives has led to varied levels of housing targets being proposed by local authorities in the post-RSS era. It is interesting to note that, in the case of the six case studies considered, the introduction of NHB does not appear to have stimulated any increase in their respective housing targets. Indeed, as at Summer 2012, the three authorities which had proposed a revised housing target were either seeking no change or a decrease on RSS levels.

Table 1 sets out the changes in the housing targets of each of the six case study authorities, and calculated impact on the resultant level of NHB. Figure 1 illustrates the difference in graphical form.

Table 1. Housing targets and differences in NHB (as at Summer 2012)

Authority	Regional Spatial Strategy (RSS) housing target (per annum)	Local Authority’s proposed housing target (per annum)	Difference in targets (per annum)	Difference in potential NHB (one year payment)
Arun District	565	On hold - targets being reviewed	n/a	n/a
Tonbridge and Malling Borough	425	425	0	0

Sunderland	880	On hold - targets being reviewed	n/a	n/a
Wychavon District	1168	1018	-150	-£215,850
Cornwall	3333	2400	-933	-£1,342,587
Leicestershire County	N/A	N/A	N/A	N/A

Fig. 1 Difference in potential NHB

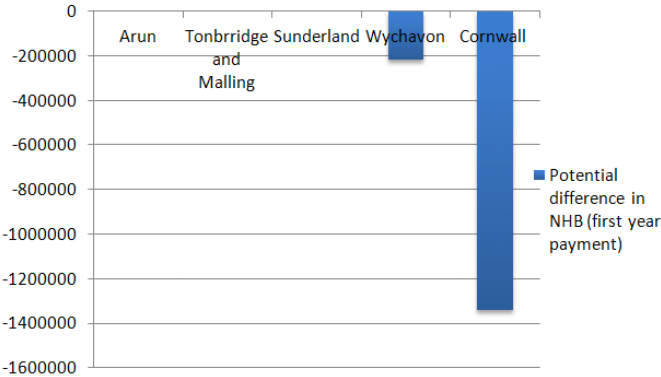
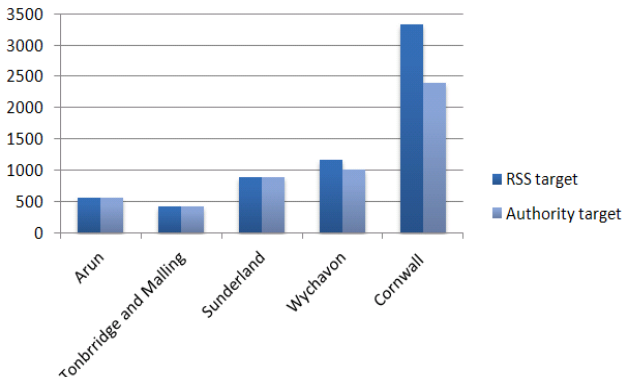


Fig. 2 Housing Targets



Summary of concerns over New Homes Bonus

When the draft proposals for NHB were published for consultation by the Government, in 2010, there was much speculation over the effects it would have on planning and housing development as well as significant levels of uncertainty over how it would work in reality. Three reports were published which to various levels discussed the potential impacts of the scheme. Several of the general concerns and common themes have been presented below:

- There is a general consensus that the level of extra bonus given for the creation of affordable housing is insufficient to encourage its development. The extra £350 was deemed inadequate to assist authorities in encouraging affordable housing².
- Both the Northern Housing Consortium and the TCPA raised the concern over the NHB simply being directed to a Council’s general fund to maintain core services during a time of significant budget cuts.
- There was a general concerns in all three documents over whether the level of bonus offered was significant enough to encourage development. The CLG Select Committee remained sceptical over whether NHB would actually increase housing stock.
- The TCPA and CLG Select Committee raised concerns over the type of development that NHB may encourage. There were concerns over greenfield development being incentivised as this offered a quicker and easier development option than often complex and more costly brown field sites.

² Concern put forward by the Town and Country Planning Association, Northern Housing Consortium and CLG Select Committee

Further concerns were raised over the type of housing that would be encouraged; as larger properties within tax band H s attract more bonus, would these be disproportionately favoured over smaller housing types?

- There were general concerns over the effect top slicing Council’s formula grant would have to funding the NHB from the second year onwards. Figure 4, below, further demonstrates this point. This issue was discussed in some detail by the Northern Housing Consortium who are especially concerned about the effects this could have in the north where authorities are potentially unlikely to be able to develop housing at a level which can generate enough NHB to fill the gap left by the reduced budgets. This concern was echoed by the TCPA who speculated that the majority of the funds would be directed to the areas of highest demand i.e. the south (especially the south east) which is the area within the highest level of housing growth.
- Another point put forward in the CLG Select Committee report centres around concerns that NHB could lead to allegations over planning permissions being granted not because it was desirable but because of the financial rewards Basis of New Homes Bonus calculation. TCPA has similar concerns over increased pressure on planning to promote the most developable not the most sustainable.

Other concerns were raised in each document but this is a synthesised list of the general concerns raised by each organisation.

The New Homes Bonus formula

The linking of grant to the national average of the Council tax band for each dwelling completed and occupied has been chosen so as not to penalise those local authorities that have been prudent and maintained a lower level of Council tax. However, this does create a scenario whereby some local authority areas will benefit from increased levels of funding and some that will receive lower levels than might be expected had they used each individual local authority tax rate.

Following the 2010 consultation, the Government published its ‘*New Homes Bonus: Final Design Scheme*’ in 2011. This document anticipated that the average Council tax for a Band D property to be £1,439 per annum or £8,643 over the course of the six years, but this will be reviewed if Council taxes rise. The bonus will be paid on a net increase in units so should an authority build 50 dwellings but demolish 10 their NHB allowance will be paid on the increase in stock of 40 dwellings.

Fig.3 Example funding schedule for Cornwall Council ³(based on CLG, 2011⁴)

	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
Year 1	£1,997,957	£1,997,957	£1,997,957	£1,997,957	£1,997,957	£1,997,957	
Year 2		£3,134,920	£3,134,920	£3,134,920	£3,134,920	£3,134,920	£3,134,920
Year 3*			£4,061,810	£4,061,810	£4,061,810	£4,061,810	£4,061,810
Year 4*				£3,601,838	£3,601,838	£3,601,838	£3,601,838
Year 5*					£2,890,080	£2,890,080	£2,890,080

³ *Figures are estimates and based on projections taken from Cornwall Council’s 2010/2011 Annual Monitoring Report.

