



PART B: RECOMMENDATIONS TO COUNCIL

REPORT TO: POLICY AND RESOURCES COMMITTEE

DATE: 26 NOVEMBER 2015

**REPORT OF THE: FINANCE MANAGER (s151)
PETER JOHNSON**

**TITLE OF REPORT: REQUEST FROM THE NORTH YORKSHIRE MOORS
NATIONAL PARK AUTHORITY FOR NEW HOMES BONUS
FUNDING.**

WARDS AFFECTED: ALL

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

1.1 To present to members a request from the North Yorkshire Moors National Park Authority for a share of New Homes Bonus (NHB) Funding.

2.0 RECOMMENDATION

2.1 That Members recommend to Council their preferred option in relation to the request for Funding.

2.2 Should Members agree that a payment is appropriate, the recommendation is that this is made on the basis of a one off contribution from the New Homes Bonus Reserve in line with paragraph 6.11 of this report.

3.0 REASON FOR RECOMMENDATION

3.1 This funding for RDC is not ring fenced.

4.0 SIGNIFICANT RISKS

4.1 There are no significant risks in receiving this report.

5.0 POLICY CONTEXT AND CONSULTATION

5.1 This report is in line with existing policies. No further consultation has taken place on the content of this report.

REPORT

6.0 REPORT DETAILS

- 6.1 The “New Homes Bonus” is a Government scheme, administered through the Department for Communities and Local Government, which is aimed at encouraging local authorities to grant planning permissions for the building of new houses in return for additional revenue. Local authorities are not obliged to use the Bonus funding for housing development. NHB earned is split in 2 tier areas with 20% allocated to the County Council and 80% to the District Council.
- 6.2 Under the current system, when families move into new houses built in an area, the local authority receives additional council tax receipts from these properties. However, in addition to having to fund the extra services and infrastructure for these new residents and properties, **local authorities that acquire larger council tax bases as a result of house building in their areas will in many cases find that the amount of formula grant they receive from central government is reduced by the equalisation process. To tackle this deficiency, the Government undertook to match the additional council tax raised by each council for each new house built for each of the six years after that house is built.**
- 6.3 In practice NHB is calculated from the CTB1 Government return, along with Housing Statistics relating to affordable housing. The specific calculation of NHB is not publicised, however the CTB1 reflects the net movement on the council tax base which includes reductions to the base (resulting from properties being removed from the banding list or reductions to existing council tax bands) as well as new properties.
- 6.4 The North Yorkshire Moors National Park Authority has requested a share of the Council's New Homes Bonus, to reflect the value of NHB earned from dwellings completed following planning approval in the National Park area. The table below highlights the *estimated* value of NHB earned in the National Park area since the inception of the NHB scheme.

Description	2011-12	2012-13	2013-14	2014-15	2015-16	Cumulative/ Total
(1) NHB Received by RDC	214,540	225,240	268,160	419,310	260,170	1,387,420
(2) NYMNPAA Est. proportion	25,868	21,815	22,767	15,053	23,571	109,074
(3) NYMNPAA Cumulative proportion	25,868	47,683	70,450	85,503	109,074	338,578
(4) Cumulative proportion @ 50%	12,934	23,842	35,225	42,751	54,537	156,355

- 6.5 Council agreed to a payment to the National park of £12,934 from the 2011/12 NHB allocation, which reflected 50% of their share of NHB grant received for planning approvals within the area. For information, Scarborough Borough Council do not share any of their NHB with the National Park.
- 6.6 Members will recall that the Council operates a New Homes Bonus Reserve which holds the unallocated balance of NHB earned to date, the unallocated balance in this account currently stands at £986k.
- 6.7 The current Medium Term Financial Plan is predicated around a drip feed of NHB to support the Council's revenue budget plus a fixed sum to support the capital programme, by 2019/20 the balance of annual unallocated NHB is forecast to be only £145k, the remainder being used to support the Council's Revenue Budget and Capital programme (Annex B).

Options:

- 6.8 Having regard to paragraph 6.2 of this report and on the basis that the National Park is predominantly funded through sources other than the DCLG (70% funded by DEFRA) members may decide that no payment should be made, although it may be deemed that a precedent was set in 2011-12 when £13k of the NHB was given to the National park.
- 6.9 Should Members wish to make a payment to the NYMNPA, there are a number of options available including the options to either make a one off payment or to make an ongoing payment in line with the calculation used for the payment of NHB to this authority.
- 6.10 The Council receives NHB each year for 6 years for new properties. On this basis the table at paragraph 6.4 highlights the estimated amount of NHB applicable to the National Park area. Line 3 represents the estimated full amount applicable to date and shows a backdated figure of £339k and a minimum of £110k ongoing, line 4 represents a 50% share and highlights a backdated figure of £156k and a minimum of £55k ongoing, in both instances the backdated figure would be reduced by the £13k already paid from the 2011-12 NHB allocation. **Based on the current mtrf (annex B), 100% allocation is likely to be unaffordable and, although a 50% allocation may be affordable based on the current forecast, it carries significant financial risk when taking into account the uncertainty over future Government funding. Both options would reduce the amount of unallocated NHB available for Member priorities and may require the Council to make additional cuts over and above those already forecast. Officers therefore do not recommend this approach.**
- 6.11 A one off payment from the NHB reserve could be accommodated, however members need to be aware that at the time of producing this report the level of future Government funding is not known, additionally members may wish to prioritise the balance within this reserve to include other projects.

7.0 IMPLICATIONS

- 7.1 The following implications have been identified:
- a) Financial
Any decision to provide funding on an ongoing basis may increase the amount of savings required by this Council going forward. Any one off funding made will affect the balance available within the NHB reserve and result in less money being available for other member priorities.
 - b) Legal
There are no new legal issues arising out of this report.
 - c) Other (Equalities, Staffing, Planning, Health & Safety, Environmental, Crime & Disorder)
There are no significant issues arising out of this report.

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Background Papers:None.