



REPORT TO:	COUNCIL
DATE:	12 JANUARY 2012
REPORT OF THE:	CORPORATE DIRECTOR (s151) PAUL CRESSWELL
TITLE OF REPORT:	NEW HOMES BONUS
WARDS AFFECTED:	ALL

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

- 1.1 This report provides details to members of the New Homes Bonus (NHB) Scheme and the funding which Ryedale District Council (RDC) will receive in 2011/2012. Options for the use of this funding are also presented.
- 1.2 This report follows the consideration by Council on the 3 November 2011 of a recommendation from the Policy and Resources Committee on the 29 September 2011. Council resolved:
'That Members defer a decision on allocation of the New Homes Bonus to the next Ordinary Meeting of Full Council.'

2.0 RECOMMENDATION

- 2.1 That members propose their preferred options for allocation of the 2011/2012 New Homes Bonus of £214,540.

3.0 REASON FOR RECOMMENDATION

- 3.1 This new source of funding for RDC is not ringfenced and therefore can be made available for investment in a number of different areas or spend. Initially the Government made clear that the purpose of NHB is to 'ensure that the economic benefits of growth are returned to the local authorities and communities where growth takes place'. More recently the Government has stated that:
'We are committed to ensuring that the Bonus remains a flexible, non-ringfenced fund, for local communities to spend as they see fit – from reinvesting it in housing or infrastructure, support local services or local facilities, or using the funds to keep council tax down.'

4.0 SIGNIFICANT RISKS

- 4.1 There is a risk that this funding whilst separately identified and funded in the initial years could be subsumed within a future spending review or a review of Local

Government Finance generally.

- 4.2 The funding after the first two years is top sliced from Local Authority funding prior to formula allocation to individual Authorities. General Government funding will therefore reduce to finance New Homes Bonus and those Authorities not generating the bonus relative to others will see their overall revenue funding fall.

REPORT

5.0 BACKGROUND AND INTRODUCTION

- 5.1 During 2010 consultation on a NHB was undertaken which essentially replaces the former Housing and Planning Delivery Grant, RDC did not receive any funding in 2010/2011. The consultation closed on the 24 December 2010 and significant support was received by the Department for Communities and Local Government (DCLG). The details of the final scheme were announced on the 17 February 2011 and is available at:

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

- 5.2 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.
- 5.3 The scheme provides Local Authorities with a NHB equivalent to the national average for the council tax band on each additional property and paid for the following six years as an unringfenced grant. Therefore in 2011/2012 for every new band D property the grant will be £1,439 per annum (£8,634 over 6 years).
- 5.4 In addition to this there is an enhancement of £350 per annum for each affordable home provided in year, however this element does not start until the 2012/2013 allocations.
- 5.5 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 (80%) equates to £214,540.
- 5.6 For explanation should each subsequent year generate the same funding as in 2011/2012 the Council would receive the following sums of New Homes Bonus (NHB):

2011/2012	£214,540
2012/2013	£429,080
2013/2014	£643,620
2014/2015	£858,160
2015/2016	£1,072,700
2016/2017	£1,287,240
Total	£4,505,340

- 5.7 The level of occupied new homes created in any year will determine the actual funding received by the Council, In future years. In addition to the NHB the Council will receive the affordable housing grant of £350 per property. These figures illustrate the potential value to the Council of the NHB. This funding whilst separately identified

and funded in the initial years could be subsumed within a future spending review or as a consequence of the current review of Local Government Finance.