⁴ Available from: <http://www.communities.gov.uk/housing/housingsupply/newhomesbonus/>

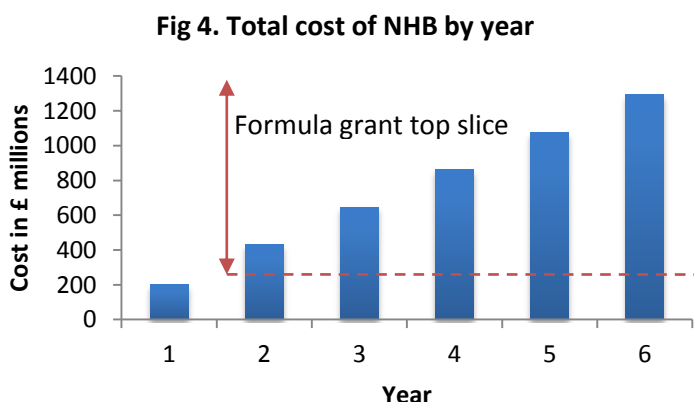
Year 6*						£3,084,694	£3,084,694
Year 7*							£3,244,073

Funding New Homes Bonus

CLG has identified and allocated an initial pot of £200m for the first year of spending coming from the previous Housing and Planning Delivery Grant. This funding will rise to £250m for the following three years meaning the allocated funds by the end of the fourth year will be almost £1bn. This however has raised concerns over the inevitable top slicing of formula grant to fund the scheme and the resulting loss in funds for authorities especially those who have been less proactive or able to increase housing stock.

The first round of funding in April 2011 saw the Government stay just within budget by awarding £199,260,469 in grants in respect of 159,000 homes being developed between October 2010 and October 2011. This included 139,000 new homes and the bringing back into use of 22,000 long term empty properties. The final allocation for the second year of the scheme totalled £431m however with

only £250m of ‘new money’ set aside by the Government; £181m is top sliced from formula grant.



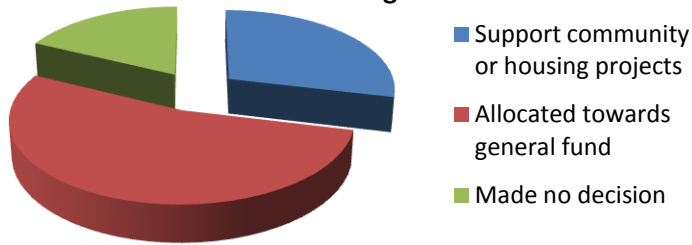
NHB payment figures have been allocated by CLG for years one and two. This graph assumes an annual increase of £215m for the proceeding 4 years. This is a conservative estimate based on the mean average for the first two years. The Government funding has been shown (dashed line) and highlights the level of top sliced

formula grant that will have to be taken in order to fund the scheme. If the Government keeps the same level of funding allocations for the final two years then the formula grant could be top sliced by over £800m. This is nearly four times the amount of ‘new money’ from the Coalition Government and given this fact it is not surprising that many local authorities are already using this funding to make up for budget cuts.

Funding allocations from Inside Housing research

The initial research for Inside Housing highlighted concerns however over the lack of funds reaching those communities receiving new housing development. The research found that over 50 percent of authorities had allocated the grants gained from NHB to a general Council fund, whilst 18 percent had not made any decision to date. At the time of research, only 29 percent of local authorities had directed the funds towards housing or community schemes as intended by the NHB scheme. However, many authorities will have now decided how they intend to spend their New Homes Bonus. The scheme’s effectiveness is explored further in this report.

Fig 5. NHB Funding Allocations from Inside Housing Research



Many authorities told Inside Housing that their decision to allocate funds gained through NHB, to the general Council fund, was due to the cuts in public financing and need to maintain basic public services. However, there still remain many examples of innovative ways in which Councils have used the NHB to reward local communities and these are explored below.

Section 2

Methodology

The original research carried out for Inside Housing was conducted through a Freedom of Information request to all the authorities in England (see Section 1). The resultant article provided the inspiration and basis for this paper and allowed us to shortlist number of authorities who had suggested that their NHB grant was going towards either community projects or housing. This shortlist was reduced through desk based research to a set of six case studies which have been selected to reflect interesting and varied examples for further examination of their good practice

For the purpose of this paper, 'good practice' is broadly defined in accordance with guidance given by Grant Shapps MP and CLG in their official documentation. The key principles for establishing 'good practice' are that the communities that undergo growth "*reap the benefits*" and that NHB provides an "*incentive*" for local communities to encourage development (Rt Hon Grant Shapps MP, 2011).

It was at this point that it was established what each case study would consist of and the minimum information required for each one. Due to the diversity of the case studies the minimum information was left reasonably broad in order to explore the individual circumstances of each case study, but the required base information was considered to include:

- NHB generated within authority.
- How the NHB funds were allocated.
- Whether the availability of NHB had incentivised authorities or communities to encourage housing development.

The initial desk based research focused on a range of sources including core strategies, Council minutes, official letters, official guidance, news reports and official web sites.

In all cases the initial desk based research did not give a complete picture or meet the base information requirements. To fill any gaps in the required information, telephone interviews were conducted. Interviewees were chosen for their knowledge and their ability to appropriately answer questions. On occasions, several interviews were conducted for a specific authority.

No standardised script was used during the interviews as the level of information available for each authority varied greatly. The range and scope of projects adopted by each authority also varied and as such a standardised format would be inappropriate. The interview questions were tailored to fill the gaps in the desk based research as well as invite further conversation or information.

Telephone interviews were conducted between 1 May 2012 and 1 June 2012.

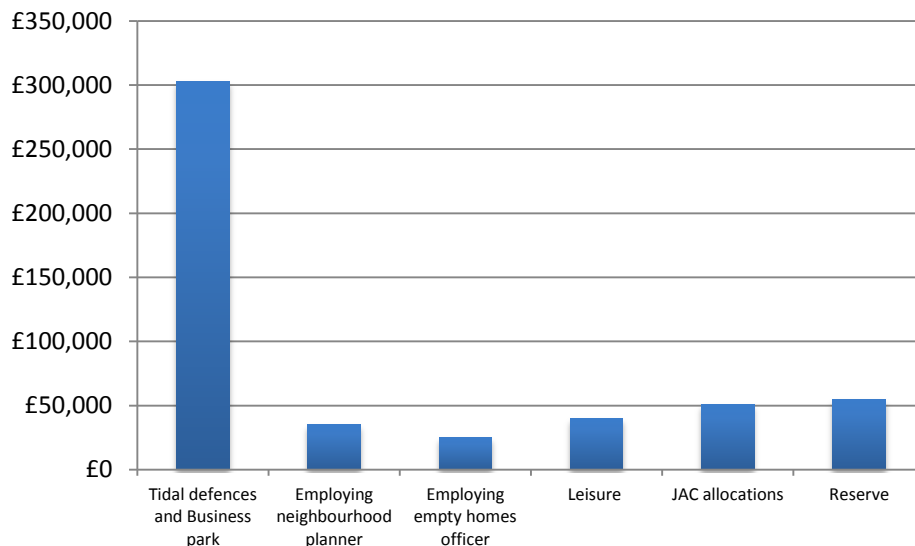
Section 3

Case Studies

Arun District Council

Authority size	150,600 population (ONS 2010 estimate) 85.3 sq miles
Type of Council	District Council
Net change in stock (Oct 11)	471
Affordable housing supply (10/11)	190
Housing targets (per annum)	Regional Spatial Strategy: 565 Authority: 530 (AMR projection for 2012/13)
Amount of New Homes Bonus generated	Year one: £508,908 Year two: £555,750 Total payments 2012/13: £1,064,658
Summary of funding allocations	Year one: <ul style="list-style-type: none"> • Support tidal defence improvements at Littlehampton or Support Oldlands Business Park (£303,000) -60% • Employing a neighbourhood planner (£35,000) - 6% • Employing an empty homes officer (£25,000) - 5% • Leisure strategy (£40,000) - 8% • £17,000 to each Joint Area Committee (£51,000) - 10% • Remainder in reserve (£54,908) - 11% Year two: <ul style="list-style-type: none"> • Unknown

Fig 6. Arun District NHB Allocations



What have the funds been spent on?

