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**Our reference:**  
**Your reference:**  
**Date:** 13 March 2012

To all Members of the Community Development Group

Dear Councillor

A meeting of the COMMUNITY DEVELOPMENT GROUP will be held on Wednesday 26 October 2011 at 7.00 pm in the Council Chamber, Civic Centre, Pavilion Road, West Bridgford to consider the following items of business.

Yours sincerely

Head of Corporate Services

## **AGENDA**

1. Apologies for absence
2. Declarations of Interest
3. Cabinet Call-In – New Homes Bonus

The Community Development Group are requested to consider a call-in request relating to a decision made by Cabinet at its meeting held on 11 October 2011.

Members are asked to consider the following attachments:

- a) A note setting out the order of the meeting is attached (pages 1 - 2).
- b) Copy of the report considered by Cabinet on 11 October 2011 is attached (pages 3 - 6)
- c) Copy of an extract of the Minute relating to this item is attached (pages 7 - 8)
- d) Copy of the Call in request form and additional information is attached (pages 9 - 11)

### Membership

Chairman: Councillor N C Lawrence  
Vice-Chairman: Councillor T Combellack  
Councillors S J Boote, N K Boughton-Smith, L B Cooper, J E Greenwood,  
M G Hemsley, Mrs M M Males, G R Mallender

## Meeting Room Guidance

**Fire Alarm - Evacuation** - in the event of an alarm sounding you should evacuate the building using the nearest fire exit, normally through the Council Chamber. You should assemble in the Nottingham Forest car park adjacent to the main gates.

**Toilets** - Facilities, including those for the disabled, are located opposite Committee Room 2.

**Mobile Phones** – For the benefit of other users please ensure that your mobile phone is switched off whilst you are in the meeting.

**Microphones** - When you are invited to speak please press the button on your microphone, a red light will appear on the stem. Please ensure that you switch this off after you have spoken.

## **CALL - IN PROCESS – EXPLANATORY NOTE**

This note provides a simple explanation of the format for the ‘call-in’ at the meeting of a Scrutiny Group. It sets out each stage to follow to ensure the meeting is effective and is not adversarial. The key stages are set out as follows:

### **Stage 1 – Lead Signatory submission**

As Lead signatory the first signatory to the ‘call in’ will be invited to address the Scrutiny Group and to make a statement of explanation in respect of the decision called in. They should outline the reasons why the signatories have called the decision in. They should also aim to explain how the decision is in breach of the principles of decision making (as set out in Article 13 of the Council’s Constitution).

The address should be limited to a maximum of 20 minutes and the lead signatory should stick to the reasons why the decision has been called in and why they believe it is in breach of the decision making principles.

### **Stage 2 – Cabinet Member submission**

Following the lead signatory’s address to the Scrutiny Group the relevant Cabinet Member(s) will be invited to address the Group. Relevant officers can be called upon to support this submission.

The address should be limited to a maximum of 20 minutes and it should aim to address the reasons given by the lead signatory for the call-in. They should also aim to explain why the decision has not breached the principles of decision making. Any officer evidence will not form part of this timed address.

### **Stage 3 – Scrutiny Group questions**

Scrutiny Group Members can then ask questions of the lead signatory, the Cabinet Member and officers directly relating to the decision and the reasons for the call-in (this should be questions about the decision and the call-in and not a debate on the issue as a whole).

### **Stage 4 – Lead Signatory closing statement**

The Lead signatory makes a closing statement (this should last a maximum of 5 minutes) responding to the submissions and questions previously heard. They are not allowed to question anyone.

### **Stage 5 – Cabinet Member closing statement**

The Cabinet Member(s) then make a closing statement (this should last a maximum of 5 minutes) responding to the submissions and questions previously heard. They are not allowed to question anyone.

### **Stage 6 – Scrutiny Group decision**


At this stage the Scrutiny Group needs to make a decision based on the discussion

that has taken place. The Chairman should make it clear that no further submissions will be heard from the Lead signatory or the Cabinet Member(s) whilst the Scrutiny Group deliberates and makes a decision.

The Scrutiny Group has a number of options available for its decision which are:

- They uphold Cabinet's decision (the Cabinet decision can now be actioned)
- They believe that the decision breached the decision making principles but not sufficiently to warrant referral back to Cabinet (the Cabinet decision can now be actioned)
- They believe that the decision breached the decision making principles and recommend that the decision be referred back to the next Cabinet meeting. The Scrutiny Group should expressly outline the reasons why it believes the decision making principles have been breached. (Note Cabinet's decision cannot be actioned until Cabinet has reconsidered the decision.)

Minutes of the meeting containing the decision will be circulated to all Members in due course.