6.0 POLICY CONTEXT

6.1 The allocation of New Homes Bonus has the potential to impact on the delivery of the Council Plan.

7.0 CONSULTATION

7.1 The government has undertaken consultation on the NHB scheme and the Council has undertaken consultation on the priorities of communities for investment, should it become available. The Council has also contacted all local councils (Town and Parish Councils and Parish Meetings) in relation to the development of this policy. The majority of the responding local councils agreed with the principle that if the Council were to decide to release some funding to the Local Councils it should be reallocated on the basis that those parishes in which new properties have been developed would be eligible to receive a portion of the funding received by RDC under the NHB scheme. The preferred level of any funding of those councils who responded was 5% of the total NHB (as recommended by the National Association of Local Councils) which equates to 6.25% of the RDC funding allocation. Projects which were suggested as priorities for the use of any funding released to Local Councils included:

- Purchase of land for allotments and cemeteries
- Enhancement of play areas
- Community projects identified as a priority in parish plans
- Village hall refurbishment
- Improvements to recreation facilities

8.0 REPORT DETAILS

8.1 Following the announcement of the New Homes Bonus for 2011/2012, members can consider the policy for the allocation of this funding (£214,540). It is proposed that this policy should be reviewed annually. The provision allocation for 2012/2013 has been announced as £439,779 for RDC.

8.2 The calculation of bonus is complicated. The table attached at annex A identifies additions to the Council Tax Base by Ward and band D equivalents (October 2009 to October 2010). This ignores the impact on the grant of changes in empty properties.

8.3 There are a number of potential uses for this funding. Members need not allocate the funding at this time. The following options are detailed in the report:

1. Allocate funding direct to the National Park Authority
2. Allocation direct to Parish Councils
3. Establishment of a new Community Investment Fund
4. Infrastructure Delivery Plan Project/Community Infrastructure Levy
5. Investment in the Council's capital programme
6. Parish Planning Support
7. Participatory Budgeting for Parish Councils
8. Extension of the Business Grants Scheme
9. Business grants for Local Service Providers
10. Community Safety Project fund
11. Capitalisation of Community Grants

1. National Park Authority

- 8.4 Some of the above properties have been established through planning decisions within the National Park. The total attributable through development approved by the National Park is £25,868.79. Members will need to consider whether to provide some or all of this funding direct to the National Park. Some of the further options below clearly impact on properties and business within the National Park area and would result in reinvestment of the grant into areas within the National Park where development has taken place.

2. Allocate to Parish Councils

- 8.5 Evaluation of the new development by Parish has been undertaken. Members could consider a direct allocation to those parishes of part or all of the bonus. Annex B details how the amounts the parishes would receive in 2011/12 based on an allocation of 50% of the New Homes Bonus funding.
- 8.6 In considering these allocations members will need to ensure that these funds are used effectively. The Council is accountable for the allocation of these funds, and although they are not ringfenced the government will expect the Council to monitor and evaluate the impact of the scheme in Ryedale.
- 8.7 This process could be repeated in future years to allocate a percentage of the grant to the parishes where the properties have been added. When the grant includes the affordable homes bonus, that could also be applied to those Parishes in which the affordable homes are established.
- 8.8 It is therefore proposed that any parishes who are eligible to receive a NHB grant in the sum of £2,000 or above should provide the Council with detail of the use they intend to make of the funding. Proposals would be submitted by the relevant local council. Proposal for investing the funding locally should:
- a. be supported by evidence of community support, for example it meets a priority identified in the parish plan, and
 - b. demonstrate the proposed impact of the investment on the wellbeing of the community. This information will be used to monitor the effectiveness of the policy.
- On receipt of satisfactory proposals the funding would be released. Where a parish is eligible to receive grant under £2,000 that would be allocated directly to them without conditions on its use. 13 Parishes would receive over £2,000 under the proposals in this report.

3. Establishment of a Community Investment Fund

- 8.9 The Council established the original Community Investment Fund in 2003 with funding received through a business rate rebate. This fund allocated £700,000 in grants to projects which had a positive impact on the communities of Ryedale over the 5 years it was in operation. Decisions on applications were made by the Community Investment Fund Panel which was a sub-committee of the Policy and Resources Committee. A summary of the criteria and requirements of the fund were as follows:

The Community Investment Fund was open to any Ryedale community organisation or group, for projects and activities which would make a positive impact on the communities of Ryedale with applications welcomed from any organisation or group of organisations with ideas for projects which would either:

- provide new facilities or services which could be clearly demonstrated as community priorities;

- the projects had to be able to show that they would make a positive contribution to at least one of the 6 visions of the community plan: Imagine Ryedale...

