

New Homes Bonus funding and Capital Programme for 2018-19 onwards

1. NEW HOMES BONUS (NHB)

- 1.1 The Council has received notification of its 2018-19 allocation for NHB of £642,946.
- 1.2 The New Homes Bonus was introduced in 2011 to provide a clear incentive for local authorities to encourage housing growth in their areas. It rewards local Councils for additional homes added to the council tax base, including newly built properties and conversions as well as long term empty properties brought back into use, after deducting demolitions.
- 1.3 Following consultation, the Government has implemented reforms to the scheme that sharpen the incentive for housing growth. The length of New Homes Bonus payments was reduced in length from 6 years to 5 years in 2017-18 and 4 years from 2018-19. It can be seen from the Table below that this reduction from 6 years to 5 years has meant the Council has lost £568,622 in New Homes Bonus funding in 2017/18. The Council has repeatedly made the point that the current crisis in funding for Adult Social Care is a national problem which needs new Government money, as opposed to reducing the New Homes Bonus funding to pay for this and therefore further burdening the council taxpayer to fund social care costs.
- 1.4 From 2017-18 the Government has introduced a national baseline for housing growth of 0.4% below which New Homes Bonus will not be paid, which the Government has said reflects a percentage of housing that would have been built anyway. The baseline equated to 97 Band D Equivalent properties for West Devon and NHB was lost of £119,000.
- 1.5 In the draft Local Government Finance Settlement issued just before Christmas, the Government has confirmed that NHB payments will be for a period of 4 years and a baseline of 0.4% will continue. No further adjustments to NHB are being made at this stage (for 2018-19).

1.6 The table below shows the NHB received to date and a forecast for future years.

	2015/16	2016/17	2017/18	2018/19	2019/20
	(£)	(£)	(£)	(£)	(£)
2011/12	323,920	323,920			
2012/13	568,622	568,622	(this year has dropped off by a reduction to 5 years of payment)		
2013/14	133,255	133,255	133,255		
2014/15	222,997	222,997	222,997		
2015/16	248,975	248,975	248,975	248,975	
2016/17		247,527	247,527	247,527	247,527
2017/18			108,515	108,515	108,515
2018/19				37,929	37,929
2019/20					40,000
New Homes Bonus returned	4,913				
NHB Received/ Forecast	1,502,682 Actual received	1,749,449 Actual received	961,269 Actual received	642,946 Allocation	433,971 Forecast

1.7 The table below shows estimated amounts of NHB receivable in future years and potential uses of the NHB funding:-

	2018-19 (£)	2019-20 (£)	2020-21 (£)
Predicted NHB amount	642,946	433,971	228,000
Amount required to fund Capital Projects	65,000	101,000	101,000
To fund the Revenue Base Budget	600,000	375,000	200,000
Dartmoor National Park allocation	TBA	TBA	TBA
Funding shortfall	£22,054 shortfall	£42,029 shortfall	£73,000 shortfall

The funding shortfall could either be taken from the £229,428 contribution to Reserves (this is the Budget Surplus for 2018-19) or changes could be made to the amount of NHB used to fund the Revenue Base Budget or the amount of NHB used to fund the Capital Programme.

1.8 Dartmoor National Park (DNP) – On an annual basis Dartmoor National Park request a share of the New Homes Bonus to reflect new homes delivered within the park. The money is used to support a local community fund and, for example, joint work through the rural housing enabler. Members consider this on an annual basis as part of the Budget process.

2. CAPITAL PROGRAMME 2018/19 to 2022/23

2.1 The table below shows an outline capital budget proposal for the Capital Programme for 2018/19 to 2022/23.

	2018/19	2019/20	2020/21	2021/22	2022/23
Tenants Incentive Scheme (TIS)	15,000	15,000	15,000	15,000	15,000
Village Halls and Community Projects (Note 1)	0	36,000	36,000	36,000	36,000
Affordable Housing (Note 2)	50,000	50,000	50,000	50,000	50,000
Disabled Facilities Grants	450,000	450,000	450,000	450,000	450,000
TOTAL CAPITAL PROGRAMME	515,000	551,000	551,000	551,000	551,000
Suggested method of funding the Capital Programme:					
Better Care funding towards DFGs (assumed will match the spend)	(450,000)	(450,000)	(450,000)	(450,000)	(450,000)
New Homes Bonus (Required to fund the Capital Programme)	65,000	101,000	101,000	101,000	101,000

Note 1 – Village Halls and Community Projects

There is sufficient underspend in the 2017/18 Capital Programme on this project which can be rolled forward into 2018/19. Therefore no new budget allocation is required for 2018/19.

Note 2 – Affordable Housing

Within the last year, the capital programme has helped to support the following schemes:

- Cannonsmead Cottages, South Tawton. This is a scheme of 6 units all for rented accommodation which will be advertised through Devon Home Choice once complete. The properties will be owned and managed by Rural Specialists Hastoe Housing. Completion is expected to be in the middle of next year. Consultation events took place earlier last year and officers will raise awareness of this scheme prior to its completion.
- Walkham Meadows, Horrabridge. This scheme is 10 units in total and all of which will be for affordable rent. The scheme is being owned and managed by DCH who also own the properties on the adjacent scheme. The properties will be advertised through Devon Home Choice and awareness events will take place in Horrabridge prior to completion.

In terms of the capital programme, housing officers would like to ask for £50k to support schemes similar to the above. Developments have not come forward in a timely manner which would have provided a commuted sum and therefore this amount is requested to enable affordable housing developments to come forward.