Arun District Council provides an interesting example of an authority utilising their NHB funds in a diverse range of projects. The Council has chosen to split their £508,908 first year grant in several directions from employing staff to supporting tidal defences.

The vast majority of the funds are planned to be used to support the tidal defence improvements in Littlehampton as well as the delivery of Oldlands Business Park near Bognor Regis. In terms of the flood defence developments, the bulk of the funds are being provided by the Environment Agency who will install the basic improvements; Arun District Council will also be using a significant proportion of their first year NHB allocations (£303,000) for street scene enhancements.

The Council have also decided that £60,000 of the funding has been allocated to employing two members of staff, one empty homes officer and one neighbourhood planner.

Despite the majority of the funds being directed towards employment or large infrastructure project the Council have noted that, in accordance with guidance provided by CLG on NHB, some of the funds should be passed back directly to local and Parish Councils. Consequently, an allocation of £17,000 has been made to each Joint Arun Area Committee (JAAC) to distribute as they see fit. It was decided by the Council Cabinet that this would be better, sharing the funds equally amongst the Parishes where the funds would make little impact. The JAAC's would be able to direct the funds towards locally identified and prioritised projects following guidance given by CLG on NHB.

The Joint Eastern Arun Area Committee (JEAAC) chose to spread the funds amongst the Parishes to fund a number of projects including contributions towards new fitness equipment in Rustington and towards a new bandstand or performance area on the Littlehampton waterfront. The Joint Downland Area Committee (JDAC) however chose to pool their allocation as it was a relatively small sum and direct it towards the youth community.

What effect has this had?

These allocations, decided locally, can be seen to be following the Coalition Government's agenda to pass control to local communities. However, the funds passed down to the community, whilst being appreciated, are reasonably insignificant and have been described as a tokenistic gesture by a spokesman for Littlehampton Town Council. The funds directed towards the development of the bandstand or performance area help but are only a small part of the overall funding for the project. Despite the contribution from NHB the project would be going ahead regardless of this new funding stream.

Several of the local Parishes and Town Councils including Littlehampton and Yapton will be looking to secure a larger proportion of the next round of funding as there have been significant housing proposals in Littlehampton Parish which have the potential to generate considerable funding through the NHB. This however comes with expectations from the local community that funds be put back into the area via service improvements and community projects. Parishes have suggested they are likely to lobby

district and county Councils, if necessary, for a larger share of the generated NHB to cover the costs of these improvements.

The same is the case in Yapton where there is significant housing development proposed which could potentially increase the size of the settlement by 17 percent. This would put increased pressures on local facilities and services. However, the potential income for the NHB could mitigate some of these effects. The Parish is lobbying for 10 percent of the NHB grant from this development to be placed directly in the hands of the Parish which could possibly amount to £176,000 over six years. This would follow CLG guidance in providing the communities directly affected by growth with some way of mitigating the increase in service pressures.

Both Parishes hope that Arun Council will be able to direct more funds towards the areas actually experiencing the growth, in line with CLG guidance.

Arun highlights an example of different ways in which NHB can be used to benefit the community. However, there are still some discrepancies between the way the funds were allocated and the aspirations of DCLG.

Littlehampton and Bognor Regis have consistently been the districts housing growth points and as such it follows that the majority of the funds be directed to these areas. However, the contention comes when looking at the way the funds were allocated. It appears to be incidental that the funds are directed towards the growth areas rather than a concerted effort to reward other communities that are also growing. This may seem an insignificant issue now but without the funds being deliberately directed towards growth areas there is likely to be a time when NHB is not passed on to the *'deserving'* communities.

Following this, the actual funds that were directed towards the Parishes and local Councils were only a small fraction of the amount of NHB generated. The rest had been spent by the District Council predominantly on larger strategic projects or infrastructure. This has some benefit to not just the communities experiencing growth but wider communities as well. This however does not directly target the individual communities affected by the new development. In the case of the flood defences at Littlehampton the community are getting the opportunity to participate in the designs but have had no say over the allocations of their NHB towards that specific project. It is then unclear as to whether it would be their choice to allocate these funds in that manner.

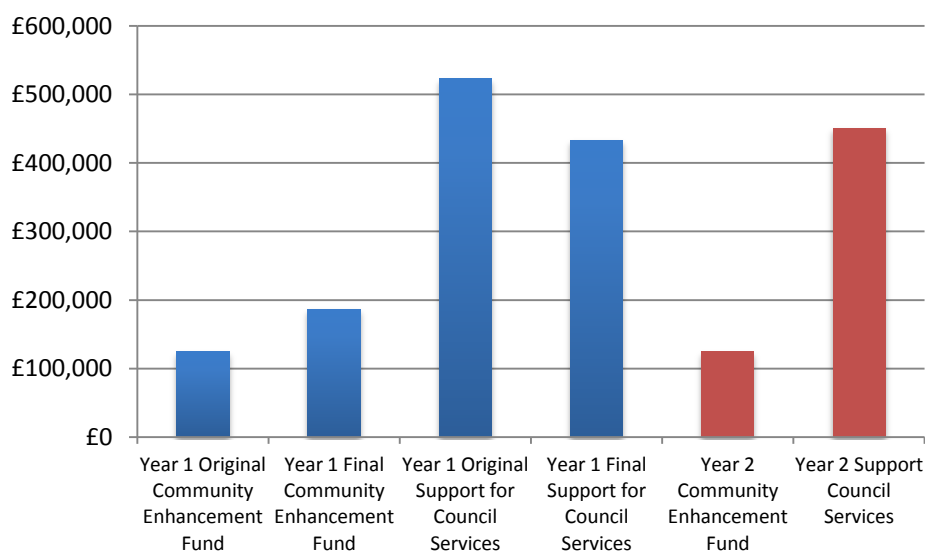
It should be noted that Arun is still a good example of NHB being used to benefit the community as there has been a considerable proportion of the funds put back into the growth areas but there still appears to be a gap in the dialogue between district Council and community. Also, Parish Councils have been left feeling that more of the funding should be directly passed to the affected communities and the amounts that have been passed on are too small to make any significant difference.

This case highlights how communities can benefit from the NHB but also that there needs to be strong dialogue between all layers of the Council.

Tonbridge and Malling Borough Council

Authority size	118,800 population (ONS 2010 estimate) 92.7 sq miles
Type of Council	Borough Council
Net change in stock (Oct 11)	417
Affordable housing supply (10/11)	186
Housing targets (per annum)	Regional Spatial Strategy: 425 Authority: 425
Amount of New Homes Bonus generated	Year one: £648,353 Year two: £576,124 Total payments 2012/13: £1,224,477
Summary of funding allocations	Year one: <ul style="list-style-type: none"> • Community Enhancement Fund (£125,000) 19% • Final Community Enhancement Fund (£186,922.52) – 29% • Support Council services (£523,353) – 81% • Final Support for Council Services (£433,353) – 71% Year two: <ul style="list-style-type: none"> • Community Enhancement Fund (£125,000) – 22% • Support Council services (£451,124) – 78%

Fig 7. Tonbridge and Malling Borough NHB Allocations



What have the funds been spent on?

