



## DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
CHIEF FINANCIAL OFFICER	FINANCE AND DEMOCRACY COMMITTEE	21 NOVEMBER 2022	6
<b>NEW HOMES BONUS: PROVISION OF GRANTS TO TOWN AND PARISH COUNCILS 2023/24 AND FUTURE YEARS</b>			

### PUBLIC ITEM

This item is for consideration in the public part of the meeting.

### SUMMARY

The New Homes Bonus policy provides the framework for a system of grant support to town and parish areas which have experienced above average growth in housing numbers, funded from a portion of the New Homes Bonus that is received by Fylde Council.

This report proposes the arrangements in respect of 2023/24 and future years which are consistent with the approach taken last year due to the ongoing uncertainty surrounding the future of the national scheme of New Homes Bonus grants.

### RECOMMENDATIONS

The Committee is requested to:

1. Note the current situation in respect of the national scheme of New Homes Bonus grants; and
2. Approve that with effect from 2023/24, and for all financial years thereafter, in the event that Fylde Council receives confirmation of an allocation of New Homes Bonus grant for each year, 5% of that grant will be distributed to town and parish councils that have experienced above average housing growth in the previous year using the distribution methodology adopted for previous years as set out in the report.

### SUMMARY OF PREVIOUS DECISIONS

The policy on the provision of grants to town and parish councils, to be funded from a portion of the New Homes Bonus, was first approved by Council in December 2017 in respect of the 2018/19 financial year and has been approved in each subsequent year in respect of the forthcoming financial year.

CORPORATE PRIORITIES	
Economy – To create a vibrant and healthy economy	✓
Environment – To deliver services customers expect	✓
Efficiency – By spending money in the most efficient way	✓
Tourism – To create a great place to live and visit	✓

## REPORT

### 1. Background

- 1.1 For the financial year 2018/19 Fylde Council introduced a new initiative by which a proportion of total New Homes Bonus (NHB) funding that the council receives is allocated to town and parish councils to help alleviate the impacts of housing growth on local communities. For each year the total grant funding distributed has been a figure equivalent to 5% of the latest estimate of the total New Homes Bonus income receivable by Fylde council for that year. Grants are calculated by reference to housing growth above a 0.4% growth baseline level in each town or parish area.

Previous total allocations to town and parish councils under the scheme have been:

2018/19	£65,500
2019/20	£68,950
2020/21	£75,500
2021/22	£58,049
2022/23	£61,807

### 2. Update to the scheme of provision of NHB-funded grants to town and parish councils for 2023/24 onwards.

- 2.1 In the years 2018/19 to 2021/22 the sums to be distributed have been approved at the November/December cycle of council meetings in order that amounts to be provided to each qualifying town and parish council can be notified prior to completion of the budget-setting process by each town or parish council. Previously it was possible to estimate the amount of NHB for the coming year with a degree of certainty as the scheme had been embedded for a number of years, albeit with some changes to the scheme during the period.
- 2.2 However, at present there is uncertainty around the future of the national scheme beyond the current year, especially in the light of current national funding pressures and the ongoing potential for reductions in funding for local government. During 2021 the [.uk/government/consultations/the-future-of-the-new-homes-bonus-consultation](https://www.gov.uk/government/consultations/the-future-of-the-new-homes-bonus-consultation) " [government consulted on the future of the national New Homes Bonus scheme](https://www.gov.uk/government/consultations/the-future-of-the-new-homes-bonus-consultation) with the consultation indicating the possibility of changes to the existing arrangements. The outcome of the consultation is yet to be published. It is conceivable that NHB funding for 2023/24 will be restricted to the legacy payments in respect of previous years; or that there will be no NHB funding whatsoever to local authorities in 2023/24; or that there will be a further single-year allocation for 2023/24.
- 2.3 It is unlikely that there will be any clarity about the future of the NHB scheme until the local government finance settlement is announced in mid-December 2022. It will not be possible, therefore, for NHB grant distribution to town and parish councils to be considered in timescales adopted in previous years.
- 2.4 It is proposed that if, in due course, Fylde Council does receive confirmation of an allocation of New Homes Bonus grant for 2023/24, then a proportion of that grant will again be distributed to town and parish councils that have experienced above average housing growth in the previous year, equivalent to a total of 5% of the latest estimate of the total New Homes Bonus income receivable by Fylde Council.
- 2.5 It is further proposed that the approach adopted for 2023/24 will be applicable to all future years for which there is a national New Homes Bonus scheme in operation.

#### Distribution Methodology

- 2.6 It is proposed that the distribution methodology adopted for previous years will again be used to calculate the grant allocations for 2023/24 and future years. Grants will only be available to town and parish areas that have experienced property growth for the past year above a baseline of 0.4% (of the prior year total property numbers). This is to match the government threshold of 'expected annual growth' as represented in the revised New Homes Bonus 'baseline' that applies to Fylde Council and all other recipients of New Homes Bonus funding.

- 2.7 The total sum to be distributed to town and parish areas that have experienced growth above the 0.4% baseline level will be divided amongst those qualifying areas by reference to the absolute numbers of additional property numbers in excess of the 'baseline' level for each area in the preceding year.
- 2.8 Not all town and parish areas will experience growth in property numbers in every year. Some that do experience growth in property numbers may not exceed the 0.4% baseline threshold. As a consequence of the methodology for calculating entitlement to grants as set out above, not all town and parish councils will be eligible to receive a grant under this initiative in every year.
- 2.9 An updated Policy on the Provision of New Homes Bonus Grants is attached at Appendix A.
- 2.10 It is acknowledged that the timing of events may require that amounts to be provided to each qualifying town and parish council cannot be notified prior to completion of the budget-setting process by each town or parish council.
- 2.11 If the recommendations are approved, town and parish councils will be advised to agree their revenue and capital spending plans for 2023/24 and future years, including the setting of the town or parish council tax precepts for the year, on the basis that any allocations of NHB funding for 2023/24 and future years will only be confirmed once Fylde Council has received confirmation of its own allocation for the relevant year.
- 2.12 Any subsequent allocations of NHB funding to town and parish councils for 2023/24 and future years will be made as soon as practicable following notification of the NHB funding amount receivable by Fylde Council as part of the Local Government Finance Settlement.

IMPLICATIONS	
Finance	Financial implications are contained within the body of the report. The next update of the council's Medium Term Financial Strategy report will be updated to reflect the level of New Homes Bonus receivable by Fylde Council for 2023/24 once it is confirmed, the estimated level for future years, and the estimated 5% allocation to be distributed to Town and Parish Councils in each year.
Legal	None arising from this report
Community Safety	None
Human Rights and Equalities	None arising from this report
Sustainability and Environmental Impact	None
Health & Safety and Risk Management	None

LEAD AUTHOR	CONTACT DETAILS	DATE
Paul O'Donoghue, Chief Financial Officer	01253 658566	November 2022

BACKGROUND PAPERS						
Name of document	Date	Where available for inspection		n/a	n/a	n/a

Attached documents

Appendix A - Updated Policy on the Provision of New Homes Bonus Grants to Town and Parish Councils 2023/24 and future years.