



PART B: RECOMMENDATIONS TO COUNCIL

REPORT TO: POLICY AND RESOURCES COMMITTEE

DATE: 27 SEPTEMBER 2012

**REPORT OF THE: CORPORATE DIRECTOR (s151)
PAUL CRESSWELL**

TITLE OF REPORT: NEW HOMES BONUS 2012/2013

WARDS AFFECTED: ALL

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

1.1 This report considers the allocation of the 2012/2013 New Homes Bonus (NHB) of £439,779.

2.0 RECOMMENDATION

2.1 That members recommend to Council their preferred options for allocation of the 2012/2013 New Homes Bonus of £439,779.

3.0 REASON FOR RECOMMENDATION

3.1 This funding for RDC is not ringfenced and the Council set its budget for 2012/2013 without the requirement to use any of this funding stream. Allocation of all or part of this funding can of course be deferred at this time and considered at a future meeting.

4.0 SIGNIFICANT RISKS

4.1 There are no significant risks in considering this funding allocation. Members should be mindful that the 2013/2014 Provisional Grant announcement in December 2012 is likely to be particularly challenging and cuts to services are almost certain for next year. Any use of the funding which can generate revenue savings could reduce the size of cuts required.

5.0 POLICY CONTEXT AND CONSULTATION

5.1 There are no significant policy implications around this report and there being no proposals at this stage consultation has not been undertaken.

REPORT

6.0 REPORT DETAILS

- 6.1 The NHB is designed around the council tax revenues generated from housing development. This is primarily undertaken by measuring the net change in occupied Band D equivalent properties at October each year. It therefore looks at additions to the Council Tax Base, deletions and also takes into account the net change in empty properties.
- 6.2 The scheme provides Local Authorities with a NHB equivalent to the national average for the council tax band on each additional property. 2011/2012 was the first year of NHB. The announcement stated that it would be paid to authorities for 6 years. Grant is paid cumulatively, that is year 2 includes the year 1 grant plus changes in year 2 and so on. It is paid as an unringfenced grant.
- 6.3 The indications from the Statement of Intent on the Business Rate Retention Scheme are that New Homes Bonus will be paid until at least 2017/2018 and funding has been identified to ensure this can take place.
- 6.4 For 2012/2013 allocations and onwards there is an enhancement of £350 per annum for each affordable home provided in year.
- 6.5 The grant is calculated on an individual authority basis and in 2 tier areas 80% of the total is paid to the District Council and 20% to the County Council. In 2011/2012 the RDC element of the grant was £214,540, the grant for 2012/2013 though changes to the Council Tax Base and affordable housing is £225,239, which gives a total grant for 2012/2013 of £439,779. It is already expected that the total grant in 2013/2014 will be over £600k.
- 6.6 The RDC 2011/2012 NHB of £214,540 was allocated as follows:
- (i) £12,934 was given direct to the National Park to be spent on projects within Ryedale (which reflected 50% of the their contribution towards the grant received for planning approvals within the National Park).
 - (ii) £100,803, established Pot 1 within the Community Investment Fund (CIF) distributed through a bid process, on a Geographic basis to those Wards in which the development took place.
 - (iii) £100,803, established Pot 2 in the CIF and is to be distributed to other projects across Ryedale on a bid basis with bids permitted from properly constituted organisations.
- 6.7 The CIF panel met on the 17 July 2012 to start the allocation of funding from the resources allocated.
- 6.8 In considering the allocation of funding for 2012/2013 members may want to consider:
- Whether to make any allocation to the National Park;
 - Further investment in the CIF, without which the panel will cease when the existing funding has been allocated;
 - The previous stated ambition to restart the business grants programme;
 - Allocating funding to the Council's capital programme, where there are presently no unallocated capital resources;
 - 'Banking' the money ahead of the 2013/2014 provisional grant announcement

in December.

- 6.9 Given the allocation to Wards undertaken in 2011/2012 (Pot 1), Annex A to this report includes details of the Wards in which funds have been generated towards the 2012/2013 NHB.

7.0 IMPLICATIONS

- 7.1 The following implications have been identified:

a) Financial

The funding is unringfenced. The Council's revenue budget does not incorporate the use of New Homes Bonus. The Council's reserves are in a satisfactory position however there are no unallocated capital resources.

b) Legal

There are no significant legal issues in considering this report. Proposals on the allocation of funding could give rise to implications which will be highlighted at that time.

c) Other

There are no significant other issues in considering this report. Proposals on the allocation of funding could give rise to implications which will be highlighted at that time

Paul Cresswell
Corporate Director (s151)

Author: Paul Cresswell, Corporate Director (s151)
Telephone No: 01653 600666 ext: 214
E-Mail Address: paul.cresswell@ryedale.gov.uk

Background Papers:

New Homes Bonus: final scheme design

Background Papers are available for inspection at:

<http://www.communities.gov.uk/publications/housing/finalschemedesign>