Bids could be made for 100% of project funding, revenue or capital, however priority was given to those applications which could demonstrate added value by attracting partnership funding.

8.10 The Panel met bi-monthly with published deadlines for applications. All applications to the CIF were made on the agreed application form and to be accompanied by:

- The organisations Constitution or Rules
- 2 years audited accounts – where applicable or details of bank account
- Any relevant Business Plans or Annual Reports

8.11 If the CIF was to be reinstated with the purpose of re-allocating NHB funding priority could be given to those projects which will have a positive impact in communities where new housing development has taken place.

4. Infrastructure Delivery Plan projects - CIL

8.12 The Council's Infrastructure Delivery Plan which forms part of the LDF identifies those projects and improvements that are required for individual towns and villages in order to accommodate the planned levels of new development during the plan period. Up to £50k is required for specialist advice to assist in the preparation of the CIL charging regime. The Council will then be able to seek appropriate contributions from developers, via S106 or Community Infrastructure Levy, towards these projects. By combining New Homes Bonus with developer contributions it would be possible to bring forward the implementation of priority infrastructure projects that are identified in the Infrastructure Delivery Plan.

5. Capital Programme

8.13 Some or all of the funding could be applied to the Council's capital programme. Unused capital resources are presently under £500k and the scope for the Council to finance projects not presently within the programme is limited. In addition interest receipts applied to the capital programme are presently low due to the current interest rates.

6. Continuation of support for Parish Planning

8.14 £15k to continue the support for communities to develop a parish plan. Parish Plans will provide evidence of community support for the future use of funding such as New Homes Bonus, should it become available, ensuring that the greatest benefit for the community is achieved through this funding.

8.15 Parish Plans help communities to develop a shared vision for how they would like their communities to develop and be sustained, they also help communities to see how much they can do for themselves but also where they may need some support from other agencies. They also prepare communities for undertaking Village Design Statements and provide the first step towards a Neighbourhood Plan in the future. Parish Planning is a cost effective means of the Council engaging with local communities involving a wide range of partners in cost effective, joined up community engagement at a local community level.

7. Participatory Budgeting for Parish Councils

8.16 £25k a year to offer participatory budgeting to parish councils. Community led projects as identified in Parish Plans could be financed by delegated decision making

of the parish councils. A number of parishes in Ryedale have already run successful events with RIEP money as part of a North Yorkshire wide pilot. This funding would help to inform communities about the role and value of the parish, enhancing the community spirit and belonging through decision making. It would enhance the reputation for the Council with parishes and could run in some parishes in the NYMNP area.

8. Business Grants Scheme

- 8.17 The previous business grant scheme assisted 65 businesses in Ryedale helping them to push forward with expansion plans, provide seed corn funding or enable new projects to develop faster than planned, leading to new jobs and the retention of existing jobs. The scheme was provided by RDC and was a relatively small, but essential contribution to help local businesses in what was and still is a difficult trading environment (Each business could access up to £5k to support their project).

9. Business Grants for support of local service providers

- 8.18 £20k a year for a strand of business grants programme focusing on supporting post offices, shops, pubs etc. with small capital grants to support business development and sustainability. This would build on the findings of the ongoing scrutiny review of Post offices.

10. Community safety project fund

- 8.19 £20K To fund support projects in communities e.g. graffiti removal, dog fouling, ant social behaviour which improve the immediate environment and enhances wellbeing in communities – focus on 'Place'. This would be administered by the Community Safety Partnership.

11. Capitalisation of Community Grants

- 8.20 Presently community grants of £60k per year are financed from the Council's revenue budget. Using the New Homes Bonus to finance this expenditure would enable a revenue saving and assist in the 2012/2013 budget process where over £700k of savings/cuts will need to be agreed.

9.0 IMPLICATIONS

- 9.1 The following implications have been identified:

a) Financial

There are significant issues around the NHB funding which have been identified in the report. Proposals on the allocation of funding could give rise to implications which will be highlighted at that time.

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

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Background Papers:

New Homes Bonus: final scheme design

Background Papers are available for inspection at:

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