Whilst a significant proportion of the NHB received by Tonbridge and Malling has gone into the Borough Council fund, a good share has been set aside for the creation of a Community Enhancement Fund. The district has had a long tradition of community funding schemes, however, the recent economic downturn and the tightening of Council allowances from Central Government has meant that funds have not been available to support these schemes in recent years.

The introduction of NHB presented the Council with an opportunity to bring back these community funding schemes which would not have occurred without the new funding stream. The Council established a Community Enhancement Fund setting aside £125,000 per annum for four years totalling £500,000. The fund allows local groups, charities or voluntary organisations the opportunity to bid for one-off, non-reoccurring funds; outside charities are also welcome to bid as long as they can prove that the funds will be put back into Tonbridge and Malling Borough.

In November 2011 the Borough Council awarded £96,922.52 to a diverse range of community and voluntary groups. The winning applicants included scout/guide groups, sports teams, recreational facilities, music group, youth organisations, older peoples groups and clubs as well as a few churches.

This scheme proved to be very successful and as a result in December 2011 a further £90,000 was allocated to community projects bringing the total to over £185,000. This brought the final allocation from the Community Enhancement Fund more £60,000 over the original budget again highlighting the success of the scheme. Whilst this is a positive reflection on the Councils willing to direct funds towards community projects the bulk of the funding was still allocated towards the Councils central fund rather than directly targeting the growth communities.

The allocations for the second year are being directed towards schemes relating to the Queens Diamond Jubilee and the Olympic Games. Funds are still being made available for community schemes and there seems to be enthusiastic up take so far.

What effect has this had?

The response from the community has been very positive especially as the Community Enhancement Fund has been so well received. However it is unsure to what extent the public are aware the origin of the Community Enhancement Funds or if this has altered their views on housing development in their area.

Cllr Martin Coffin, Tonbridge & Malling Borough Council's Cabinet Member for Finance said that the introduction of NHB has had no impact on planning decisions as the Core Strategy adopted in 2007 is very clear on what will and will not be allowed. A number of the NHB receipts from the first year of funding were gained from developments given pre-NHB planning consent.

Due to the Councils enthusiasm to continue some form of community fund it was a unanimous decision, by the Councillors, to use a proportion of the NHB funds in this way. Despite this enthusiasm, a significant proportion of the fund (over £430,000) went straight into the central Council fund to support local services and lessen the impact from the recent Central Government cuts.

Whilst it is a positive step that a wide range of community groups have been able to benefit from the funds there was still no consultation as to whether the affected communities would like the funds to be spent in this manner. It is not to discredit the Community Enhancement Fund as it appears to be a successful and popular project but there still seems to be a lack of dialogue between Council and community over the initial distribution choices.

The choice to retain the balance of the funds for use by the Council in supporting its general fund will of course indirectly benefit the communities affected by development by limiting the effects from budget cuts on local services. However these funds are earmarked to support local services not improve them as would possibly be desired by the local communities experiencing growth.

Furthermore, the draft principles that will inform future bidding processes suggest that applicants will be assessed on their ability to provide tangible benefits to the community as well as priority to those applicants that relate to the Councils key priorities. This does not necessarily mean that funds will be directly targeting towards the communities that are experiencing the growth that provides the NHB.

The Community Enhancement Fund provides a good case of where the authorities have been able to direct funds towards the benefit of many local and community groups even in a difficult economic climate. The amount the affected communities benefit seems to be in proportion to the number of local groups from that area applied and who were successful in their application. Not all NHB funds were secured but still it highlights many cases where NHB has the ability to bring about tangible benefits to a range of communities.

Sunderland City Council

Authority size	2,835,000 population (ONS, June 2011) 53.1 sq miles
Type of Council	City Council
Net change in stock (Oct 11)	294
Affordable housing supply (10/11)	511
Housing targets (per annum)	Regional Spatial Strategy: 880 Authority: 880
Amount of New Homes Bonus generated	Year one: £576,967 Year two: £575,305 Total payments 2012/13: £1,152,273
Summary of funding allocations	Year one: <ul style="list-style-type: none">• Support empty homes strategy (£576,967) – 100%

What have the funds been spent on?

Like many cities in England Sunderland suffers from an abundance of long term empty properties. In response, the City Council set up an Empty Homes team to tackle the problem and produced its first strategy in 2003. This is a long term, key strategic policy for the city and as such the City Council made the decision to allocate the £576,967 gained from NHB towards this scheme. This provides an interesting example of a Council focusing the grant money back into housing and regeneration.

The Empty Properties Action Plan for 2011/2012 aims to reduce the number empty homes across Sunderland's wards to the city average of 2.47 percent. The worst hot spots in the wards where the average is higher than the rest of the city will be initially targeted with the hope of bringing 360 homes back into use across Sunderland. The Operational Plan for 2012/13 aims to bring a further 407 empty properties back into use.

The original Empty Property strategy predated the NHB. However, the 2011/2012 update makes reference to the potential of generating further funds from empty homes being brought back into use. The Action Plan has started working within the context of NHB to ensure that the potential revenue for the grants can be captured.

Whilst the Action Plan would be continuing regardless of the NHB the new grant has allowed for an expansion of the project. The NHB funds have been allocated to promote two projects. The first is to offer loans to prospective owners who undertake works to bring the premises back into use. The loan will then be paid back to the Council on first sale of the property. Secondly, funds are being made available to owners such as registered landlords and housing co-operatives to purchase problem properties and bring them back into use, with the funds again being recycled back to the Council.

What effect has this had?

Empty homes attract anti-social behaviour, vandalism, fly tipping and decrease the value of the surrounding properties; therefore bringing empty homes back into use directly benefits the community by removing these problems. Utilising the NHB in this manner has the knock on effect of further

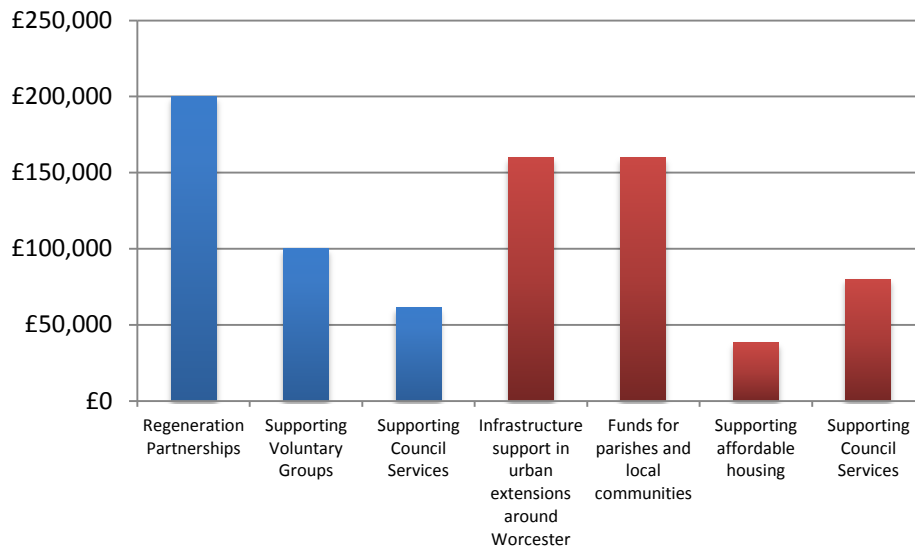
increasing the amount of NHB generated which in turn increases the fund available to reinvest in the Action Plan meaning more loans can be given and more properties brought back into use.

