

CABINET
13th November 2013

Public Questions/Statements

Questions from Mr Mulloy of Shrewsbury

1. New Homes - Energy Efficiency

The Government introduced the New Homes Bonus (NHB) in April 2011 with the aim of incentivising local authorities to increase the supply of housing. For Shropshire this means a payment of circa £1,450 paid each year for 6 years, for each additional property built or brought back into use, £1,800 if it is an affordable home. In October of this year, The House of Commons Committee of Public Accounts reported on the NHB. Concern was raised that the scheme had not yet been evaluated and the recommendation was that:

“The Department should examine the scope for straightforward adjustments it could make to the Bonus to compliment other government initiatives, such as energy efficient homes.”

At the Shropshire Full Council meeting of 18th July 2013, Councillor Williams raised the following question:

“Shrewsbury and Shropshire offers an exceptional high quality environment which is very attractive to major national house building companies. Is it therefore acceptable that developers, quoting market conditions, are seeking planning approvals for houses which only meet the minimum standard of build i.e. Sustainability Code Level 3.”

The reply from the portfolio holder was:

“While increased standards are encouraged, the Council cannot require developers to build to higher standards that exceed the requirements of the building regulations except in circumstances where the Council is procuring the work.”

Question:

- Given that the NHB may well be restricted to compliment energy efficient homes initiatives, and Shropshire may also lose around 35% of its bonus to the Local Enterprise Partnership pool, would this not be a good time for Shropshire to consider an approach where developers are incentivised to build to higher standards than Sustainability Code level 3, to make sure that we are in the ‘front seat’ if the NHB is focused on energy efficient homes initiatives, rather than potentially lose that element of the bonus?

The Portfolio Holder for Planning, Housing and Commissioning will respond as follows:

- New Homes Bonus funding is allocated to the Council as an unringfenced grant and forms part of the total resources available to the Council. The Council’s Business Plan and Financial Strategy consider the Council’s resources and how to best allocate these resources to meet the identified priorities and outcomes for local people.
- The Council is currently developing 62 new affordable homes in conjunction with Shropshire Towns and Rural Housing. The scheme is part funded by the Homes and Communities Agency and the homes will be built to Code 3 in accordance with the standard required by them in order to secure grant funding.

2. CONSULTING COMMUNITIES

The position of the DCLG is:

“Local councils can decide how to spend the New Homes bonus. However, we expect local councils to consult communities about how they will spend the money, especially communities where housing stock has increased.”

The Shropshire Council Financial Strategy report - 2013/14 to 2022/23 was presented to Cabinet on 4th July 2012. At Paragraph 5.3.3 of the report it said:

“ It is important that the development of the budget is aligned with public consultation. In the summer of 2010, the Council consulted on the financial strategy 2011/12 to 2013/14. It is envisaged that further public consultation will take place in the summer of 2013.”

On the 24th July 2013 the 2014/14 to 2023/24 Financial Strategy was presented to Cabinet and it was agreed that a public consultation would take place over the summer. It said ***“Views will be sought from the public about key priorities”***.

The NHB grant is placed in the Council’s reserve fund for future spending, and the 4th July 2012 report (Appendix 7 Para 21) said:

“Given the on-going process of transforming Shropshire council it makes sense for uncommitted NHB in any year, to be used to finance general council expenditure... “

Questions:

- What consultation has taken place with communities where housing stock has increased?
- Was there a public consultation this summer on the Financial strategy?
- The NHB was introduced between the 2010 and the 2013 financial strategy consultations, should the NHB not have been highlighted in this summer’s public consultation, if it actually took place?

The Portfolio Holder for Planning, Housing and Commissioning will respond as follows:

- Shropshire Council has adopted an approach to consult the community as a whole about its financial strategy (see below).
- Join the Conversation 2013 took place during the week of 16 September, with four public meetings held in Oswestry, Craven Arms, Bridgnorth and Shrewsbury. The events were open to the public, and local people were given the chance to submit questions in advance with emphasis being placed on the financial challenge faced by the public sector. Representatives from West Mercia Police, the Clinical Commissioning Group and Shropshire Fire and Rescue were in attendance, in addition to Keith Barrow and Clive Wright from Shropshire Council.
- Details of New Homes Bonus allocations are contained within Financial Strategy Reports which are public documents.

3. SPENDING OF NHB

Appendix 7 of The Financial Strategy report - 2013/14 to 2022/23 recommends how the NHB should be spent, much of which was allocated to:

- . Registered Housing Providers (£10,000 for each new home),
- . Participating communities in 'exception sites' (£3,000 for each affordable home in lieu of CIL towards their Neighbourhood Fund),
- . Supported regeneration projects through the Marches Local Enterprise Partnership (£250,000 per annum made available), and
- . £50,000 provided annually to Shrewsbury Town Council for the next 2 years to support the work of parish councils and neighbourhood groups in Shrewsbury to produce and review their community led parish and community area plans.

Questions:

- How much has actually been spent in these allocated areas?
- There was a balance of £530,000 NHB money still to be allocated in 2012/13, was this money used to reduce the planned pay reduction of Shropshire Council staff as inferred in Para's 5.5.8 to 5.5.11 of the report?

The Portfolio Holder for Planning, Housing and Commissioning will respond as follows:

- In 2012/13 £186,000 of the £3,053m allocated was spent.
- All of the balance on NHB was earmarked in 2012/13 and carried forward to 2013/14.