 <p>Rushcliffe Borough Council</p>	<p><b>CABINET</b></p> <p><b>11 OCTOBER 2011</b></p> <p><b>NEW HOMES BONUS</b></p>	<p><b>5</b></p>
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## REPORT OF THE DEPUTY CHIEF EXECUTIVE (CB)

### CABINET PORTFOLIO HOLDER – COUNCILLOR J N CLARKE

#### Summary

A potentially significant amount of funding may be receivable over the next 6 years from the New Homes Bonus. Although this resource is not ringfenced, the Government has certain expectations over its use. It is proposed that the Council should maintain flexibility over utilisation of the funds and set them aside for the purposes of capital infrastructure projects, for use in consultation with communities affected by housing growth and for supporting Borough-wide services. It is further suggested that a sum could be earmarked to help facilitate the early dualling of the A453.

#### Recommendation

It is RECOMMENDED that

- a. New Homes Bonus should be set aside in its entirety for the following purposes:
  - i. Funding of capital infrastructure projects, both immediately related to housing development and for the benefit of the area as a whole;
  - ii. Funding for use in consultation with communities directly affected by housing growth; and
  - iii. Funding to support and sustain Borough-wide services potentially affected by housing growth and/or the risk from reduced resources as a result of the national set aside arrangements;
- b. A further report on the proportion of New Homes Bonus to be set aside for infrastructure projects of more general benefit be prepared after completion of the Local Development Framework process;
- c. Up to £500,000 of new homes bonus be earmarked to supporting the delivery of the dualling of the A453, provided that physical work commences before the end of the 2015/16 financial year and provided that the funds have been received and are available.

#### Details

1. As part of the report to Cabinet on the proposed budget for 2011/12, Members were informed that, at that time, a consultation document on the New Homes Bonus had been published by central government, which is looking to reward

authorities that stimulate growth in housing development within their area. It was not considered prudent to incorporate this sum into the budget projections at that time, since the whole initiative was still subject to consultation and uncertainty. It was proposed that further consideration would be given to the utilisation of this bonus when clarification is received.

2. Since then the Government has issued the final scheme design and made the payment for the first year. The Government aimed to create “an effective fiscal incentive to encourage Local Authorities to facilitate housing growth and to ensure the economic benefits of growth are more visible within the local area”. The Government also aimed to “redress the imbalance in the local government finance system” whereby resources lagged behind growth.

### Amount of New Homes Bonus

3. The concept of the New Homes Bonus is to pay all authorities a grant, based on the national Band D Council Tax per dwelling (starting at £1,439), for the first six years after a house is brought into use, either through new build or occupancy of a previously empty property. More weight (an additional £350) is given to affordable housing. The way Council Tax is calculated for houses in bands other than the Band D standard also applies in calculating the New Homes Bonus. In practice this will be calculated by the Government through a comparison of relevant figures from the Council Tax base calculation each year. In two tier areas, the District receives 80% of the amount and the remainder is paid to the County Council, although it is open for this to be renegotiated locally. The Council has now received £281,831 in respect of the first year of the scheme.
4. It remains extremely difficult to predict the amounts for future years as this is heavily dependent on the numbers of properties built **and occupied** in the future. However, based on certain assumptions, especially in relation to the number of housing completions in future years, estimates of the potential New Homes Bonus receipts over the first 6 years of the scheme are shown in the table below:

**RBC Homes Bonus calculated from Housing Trajectory\***

Housing delivery	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	
Payment	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	
Year 1	352,288	352,288	352,288	352,288	352,288	352,288	
Year 2		308,090	308,090	308,090	308,090	308,090	
Year 3			381,790	381,790	381,790	381,790	
Year 4				520,360	520,360	520,360	
Year 5					505,620	505,620	
Year 6						561,630	
<b>Total</b>	352,288	660,378	1,042,168	1,562,528	2,068,148	2,629,778	8,315,288
<b>80% to the Borough Council</b>	281,831	528,302	833,734	1,250,022	1,654,518	2,103,822	6,652,229
<b>20% to the County Council</b>	70,457	132,076	208,434	312,506	413,630	525,956	1,663,059

\* Affordable housing delivery is assumed at a level of 15% of housing completions each year.

5. It can be seen that, on these assumptions, the Borough Council could receive more than £6m over a six year period. This is, however, for demonstration purposes only and actual receipts will only be known in later years: the table indicates that the Council receives a New Homes Bonus in 2011/12 for completions during the 2009/10 financial year. Payment in respect of these then continues for a further 5 years. After this, no payments will be received in respect of the 2009/10 completions.

### **National Funding**

6. For the first year of the scheme, the Government planned to use the national Planning Delivery Grant (PDG) budget to fund the New Homes Bonus but warned that in future, amounts in excess of the PDG budget would be financed through an allocation from the central formula grant budget. This means that any increase in funding paid out for the New Homes Bonus would reduce the amount to be shared through the formula grant process. It is anticipated that this arrangement will be replicated according to the consultation documents on the localisation of business rates. This is likely to depress the level of business rate income for the Borough Council.