Furthermore, the choice to allocate the funds into the Empty Property Action Plan was made by the City Council with no evidence of consulting the local communities. However, despite this there have been regular residents meeting with feedback channelled through local Councillors to the Empty Homes team. The response from these meetings has been very positive with local residents seeing the benefits from the Empty Property Action Plan and the allocation of the NHB.

Wychavon District Council

Authority size	117,000 population (ONS, June 2011) 256.2 sq miles
Type of Council	District Council
Net change in stock (Oct 11)	363
Affordable housing supply (10/11)	69
Housing targets (per annum)	Regional Spatial Strategy: 1168 Authority: 1018
Amount of New Homes Bonus generated	Year one: £361,276 Year two: £437,941 Total payments 2012/13: £799,217
Summary of funding allocations	First year: <ul style="list-style-type: none"> 1. Regeneration and area partnerships (£200,000) – 55% 2. Supporting voluntary groups (£100,000) – 28% 3. Supporting Council Services (£61,276) – 17% Second year: <ul style="list-style-type: none"> 1. Infrastructure support in urban extensions around Worcester (£159,916) – 40% 2. Funds for Parishes and local communities (£159,916) – 40% 3. Supporting affordable housing and investment in housing (affordable housing bonus estimated at £38,150) 4. Supporting Council services (£79,958) – 20%

Fig 8. Wychavon District NHB Allocations



What have the funds been spent on?

Wychavon have been particularly proactive in developing clear guidance on how the NHB should be spent throughout the district. In September 2011 they released their ‘New Homes Bonus Protocol’ which aims to be a transparent method of distributing the NHB grant money across the district. A clear strategy sets out the Councils allocations of grant funds for the first two years of income.

The Protocol was developed by Jack Hegarty the Council’s Managing Director and Principal Policy advisor to the Council as well as Vic Allison the Deputy Managing Director. They developed the initial draft with the help of various Council departments before putting it out for consultation. Over 100 surveys were sent out to key stakeholders such as Councils, Parishes, service departments and relevant registered providers; from the responses received several amendments were made.

The protocol sets out two main areas of funding for the first round of grants. £200,000 will be set aside for use by the three town and market area partnerships to help support their work in regeneration and economic prosperity. Another £100,000 will be used to support Wychavon’s voluntary sector as well as provide funds for the continuation of a small grants scheme.

The year two funding has seen a different approach and has targeted four areas.

- Due to the large scale urban extensions around Worcester City proposed in the emerging South Worcestershire Development Plan up to 40 percent of year two funding has been set aside, to be pooled, so appropriate infrastructure and community infrastructure can be delivered alongside the new developments.
- Any affordable homes bonus gained has been earmarked for reinvestment back into housing so to further the Council’s ambition of increasing affordable homes.

- Another 40 percent (40 percent of the districts 80 percent) has been allocated towards community and Parish based projects. This fund allows Parishes to apply for funds for projects that will give 'added value' to the area especially focusing on those communities closest to the new development.
- Any uncommitted funds will be used to support Council services especially frontline services that do not benefit from base budget funding.

What effect has this had?

The protocol development team commented on the positive responses and take up they have seen from the Parishes. In a recent workshop designed to help generate funding ideas and share any good ideas amongst Parishes saw a turnout of around 100 representatives, far more than the team had expected. Parishes have been welcoming of the funds and a couple have had their applications already approved. For example the Parish of Tibberton has had all six years of its allowance allocated in one go to help fund their new community hall. These funds were a welcome addition to an existing project that the Parish was raising money for.

Despite the positive responses and quick take up of funds, Parishes appear to be less enthusiastic over the level of funding they have received. In conversations with Parish representatives there were mixed reactions but there appeared to be a general consensus that 40 percent is not enough or that they certainly should not get any less.

There were also stated opinions that NHB grants would make no impact on their recommendations over planning applications in their Parishes. Development in local Parishes is always an emotive point but one representative said the general ethos against major developments remained despite the introduction of NHB.

Contrary to this, the protocols development team hope that the introduction of a new funding stream will encourage development across the district. This also highlights a possible lack of communication between the various tiers of the Council over how the grants are being viewed on the ground. However, it is still early days and the funds have only recently been made available.

There were further worries over community views that the Council was being paid to support applications as a result of this new grant scheme.

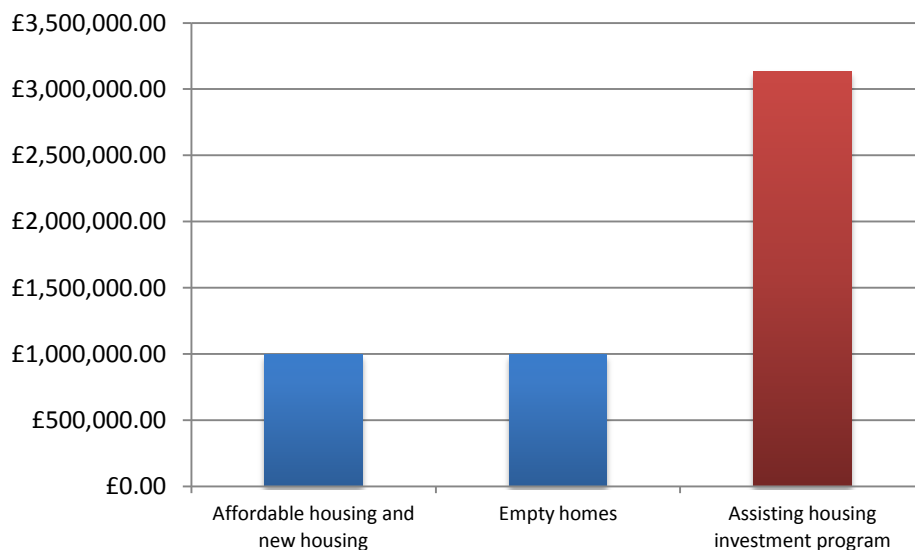
Despite the introduction of NHB in April 2011, housing targets for Wychavon were reduced in the Core Strategy consultation document in September 2010.

Wychavon's protocol provides an interesting example of how to organise and set a clear agenda towards the distribution of NHB grant funds. Opinions are mixed as to the success of the protocol with the District Council seeing a positive take up of funds from Parishes. However, some Parishes feel they should be getting a more significant proportion of the generated funds. A further point of concern is the lack of impact NHB is having on Parish Council views on development and community enthusiasm for housing development.

Cornwall Council

Authority size	535,300 population (ONS, June 2011) 1,376 sq miles
Type of Council	Unitary authority
Net change in stock (Oct 11)	2,288
Affordable housing supply (10/11)	856
Housing targets (per annum)	Regional Spatial Strategy: 3333 Authority: 2400
Amount of New Homes Bonus generated	Year one: £1,997,957 Year two: £3,134,920 Total payments 2012/13: £5,132,877
Summary of funding allocations	<p>First year</p> <ul style="list-style-type: none"> All towards housing but split between new housing (especially affordable) and empty homes – 100% <p>Second year</p> <ul style="list-style-type: none"> Towards the Councils Housing Investment Programme – 100%

Fig 9. Cornwall Unitary NHB Allocations



What have the funds been spent on?

