

**Examiner's questions ID/CIL/5:**

**The Examiner would welcome clarification on two matters by 11 November:**

- a) **Regional/ sub-regional funding. What is the current role, if any, of PUSH in terms of sub-regional funding. Paragraph 6.1.6 of the Infrastructure Delivery Plan makes a reference to, for example, the MAA and the Solent Local Economic Partnership. Has any further work been undertaken with regard to potential sources of funding at this level?**
- b) **The implications of the New Homes Bonus as a source of funding for infrastructure. What scale of contribution is it likely to make?**

**Portsmouth City Council response:**

**a) Sub-Regional Funding**

The matter of sub-regional funding continues to be considered by PUSH.

At its meeting in June 2011 the PUSH Joint Committee approved the PUSH Business Plan for 2011-13<sup>1</sup>. The business plan recognises

- the need for PUSH to secure external funding and develop innovative mechanisms for infrastructure funding;
- The need to give careful consideration to the balance of responsibilities between PUSH and the Solent LEP in particular, for securing external funding and developing innovative mechanisms for infrastructure funding;
- the merit in developing a closer relationship between work on external funding and work on infrastructure planning, through a streamlined PUSH infrastructure planning and funding function, including joint working with TfSH on transport infrastructure funding.

The business plan is arranged in themes; each theme is overseen by a delivery panel, which is responsible for producing and maintaining a detailed delivery plan. In recognition of severely limited public funding opportunities, the External Funding Panel is focusing its efforts on securing additional resources to deliver economic growth in the PUSH region.

Amongst other things the External Funding Delivery Panel Transition and Delivery Plan 2011-12<sup>2</sup> commits the panel to focussing on

- The business case for tax incremental finance (TIF);
- Exploring a sub-regional CIL;
- Exploring the opportunities offered by EU funding and other sources as they become available.

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<sup>1</sup> PUSH Business Plan and themed Delivery Plans: <http://www.push.gov.uk/priorities/business-plan.htm>

<sup>2</sup> External Funding Panel: [http://www.push.gov.uk/pjc-110608-r01-amm-appendix\\_c.pdf](http://www.push.gov.uk/pjc-110608-r01-amm-appendix_c.pdf)

The existence of the PUSH delivery panels and its commitment to review the action plans each year will ensure that there is a mechanism for exploring sources of funding for infrastructure at the sub-regional level.

In addition, the Transport for South Hampshire (TfSH) is currently working on a sub regional Package bid of £17.85m to the DfT's Local Sustainable Transport Fund which, if successful, will benefit the Solent area including Portsmouth.

## **b) New Homes Bonus**

Estimates of likely New Homes Bonus income are set out below:

year	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>
estimate	£335,287	£1,130,647	£1,783,199	£2,501,189	£3,197,702	£3,874,118
cumulative	£335,287	£1,465,934	£3,249,133	£5,750,322	£8,948,024	£12,822,142
<b>2017/18 to 2022/23</b>						
year	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
estimate	£4,306,708	£4,423,391	£4,871,383	£5,039,270	£4,412,793	£3,736,377
cumulative	£17,128,851	£21,552,241	£26,423,624	£31,462,894	£35,875,687	£39,612,063
<b>2023/24 to 2026/27</b>						
year	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>		
estimate	£2,968,500	£2,056,456	£955,913	£70,035		
cumulative	£42,580,563	£44,637,019	£45,592,933	£45,662,968		

Whilst the cumulative value of the New Homes Bonus grant appears significant, it should be noted that the additional funds made available by CLG are insufficient to fully fund it. Therefore any shortfall will need to be funded from reductions in the national amount available for formula grant. Whether the amount of New Homes Bonus received by the council will be more or less than the formula grant cut cannot be modelled as it would require detailed knowledge of other local authority home building data.

With this in mind, the council is treating the New Homes Bonus as a means of supporting the provision of local authority services in a general sense, as it considers that it would be unwise to use it as a specific anticipated source of financing for future capital projects.

Portsmouth City Council  
4 November 2011