

Agenda Item 8b - Executive Minute 258 refers

New Homes Bonus (NHB)

1. The NHB grant is composed of two elements a basic sum of £1440 per additional house plus £350 for each affordable house. In two tier areas 20% of both elements are paid to the County Council and 80% to the District Council. As part of the review of local government resources the cost of the NHB scheme will be top sliced from future business rate income. The basis on which top slicing will work is not yet decided.
2. There are 3 uses to which the grant will be applied in East Herts.
 - a. in support of the revenue budget and to offset top slicing
 - b. to enhance support for a key council priority
 - c. to fund activity and projects in and for those communities where housing building takes place
3. In terms of allocations to each of the above uses it is proposed that an allocation of the 80% received by the Council (i.e. of the sum received after the allocation to the County) be made as follows:
 - a. 50% (£576/£716** per property at band D for each of 6 years)
 - b. 25% (££288/£358 per property at band D for each of 6 years)
 - c. 25% (££288/£358 per property at band D for each of 6 years)** the higher sums refers to affordable properties
4. Funding for a. will be added to the MTFP as unringfenced net income to meet top slicing of business rate income nationally, and to meet circumstances in which a reduction in the council tax base (for example because of extensive renovation works to a number of homes) in one or more parishes reduces the grant receivable in respect of the rest of the area. Funding for B will be ring fenced for the specific purpose.

Funding for C will be identified as a specific grant line in the budget.

Allocation of community funding

5. The basic amount of NHB is calculated by reference to the council tax base each October using returns made to the government. Those returns will be used to identify those parish and town councils with an increase in the tax base on which the bonus will be paid. Separate returns are made to DCLG on new affordable home as the basis for the £350 top up.
6. The presumption will be that the community funding will be paid to those councils with an increase in their tax base.
7. However, prior to making these allocations the Executive Member for Finance will consult with the ward members for those areas to determine whether there is good reason for an alternative basis of allocation. Where an alternative basis is used information on the allocations will be included in the Members Information Bulletin. Alternatives might include an allocation on a ward basis or to a community organisation other than a town or parish council.
8. Where allocations are made to town and parish councils there will be no restrictions placed on its use and no requirement to account to this Council for its use.
9. In the event that allocations are made other than to town and parish councils recipient organisations will be expected to set out the proposed use as follows:
 - State the opportunity or problem to be addressed.
 - Show how the grant will be spent and its use for the benefit of the local community (rather than only for the membership of a group, club or organisation where membership is restricted).
 - How the impacts and change arising from the spending will be demonstrated.

- What is novel, unusual and different about the proposal? Experimenting with something different is encouraged and less than full success is acceptable provided there is learning for the future.
- Other sources of funding where relevant
- When the money will be required

The organisation will be required to confirm later that the funding was used for the purpose given.

10. In most circumstances the allocations will be paid out when the Council receives the grant income. However, town and parish councils may defer take up of grant until it is required. In such cases any balances built up will attract interest at the rate received by this Council on its cash balances. In exceptional circumstances and where unused balances so permit the Council may agree to pay future years allocations in advance of receipt of the grant .