The county received over £5m for its second year grant which it intends to channel back into the development of further housing. This case is an example of how the funds can be used to make an indirect positive impact on communities at a strategic level.

The first year funds have been allocated towards housing in two strands; housing development especially focusing on affordable housing and the regeneration of empty homes. In relation to empty homes the funds were split into several smaller projects:

- Cleansing the Council Tax Database.
 - Some of the funds were directed to the updating and tidying of the authority's Council tax database. This was felt a good use of initial funds as a number of anomalies and discrepancies had been recognised within the records. Some of the funds were used to fund an officer's time to update the records and conduct site visits to various properties whose records were considered to be out of date.
 - The result is a better set of intelligence from which additional NHB can be gained.
- Chapter One Housing Association successfully bid for funds from the Homes and Communities Agency for their empty homes project. The HCA awarded them an additional £500,000 for use in bringing long term empty properties back into use; this in some cases will be match funded with monies from NHB.
- A proportion of the grant has been allocated to assist with the Council's compulsory purchase orders.
- Loans will also be offered to small private landlords who have empty properties. These loans will aid regenerating them to a liveable standard.
- A significant proportion has also gone towards a site acquisition fund for the Council's new homes and affordable housing projects.

Funds were allocated in this way due to the high priority the Council places on the development of more housing throughout the county as well as the recognised need for more affordable housing. The use of funds in this manner mirrors the Council's policy priorities.

What effect has this had?

In terms of the NHB influencing development, Louise Dwelly the Strategic Affordable Housing Manager at Cornwall Council believes there has been a positive reaction within the Council who quickly recognised the potential benefits in revenue from housing development. The benefits to the community are less clear and as a result of the spending choices the wider communities will only benefit indirectly through increased affordable housing and a reduction in troublesome empty properties. The size of the authority is one barrier to the distributing of funds directly to local communities; Cornwall has over 200 Parishes and despite its significant NHB allocation, coordinating the distribution of funds could be difficult. The local authority has therefore taken a more strategic approach to the application of the grant.

It is considered by the affordable housing department that the extra £350 increase for affordable housing is not enough to encourage its development. In Cornwall generous Section 106 agreements can be offered on developments that have high proportions of affordable housing and in most cases affordable housing is exempt from educational and other contributions via Section 106 agreements. Despite the extra £350 the Council still suffers a net loss when approving affordable housing.

It is hoped that NHB will continue to be used in this manner but future allocations will be based on the Councils situation at the time and how it feels it can utilise its funds in the optimum capacity.

The way in which Cornwall have made use of the funds to tackle what it sees as a high priority policy issues gives a good example of NHB being used to fund strategic level projects for the benefit of the whole county. This does however mean that the funds are not being channelled into those communities that are directly affected by the housing development that generates this income.

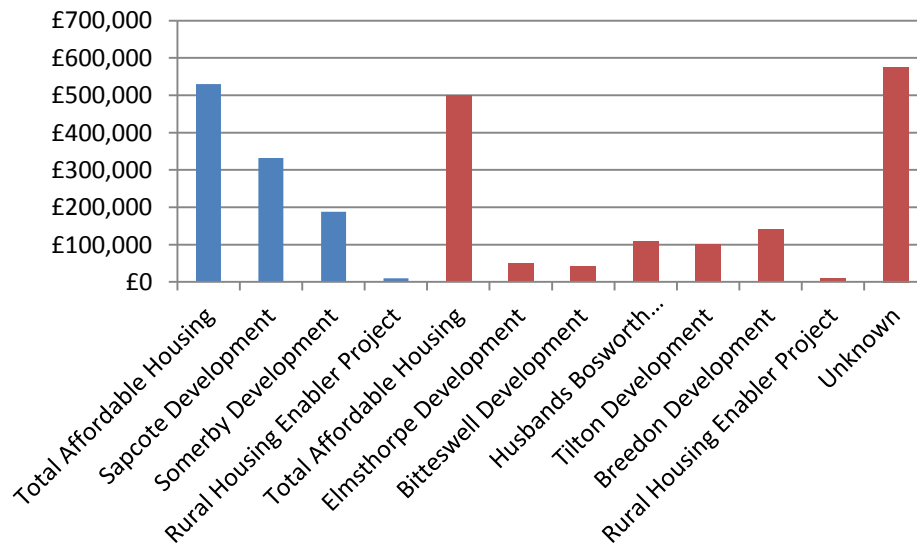
The reduced housing targets from the RSS figure should also be a concern. The updated figure that the Council has agreed upon is 48,000 for the period 2010 to 2030 or 2400 per annum in its January 2012 consultation document whereas the draft South West Regional Spatial Strategy (SWRSS) set a target of 3333 per annum. The introduction of NHB has not incentivised the same level of development as the draft RSS.

Cornwall does suffer a housing shortage and there is a lengthy housing register so the funds are being used in a justifiably positive way. However, it could be argued that unless communities perceive they are receiving direct and tangible benefits they are less likely to support development.

Leicestershire County Council

Authority size	650,500 population (2011 Census) 804 sq miles
Type of council	County Council
Net change in stock (Oct 11)	1868
Affordable housing supply (10/ 11)	681
Housing targets (per annum)	Regional Spatial Strategy: 2740pa (Combined HMA, excluding the unitary authority of Leicester City Council)
Amount of New Homes Bonus received	Year one: £531,296 Year two: £543,887 Total payments 2012/13: £1,075,183
Summary of funding allocations	<p>Year one:</p> <ul style="list-style-type: none"> • Rural affordable housing (£530,000) <ul style="list-style-type: none"> ○ Sapcote development (£332,000) – 63% ○ Somerby development (£188,000) – 35% ○ Rural Housing Enabler Project (£10,000) – 2% <p>Year two:</p> <ul style="list-style-type: none"> • Rural Affordable Housing (£500,000) – 47% <ul style="list-style-type: none"> ○ Elmsthorpe (£49,755) ○ Bitteswell (£42,605) ○ Husbands Bosworth (£107,000) ○ Tilton (£100,000) ○ Breedon (£140,000) ○ Carlton (£50,000) ○ Rural Housing Enabler Project (£10,000) • Unknown (£575,183) – 53%

Fig 10. Leicestershire County Council Allocations



Leicestershire County Council provides an interesting example where funds have been directed specifically towards deliverable affordable housing schemes in rural areas. Being a County Council Leicestershire received 20 percent of the funds generated within its boundaries.

The first year's settlement totalled £531,296 which the Cabinet decided to allocate entirely towards enabling affordable housing schemes. The Council first compiled a list of all those rural affordable housing schemes that were in need of financial support then sub divided this list in to three. The top of the list were the "shovel ready" projects which fulfilled seven criteria relating to the projects readiness to begin but were simply waiting for enabling funds. From this, two projects came forward, Sapcote and Somerby. The Schemes received £520,000 between them which was supplemented by funds from other sources such as district councils and Housing Associations. The other £10,000 was allocated towards a Rural Housing Enabler whose purpose is to assist rural affordable housing schemes to reach "shovel ready" status so that they can be eligible for further enabling funds from the County Council.