### **Proposed uses and treatment**

7. The Bonus is not ringfenced and therefore could be used for whatever purposes the Council may decide. However, the Government intends the Bonus to help deliver the spatial strategy for the area and the objectives of the community. In particular it would assist with infrastructure delivery and service provision related to housing growth. The Government also expects councils and councillors to work with their communities to understand the priorities for investment and to explain the benefits of housing growth. The Borough Council is already doing this through the Fresh Approach to Housing Growth initiative.
8. Taking account of this guidance, therefore, it is clear that the specific utilisation of such resources will develop over time. Use could be divided into three aspects:
  - Funding of capital infrastructure projects, both immediately related to housing development and for the benefit of the area as a whole;
  - Funds for use in consultation with communities directly affected by housing growth; and
  - Funding to support and sustain Borough-wide services potentially affected by housing growth and/or the risk from reduced resources as a result of the national set aside arrangements.
9. While it would be possible to allocate specific proportions of the Bonus to the above three uses, to retain maximum flexibility it would be better to determine use as initiatives come forward and as housing developments are built. The sums would therefore be reserved in its entirety for the three purposes above. It would be prudent, however, to allocate in due course a proportion to be used

for infrastructure projects of more general benefit, for example to contribute towards the realisation of the Leisure Facilities Strategy. This should be the subject of a future report to Cabinet after the conclusion of the Local Development Framework process (or Local Plan process).

### **A453**

10. Following discussions with the Leader, consideration has been made of the potential to provide funding towards the dualling of the A453, provided that this assists in ensuring its early completion. The New Homes Bonus could be utilised for this purpose as it would be an infrastructure project of benefit to a significant part of the Borough. Also the future housing development in the Borough would benefit from a better link to the M1.
11. It would be necessary to set timing conditions for any contribution to the scheme and a limit to the amount that would be made available. These constraints are a matter for Members' decision, but Cabinet may wish to consider the following:
  - Up to £500,000 of new homes bonus be earmarked to supporting the delivery of the dualling of the A453, provided that physical work commences before the end of the 2015/16 financial year and provided that the funds have been received and are available.

#### **Financial Comments**

Potential financial implications are contained within the report.

#### **Section 17 Crime and Disorder Act**

There are no Section 17 implications.

#### **Diversity**

There are no direct diversity issues.

#### **Background Papers Available for Inspection:**

New Homes Bonus: final scheme design (DCLG)



**Extract from the Cabinet Minutes 11 October 2011**

**27. New Homes Bonus**

Councillor Clarke presented the report of the Deputy Chief Executive (CB) regarding the New Homes Bonus. He explained that a potentially significant amount of funding may be receivable over the next six years from the initiative. Councillor Clarke informed Members that the New Homes Bonus was paid to all authorities as a grant, based on the national Band D Council Tax per dwelling, for the first six years after a house was brought into occupancy, either through new build or occupancy of a previously empty property. He said although the resource was not ringfenced the Government had certain expectations over how local councils would use it.

Councillor Clarke stated that taking into account the Government's intentions it was proposed that the money should be used to fund capital infrastructure projects, for use in consultation with communities to improve community facilities and to support and sustain Borough wide services potentially affected by housing growth or reduced resources. He proposed that a proportion of the New Homes Bonus also be set aside for infrastructure projects of a more general benefit, but that this be considered on completion of the Local Development Framework. With regard to the infrastructure Councillor Clarke stated that it was important that the dualling of the A453 was delivered as early as possible. Therefore there was potential for up to £500,000 of the New Homes Bonus to be used to support the delivery of this, subject to the physical work commencing before the end of 2015/16 financial year, and provided that the funds had been received and were available. He stated that the current structure of the A453 was holding back economic growth in the greater Nottinghamshire area and therefore it was important to move this forward. Councillor Clarke reminded Members that the County Council had earmarked £20 million as their contribution to accelerating the project and he hoped that Rushcliffe's and the County Council's example would encourage the City Council to make a financial contribution.

Councillor Clarke said that the whole initiative related to supporting infrastructure and community facilities in the Borough and welcomed it.

Councillor Cranswick clarified that the New Homes Bonus funding did not mean that the Council would not have to find savings in other areas. He added that the Bonus was only available if there were new homes in the Borough and there were specific intentions about its usage.

Councillor Bell said it was important to provide the necessary funding for infrastructure projects for new homes. He said it was unfortunate that the City Council had failed to contribute to the A453 thus far and they should be made aware of the importance of improving it.

