

New Homes Bonus funding

1 NEW HOMES BONUS (NHB)

- 1.1 The Council has received notification of its 2018-19 allocation for NHB of £1,109,065.
- 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 has been reduced in length from 6 years to 5 years in 2017-18 and 4 years from 2018-19.
- 1.4 *It can be seen from the Table below that this reduction from 6 years to 5 years has meant the Council has lost £528,750 in New Homes Bonus funding. 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.*
- 1.5 From 2017-18 the Government has also introduced a national baseline for housing growth of 0.4%, below which New Homes Bonus has not been paid, which the Government has said reflects a percentage of housing that would have been built anyway (Note - this is higher than the 0.25% set out in the NHB consultation document). The Government will retain the option of making adjustments to the baseline in future years to reflect significant and unexpected housing growth. The net additions for South Hams for 2017/18 was 329 Band D Equivalent properties. The Baseline deducted of 0.4% in 2017/18 equated to not receiving NHB on 176 Band D Equivalent properties, equating to a loss of NHB of £215,000 for each of the next four years.
- 1.6 The Local Government Finance Settlement stated that the four years of payments for 2018-19 onwards will apply and the baseline will remain at 0.4%.

1.7 The table shows the NHB received to date and a forecast to 19/20.

	2015/16	2016/17	2017/18	2018/19	2019/20
	(£)	(£)	(£)	(£)	(£)
2011/12	297,567	297,567			
2012/13	528,750	528,750	(this year has dropped off by a reduction to 5 years of payment)		
2013/14	199,701	199,701	199,701		
2014/15	339,307	339,307	339,307		
2015/16	328,208	328,208	328,208	328,208	
2016/17		386,375	386,375	386,375	386,375
2017/18			194,734	194,734	194,734
2018/19				199,749	199,749
2019/20					200,000
NHB Received/ Forecast	1,693,533 Actual received	2,079,908 Actual received	1,448,325 Actual received	1,109,065 Allocation	980,858 Forecast

1.8 The table below shows estimated amounts of NHB receivable in 2019-20 for illustration and modelling purposes.

	2017-18 (£)	2018-19 (£)	2019-20 (£)
Predicted NHB amount	1,448,325 (actual rec'd)	1,109,065	980,858
Capital Projects (£417,700 in 18/19)	507,000	417,700	400,000 (estimate)
Community Reinvestment Projects	153,900	Nil	Nil
To fund the Revenue Base Budget	549,581(17-18) 93,784 (18-19)	627,904 (plus 93,784 from 17-18)	500,000
Transfer of land to Dartmouth Town Council	81,000	49,000	17,000
Joint Local Plan	50,000	-	-
Community Grants (CAB Outreach worker)	10,000	10,000	10,000
Dartmoor National Park Allocation	3,060	TBA	TBA
Funding remaining unallocated (note 1)	Nil	4,461 remaining	53,858 remaining

It has currently been modelled for 2019-20 that £500,000 of NHB will be used to fund the revenue base budget.