

New Homes Bonus (NHB) – January 2018

Appendix H

| Dec 2017 settlement for NHB | | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 |
|-----------------------------|------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| 5 years in 2017/18 | 2011/12 | 379 | 379 | 379 | 379 | 379 | 379 | | | | |
| 4 years from 2018/19 | 2012/13 | | 390 | 390 | 390 | 390 | 390 | | | | |
| | 2013/14 | | | 397 | 397 | 397 | 397 | 397 | | | |
| | 2014/15 | | | | 776 | 776 | 776 | 776 | | | |
| | 2015/16 | | | | | 994 | 994 | 994 | 994 | | |
| | 2016/17 | | | | | | 1,462 | 1,462 | 1,462 | 1,462 | |
| 0.4% baseline | 2017/18 | | | | | | | 1,186 | 1,186 | 1,186 | 1,186 |
| 0.4% baseline | 2018/19 | | | | | | | | 1,185 | 1,185 | 1,185 |
| 0.7% baseline | 2019/20 | | | | | | | | | 911 | 911 |
| 0.7% baseline | 2020/21 | | | | | | | | | | 911 |
| | | 379 | 769 | 1,166 | 1,942 | 2,936 | 4,398 | 4,815 | 4,827 | 4,744 | 4,193 |
| | | | | | | | | | | | |
| | Used to fund revenue | 0 | 0 | 1,166 | 1,166 | 1,166 | 1,166 | 700 | 0 | 0 | 0 |
| | Used for BBH leisure centre | 0 | 0 | 0 | 0 | 0 | 2,000 | 5,000 | 4,500 | 2,500 | |
| | Used for investment property | | | | | | | | | 2,500 | 3,000 |
| | One-off neighbourhood warden grant | | | | | | | | 150 | | |
| | Added to / (drawn from) Reserves | 379 | 769 | 0 | 776 | 1,770 | 1,232 | -885 | 177 | -256 | 1,193 |
| | <u>Total Reserve figure</u> | 379 | 1,148 | 1,148 | 1,924 | 3,694 | 4,926 | 4,041 | 4,218 | 3,962 | 5,155 |

Notes:

The Provisional Settlement has confirmed the mechanism of NHB has reduced to 4 years in 2018/19. The 0.4% baseline was retained, the amount which needs to be exceeded before any NHB payments are made. For 2018/19, measured against the total band D equivalents in the district, 0.4% equates to approximately 240 additional houses a year before we receive anything. The projected figures in *red italics* are subject to the announcement being made in future settlements on the baseline. At this point too, no figures beyond 2020/21 are included on the assumption that payments may not continue into the 2020s. No decision has been made by central government and has not yet been confirmed.

Reliance on NHB to support revenue has tapered down to nil in 2018/19. We have taken measures to increase income and phase in additional spending reductions to balance the budget as new homes bonus cannot be considered a permanent source of income, especially if it is included in 100% localisation of business rates. The table also assumes that NHB reserve is used to fully fund the capital project at Broadbridge Heath (BBH) leisure centre (and running track) in addition to the £4m allocated in 2016/17 and in 2017/18 as previously approved by Cabinet. It also assumes that the £3m of commercial property investment each year starts to be funded from NHB once the BBH leisure centre is paid for, thus financing the purchases and reducing the MRP charge of an unfinanced asset.

The government has retained the option of making adjustments to the baseline in future years. An increase in the baseline of 0.1% is equivalent to approximately 60 band D dwellings, which at the standard payment of around £1,530 per dwelling would reduce NHB by £90k. The table models NHB in 2019/20 with a 0.7% baseline which is more akin to the national average increase. The latter year scenarios assume house building continues at the same rate which may not be the case if the economy slows down.