In response to a question from Councillor Mrs Smith regarding the housing growth forecasts the Deputy Chief Executive (CB) stated that these were indicative figures to demonstrate how new homes bonus works and were

based more on historical data rather than future predictions, therefore the reality may be different.

Councillor Clarke confirmed that the funding was not ringfenced but was earmarked to support housing growth although the Council would have discretion to use it in the way it saw fit.

RESOLVED that:

- (a) New Homes Bonus should be set aside in its entirety for the following purposes:
  - i. Funding of capital infrastructure projects, both immediately related to housing development and for the benefit of the area as a whole;
  - ii. Funding for use in consultation with communities directly affected by housing growth; and
  - iii. Funding to support and sustain Borough-wide services potentially affected by housing growth and/or the risk from reduced resources as a result of the national set aside arrangements;
- (b) A further report on the proportion of New Homes Bonus to be set aside for infrastructure projects of more general benefit be prepared after completion of the Local Development Framework process;
- (c) Up to £500,000 of new homes bonus be earmarked to supporting the delivery of the dualling of the A453, provided that physical work commences before the end of the 2015/16 financial year and provided that the funds have been received and are available.

**Notice of Call-In of Key Decision**

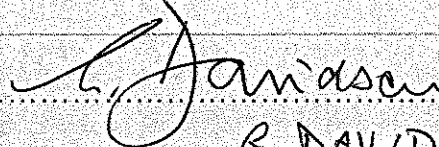


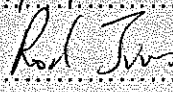
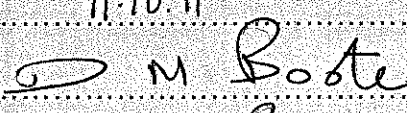
In accordance with Rule 16 of the Overview and Scrutiny Procedure Rules of the Council's Constitution, we the undersigned hereby give notice that we wish to call-in the following key decision:

1. Decision..... NEW HOMES BONUS - ITEM 5(C) .....
2. Meeting at which the decision was made..... CABINET .....
3. Date of the meeting..... 11/10/11 .....

We believe that the following principles of decision making have been breached by the making of this decision (tick relevant boxes):

	Principle	Reasons why breached	Please tick
a.	Proportionality THE COMMITTING OF £500,000 TO A PROJECT THAT IS THE RESPONSIBILITY OF THE HIGHWAYS AGENCY IS A "SIGNIFICANT" EXPENDITURE (I.E. MORE THAN £250K) AND IS NOT PREDICTED TO BRING AN EQUIVALENT OR PROPORTIONATE BENEFIT FOR THE COUNCIL.	✓	✓
b.	Due consultation and the taking of professional advice from officers IT DOES NOT APPEAR THAT ANY OFFICERS WERE CONSULTED APART FROM THE CHIEF EXECUTIVE. PROFESSIONAL ADVICE FROM SPECIALISED OFFICERS WITH DETAILED KNOWLEDGE HAS NOT BEEN PRESENTED.	✓	✓
c.	Respect for human rights RESIDENTS AND COUNCILLORS (APART FROM THE LEADER OF THE COUNCIL) WERE TOTALLY IGNORED AND NOT ALLOWED TO HAVE A SAY.	✓	✓
d.	A presumption in favour of openness THERE WAS NO OPENNESS. THERE WAS NO SCRUTINY AND NO CONSULTATION. THIS DECISION WAS TAKEN SOLELY BY CABINET AFTER DISCUSSIONS BETWEEN THE CHIEF EXECUTIVE AND THE LEADER, AND NO OTHER JUSTIFICATIONS WERE PRESENTED.	✓	✓
e.	Clarity of aims and desired outcomes NO BENEFITS FROM THIS EXPENDITURE HAVE BEEN QUANTIFIED. IT IS NOT CLEAR AND NOT EXPLAINED WHY THE COUNCIL SHOULD BE PAYING TOWARDS A HIGHWAYS AGENCY PROJECT WHICH SHOULD BE FUNDED FROM NATIONAL TAXATION.	✓	✓

f.	A record of what options were considered and giving the reasons for the decision NO OTHER OPTIONS WERE CONSIDERED, AND THE RECORD OF THE DECISION DID NOT GIVE REASONS IN ACCORDANCE WITH THE REQUIREMENTS AS SET OUT IN THE CONSTITUTION.	✓	✓
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1. Signed   
 Name..... R. DAVIDSON  
 Date..... 11/10/11
2. Signed   
 Name..... G. RICHARD MAXWELL  
 Date..... 11/10/11
3. Signed   
 Name..... J. J. BOOTE  
 Date..... 11/10/11
4. Signed   
 Name..... ROD JOWET  
 Date..... 11.10.11
5. Signed   
 Name..... D M BOOTE  
 Date..... 11/10/11

PLEASE SEE ATTACHED SHEET FOR FURTHER INFORMATION.