

New Homes Bonus funding and Capital Programme for 2019-20 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 98 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 2017, the Government 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	50,000?	50,000?
To fund the Revenue Base Budget	560,000	375,000	200,000
Dartmoor National Park allocation	TBA	TBA	TBA
Funding shortfall	£17,946 remaining	£8,971 remaining	£22,000 shortfall

The NHB recommended to fund the Revenue Base Budget in 2019-20 is currently modelled at £375,000.

- 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 2019/20 to 2021/22

2.1 The table below shows an outline capital budget proposal for the Capital Programme for 2019/20 to 2021/22.

	2019/20	2020/21	2021/22
Village Halls and Community Projects (Note 1)	TBA	TBA	TBA
Affordable Housing (Note 2)	50,000	50,000	50,000
Private Sector Renewals including Disabled Facilities Grants	763,715	800,000	800,000
TOTAL CAPITAL	813,715	850,000	850,000
PROGRAMME			
Suggested method of funding the Capital Programme:			
Better Care funding towards DFGs (assumed will match the spend)	(763,715)	(800,000)	(800,000)
New Homes	50,000	50,000	50,000
Bonus (Required to fund the Capital Programme)			

Note 1 – The Capital requirements for Village Halls and Community Projects will be assessed annually. Details will be contained within the September Medium Term Financial Strategy.

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.

The affordable housing capital programme has been vital in the delivery of affordable homes, particularly within our rural communities. Recent spend of the capital programme money were for rural schemes in Horrabridge and South Tawton. This £50,000 capital funding each year is likely to be needed in the future due to the reduction in off site contributions that were previously collected. This is due to changes in the National Planning Policy Framework which means the Council cannot collect payments in lieu of affordable housing on 5 or less units. Historically the authority was able to take up to £14k per unit which could be added to s106 monies to provide subsidy for future developments like South Tawton.

In terms of the capital programme, housing officers would like to ask for £50,000 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. The funding is paid directly to the housing association on receipt of an invoice.

Note 3 - Commercial Property Acquisition Strategy – The Council has agreed a commercial property acquisition strategy of up to £37.45 million. To date, two investment properties have been purchased with a value of just over £16 million in aggregate. Purchases made within the strategy will be capital expenditure and will be in addition to the projects outlined in this Appendix.

Note 4 – Pay on Entry for Public Conveniences

A report is being considered by the Hub Committee on the future provision of public conveniences. Depending on the outcome of the recommendations on the report, there maybe a requirement to purchase pay on entry equipment of between £50,000 to £60,000, which it is recommended is funded from the Strategic Change Earmarked Reserve.