

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

1. NEW HOMES BONUS (NHB)

1.1 On 15 December 2016, the Council received notification of its 2017-18 provisional allocation for NHB of £961,269.

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 earlier this year, the Government will implement reforms to the scheme that sharpen the incentive for housing growth. The length of New Homes Bonus payments will be 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. The Government will retain the option of making adjustments to the baseline in future years to reflect significant and unexpected housing growth.

1.5 The Government has stated that, taken together these measures meet the aims set out in their consultation document of sharpening the incentives for housing growth and releasing funding for other Local Government spending priorities such as adult social care.

1.6 The announcement on NHB also said that from 2018/19, the Government will consider withholding NHB payments from local authorities that are not planning effectively, by making positive decisions on planning applications and delivering housing growth. To encourage more effective local planning the Government will also consider withholding payments for homes that are built following an appeal.

1.7 As the Government is implementing wider planning reforms to get the nation building the homes it needs, including measures announced at Autumn Statement and through the Neighbourhood Planning Bill and forthcoming Housing White Paper, the Government will not introduce the proposals to withhold payments for areas without a local plan in 2017-18.

1.8 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 | | | | 125,000 | 125,000 |
| 2019/20 | | | | | 125,000 |
| New Homes Bonus returned | 4,913 | | | | |
| NHB Received/ Forecast | 1,502,682 Actual received | 1,749,449 Actual received | 961,269 Actual received | 730,017 Forecast | 606,042 Forecast |

1.9 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 | 730,017 | 606,042 | 600,000 |
| Capital Projects | 151,000 | 151,000 | 151,000 |
| To fund the Revenue Base Budget | 500,000 | 400,000 | 400,000 |
| Dartmoor National Park allocation | TBA | TBA | TBA |
| Funding remaining unallocated | 79,017 remaining | 55,042 remaining | 49,000 remaining |

1.10 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. Officers will update the capital programme bids for 2018/19 onwards and this will be subject of a Budget update report to Members in September 2017.

| | 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 | 36,000 | 36,000 | 36,000 | 36,000 | 36,000 |
| Affordable Housing | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 |
| Disabled Facilities Grants | 450,000 | 450,000 | 450,000 | 450,000 | 450,000 |
| TOTAL CAPITAL PROGRAMME | 601,000 | 601,000 | 601,000 | 601,000 | 601,000 |
| 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) | 151,000 | 151,000 | 151,000 | 151,000 | 151,000 |

Detailed notes explaining each of these annual Capital Bids was contained within the Budget Report to Council on 7 February 2017.

Further funding of £247,620 for the Government's new Community

Housing Fund

West Devon Borough Council has been allocated funds from the Government's new Community Housing Fund.

The Community Housing Fund supports Councils in tackling the problem of high levels of second homeownership in their communities.

The £60 million in the nationwide pot has been allocated to support areas where high numbers of second homes have an impact on affordable housing. This will help tackle the problem of higher than average levels of second home ownership in the area.

West Devon has received an allocation of £247,620, which will go some way to support local, community led housing initiatives across the Borough. Lack of affordable housing is an issue facing West Devon residents who wish to own their own homes. The fund will help the Council support local, community led housing across the Borough as local residents find it increasingly difficult to get on the housing ladder due a number of reasons, partly due to the proportion of second homes in the area. The Council is pleased to see that West Devon is being supported in this way and that the fund has been set up to help tackle these housing issues.