The proposed allocations for the second year followed a similar theme as the first year. £500,000 which equates to just under 50 percent of the total second year allocation is intended to be directed towards rural affordable housing. At present the other 50 percent has not been allocated for any purpose. The 50 percent allocated towards rural affordable housing followed a similar process as the first year however the initial request to districts for "shovel ready" schemes yielded no acceptable projects. As a result several of the seven criteria were relaxed and the outcome of this was six schemes coming forward. After a Cabinet meeting in April it was decided there were sufficient resources to cover half the funding gap in five of the schemes, this being dependent on District Councils providing match funding. As in 2011/12, £10,000 is hoped to be directed towards the Rural Housing Enabler to continue its work. It is unclear as to how the remainder of the second year grant, which equates to just over 50 percent, is to be allocated.

The allocation of funds towards enabling rural affordable housing has been predominantly a County Council led scheme where District Councils have been encouraged to contribute match funding. The County Council had hoped to pool funds and work closely with the districts but received mixed responses after writing to each authority in the autumn of 2011. At present the level to which districts have allocated their funds or developed any policy regarding NHB varies across the county.

The allocation of funds in this manner follows current county policy. As one of its seven objectives, the Leicestershire Rural Framework 2011-2014 aims to increase the availability of rural affordable housing. The Leicestershire Together Outcome Framework also puts emphasis on increasing affordable housing especially in rural areas as one of its targets.

The rural affordable housing scheme seems to be quite successful with an enthusiastic uptake from the District Authorities in supporting rural affordable housing. To date the schemes from the first year have begun to be developed and should create 19 new affordable housing units. The schemes which are being lined up to receive funding from the second round of NHB could potentially add another 41 affordable homes to the county.

A representative from Leicestershire County Council's Communities and Places Team said that the schemes were being well received by the local communities and that the District Councils, in many cases, seemed enthusiastic about developing affordable homes. NHB was assisting in overcoming funding issues which very often creates a barrier to developing affordable housing schemes.

Future NHB allocations seem uncertain but it is hoped by Leicestershire County Council Communities and Places Team that the funds will continue to be directed towards rural affordable housing. Cabinet is also seeking to ensure that any future NHB receipts especially those generated by the new affordable housings schemes is continued to be invested in the same manner. There does however appear to be concerns from the Cabinet over the effect top slicing formula grant may have on the county's future funding especially regarding the 80:20 tier split. There are suggestions that future receipts may need to be used to offset the impact on service provision placing a shadow over future allocations towards affordable housing.

Section 4

Conclusions

Strategic or local?

Each case study demonstrates a different method of directing funds to the community. The three largest cases - Leicestershire, Sunderland (in population) and Cornwall (in physical land mass) - have directed spending at tackling housing issues at a strategic level. Of the remaining three, Wychavon and Tonbridge and Malling have focused at least a proportion of their funds into the community or local level projects, while Arun appears to be taking the middle way, with a combination of strategic projects and some funding of local projects.

In the case of Cornwall it was felt that the size of the authority made targeted allocations difficult, whereas much of Sunderland's grant was generated from the bringing back into use of long term empty properties and this strong policy approach has been continued. Both the authorities have focused on investing NHB back into housing regeneration or development thereby ultimately increasing the potential for generating NHB. On the other hand, Leicestershire County Council has managed to develop a strategy which enables it to target delivery of specific rural housing schemes. This method is already providing tangible results, with 19 rural affordable units under development. As with Sunderland and Cornwall, this will further enhance future NHB receipts.

The three smaller authorities have been able to at least direct a proportion of their grant allocations towards smaller, local level projects. Each approach has been different and each has demonstrated both merits and weaknesses. In the case of Wychavon, the local authority has developed a very specific protocol on how NHB should be spent. The proportion of the allocation directed towards the parishes reflects the level of development in each area. However, that does mean that in some cases the allocation is so small it can make little positive impact. An example of this drawback is the Parish of Cleeve Prior which only received £102 - an amount that can have little impact even in a small parish. This is similar to the experience in Arun, where the JAACs received what a spokesman for Littlehampton Town Council described as a "*tokenistic*" gesture and a sum that could have little impact on the community.

Have the local communities benefited?

On the other hand, the strength of Wychavon's approach is that it reflects CLG guidance stating that funds should be directed towards communities that are experiencing the growth. Again, in the case of Arun a significant proportion of the funds have been directed towards Bognor Regis and Littlehampton where housing development is taking place, but this allocation seems to be incidental rather than deliberate.

The approach adopted by Tonbridge and Malling has been to develop a Community Enhancement Fund where community organisations can bid for funds. Whilst this opens the funding to the whole district, there is little priority given to those groups or people who operate in the communities where housing development is taking place.

In all six of these case studies there is little evidence of concerted efforts by the local authorities to direct funds back into those communities receiving housing growth. The possible exception to this is Wychavon, whose protocol allocates funds reflecting levels of development in each parish. The effectiveness of this can still be questioned, however, the parishes only receive 40 percent of the District Council's 80 percent (32 percent over all) which in many cases results in a fairly insignificant sum.

The vast majority of parish councils contacted felt that the proportion of the NHB grants they had received from the district councils was not enough.

Incentivising growth?

One of the most concerning points repeatedly raised in the research is that NHB is not having its intended effect at the local level. In other words it is failing to encourage communities to accept new development. This is particularly noted of rural communities. Parish representatives in Arun and Wychavon felt that, whilst any funding was welcome, NHB had not given any incentive for housing growth in their areas; these parishes still demonstrated strong community resistance to development. Several parish representatives felt that NHB simply offered a 'bribe' rather than an incentive to communities to accept housing development. It could be argued that Leicestershire is an exception, as a representative from Leicestershire County Council's Communities and Places Team notes that the development of rural affordable housing that has been enabled by NHB has been positively received with in the communities.

In the larger authorities the response seems to be more encouraging. Sunderland's long term empty homes project has had positive impacts on many of the city's most deprived areas and feedback from the communities to the empty homes officers seems very positive. In Cornwall, the reaction from the Council has been quite positive where they have recognised the potential for revenue from NHB. The reaction in Leicestershire also seems quite positive however, the NHB monies seem to have enabled existing development schemes that were previously unviable rather than bring forward new ones. This may change as more potential developers become aware of the funding stream.

Top slicing concerns

Concerns were voiced over how NHB is funded; this led to uncertainties as to how future NHB monies would be allocated. This also put shadows over the certainty of money being made available to fund future community projects as Council budgets are increasingly put under pressure from formula grant reductions. In many cases there were concerns over future NHB receipts being directed to support core services rather than back into the communities experiencing housing growth.

Overall, the responses seem to be mixed dependent on the tier or scale of the authority in question, Parish Councils still seem to be resisting development despite the incentive of NHB whereas within the larger, upper tier authorities the response has been more positive. The level to which NHB can be seen to be incentivising housing development appears to be limited even within these examples which at first glance appear to be positively rewarding communities.

Have initial concerns over NHB been validated?

