

# Cherwell District Council

## Executive

7 October 2013

<p><b>New Homes Bonus – Year 3 Allocations</b> <b>2013-14</b></p>
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### Report of Director of Resources

This report is public

#### Purpose of report

For the Executive to determine how they wish to allocate the New Homes Bonus received for the third year of the scheme. This is the award confirmed for 2013-14.

#### 1.0 Recommendations

The meeting is recommended:

- 1.1 To agree the year 3 allocations as set out in this report
- 1.2 To delegate authority to the Director of Resources and the Head of Strategic Planning and the Economy in consultation with the lead member for Financial Management and the lead member for Estates and the Economy to determine the schemes on which those funds allocated for economic development purposes should be spent.
- 1.3 To delegate authority to the Director of Resources and the Head of Strategic Planning and the Economy in consultation with the lead member for Financial Management and the lead member for Estates and the Economy to agree future year allocations of New Homes Bonus.

#### 2.0 Introduction

- 2.1 At the Executive meeting held on the 04 February 2013 allocations of New Homes Bonus for the first two years of the scheme were approved. This covered the allocations received for 2011-12 and 2012-13.
- 2.2 The amounts received for these years were:

Year 1 (2011-12)	439,186
Year 2 (2012-13)	264,009
- 2.3 Each of these awards should be received for a period of six years and based on this assumption it was agreed in principle that these first two allocations would be made each year for six years in line with the recommendations in the report.

- 2.4 It was resolved by the Executive that the funds should be allocated as follows:
- Affordable Housing element should be earmarked specifically for affordable housing. There was no allocation in Year 1 for affordable housing and approximately £26,000 in Year 2.
  - The remaining funds should be allocated as follows:
    - Anticipating Financial Pressures 50%
    - Economic Development 25%
    - Planned Growth in the District 25%
- 2.5 The category “Planned Growth in the District” relates to payments to be made to Communities to deal with the impact of growth.
- 2.6 After the calculations were carried out any payments under £2,500 were made directly to the Parish Council with Payments over £2,500 being subject to a bid for the funds. Unclaimed funds are still being held on behalf of the Town or Parish council where they have not been already paid out.
- 2.7 It was agreed that the third year allocations would be the subject of a further report to the Executive and this is the purpose of this report.

### 3.0 Report Details

- 3.1 The third year allocation of New Homes Bonus has been confirmed as £636,961. This is then added to the first two years allocation to derive the full amount payable in 2013-14. This is more easily explained by presenting the following table:

**Table 1 – Allocations to date**

	2011-12	2012-13	2013-14
Year 1 Allocation	439,186	439,186	439,186
Year 2 Allocation	-	264,009	264,009
Year 3 Allocation	-	-	636,961
<b>Total</b>	<b>439,186</b>	<b>703,195</b>	<b>1,340,156</b>

- 3.2 The report agreed by the Executive in February agreed an allocation for the first two years. This report proposes the following for the third year’s allocation of £1,340,156.

- Affordable Housing £100,240
- Financial Pressure Allocation £619,958
- Economic Development £450,669
- Planned Growth in the District £169,289

**Total year three allocation** **£1,340,156**

- 3.3 The information below describes in a little more detail the purpose of each of these funds.

**Affordable Housing – Year 3 allocation £100,240**

- 3.4 This is the element that has been received as a result of the increase in the number of affordable houses in the District. The amount allocated for the first two years of the scheme for this purpose was £26,040.

**Financial Pressure Allocation – Year 3 Allocation £619,958**

- 3.5 This allocation was to recognise significant financial reform was due to be implemented in 2013-14 and therefore it was prudent financial management to hold back 50% of the funds to ensure the Council and the services it provided were shielded. From 2014-15 it is proposed within the medium term financial strategy (elsewhere on this agenda) that this element is built into the base budget in future years to assist in funding the services provided by the Council. It is also reasonable to do this as from year three the general grant received by the Council has been scaled back to fund the ongoing cost to the Government of the NHB scheme, essentially recycling funds through a different mechanism. The allocation for this element for years one and two total £558,171.

**Economic development – Year 3 Allocation £450,669**

- 3.6 This element is to enable economic development to take place across the District in a bid to grow businesses or households which in turn will generate further income for the Council. The allocations from the first two years total £279,085. It is recommended that authority is delegated to the Director of Resources and the Head of Strategic Planning and the Economy in consultation with the lead member for Financial Management and the lead member for Estates and the Economy to agree how these funds could be allocated to deliver economic growth and development.

**Planned Growth in the District – Year 3 Allocation £169,289**

- 3.7 This allocation enables the commitment given to Town and Parish Councils in years 1 and 2 of the scheme to continue. At the time an undertaking was given that the allocations made to these councils would continue for the six years of the scheme unless the scheme altered. Therefore the £169,289 that was committed last year will continue in year 3.
- 3.8 This means that the town and parish councils that received a payment as a result of housing growth delivered which triggered a payment in Year 1 (2011-12) and Year 2 (2012-13) will continue to receive these payments for the six years of the current scheme provided the scheme does not change or the Council requires the funds for their own purposes.

## **4.0 Conclusion and Reasons for Recommendations**

- 4.1 It is recommended that the allocation method set out in this report are agreed in order to be clear about how the New homes Bonus is going to be used in the third year of its receipt.

## **5.0 Consultation**

Ken Atack – Lead member for  
Financial Management

Supportive of the proposals in this report

## **6.0 Alternative Options and Reasons for Rejection**

6.1 The following alternative options have been identified and rejected for the reasons as set out below.

Option 1: Not to consider how these funds should be allocated. This is not good financial management and is therefore not advocated. It is also important to give a degree of certainty around how such funds will be allocated and used.

## **7.0 Implications**

### **Financial and Resource Implications**

7.1 This report allocated in its entirety the £1,340,156 of New Homes Bonus funds that are currently being received in 2013-14. Currently, the base budget is not reliant on these funds, although this may change from 2014-15 and therefore there is no budgetary impact in taking this decision.

Comments checked by:

Martin Henry, Director of Resources

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### **Legal Implications**

7.2 There are no direct legal implications arising from this report.

Comments checked by:

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### **Risk Management implications**

7.3 There are no significant risk implications associated with the proposals contained within this report.

Comments checked by:

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## 8.0 Decision Information

### Key Decision

**Financial Threshold Met:** Yes

**Community Impact Threshold Met:** Yes

### Wards Affected

All wards – given that Economic Development activity takes place throughout the District

### Links to Corporate Plan and Policy Framework

A district of opportunity  
An accessible, value for money council

### Lead Councillor

Councillor Ken Atack – Lead member for Financial Management

### Document Information

<b>Appendix No</b>	<b>Title</b>
Not applicable	None
<b>Background Papers</b>	
None	
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