Out of the concerns identified in Section 1 over the introduction of NHB six common themes emerged; in some cases these concerns have proven to be true whereas this research has found no foundation for others.

General agreement that £350 is not enough incentive to encourage affordable housing

This research has found general agreement that £350 is not enough of an incentive to encourage the development of affordable housing. Discussions with Cornwall's Strategic Affordable Housing Manager highlighted this problem.

Money will end up being used to support core services rather than reward the communities as intended

Concerns over NHB simply being swallowed up to fund core services rather than go back to the community have been proven to be partially correct. Initially the research by Rhiannon Bury highlighted over 50 percent of local authorities allocated their bonus towards their general fund for the maintenance of core services. It should be noted that in two of those cases, the proportion of NHB being spent on community and housing projects was far in excess of that which was directed towards maintaining council services. Furthermore, both Cornwall and Sunderland had been able to direct the entirety of their grant towards housing schemes.

Questions over whether the level of grant will be enough to encourage development

It is hard to judge whether public attitudes have warmed to development with the introduction of NHB. In discussions with parish councillors and clerks, resistance to development has remained strong after its introduction. In the higher tier authorities, there seemed to be more enthusiasm towards development but this is unlikely to be due to the introduction of NHB. In Cornwall and Sunderland, where enthusiasm for the scheme seemed highest, there are already strong housing policies in place that predate the announcement of NHB. Of the authorities examined one is assessing its housing targets; two are maintaining RSS targets and two have reduced their housing targets. There have been no plans to increase targets as a result of NHB. In this regard the evidence points towards NHB not incentivising housing development.

Encourage the wrong type of development

This appears to be unfounded as both Cornwall and Sunderland have implemented successful empty homes projects and helped increase affordable housing in areas with long term empty properties and a deficiency in affordable housing. Rural areas in Leicestershire also suffering a deficiency of affordable housing have been targeted and much needed units are being delivered.

Concerns over the top slicing of formula grant to fund NHB

This was a concern that was repeated regularly as well as being reflected by a lack of significant long term plans over the allocation of funds generated through NHB. Councils appear to have adopted a pragmatic approach to future allocations as all were aware how NHB has been funded, and what that will mean to their future allowances. By not committing funds now, they have that revenue source available in the future to counter any shortfall in funding. The fact that NHB is not new money (except the first year) and is simply redistribution of formula grant has not escaped councils. This has led to short term financial planning in regards to NHB allocations as councils are uncertain as to future Government grants. Also the structure of NHB means that with the cuts in central grants will result in some authorities receiving less net funding over the six years of the scheme.

Planning permissions being granted because of the financial rewards rather than suitability

There was no evidence of this occurring or likely to occur in any of the case studies. However, in conversations with several parishes, NHB was described as a 'bribe' indicating that there is this apparent fear that unsuitable applications will be looked upon more favourably by the planning authority because of the financial implications.

Limitations of the research

The purpose of this paper is to add more depth to research originally conducted by Rhiannon Bury through the examination of several case studies. Consequently, the scale of the research has been reduced and a limited number of authorities were examined. However, the purpose of the research was not to find trends between authorities but rather offer some examples of good practice; the sample size of six cases was deemed adequate.

Gauging public opinion is always difficult and this paper has not attempted to examine this in any detail other than broad generalisations from planning officers, departmental leaders, Councillors or Parish clerks. Again, the purpose of the research is to offer some depth and provide some good practice examples at this early stage in the life of NHB.

The research only looks at a small sample of case studies within the early years of the NHB. The situation is likely to change as more funding comes through this channel and the effect of top slicing from formula grant becomes more pronounced. It does however offer some good detailed case studies on some of the first authorities to look creatively at the use of NHB.

Future research

- Expansion of this research incorporating a wider selection of authorities.
- Research into public opinion regarding NHB in areas experiencing growth and being 'rewarded' and those not receiving any gain from NHB.

Final remarks

For NHB to be the powerful incentive CLG wants it to be in increasing housing stock, more needs to be done to highlight the benefits that can be brought to communities which encourage development. All these case studies are good examples of how the money can be put back in the community but what several lack is the full commitment of the funds or the targeting of the specific growth communities rather than the tokenistic gestures suggested by a spokesman for Littlehampton Town Council.

It should again be noted that this research has highlighted good practice examples which have been established from responses passed on from Inside Housing. These cases also come from the minority of 'good practice' authorities spending their NHB as intended by DCLG. The majority of local authorities are not allocating NHB to local communities or specific project as highlighted by Inside Housing's research.

In addition, this research has highlighted that some authorities that stated in response to the Inside Housing's Freedom of Information request that they were spending NHB on specific projects, were still directing a portion of the funding to a central pot.

Acknowledgements

We would like to thank Rhiannon Bury at Inside Housing for supplying the original data which provided the basis and inspiration for this report. We would also like to thank all the respondents that gave up their time and contributed to this research.

Appendix 1: Formula Grant Allocations against New Homes Bonus

Authority	2010/2011	2011/2012			
	Formula grant	Formula grant	Loss of FG	NHB ⁵	Net gain/loss
Arun ⁶	£10,306,000	£7,607,000	£2,699,000	£508,908	-£2,190,092
Tonbridge & Malling ⁷	£5,833,601	£4,889,857	£943,744	£648,353	-£295,391
Sunderland ⁸	£157,511,823	£158,601,834	-£1,090,011	£576,967	£1,666,978
Wychavon ⁹	£7,770,000	£6,120,000	£1,650,000	£361,276	-£1,288,724
Cornwall ¹⁰	£213,600,000	£217,000,000	£3,400,000	£1,997,957	-£1,402,043
Leicestershire ¹¹	£126,300,000	£108,900,000	£17,400,000	£531,296	-£16,868,704

Authority	2011/2012	2012/2013			
	Formula grant	Formula grant	Loss of FG	NHB	Net gain/loss
Arun	£7,607,000	£6,947,000	£660,000	£1,064,658	£404,658
Tonbridge & Malling	£4,889,857	£4,269,889	£619,968	£1,224,477	£604,509
Sunderland	£158,601,834	148,685,475	£9,916,359	£1,152,273	-£8,764,086
Wychavon	£6,120,000	£5,330,000	£790,000	£799,217	£9,217
Cornwall	£217,000,000	£206,477,000	£10,523,000	£5,132,877	-£5,390,123
Leicestershire	£108,900,000	£98,400,000	£10,500,000	£543,887	-£9,956,113

⁵ New Homes Bonus figures taken from:

<http://www.communities.gov.uk/housing/housingsupply/newhomesbonus/>

⁶ Formula grant figures taken from: <http://www.arun.gov.uk/main.cfm?type=BUDGETBOOK>

⁷ Formula grant figures taken from: <http://www.tmbc.gov.uk/services/council-and-democracy/council-budgets-and-spending/council-budgets>

⁸ Formula grant figures taken from: <http://www.sunderland.gov.uk/index.aspx?articleid=5788>

⁹ Formula grant figures taken from: <http://www.wychavon.gov.uk/cms/council--elections--meetings/financial-services.aspx>

¹⁰ Formula grant figures taken from: <http://www.cornwall.gov.uk/default.aspx?page=17751>

¹¹ Formula grant figures taken from: http://www.leics.gov.uk/introduction_2011-16.pdf